

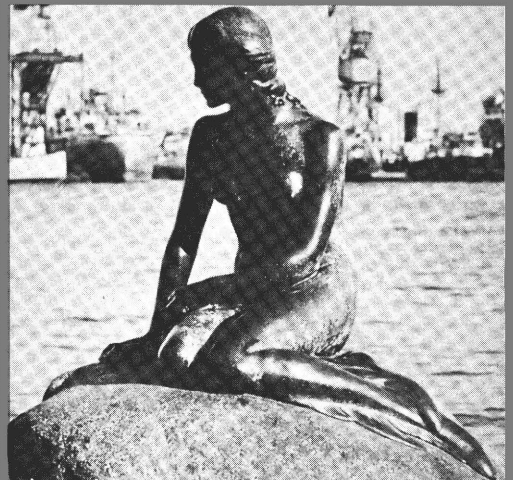
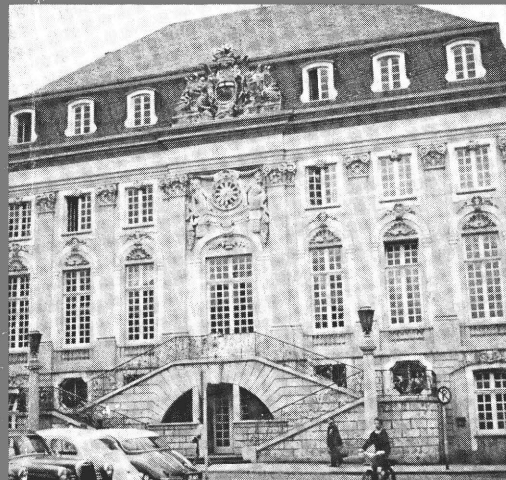


# the courier

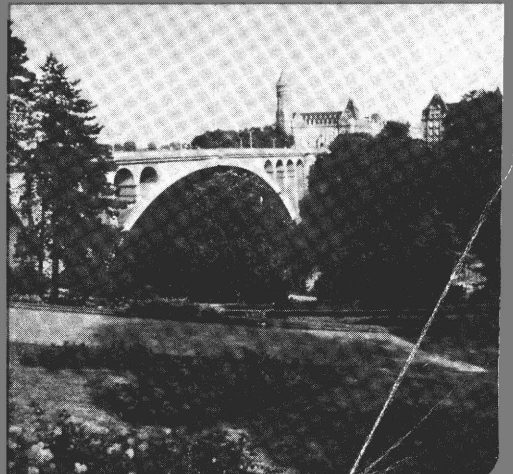
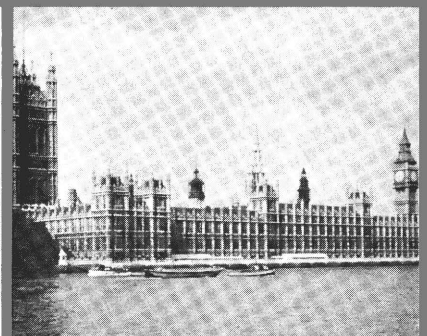
EUROPEAN COMMUNITY — AFRICA-CARIBBEAN-PACIFIC

Published every two months

No 48 — MARCH-APRIL 1978



THE EUROPEAN COMMUNITY  
TODAY

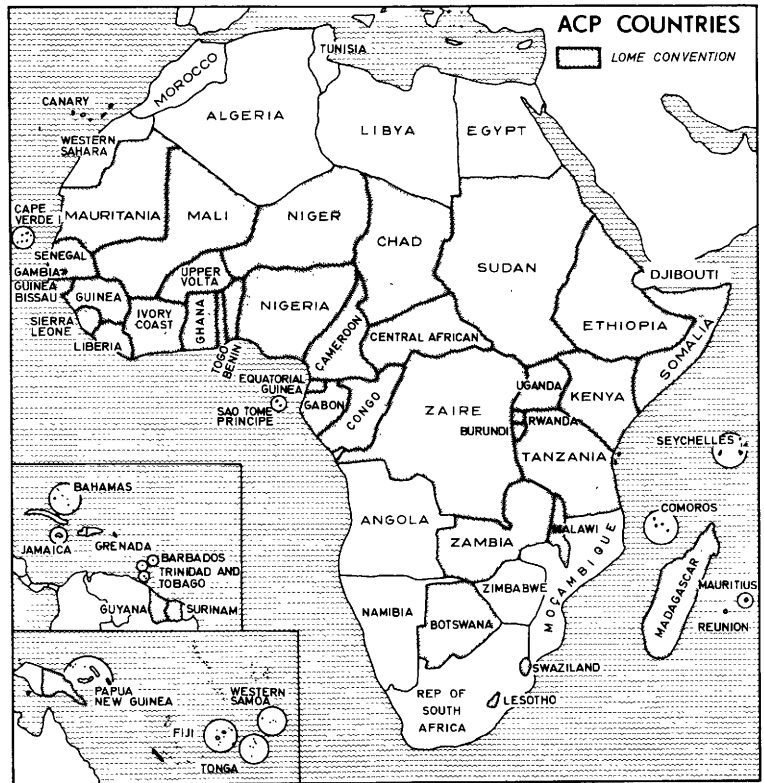
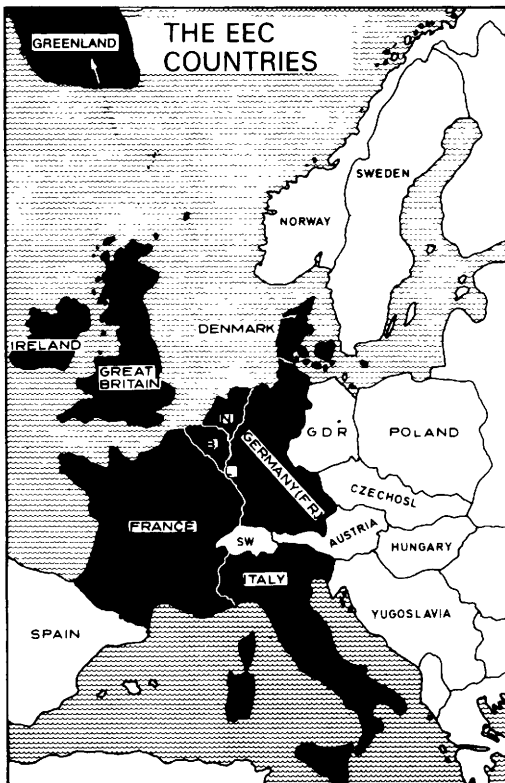


## THE EUROPEAN COMMUNITY

**BELGIUM  
DENMARK  
FRANCE  
GERMANY  
(Federal Rep.)  
IRELAND  
ITALY  
LUXEMBOURG  
NETHERLANDS  
UNITED KINGDOM**

## THE ACP STATES

<b>BAHAMAS</b>	<b>GHANA</b>	<b>RWANDA</b>
<b>BARBADOS</b>	<b>GRENADA</b>	<b>SAO TOME PRINCIPE</b>
<b>BENIN</b>	<b>GUINEA</b>	<b>SENEGAL</b>
<b>BOTSWANA</b>	<b>GUINEA-BISSAU</b>	<b>SEYCHELLES</b>
<b>BURUNDI</b>	<b>GUYANA</b>	<b>SIERRA LEONE</b>
<b>CAMEROON</b>	<b>IVORY COST</b>	<b>SOMALIA</b>
<b>CAPE VERDE</b>	<b>JAMAICA</b>	<b>SUDAN</b>
<b>CENTRAL AFRICAN EMP.</b>	<b>KENYA</b>	<b>SURINAM</b>
<b>CHAD</b>	<b>LESOTHO</b>	<b>SWAZILAND</b>
<b>COMOROS</b>	<b>LIBERIA</b>	<b>TANZANIA</b>
<b>CONGO</b>	<b>MADAGASCAR</b>	<b>TOGO</b>
<b>DJIBOUTI</b>	<b>MALAWI</b>	<b>TONGA</b>
<b>EQUATORIAL GUINEA</b>	<b>MALI</b>	<b>TRINIDAD and TOBAGO</b>
<b>ETHIOPIA</b>	<b>MAURITANIA</b>	<b>UGANDA</b>
<b>FIJI</b>	<b>MAURITIUS</b>	<b>UPPER VOLTA</b>
<b>GABON</b>	<b>NIGER</b>	<b>WESTERN SAMOA</b>
<b>GAMBIA</b>	<b>NIGERIA</b>	<b>ZAIRE</b>
	<b>PAPUA-NEW GUINEA</b>	<b>ZAMBIA</b>



### CONTENTS

2. **EDITORIAL:** Present challenges and future prospects
3. Interview: the Brandt Commission

#### AFRICA - CARIBBEAN - PACIFIC

6. Rwanda: interview with Major-General Juvénal Habyarimana, Head of State
10. Interview with the Minister for Planning
13. Agricultural projects
14. Aid from EDF 4
15. Developing the electricity grid
17. Lesotho: interview with the Prime Minister, Dr Leabua Jonathan
21. Cape Verde: holding out against 10 years of drought
23. Mauritius: Sir Guy Sauzier on the new International Sugar Agreement
23. In perspective: How to become an economic power

#### 24. **DOSSIER: The Europe of the Nine**

- Diversity and mutual consent
27. **The European Community in brief**
  28. Economic outlines
  34. The European institutions
  37. The Community's money
  40. Ways of life and social change in Europe
  46. The limits of industrial development
  47. European science
  49. Made in Europe: has European culture reached retirement age?

#### Some aspects of European integration

51. The customs union
  52. The common agricultural policy
  53. European industrial policy and the international division of labour
  54. Europe and the Third World
- #### Direct European elections
57. The advantages of direct European elections
  58. The European Parliament and direct elections
  60. Michel Debré: What sort of Parliament for what sort of Europe?
  62. Table of procedural progress towards direct elections, by country

#### 63. **Enlarging the Community**

- Two government points of view:
64. Leo Tindemans
  68. David Owen

#### Political approaches

73. Socialists: Pierre Mauroy
75. Christian Democrats: Egon Klepsch
78. Liberals: Gaston Thorn
81. Communists: Renato Sandri

#### Other viewpoints

83. Europe for women
84. Women and the European Community
86. A Danish businessman
88. A Dutch trade unionist
92. An Irish farmer
94. A German trade unionist
95. Euro-barometer (public opinion poll)
98. Books: "L'Europe interdite" by Jean-François Deniau

#### DEVELOPING WORLD

99. Intermediate technology: an experimental solar oven for the Sahel
101. The African Groundnut Council

#### EDF PROJECTS

104. Somalia: the port of Mogadishu
105. Index of *Courier* dossiers, 1976/78

#### BOOKS (inside back cover)

#### NEWS ROUND-UP (yellow pages)

- I. Mauritania: Head of State in Brussels
- IV. Private sector investment: Commission initiative
- VII. Community's first proposals for Lomé II

**Brandt Commission.** — The North-South dialogue ended in Paris in June 1977 with few concrete results of real importance (see *Courier* no. 45). At the suggestion of World Bank president Robert McNamara, an international team of leading figures from political and economic circles and the press was set up recently under the chairmanship of Willy Brandt to give new impetus to the discussion of the restructuring of economic relations between industrialized and developing countries. The ex-Federal German Chancellor explains the aims of the Brandt Commission. **Page 3**

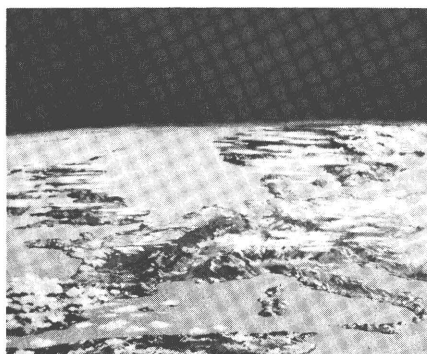


**Lesotho.** — Although the Kingdom of Lesotho is entirely surrounded by South Africa, it is an excellent example of resistance to South African pressure and to apartheid, in spite of the economic difficulties which anti-racialism attracts. Prime Minister J. Leabua Jonathan explains how his country intends facing up to South African apartheid and the attitude he hopes the international community will adopt in this respect. He describes some aspects of the economy and the role of European aid in Lesotho. **Page 17**

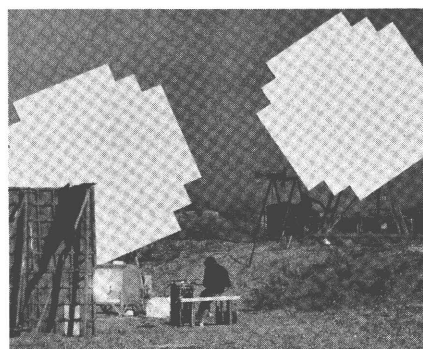
**Rwanda.** — The Rwandan Republic, in central Africa, is one of the landlocked ACPs. Its economy depends on one or two export products and, to a small extent, on stock-rearing. A few years back, Rwanda decided to diversify its economy and increase its production. The Head of State, Major-General Juvénal Habyarimana, describes these attempts to develop his country's economy. Planning minister J.-C. Nduhungirehe looks at EDF-financed projects in Rwanda. **Page 6**



**Dossier.** — The European Community is widely if not well known outside its own frontiers. Its relations with all the countries of the world, particularly the 53 ACP countries which signed the Lomé Convention, make it a fact of international life. But what is it like from the inside? What are the prospects of an enlarged, united Europe in the near future and how will it develop, particularly with direct elections to the European Parliament and the arrival of new member states? In this dossier on the EEC, people from various EEC countries with different viewpoints and of a number of persuasions say what they think. **Page 24**



**Intermediate technology.** — The transfer of technology will become a real battle for the developing countries if they want rapid economic progress. But what technology do they want transferred? And how? The first article in our new series of specific examples of intermediate technology for the developing countries covers a prototype for one of the best-known new fields of development technology, solar energy. **Page 99**

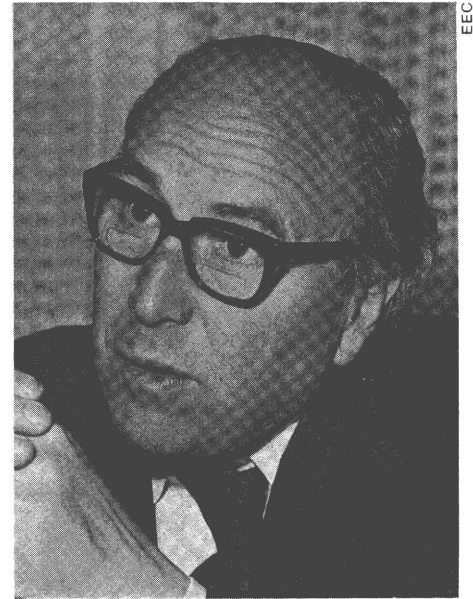


# Present challenges and future prospects

by Roy Jenkins, President of the Commission of the European Communities

Several particular issues dominate what the Community is today and what it will be tomorrow. Externally, the Tokyo Round of multilateral trade negotiations is reaching its final phases on tariffs, farm products and non-tariff barriers, while preparations are under way for the start this autumn of negotiations on a new convention with the 53 ACP countries. Internally, the prospect of enlarging the Community a second time to include Greece, Spain and Portugal is of great importance, as are the preparations for direct elections to the European Parliament by universal suffrage in 1979. The Community is actively tackling the problems facing particular sectors of industry. Finally, I must mention the return to the idea of economic and monetary union, at the instigation of the Commission and with the support of the European Council. This is at the very centre of the debate on Europe. Economic and monetary union is fundamental to the future of the Community and it is linked to both direct elections and enlargement.

The way must be paved for the economic and monetary union that is so essential for tomorrow. The five-year programme put before the European Council in December is destined to bring about that union and there are two kinds of argument in its favour. The first concern the present threats to such Community achievements as the common market and the common agricultural policy. These dangers must be warded off. The second I dealt with in my speech in Florence and shall only briefly mention here. European monetary union would help stabilize international monetary relations. It would also make a considerable contribution to halting inflation and unemployment by creating a climate of relative price stability which would encourage new investment. This policy would also lead to greater rationalization of trade and

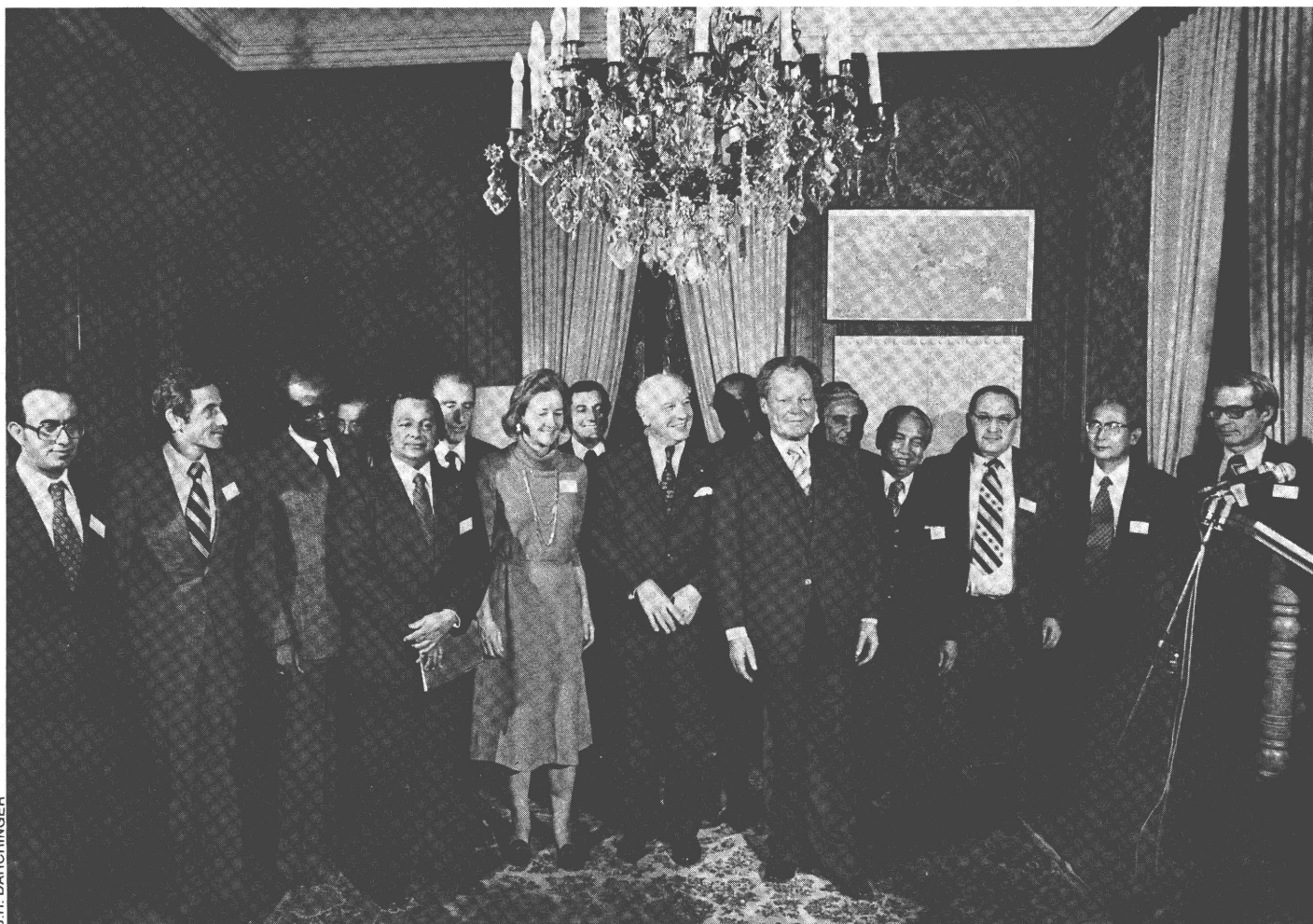


industry and successful implementation would also help Europe over a political threshold.

However, certain conditions have to be met if the venture is to be successful. First of all, the economic problems of the poorer regions of the EEC must not be aggravated; more investment and jobs will be needed in these areas and that will require a shift of economic activity within the Community. Monetary union will mean that responsibility for administering exchange rates and external reserves and for creating money supply would have to be transferred to a joint authority, which has still to be defined. I shall take this opportunity of repeating that we should only transfer to the Community those functions which are sure to produce better results at this level. Economic and monetary union can be achieved in the long run, but it will require a daily effort inspired by a common vision of the future.

Some of the answers to current problems are in our hands and the Community needs to be internally strong and coherent to give it greater weight in international circles and to deepen its external relations, particularly with the developing countries. Better cooperation requires greater understanding and so in this issue the *Courier* takes a new look at the European Community today. □ R.J.

## The Brandt Commission



J.H. DARCHINGER

*The members of the Brandt Commission with Walter Scheel, President of the Federal Republic of Germany (between Mr Brandt and Mrs Katherine Graham)*

### “Re-arranging the scene” for a breakthrough in rich/poor relations

World Bank president Robert McNamara early last year suggested the creation of an independent international ‘think tank’ to evaluate development efforts over the past decade, and to look into ways of establishing a new international economic order based on the principle of the mutual interests of rich and poor countries.

With former Federal Chancellor Willy Brandt as chairman, this group — the Independent Commission on International Development Issues (ICIDI) — met for the first time last December at Schloss Gymnich near Bonn, the German capital. Its members include a number of international figures, chosen for their range

of geographical and ideological backgrounds as well as their expertise, who combine to give the Brandt Commission the kind of punch that might get richpoor talks out of the dug-out positions often adopted at international conferences.

The Brandt Commission report is due out in 1979 — 10 years after the publication of former Canadian premier Lester Pearson’s report “Partners in Development”, which, again at the initiative of Mr McNamara, was an attempt by an international group of experts to outline development policies for the ‘70s. The Pearson report put forward such ideas as “trade, not aid” and the 0.7% and 1% targets for development aid, but

sudden changes in the world economy prevented it from being entirely put into action. Over the last 10 years, aid thinking has moved from the idea that promoting the most profitable sectors will pull the rest of a developing economy along, to an emphasis on aid to the poorest, agriculture, self-reliance — the basic needs strategy — and the need for a new international economic order.

### The Ostpolitik experience

Mr Brandt's attempt to reconcile North and South

#### First moves

The Schloss Gymnich meeting allowed the Brandt team to define their terms of reference, outline a working programme and agree on a Geneva-based expert staff to be financed by voluntary contributions from governments and organizations of the international community. Though its executive secretary, Swedish professor Göran Ohlin, was a staff member of the Pearson Group which was itself supported at expert level by the World Bank, the Brandt Commission will be totally independent in its work; the director of its secretariat, for instance, Dr Dragoslav Avramovic of Yugoslavia, left the World Bank for this specific job.

After the first meeting, held behind closed doors to allow rapid progress, Willy Brandt visited a number of industrialized and developing countries in order to "add flesh and blood to the bones of expertise". Though he has to rely on basic preparatory desk work by his Geneva staff, he wants to combine this with personal contacts in order "to listen to the peoples' voices" and make his Commission's final report the more realistic, he said. His tour included Japan where, apart from moral support for his new task, he got the impression that this country "might in the near future move in the direction of a much more active development policy". His talks in India, Tanzania and Zambia, he said, brought home the importance of the basic needs strategy and of speeding up rural development policies. They also convinced him that the commonly accepted international statistical data which, for instance, rank countries as poor, poorer or poorest, do not always reflect social realities and should be interpreted on the spot.

#### The Brandt team

Mr Brandt pointed to the independent character of the Commission as

derives something from his "Ostpolitik", which re-established orderly relations between the Federal Republic of Germany and its communist neighbours. For this he won the Nobel Peace Prize in 1971, like Lester Pearson before him. At 64 Mr Brandt is an elder statesman who chairs both the Socialist International and the SPD, the German Social Democratic Party. Will his experience of defusing confrontation by "re-arranging the scene" provide a breakthrough in rich-poor relations? The *Courier* asked Mr Brandt in Bonn, a day before he met EEC development commissioner Claude Cheysson to discuss the European experience in development cooperation.



Willy Brandt

*"The world cannot only explode as a result of nuclear proliferation—it could also explode as a result of international class warfare"*

being a particular advantage: "the members do not carry the burden of the responsibility and prestige of national governments, so they do not have to try to win victories for their own side, so to speak". The members, whose ages range from 41 to 70, have also been chosen from a wide variety of intellectual backgrounds, combining "the main streams of political thinking". This might make unanimity more difficult when it comes to publishing their report — "if it were unavoidable, I would rather have a dissenting vote here and there than an artificial agreement concealing the real issues," Mr Brandt said.

#### Is it representative?

The developing countries provide the majority of the team members. "I do not believe in an artificial balance, nor do I believe in a formalistic kind of representation. Looking at world population, of course maybe four-fifths of the members should come from developing countries. But it was my intention from the very beginning to give our friends from Africa, Latin America and Asia the feeling that they would not be victims of under-representation", Mr Brandt said.

As regards the communist countries which are not represented (USSR plus East bloc and China — Mr Brandt dislikes the expression 'centrally planned countries' as being too diplomatically vague): "I think the developing countries are not much inclined any more to accept the argument presented, for instance, by the Soviet Union representatives at the last UNCTAD in Nairobi in 1976, that the world economic imbalance is a legacy of colonialism and that the industrialized communist countries therefore have nothing to do with it. Without them it is not a North-South but a West-South dialogue, as the developing countries have mentioned to me.

"I think the Soviet Union and the so-called East bloc countries will realize that it is in their own interests to go in the direction of more international economic involvement. The Pearson report simply mentioned this problem in a sentence or two, but my guess is that in 10 years we will find these countries much more involved in world economic affairs, so my Commission is starting work at an 'in-between' time, and I am convinced it would have been wrong to have taken the second step before taking the first. The first step is to start work at the experts' level — otherwise the Commission would be burdened by things that cannot be solved within a short period of time — but I have reasons to believe that our experts will be able to spend some time

in communist capitals and that our final report will objectively reflect their thinking", Mr Brandt said.

There is also only one woman nominated to the Brandt Commission. "My excuse is that there was no lady on the Pearson Commission, while on mine there will be two. Besides Mrs Graham of the USA there will be a lady from the developing countries, who will participate in our second meeting but has not been publicly nominated for certain reasons. I must admit that this is very far from equal representation, but it seemed to be a practical solution for now, and the specific problems of women will in any case not only be dealt with by these two members of the Commission", Mr Brandt explained (1).

### Mutual understanding

The Brandt Commission report will "suggest ways of promoting adequate solutions to the problems involved in development and in attacking absolute poverty."

Will it remain gathering dust on a shelf? "I hope we will be able to present arguments which will influence both inter-government negotiations and national discussions, and have some impact on public opinion, mostly in the industrial world but in the developing countries as well ...

"I would like to make it as clear as possible that the Commission will not interfere with on-going negotiations but supplement these efforts by helping to find new solutions and creating a better climate to speed up decisions. I can't say if the present variety of international conferences is the most effective means of reaching agreements, but I do feel that more mutual understanding is necessary...

"One should not expect this Commission to solve all the problems that have troubled international meetings in the last few years. I do however hope that we can effectively contribute to what I call 're-arranging the scene', or changing the nature of a conflict. My East/West experience taught me that one can discover areas of common interest despite basic differences of conviction. Our main purpose should now be to reduce North/South tensions in this way.

"The world, as I see it, cannot only explode as a result of nuclear proliferation — it could also explode as a result of international class warfare.

"So we shall attempt to shift the framework of the debate between rich and poor. We shall underline the growing interdependence of the world and the common interests of developed and developing countries ... so that public opinion will no longer see inter-

## **"Promoting adequate solutions to the problems involved in development and in attacking absolute poverty"**

### **The Independent Commission on International Development Issues**

**Willy Brandt**, chairman of the German Social Democratic Party and of the Socialist International; Federal Chancellor 1960-1974. Nobel Peace Prize 1971.

**Antoine Kipsa Dakouré**, former planning and agriculture minister of Upper Volta.

**Eduardo Frei**, former President of Chile.

**Katharine Graham**, publisher of the US magazine *Newsweek* and the *Washington Post*.

**Abdlatif al-Hamad**, director-general of the Kuwait Fund for Arab Economic Development.

**Edward Heath**, former British prime minister.

**Amir Jamal**, former finance minister of Tanzania.

**Khatijah Ahmad**, managing director of KAF Discounts, Ltd, Malaysian government brokers.

**Laksmi Kant Jha**, governor of Jammu and Kashmir, India.

**Adam Malik**, former Indonesian foreign minister and former president of the UN General Assembly.

**Pierre Mendès France**, former president of the French Cabinet.

**Rodrigo Botero Montoya**, former Colombian finance minister.

**Haruki Mori**, former Japanese ambassador to the United Kingdom.

**Joe Morris**, chairman of the governing board of the International Labour Organization.

**Olof Palme**, former Swedish prime minister.

**Peter Peterson**, former United States secretary of commerce.

**Shridath Ramphal**, secretary-general of the Commonwealth.

**Layachi Yaker**, former Algerian minister of commerce.

**Ex-officio members:** executive secretary: **Göran Ohlin**, Swedish economist; director of the secretariat:

**Dragoslav Avramovic** (Yugoslavian economist); honorary treasurer: **Jan Pronk**, former Dutch development cooperation minister.

national development in terms of the rich helping the poor, but of the developing countries getting a fair return for their own productive efforts and the developed countries working in cooperation with them for the economic and social development of all nations.

"In order to get this widely understood and accepted, the report has to be readable and presented in such a way that the average reader can understand it. I hope it will reach a wide audience," Mr Brandt said.

### Is Lomé exportable?

The Lomé experience will be examined by the Brandt team because "Lomé, negotiated and concluded at a time when international relations were not at their best, certainly constitutes an encouragement for all who believe in the mutuality of interests". The institutionalized dialogue set up by the Lomé Convention at various levels was of particular value for mutual understanding, Mr Brandt remarked. "I hope that those elements of this intensified cooperation that have proved successful could be exported, so to speak, on a world scale," he added.

"It was my impression in my recent talks in some African countries that the ACP countries may not always think they are already on an equal footing in their relations with the Community." The Convention may be seen as too modest an approach in developing countries impatient for progress. But "my answer in that context is that it is better than nothing," Mr Brandt said.

### Arms spending

A particular concern of the Brandt Commission will be the relationship between development and arms spending. "The world spent some \$400 billion on arms last year and \$330 billion in 1976. I am very concerned by these huge and escalating sums, and the rising figures for arms exports to developing countries. There are areas where we very well understand that governments of developing countries should pay a good deal of attention to strengthening their defences, but it is a fact that last year the developing world spent more than twice as much on defence as the whole world contributed in development aid.

"The Commission members have agreed to give particular attention to the relationship between armaments and development and I hope the link between them may become a main issue of the UN special session on disarmament which is being prepared for later this year," Mr Brandt said. □

R.D.B. and B.T.

(1) Mrs Khatijah Ahmad (see above) has now been nominated to the Brandt Commission.

## RWANDA

### Land of a thousand hillsides

#### Interview with Major-General Juvenal Habyarimana, Head of State

The army took over Rwanda in July 1973 and has been running the country ever since. The *Courier* asked the President, Major-General Habyarimana, what were the main results of the changes in Rwanda since then.

— Our first aim, as we said as soon as we came to power, was to end disunity in the country. We have different tribes in Rwanda who have never lived in harmony, particularly since the social revolution of 1959. We refused to allow an ethnic minority to take over sole responsibility for the country. This revolution was misunderstood; it was taken as a desire to rid Rwanda of the Tutsi, but this was something we refused to do. Both Hutu and Tutsi are Rwandan and they both have the same

responsibilities. Our aim in 1959 was to obtain a certain amount of social justice and to enable the ethnic majority to rule the country. However, this majority has no right to eliminate other tribes. The minority must be called upon to share our sacrifices for the development of our country and they must share the benefits that result. This was what we were aiming for in the early days of the second republic; united action, to concentrate all our efforts on developing the country rather than wasting them in ethnic struggles.

Of course it is no easy matter to staunch wounds several centuries old. The results of the rift are there. But I feel that there are signs of progress and that every citizen of Rwanda feels genuinely Rwandan and genuinely concerned with developing his country. Our first achievement is this feeling of



President Habyarimana

being Rwandan. We are Rwandan first and foremost and Tutsi or Hutu afterwards. This, I think, is the principal result we should mention, since it conditions all other actions, be they to develop or open up the country or to mobilize political feelings. All these things depend on the unity and national cohesion that we have tried to establish since 5 July 1973.

► *What part does the National Revolutionary Movement for Development play in development? Then, and this I think is something you yourself are very concerned about, what is the role of Umuganda?*

— The Movement was formed on 5 July 1975, less than three years ago. I should like to return to what I said just now about cohesion and national unity. This is the basis of the Movement, to consolidate this national unity so that we are all pulling together. When you come from one of the five poorest countries, in fact the poorest country, in the world, it is very difficult to get away from the word poverty and we need to mobilize all our strength and waste nothing if we are to leave this word behind us. This is why we have created a movement which aims to unite all Rwandan to work for development.

The Movement's first principle is unity. Unity of the nation. Unity in action. The second principle is to depend on our own efforts, because when you offer help, you can only help people who are actually doing something! We cannot sit back and wait for everything to come from abroad. We know that the problems, difficulties and handicaps between us and development are such that our efforts alone



Warfare is turned into folklore by these Intore dancers

*“Concentrate all our efforts on developing the country rather than wasting them in ethnic struggles”*



will not suffice. We depend heavily upon external aid. But the important thing is that we help ourselves and only look to external aid as a complement to our own action.

This is the philosophy behind Umuganda. There is nothing new about it. It is no more than a Rwandan tradition that we have tried to bring into politics. When a Rwandan wants to get married or to move from one hillside to another, he has to build a hut. But one man's efforts are not enough and the whole neighbourhood, his family and his friends lend a hand. Anyone with sticks brings sticks; others bring leaves and grass to cover the roof and walls. So you have the neighbour's contribution, the friend's contribution and your own contribution. That is what Umuganda is! We have brought this idea into politics. As far as the nation is concerned, the house we are building is the country itself and every Rwandan has to bring his Umuganda, make his own contribution and give something worthwhile to the building of his country. What are the results of Umuganda? We have begun digging ditches for the anti-erosion campaign and we have built health centres and administrative blocks. There are demonstration fields in every community and local roads have been laid or improved. Here, around Kigali, you can see what our state officials have achieved. Round the airport, for example, there are now coffee plantations and ditches have been dug for the water supply network. None of this would have been done if we had waited for external aid. We have tried to do something ourselves and our friends will carry on once we have reached our limits.

► *You are currently chairman both of OCAM and of the Economic Community of the Great Lakes—what importance do you attach to regional projects, as provided for in the Lomé Convention?*

— Rwanda attaches a great deal of importance to regional projects. You mention OCAM. I must say that when I became chairman at Bangui in 1975, I did not fully realize just how much this involved. Later on, I became aware that the organization was the subject of a certain amount of criticism at African level, as it was accused of duplicating the functions of the OAU, particularly as far as politics were concerned. This emerged clearly at OAU political sessions, when OCAM maintained one point of view and the majority of OAU members another. With the help of my colleagues, heads of state and members of OCAM, we attempted to put an end to this competition with the OAU. We left politics to the OAU and we now deal exclusively with economic

and social cooperation. This is why OCAM is currently concentrating more on specialized institutions which can be of considerable importance even in continent-wide affairs. We have also asked for considerable aid for these institutions, primarily from the EDF, which has just granted us funds for the MCA here in Rwanda and for the School of Veterinary Medicine in Dakar. We very much appreciate this aid because we think that much more attention should be paid to regional cooperation in future. This is also why we have joined with Burundi and Zaire to form the Economic Community of the Great Lakes. Ten years ago, we set up a tripartite, political unit to discuss various political problems. But we felt that we should go beyond politics and set up an organization for economic, social and cultural cooperation. This is why we set up the Economic Community of the Great Lakes and why we have just joined with Burundi and Tanzania to form an organization that will deal with the development of the Kagera basin. This is another example of a body aimed at promoting regional cooperation.

► *Would you outline Rwanda's foreign policy? In the OAU, for example, what position has Rwanda adopted towards the major ACP concern of southern Africa?*

— First of all, we want to be on good terms with our neighbours. This is

where regional cooperation begins. The developing countries of Africa cannot afford to waste time arguing with their neighbours. We must therefore develop a policy of good neighbourliness as regards the major problems of southern Africa. We have said, for example, that it is high time the white minority in Rhodesia and South Africa realized that the time of minority rule is behind us. But on the other hand, Rwanda feels that this white minority is also African and we should not, therefore, simply exchange one form of racialism for another. When the black majority comes to power, it must not expel the white minority. The whites have been there for centuries after all and they are Africans too. However, it is high time they understood that the majority must come to power and that all citizens must take an active part in the running of their countries. Our regret is that the black Rhodesian leaders are now beginning to disagree and fight among themselves for power, something which could well lead us into a situation of the kind we had in Angola. Rwanda particularly regrets that all the movements were not associated with the future of Angola.

► *Turning to the economy of Rwanda, this is dominated by coffee. You have tried to diversify, by means of the EDF tea and pyrethrum projects, for instance. Another way of diversifying is to get industrialization under way. There are some prospects for tin pro-*



*President Habyarimana takes part in "umuganda", the unpaid community work done by Rwandans on Saturdays*

# RWANDA

## A statistical outline ...

**Area:**  
26338 km<sup>2</sup>

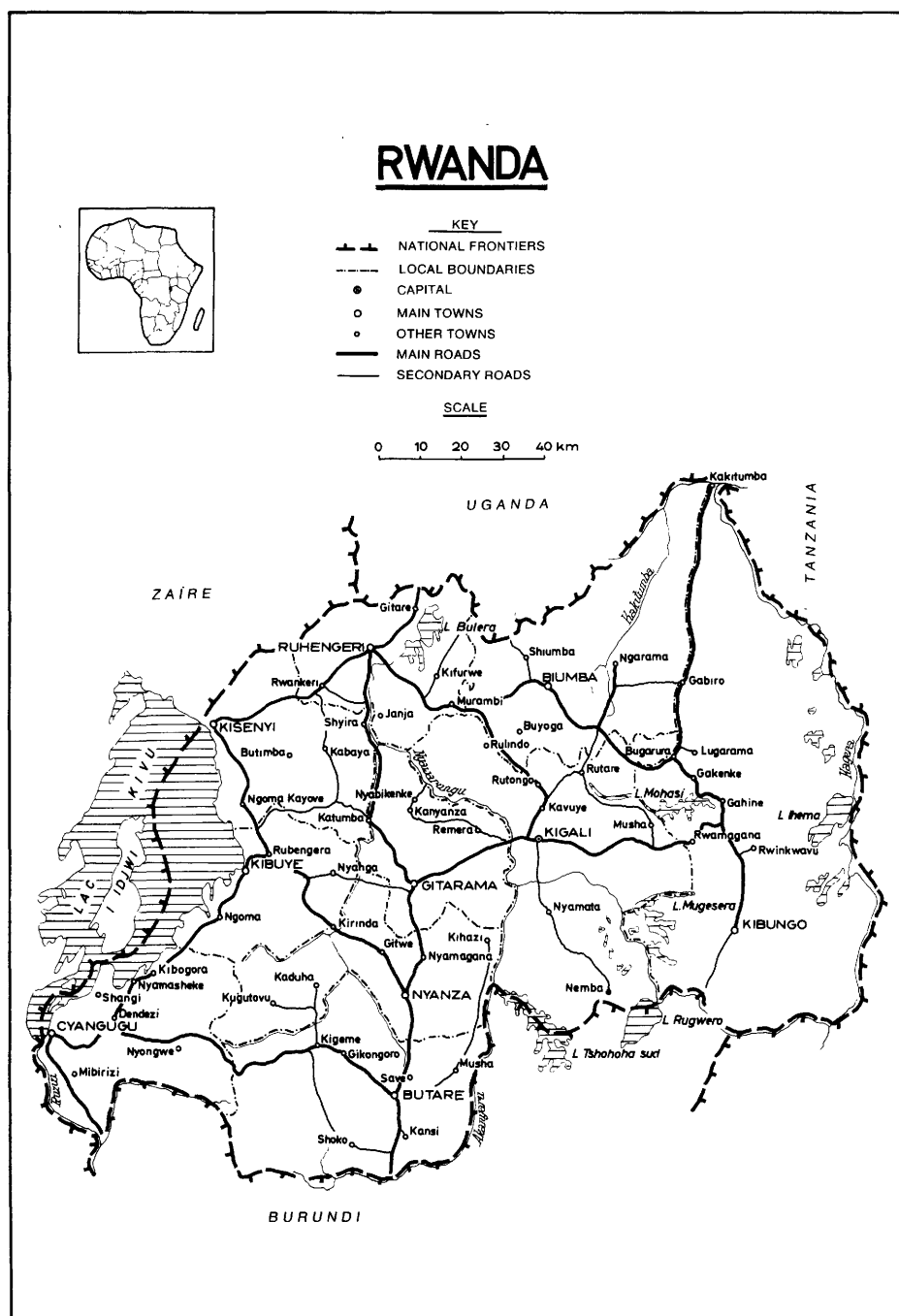
**Population:**  
4.3 million (estimate, 1974)  
density: approximately 163 inhabitants per km<sup>2</sup> (350 per km<sup>2</sup> of arable land)  
growth rate: 2.6 %

**Main towns:**  
Kigali (approximately 50000 inhabitants)

Butare (approximately 15000 inhabitants)  
Ruhengeri-Gisenyi

**Currency:**  
Rwandan franc (RF)  
RF 104 = 1 EUA  
1 EUA = RF 0.0096

**GDP:**  
RF 26610 million (1974)  
growth rate: 4.3 %  
per capita: RF 6420 (approximately 62 EUA or US \$ 75)



	1974
<b>External trade</b> (RF million)	
— imports	6427.9
— exports	4979.9
Balance	- 1448
— rate of coverage	77.4 %

<b>Structure of exports</b> (%)	
— agricultural products	65.6
— coffee	48.2
— minerals	31.6

<b>Main products</b> (%)	
— coffee	48.2
— tea	9.6
— pyrethrum	5
— cassiterite	11.5
— wolfram	4.0

<b>Structure of imports</b> (%)	
— consumer goods	55
— capital goods	29.6
— supplies	15.4

<b>Ordinary budget</b> (RF '000 million)	
	3.157

<b>Development budget</b> (RF million)	
	340.1

<b>Balance of payments</b> (RF million)	
— goods & services	- 2 951
— transfers	+ 2 977
— capital	+ 31
— errors & omissions	- 382
Balance	+ 325

## ... of the country's geography and economy



President Habyarimana lays the first brick on the site of Mukungwa hydro-electric power station, with Mr Dünkelsbühler, EEC Commission delegate, and Mr Katarwa, Minister for Public Works and Communications

1975	1976	1977
8366.2	9505.3	
5640	9542.8	
- 2726.2	+ 37.5	
67.4 %	100.3 %	
75	89.1	
62.7	79.5	
18	n.a.	
62.7	79.5	
6.6	5.3	
2	1.5	
10.4	n.a.	
3.8	n.a.	
52.2	n.a.	
31.9	n.a.	
15.9	n.a.	
4.219	5.168	6.367
524.4	879	1 291
- 6 340	- 3 769	
+ 5 375	+ 5 024	
+ 2 480	+ 1 693	
- 278	- 328	
+ 1 237	+ 2 620	

duction. Can you give a few details of the likely growth sectors?

— Coffee is indeed our main export and it has played an important part in the life of our country. We have tried to diversify, with EDF aid, primarily by stepping up tea production. Many schemes have been run and factories built in our various regions and we are really satisfied with the way things have worked out.

In order to improve exports further, we have asked SOMIRWA, our mining company, in which the state and Géomines hold shares, to push up its production. We have drawn up a five-year development plan for the company, which more or less coincides with the period of our second national five-year plan. The SOMIRWA plan concentrates on building a tin foundry so we can simply export pure tin. Things are well under way, since on 15 December 1977 we signed a loan agreement with the European Investment Bank in Luxembourg (1) for the construction of the foundry which is to be the start of the SOMIRWA five-year development plan.

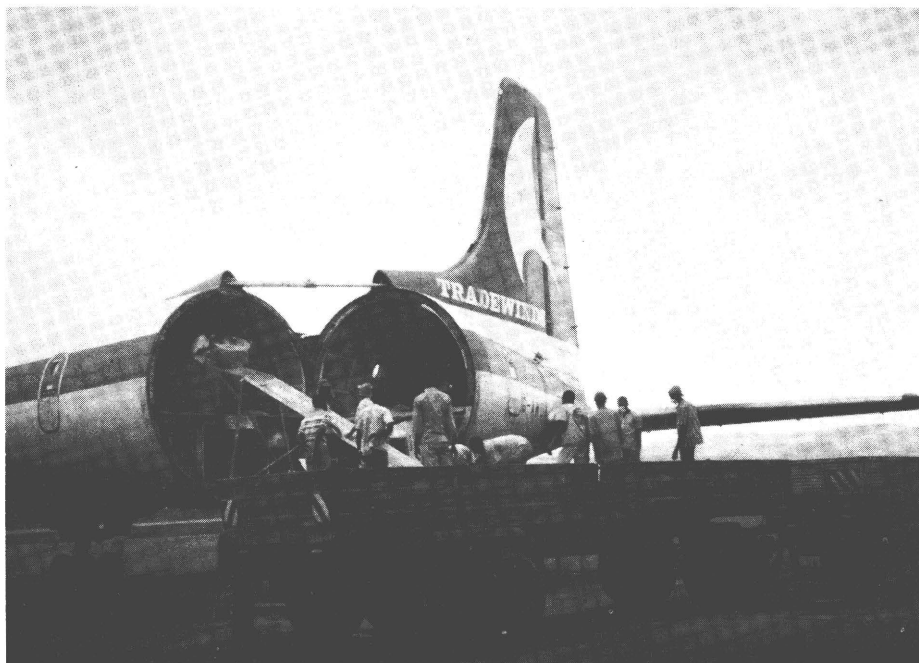
► *What is your overall opinion of EDF investments in your country and how do you feel about the negotiations for Lomé II that are due to start in 1978?*

— Assessing the work of something like the EDF is rather a tall order! However, as I said, we appreciate the EDF contribution to financing indus-

trial cooperation. Obviously, the existing Convention provides various ways of facilitating the development schemes of the developing countries. I am thinking particularly here of industrial cooperation. I am also thinking of the fairly complex Stabex system, although in Rwanda we have unfortunately been unable to benefit from it as we export so little to Europe.

Our hope for the future is greater financial cooperation. That is to say larger amounts of money for financial and industrial cooperation. We also hope to increase regional cooperation, since this provides a number of ways of developing several countries at a time. As far as financial cooperation is concerned, there is something that has been worrying me for some time. EDF aid so far, particularly with agriculture, has been in the form of grants—which do not have to be paid back. A country like ours could never manage loans, even on soft terms. We think that the idea of grants should be pursued, at least as far as the poorest countries are concerned. This echoes the idea that Mr Cheysson expressed in London in a newspaper interview at the summit in May 1977. He said that the poorest countries ought to have grants instead of loans. This is their only chance of survival. So I was somewhat surprised to hear that the Mata tea factory project is being financed with a loan, even though it is on soft terms, rather than a grant. This is something that really worries me.

(1) See box on page 14.



Unloading cement — Rwanda needs plenty of it

► *And looking to the future, what are the main lines of your five-year (1977-81) development plan?*

— I wanted to talk about this in more detail. The plan is the practical implementation of the policies we adopted on 5 July and it attempts to find an answer to our various problems. You know that our main handicaps are that ours is a very poor country, it is small and it is landlocked, Rwanda is halfway between the Atlantic and the Indian Ocean, about 2000 km away from each. We are also in the throes of a population explosion. All this hinders development and the five-year plan attempts to remedy the situation via specific schemes. The prime aim is to feed our people and to increase production, particularly of food crops. Other aims include promoting the utilization of human resources, since we have a large labour force which we must try to put to good use. There is also an attempt to open up the country at political and democratic level. A landlocked country must, as we emphasized earlier, have a good neighbours policy. It must be open to everyone if it is to receive the aid it needs. However, opening up the country also means having a road infrastructure to provide access to the neighbouring countries. It means an electricity network, another sector in which the EEC has given and continues to give us aid, particularly with Ruzizi II and with the Mukungwa project that the EDF and ABEDIA will be cofinancing.

The whole development plan is built around various structural reforms. We started by reforming the organization

of our local authorities, which have become the basis for development with the structures set up since 1973. We also want to reform education. The Belgians left us a teaching syllabus that was far from rational. It bore no relation to reality. There are 40000 children in the final year of our primary schools and, although only 2000 of them will get secondary places, the syllabus is geared to them alone. We want to change the syllabus and we have already planned how to go about it. Education needs to be more general so that children who cannot go on to secondary school, that is to say the vast majority, can go back to the hills with a certain amount of knowledge and skill and be of some use to society. This is why we intend ruralizing teaching so that it is of practical use at all levels. I gave the example of the primary school syllabus, but I could give you examples of unsuitable secondary syllabuses as well. Even at university level, a student who does not complete his agricultural engineering studies is of no use as he cannot even work as an agricultural instructor or local officer. It must be possible for the youth or the student to be of real use to his country whenever he stops studying. For example, it takes seven years to train to be a doctor, but a medical student who gives up after three years is not allowed even to give injections. He ought to be good for something even if he is unable to complete his course. This is what we want to bring in. Obviously it means running a whole programme, since any educational reform takes many years to complete. But the important thing is to define the

framework for action and to take the first step.

These are the structures on which we have begun working as a guide to implementation of the plan. I could mention other reforms. Our demographic policy, for example. Our production must keep pace with the constant increase in our population. We must keep down the birth rate as we do not produce enough food. But the ideal would be not to bring in birth control or prevent children from coming into the world but to feed the children who are born. This, I think, should be our main aim.

We should also mention that our structural reforms include the rational use of land. And then there are the provisions of our investment code, which is geared to attracting as much capital to Rwanda as possible.

That is what I wanted to add about our development plan, which is the practical implementation of the general policy we have been following since 1973 and which is now being applied via a certain number of structural reforms. □

Interview by Alain Lacroix

## Aspects of the Rwandan economy

At the request of the Head of State, Jean-Chrysostome Nduhugirehe, Rwanda's Minister for Planning, has agreed to outline one or two aspects of his country's economy.

► *Just five products—coffee, tea, pyrethrum, tin and tungsten—account for more than 90% of your country's exports. Are you trying to develop export crops and are there any possibilities of diversifying them?*

— The development of exports is one of the means of implementing the five year (1977-1981) plan which is geared to improving Rwanda's position vis-à-vis the outside world. To do this we are both increasing production of the articles we currently export and improving the structure of our exports by diversifying them.

## The different stages in Rwandan tea production



*Drainage and chemical fertilizers turn marshy ground into an excellent tea plantation*



*Tea-picking: only the tender young leaves go into the basket*



*The leaves are sorted and weighed before going on to this tea factory in Mulindi*

Our coffee, tea and pyrethrum production forecasts prove that we are anxious to develop our traditional sources of foreign exchange and, ultimately, coffee production will go up from 18750 t in 1976 to 30000 t in 1981, tea production from 19350 t to 36000 t and pyrethrum from 9600 t to 14000 t.

As far as the increase in coffee production is concerned, we shall be concentrating more on the techniques of intensification than on extending the land under cultivation. Unprofitable plantations in marginal areas will be turned over to more suitable crops and we shall gradually replace our coffee bushes by highyield varieties. We shall continue with the plant health campaign and provide more of the materials that the planters need.

Tea production will be developed thanks to increasing contributions from the countries and bodies that supply us with aid. I should like to take this opportunity of saying how pleased I am at the very important part which the EDF has played right from the outset of the tea programme to the present day.

We now plan to use the EEC's aid and the aid of other friendly countries and organizations to extend our tea plantations from the 1974 figure of 4830 ha to 10000 ha by 1981 and to build more factories to increase our present processing facilities.

Pyrethrum growing will also be extended and by the end of the 2nd Plan, the area under cultivation should have increased from 3720 ha to 4660 ha. Our plans here also involve building a refinery to produce pyrethrin, which will command higher prices on the world market.

As well as increasing the quantity of current export products, as I have just outlined, we also intend diversifying our exports with a view to becoming less dependent on just one or two products. We shall be concentrating on quinquina and cotton production, on market gardening and horticulture.

► *Has the development of certain areas by means of the "paysannats", or local farming communities, been a success?*

— When the system of paysannats was introduced in the '50s, the aim was twofold. First, to take the pressure off the overcrowded areas and second, to bring hitherto unused land under cultivation in a rational manner. We had undeniably satisfactory results. The average agricultural income in the paysannats is higher than in the rest of the country and the people involved bene-

fit from the sort of economic and social infrastructure, water supplies, roads, schools, dispensaries, shops and so on, that you don't find elsewhere. In addition, the paysannats have helped Rwanda's cooperative movement get established and this is an important factor as far as getting economic and social progress under way in rural areas is concerned.

► *Is there a problem of soil preservation and reforestation?*

— The problem of soil preservation is a crucial one. We know that our fields have deteriorated considerably over the last few years due to atmospheric conditions, the irregular features of the landscape and the overexploitation of the land.

The consequences of soil degradation are very serious. The attendant drop in yield means a decrease in food production and when you realize that more than 90% of our people depend on this for subsistence, you have an idea of just how big a problem it is. This is why the government has launched the soil protection campaign, involving both afforestation and hedges and ditches to counter erosion. The experts know that one of the causes of soil deterioration is the destruction of plant cover. This is the case in Rwanda, where demographic expansion is threatening to wipe out our natural forests.

We intend coping with this by reconstituting and regenerating our natural forests and by planting trees on land that is unsuitable for crops. The government has asked local and regional authorities to give priority to the anti-erosion and reforestation campaign when they organize community development work (Umuganda). It is also with this in mind that the government has introduced Tree Day on the last Saturday in November of each year.

### **Stock-rearing and peat and methane resources**

► *How important is stock-rearing for your country's economy?*

— It is important to our development policy. It is the second source of income of the rural population and a potential means of improving their diet by providing more animal protein and fat. However, traditional stock-rearing methods do not bring good returns and the government has therefore decided to rationalize techniques so that this activity can contribute more to the development of our country.

► *How far have you got with exploiting your peat and methane resources?*

— Methane gas and peat will be the basis of our energy policy in the coming years. In view of the shortage of wood and the enormous burden of imported fuel on our balance of payments, we have to develop our internal sources of energy as much as we can.

The exploitation of methane demands a great deal of investment and Rwanda will therefore be setting up this industry in conjunction with Zaire. The two countries are now deciding where the various units of production will be sited and foreign aid sources have been contacted to finance both feasibility studies and the implementation of this major project. We attach particular importance to this project as the methane will not just be used as fuel but as an input for the chemicals industry (to produce fertilizer and other derivatives).

Peat is also an important part of our energy policy. We already use peat to dry pyrethrum. The coking of peat will provide energy for both industrial and domestic usage. The exploitation of our peat reserves will also be planned on a regional basis with Burundi.

► *Do you have any industrial development projects, particularly to do with cement production and the processing of agricultural products?*

— Our industrialization strategy is based on the creation of industries that will add value to local raw materials: for example, import substitution and labour-intensive industries.

The aim, as is immediately obvious, is to meet several of the aims and objectives of the 2nd Plan, including improving the trade balance, promoting employment and developing industrial production. The industries to be developed and encouraged by means of our development programmes include the food and agricultural industries and the mining, chemicals, mechanical, metallurgical and paper industries.

Cottage industries and services, and arts and crafts will also be developed.

► *What is your policy as far as the tourist trade is concerned?*

— Our policy here is to step up our reception infrastructure so as to increase the number of tourists and the time they stay. This is why we are currently developing our international class hotels. Rwanda will be collaborating with those neighbouring countries in the great lakes region which have worthwhile experience in this field, with a view to setting up joint tourist circuits. □

Interview by A.L.

# EDF-financed schemes in the agricultural sector

## TEA PROJECTS

- Mulindi:** 2750000 EUA  
EDFs 1, 2 & 3  
3000 families involved  
800 ha + 1 factory
- Shagasha:** 3560000 EUA  
EDFs 1, 2 & 3  
1800 families involved  
500 ha + 1 factory
- Gisakura:** 4000000 EUA  
EDFs 2 & 3  
2000 families involved  
600 ha + 1 factory
- Giheka village tea scheme:** 1660000 EUA  
EDFs 2 & 3  
2800 families involved  
740 ha
- Extensions to tea growing:** 7300000 EUA  
1700 ha  
1 factory  
TA DTO  
(a) **Mata:**  
EDFs 3 & 4  
250 ha block  
350 ha plots  
2750 families involved  
Factory  
(b) **Cyohoha:**  
EDF 3  
600 ha plots  
200 families involved

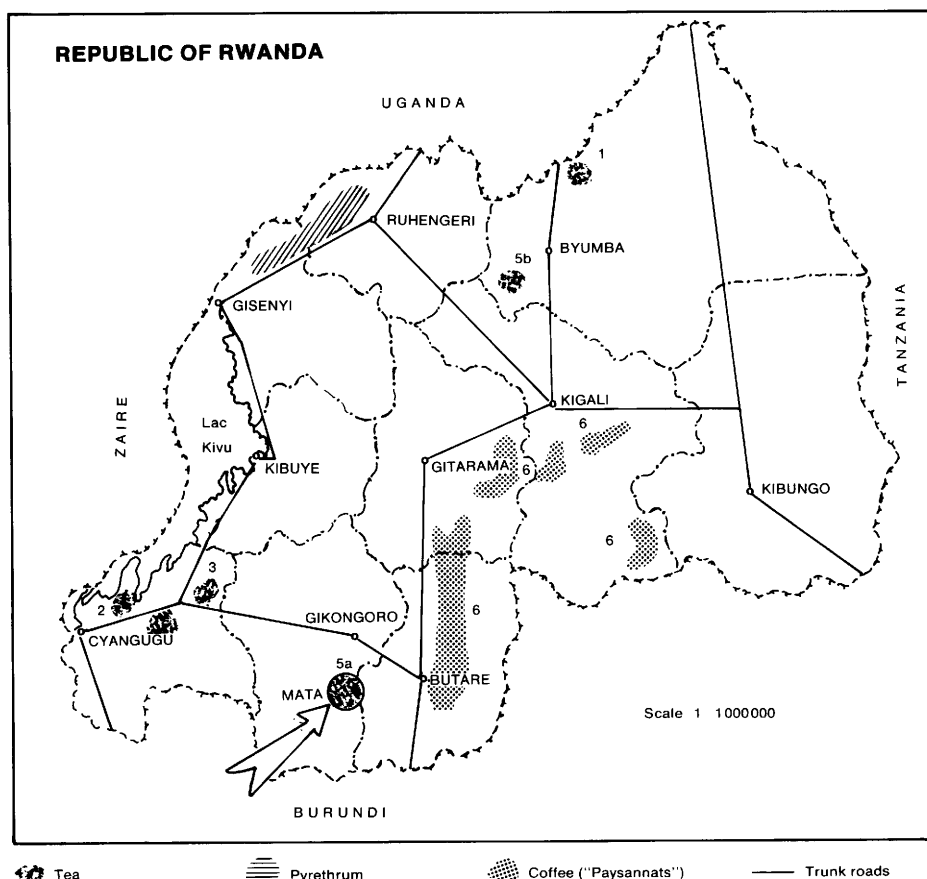
## PAYSANNAT PROJECTS

- Development Mayaga-Bugesera:** 5620000 EUA  
Coffee + food crops  
EDFs 1, 2 & 3  
Installation of 12000 families  
Construction and various

## PYRETHRUM PROJECT

- Pyrethrum and food products:** 3565000 EUA  
3600 ha of pyrethrum  
5000 families involved  
22 drying units  
Technical assistance

**Total: 28455000 EUA**



## Other schemes financed from Community aid (as of 1 December 1977)

### EEC FOOD AID TO RWANDA

	Year	Tonnes	Product	Destination
Completed	1973	750	milk powder	distribution
	1973/74	1 986	flour	distribution
	1973/74	1 986	flour	sale
	1974/75	350	milk powder	sale
	1974/75	2 000	wheat	sale
Being provided	1976	1 000	milk powder	distribution
	1977	2 500	wheat	sale
	1977	1 000	milk powder	distribution
Planned	1978	2 000	wheat	sale

### PROGRAMME OF 4TH EDF SCHOLARSHIPS

Allocation of EDF scholarship's					
<b>EUROPE:</b>					
Italy:	6	} 24	Rwanda:		
FR of Germany:	13			G.S.B.:	31
Belgium:	5			U.N.R.:	32
			E.T.O.:	52	
			I.P.N.:	8	
			CRAFAG:	60	
			IAMSEA:	6	
<b>AFRICA:</b>					
Cameroun:	12	} 14	<b>TOTAL:</b>	<b>189</b>	
Ivory Coast:	2			<b>227</b>	

## 4TH EDF FINANCING (commitments as of 30 November 1977)

(1) From the total indicative programme of 59.9 million EUA, the Commission had taken financing decisions as follows (by 30 November 1977):

4/1	Multiannual grant programme	1.300 million EUA
4/2	T.A. — Pyrethrum	0.160 million EUA
4/4	T.A. — Electrogaz	0.140 million EUA
4/5	Butare faculty of medicine	1.520 million EUA
4/6	Additional study for Butare-frontier road	0.104 million EUA
4/7	Mukungwa power station	20.000 million EUA
4/8	T.A. — public works	0.075 million EUA
4/9	Study for Mayaga-Bugesera water supply	0.130 million EUA
4/10	Faculty of medicine	0.085 million EUA
4/11	Addition to Kigoma-Mururu line	3.900 million EUA
4/12	Mata tea factory (loan)	2.564 million EUA
4/13	Completion of extensions to tea growing	0.936 million EUA
4/14	Kigali-Butare road	23.000 million EUA
	<b>Total</b>	<b>53.914 million EUA</b>

i.e. 90.6% of the indicative programme

### (2) Regional projects

R/4/02	Study for Ruzizi II	1.200 million EUA
R/4/21	IAMSEA	0.160 million EUA
R/4/26	Butare-Kayanza road	11.000 million EUA
	<b>Total</b>	<b>12.360 million EUA</b>



President Habyarimana starts the construction of the Mata tea factory, with Mr Nzamurambaho, Minister of Agriculture, and Mr Dewanckel, EEC delegation counsellor

## EIB loan for a tin mine in Rwanda

The European Investment Bank has granted a subordinated loan (i.e. only to be repaid once priority loans have been reimbursed) of 3 million units of account<sup>(1)</sup>, under the Lomé Convention, towards the financing of a tin foundry in Rwanda as part of a project to develop the country's tin and tungsten ore production.

The 15-year loan has been granted to SOMIRWA, the mining company of Rwanda, a mixed firm in which the state and Géomines, a Belgian company, hold shares. The interest rate is 2% p.a. until end 1981 and 6% p.a. thereafter.

Under the terms of the Lomé convention, the amount is provided from the risk capital funds being managed by the EIB.

The foundry will be built near Kigali to handle the tin ore (cassiterite) currently exported in the form of concentrate. SOMIRWA's production capacity will rise from 2200 t to 2500 t of cassiterite and from 825 t to 1080 t of tungsten (wolfram) ore p.a.

The total cost of the project, one of the Rwandan government's priority industrial targets, is some 10 million EUA.

It will considerably help diversify Rwanda's production and boost both export and budgetary receipts.

<sup>(1)</sup> 1 EUA = RF 106 (EIB rates of conversion).

## NGO-EEC COFINANCING

No	NGO	Nat.	Title of project	Amount NGO (in EUA)	Amount EEC (in EUA)	Total EUA
53/76	Movimento sviluppo e Pace	It.	Craft and rural centres in Rwanda (OCARR)-Butare	32 320	32 320	64 640
17/77	Amis de Gatagara	B.	Construction of houses for handicapped workers in Gikondo-Kigali	39 315	83 130	122 445
25/77	Entraide et Fraternité	B.	Construction of a health centre at Kitabi	23 930	23 930	47 860
83/77	Comité français pour la campagne mondiale contre la faim	F.	Infrastructure for agricultural promotion in communes of Butare, Cyeru and Nyarutovu	51 575	44 563	96 138
114/77*	Internationale Bouworde IBO	B.	Improvement of a water supply network for a population of 23000 people, Taba commune	36 333	85 332	121 665
106/77*	Missie Prokuur O.L.V. Vışitatie	B.	Installation of electricity in social complex of Mushishiro parish	116 341	64 406	180 747
			EUA	299 814	333 681	633 495
			RF	31 390 526	34 936 401	66 326 927

\* Contract in preparation.



## EEC contribution to the development of the electricity supply network

In 1958/60, i.e. before independence, the Ntaruka hydro-electric station and a 70 kV overhead line were installed and brought into operation to supply the town of Kigali and the most important mines.

The station's original 7500 kW output was raised to 11250 kW recently. These facilities were the basis of Rwanda's future electricity network.

In 1965/66, at the government's request, the EDF carried out a comprehensive study of the country's electric energy resources and requirements and concluded that Rwanda had to have an adequate supply of reasonably priced energy for its overall development. There were two ways of doing this:

— It could install a relatively large number of small diesel-powered units (and possibly one or two hydraulic turbines as well). This idea was dropped because of the problems involved and the cost of supplying diesel oil and spare parts. Since then, the world oil crisis has pushed up prices to the point where the cost price per kWh produced in this way would now be around FR 15, an unacceptably high level and one which could only be achieved under

optimum conditions (i.e. with new, high-power equipment in a perfect state of repair).

— The other possibility, and the one which we adopted in the study, was to make the most of existing equipment, completing the network by HT overhead cables and adding MT branches to serve towns and villages and any other important units. Furthermore, as Rwanda developed, the Ntaruka power station proved inadequate for the country's needs. Energy resources therefore had to be increased and plans were made to connect up Ntaruka with the SNEL (Zaire's national electricity board) HEP station at Mururu on the Ruzizi near Cyangugu.

All these projects are well on the way to completion. They will ensure that Rwanda can run its own network on an independent basis and will avoid the difficulties and rising costs of importing fuel and equipment.

EDF schemes are plotted on the map on the following page.

### EDF schemes

The facilities installed and paid for with EDF financing are briefly listed in

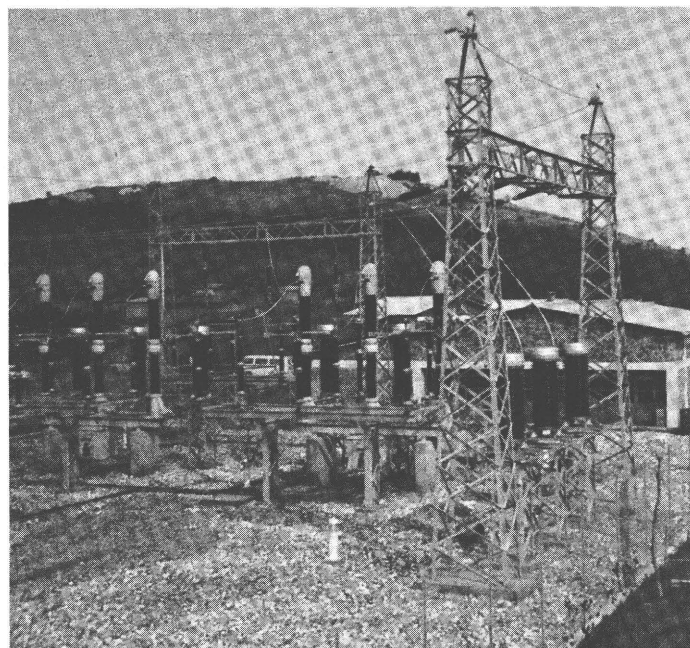
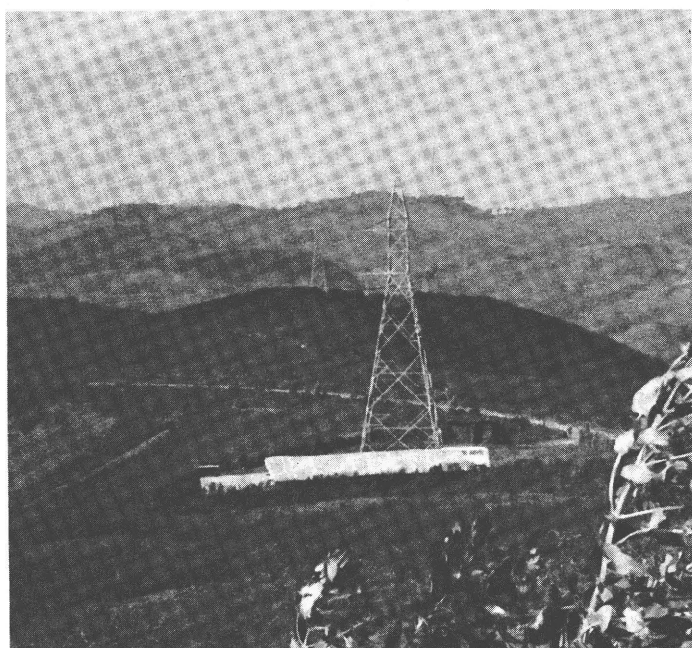
chronological order (which also coincides with order of priority) below:

1. 30 kV overhead cable from the Ntaruka power station to Ruhengeri. This is a 16 km line and was built to feed the pyrethrin factory and the town of Ruhengeri, which has so far depended on an inadequate, privately-owned HEP station. A number of local distribution stations are sited along the line. The work, costing RF 32 million (320000 EUA) was carried out in 1972/73.

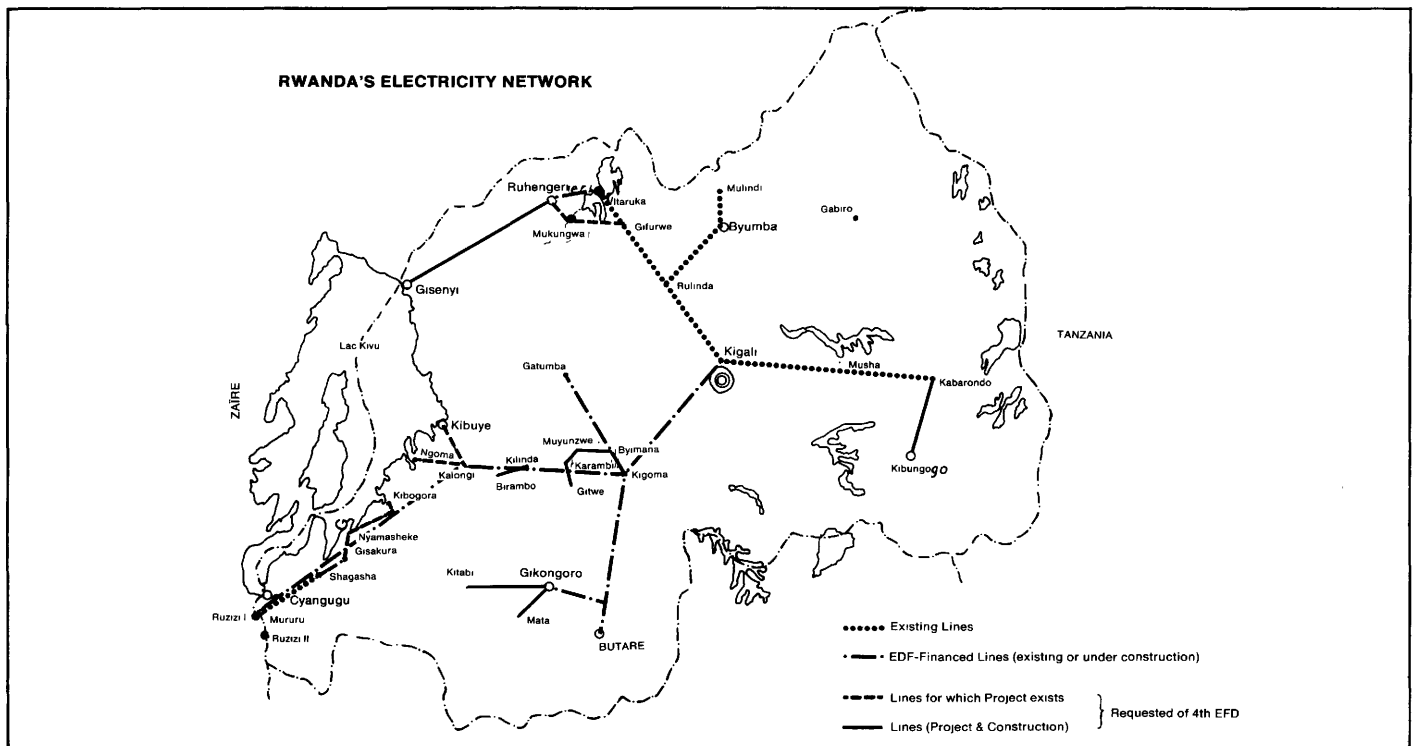
2. 15 kV overhead cable supported on wooden poles. This goes from the Mururu station on the Ruzizi and was installed prior to 1970 to supply the Shagasha tea factory. A 30 kV line has been added from Shagasha to Gisakura, with a view to supplying both the large tea factory there and the Mwanga commercial centre. These lines, of a total length of some 25 km, were partly installed in 1970 and partly in 1973/75. The total cost was RF 66 million (660000 EUA).

3. 15 kV Kigali loop. This comprises two sections of overhead line, of a total length of about 15 km. The main aim was to push up capacity, increase flexibility and provide a safer supply of electricity to the town and, in particular, to the Kigali industrial estate. It was installed in 1971-73 for a total cost in excess of RF 35 million (350000 EUA).

4. Bigger projects, on the drawing board since the beginning of the '70s, were begun at the end of 1972. A



The 110 kV Kigoma-Mururu power line: view from Kibuye towards Gyangugu; right, Kalongi substation at 2500 metres altitude



project to install a 110 kV line from Kigali to Kigoma and a southern 30 kV network began at the end of 1972. Facilities came into service between December 1976 and April 1977. The whole project, which cost almost RF 800 million, involved:

(a) A 110 kV overhead cable 54 km long between the Jabana station near Kigali and Kigoma on the Butare road.

(b) The construction of transformer stations at Gikondo and Kigoma and improvements to the Jabana station.

Rwanda's central control station at Gikondo will be equipped in 1985 and it will be possible to develop it further to keep pace with later extensions to the network.

(c) 30 kV overhead line of a total length of 125 km. This includes a line from Kigoma to the south, serving all settlements en route (Nyanza, Songa, Rubona and Save) to Butare. There is a link to Gikongoro. A further link runs from Kigoma to Kabgayi, Gitarama, Mushishiro and the Gatumba mining works, (8000000 EUA).

5. The 110 kV connection between the Rwandan network and the Mururu station mentioned above is covered by a project, financed by the European Development Fund, costing more than one thousand million francs. It involves a 110 kV overhead cable, 131 km long, between Kigoma and Mururu.

Improvements to the Mururu station and the construction of intermediate stations are also included in this project, primarily with the aim of serving the town of Kibuye and the surround-

ing area as well as Kibogora and Kilinda.

Work began in 1976 and should be completed in mid-1978 (10700000 EUA).

### Other projects

A number of other projects have been studied and are at varying stages of completion:

1. HEP station on the Mukungwa near Ruhengeri. The aim here is to meet the increasing demand anticipated from 1981 onwards. The EDF covered the cost of studies (RF 30 million) which have been completed (300000 EUA).

The estimated cost of implementation is about RF 3100 million (30.1 million EUA) and funds have been requested from four different organizations:

- EDF;
- ABEDIA;
- OPEC;
- The Rwandan government.

The EDF is providing RF 2000 million, the major part of the financing. Invitations to tender for lot 1 (civil engineering) and lot 2 (metal constructions) have been issued and a selection made. Work is scheduled to begin in April or May of this year.

The Mukungwa station is also involved with a 30 kV line to Ruhengeri (currently being built). A 110 kV line to Gifurwe, the junction with the existing line to Ntaruka, is also planned and the

network is due to be transformed from 70 to 110 kV. The cost of this work is included in the overall estimate given above.

40 months have been set aside for the building. The new 12 MW power station should be ready for operation in November 1978. (20000000 EUA).

2. Studies on installing some 40 km of 30 kV line to serve the Kibuye area have now reached the invitation to tender stage. Some 6 million francs are involved here (approx. 600000 EUA).

3. The Ruzizi, the river linking Lake Kivu with Lake Tanganyika, has considerable HEP potential. In order to meet demand in the region of the great lakes (Rwanda, Burundi and the Kivu region of Zaire) after 1984, there are plans to build a second HEP station (120 MW) on the Ruzizi. The EDF has already financed a preliminary study which has identified the site and the desired output. The cost of this is 35 million francs (3500000 EUA).

The final study is covered by a financing agreement (for 120 million francs) between the EEC Commission and Rwanda, Burundi and Zaire, the three countries involved. The contract for this study is now being negotiated (12000000 EUA).

### Conclusion

EDF schemes to provide energy infrastructure for the development of Rwanda (completed and ongoing projects) amount to some RF 4200 million (41940000 EUA). □

## LESOTHO

### Three priorities: energy, infrastructure and agriculture

Interview with Dr Leabua Jonathan,  
Prime Minister of the Kingdom of Lesotho

Lesotho is one of the poorest countries in the world: it is landlocked, and it has a relatively limited resource base. The Prime Minister comments on its economic objectives and its relations with South Africa and Europe.

— Despite being landlocked and having few known resources, we are a hopeful nation, and we mean to disprove all sceptical opinions about our economic viability.

Our second five year development plan — 1975/76-1979/80 — spells out our broad objectives as: economic growth, social justice, maximum domestic employment and economic independence. To achieve economic growth the plan underlines the improvement of agricultural productivity as essential because the largest part of our population lives in the rural

areas. The plan also seeks to get maximum profitability in industry, mining, tourism and commerce through appropriate public investment and the active encouragement of private entrepreneurship; to improve the quality of education; and to expand and improve transport and communication. Our second five year plan also seeks to promote social justice by effecting improvements in both preventive and curative medicine, in nutrition and in other services. To attain a rational use of resources to benefit the greatest number, the plan seeks to concentrate improvements on growth centres.

An increase of 60000 in the labour force is anticipated, and the plan aims to absorb a minimum of 30000 of these by expanding employment opportunities within Lesotho through direct job creation and through the natural growth of the economy. Training programmes geared specifically to devel-

opment needs are also going to be speeded up.

Lastly, our plan aims to strengthen economic independence by further diversification of external assistance and by active participation in international organizations.

► *There have clearly been particular obstacles to smooth development, including the restriction on movement across your southern border with the so-called Transkei, the major influx of refugees following the troubles in South Africa, and the uncertain outlook for employment of Basotho in the mines of South Africa. How is Lesotho responding to this difficult environment?*

— These and other related problems have put us in an emergency situation and have caused major shifts in our strategy. One of the cardinal aspects of this shift is that we have decided to accelerate the development and utilization of our own resources, without changing our structural priorities. One of these is labour. An accelerated creation of labour-intensive job opportunities is not only going to put to profitable use our labour resource, but it is going to help us cope with the effects of South Africa's new policy of reducing our labour quota to that country. Their new policy measure is going to affect the employment of more than a third of our migrant labour, presently estimated at over 150000.



Men and children help farm the lowlands

VIVANTE AFRIQUE



Maseru (pop. 25000), the growing capital of Lesotho

VIVANTE AFRIQUE

Our other important resource is water, which we could use for irrigation, consumption, and energy generation. It is especially urgent to start generating our own electrical power because of the increasingly hostile attitude of South Africa on which we depend for our electricity supply. Because of our resistance to apartheid and our refusal to recognize the sham independence of Bantustans in particular, we are every day running the

risk that South Africa may arbitrarily withdraw her electrical supply, as indeed she has on numerous occasions taken arbitrary measures against us.

**“We mean to get maximum value from our resources”**

We also mean to do our own processing of wool and mohair, which are presently marketed raw, and get maximum value from our resources as part of our efforts to develop independence from South Africa in the face of her attitude. Emergency projects to discover and exploit our mineral potentialities is also a new emphasis in our strategy, necessitated by the situation I have described.

Our infrastructural development must also be speeded up, particularly with our highland rural people who as a result of the sham independence of the Transkei are now denied effective access to the facilities across our borders, which they have used in the past.

Again, we have taken the decision to create urgently preventive and curative medical facilities to make us as much as possible completely self-reliant at the earliest possible date. These include the training of paramedical personnel, the upgrading of rural clinics, and a national referral hospital to complement the preventive health effort to ensure independence from the chronic reliance upon South Africa for treatment of complex and critical cases. Also to be included is a greatly

improved health facility in the Southern District of Qacha's Nek together with two clinics at strategic locations to serve the mountain people who, before the border closures since the pseudo-independence of Transkei, depended on South African institutions for medical treatment.

Another thing which we view with new urgency is our proposed international airport. This is going to be our very important air bridge linking us directly with other countries and enabling us to survive our encirclement by South Africa.

All these are some of the changes and new emphases to our plan as originally conceived, and are going to cause an increase in our total cost of development. We are going to intensify our appeal for assistance from the international community.

Of course I cannot omit mention of the problem of the influx of refugees who come into Lesotho seeking asylum after fleeing persecution in South Africa, especially in the wake of the Soweto and other disturbances.

We are politically and morally bound to give them protection. In the case of the youth especially, we afford them places in our educational institutions from secondary school up to university. This is causing a great strain to our educational system, especially if account is taken of the fact that the system is already bursting at the seams. Here again we are constantly appealing to the world to help us discharge this international responsibility.



VIVANTE AFRIQUE

*With so many of the menfolk away, women play a particularly important part in Lesotho's social and agricultural life*

## The problem of sanctions against South Africa

► *Mr Vorster has said that economic sanctions against South Africa will affect Lesotho far more adversely than South Africa itself. How then should the international community treat South Africa in a just and coherent manner?*

— First of all I would like to say that the dangers to Lesotho of economic sanctions against South Africa are very real, because of our interdependence with that country.

Secondly, I would like to make it clear that Lesotho is not opposed to such sanctions as they are intended to bring an end to apartheid for the good of humanity.

However, I should also wish to draw to the attention of the international community that if and when the decision is taken to effect sanctions against South Africa, consideration should be given for special measures to ensure the survival of countries neighbouring on South Africa, especially Lesotho, which is completely surrounded by that country.

We certainly realize the need for sacrifice in the present struggles in Southern Africa, but sacrifice should not mean extinction.

► *The United Nations General Assembly is considering a report on the support of the international community to your development efforts. How have donors reacted to your special problems?*

## EDF projects in Lesotho

Indicative programme : progress as of the beginning of 1978

	million EUA	
<b>Agriculture and livestock</b>	(7)	
Basic Agriculture Services Programme	3	Work in hand
Livestock development and conservation (Phutiatsana river valley)	2	Being studied
Livestock development and conservation (Mphaki area)	2	Financing proposal to be submitted in first half of 1978
<b>Rural services</b>	(3.1)	
Village water supplies		Financing proposal under preparation
Small-scale village self-help projects		Under preparation
Extension of rural postal services		Under preparation
<b>Communications</b>	(7)	
Lesotho airport	3	Arrangements being finalized for joint participation with other donors
Roads: Mafeteng-Mohale's Hoek		
— Feasibility and design studies	3	Financing approved
— Bitumenization : Quthing-Qacha's Nek	2	Awaits completion of studies Work in hand
<b>Industry and commerce</b>		
Industrial infrastructure	1.8	Work in hand
Lesotho National Development Corporation		Under discussion
Trade promotion		Project to be defined
<b>Studies, technical assistance and training</b>	(3.3)	
Studies	1	Details to be finalized
Technical assistance and training	2.3	Extensively used: programme being drawn up for remainder of Lomé Convention period
<b>TOTAL allocation under indicative programme approx. 22m EUA</b>		



These goats provide mohair, Lesotho's main export

— I must say that on the whole the response has been generous and encouraging, and for that we heartily thank all the countries and organizations that have so far responded to our special problems.

I can only appeal further to those countries that have not yet responded to do so with greater urgency as our situation is getting worse. After the problems we are experiencing since the bogus independence of the Transkei, we are surely heading for more trouble with the pseudo-independence of another Bantustan, Bophuthatswana, which has also been created on our doorstep. In fact part of this effigy comprises some of the lands which were ceded unfairly to South African Boers by the British colonial administration. We are still claiming these lands, and despite South Africa's supernatural indifference to our appeals for a settlement over these territories,

we intend to pursue the matter even further.

► *Creating jobs for the growing population and to reabsorb those who no longer take part in the migrant labour system must preoccupy you. How do you see Lesotho responding to this situation?*

— This is indeed a very serious problem. It is exacerbated by the frightening possibility that the over 45% of our labour force which is employed in South Africa may be repatriated any time by the Boers as they did in 1974 when they suddenly returned 13000 miners as a punitive measure against us.

We are presently considering the implementation of emergency and other projects for broadening the base of employment opportunities within our country. In this regard labour-intensive projects will be particularly helpful.

Here, too, we shall rely on the EEC and other international support.

### Self-sufficiency in food

► *How is the effort to move towards self-sufficiency in basic food-stuffs progressing?*

— I am pleased to inform you that we are by now thoroughly convinced of the possibility of self-sufficiency in some basic foodstuffs. Although this is still a distant possibility, we shall be addressing ourselves towards it with more vigour.

The most promising venture is the current scheme of sharecropping, by which the government collaborates with individual peasants in the production of such crops as wheat. This scheme, which has 100% support from the peasants, is highly successful, and last year it resulted in bumper harvests.

We really mean to go fully into this scheme by making farm machinery and all the necessary agricultural inputs readily available all over the country. It will be some time before this scheme really takes off effectively for all our people. We will need help for the necessary mechanization.

In the meantime, shortage of foodstuffs and reliance on South Africa continue to be grim realities. We have already appealed and continue to appeal to the international community to assist us to stock-pile sufficient foodstuffs whilst we are intensifying our efforts to attain our own self-sufficient production.

► *Lesotho is very mountainous and communications must pose great difficulties. How is the work progressing to improve the situation?*



**Prime Minister Leabua Jonathan**  
*The difficulty of being South Africa's neighbour*

— As I said, we are speeding up our infrastructural development as a matter of priority.

The most important aspect of this development is the construction of roads to link the mountainous areas with the lowlands, so as to give the highlands people easy access to facilities that may not be readily available to them for some time. The need for such links has been made even more urgent by the border closures on our south eastern part by South Africa, after we had refused to recognize her illegitimate child, Transkei.

In addition, we are in the meantime, with the help of friends, trying to increase our fleet of light aircraft to serve the mountain people at this time when access to them is not easy.

► *Do other sectors of the economy, such as mining and tourism, hold out hopes for development in the coming years?*

— Mining and tourism are very promising indeed.

In November I opened our first diamond mine in one of our northern districts. The mine is a joint venture between the government and a private company, and initial investment is about R36 million. We have high hopes of this mine because, for example, in 1967 one of our citizens, using a pick and shovel, found a stone weighing 601 carats at the same place. The stone was sold for over R200000. Other diamond pipes have been discovered in several other places, and we hope more mines will follow. Similarly, traces of other minerals have been spotted, and we are very hopeful. Despite

previous negative notions about mining prospects in Lesotho, we believe there are economically significant deposits in Lesotho, because all around us — in South Africa — mining is a thriving sector.

In the tourist sector, the unique splendour of Lesotho's mountain scenery, the soothing tranquility of the country, together with other attractions have combined to bring in tourists from all over the world.

Whilst tourist inflow was estimated at about 4000 visitors in 1969, the number of economic tourists as opposed to those who visit relatives was estimated at 75000 in 1973. No doubt the figures will continue to rise and the expected figure of 150000 by 1980 might be an underestimation.

### EEC aid

► *The EEC has only been assisting Lesotho for a short time. How would you assess its role?*

— True, the EEC has been associated with us for only a short time. I must say that the organization has come not only as a new factor but also as a powerful and positive force in our development. Its contribution in the short period of our association with it, particularly its generous response to resolutions 402 and 407 of the UN, and to the UN Farah mission report, will be recorded in the annals of our history as practical examples of commitment to the betterment of the human condition.

► *The joint committee of the ACP-EEC Consultative Assembly recently met in Maseru. What for you was the most important aspect of this conference?*

— For us, the first important aspect is the fact that an assembly of people with different cultural backgrounds and racial origins have met to discuss the betterment of the human condition in the heart of a region torn asunder by philosophies which deny that all human beings, no matter what their backgrounds and origins, can work harmoniously to create a better world.

Lesotho being completely surrounded by South Africa was an excellent venue for illustrating this point. We only hope conferences such as this will be important lessons for influencing the obstinate mentalities of Southern African racists.

Secondly, by virtue of its being "where it is happening", Lesotho as a venue provided delegates with a clear insight of the problems of our region. I was very glad to hear this sentiment being expressed by delegates before and after the conference. □

Interview by J.P. LESTER

## CAPE VERDE

# Holding out against 10 years of drought

The Cape Verde Republic is an archipelago of 16 islands and islets in the Atlantic Ocean, 450 km off the coast of Senegal. The nine main islands, of volcanic origin, cover a total area of some 4000 km<sup>2</sup>. They are in the monsoon belt, blown by the trade winds, and there are considerable climatic variations in the mountainous areas, primarily Santo Antao, Santiago and Fogo.

The harshest aspect of the climate is the violent, irregular rainfall, which is concentrated into three months of the year (August, September and October). It is difficult to store any of the water artificially on the surface, but there are regular underground sources of water, thanks to a geographical structure that is suitable for storing the water which filters through the many permeable rocks.

A theoretical estimate of underground water resources suggests that there is a potential supply of 220000 m<sup>3</sup> per day, as against current usage of 80000 m<sup>3</sup> per day.

There are 310000 inhabitants on the islands, giving a population density of 77 per km<sup>2</sup>: 48% are in the under 15 age bracket. An estimated 300000 + Cape Verdeans live abroad and the active population at home is 142000, almost 40% of whom, in spite of the emigration, are unemployed.

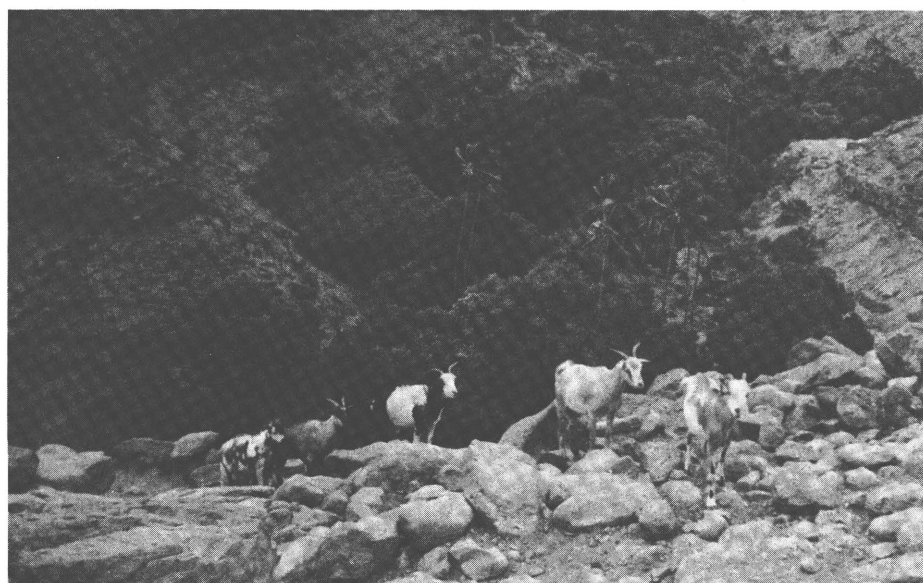
Although agriculture is often affected by the hazards of climate, it is the mainstay of production and the sector which provides the most jobs. It is almost entirely geared to food crops. Some 50000 ha are rain-watered and less than 2000 ha are under irrigation, although arable land totals 90000 ha and the irrigated areas could be brought up to 2500 ha. Irrigation at the moment is concentrated on the islands of Santo Antao, Santiago, Sao Nicolau and Fogo.

Sheep, cattle and goats are raised fairly extensively and pigs are kept, as a secondary resource, on farms.

The fisheries sector (tuna and lobster) has the greatest potential.



Several years of drought have left farming in a precarious state in Cape Verde



The absence of any conventional source of energy can be compensated in the future by widespread use of solar energy and wind power and experimental apparatus is being built.

The geographical situation of Cape Verde has made the port of Mindelo a natural stopping point on the Indian Ocean-South America route.

The Republic of Cape Verde became independent on 5 July 1975 and signed the Lomé Convention accession agreement on 28 March 1977.

### Agriculture at a standstill

Ten years of uninterrupted drought have brought agricultural production

almost to a standstill and virtually destroyed all forage, so that more than half the country's cattle have had to be slaughtered.

The situation is particularly bad on Santiago (where Praia, the capital, is situated), since the very high population density and an increasing tendency for the unemployed to move, in a haphazard fashion, to the towns, particularly Praia, have worsened the water shortage and put an extra burden on the already inadequate drainage network.

The government's policy for handling this situation is along three lines:

(1) Providing food and work for the 40% of the population whom agriculture can no longer accommodate now that drought has killed the crops.



*Praia, capital of the Cape Verde Islands*

(2) Saving surviving cattle by grouping the animals into sectors where fodder and health protection can be provided.

(3) Concentrating work for the unemployed on collective projects and building for the future in such a way as to use unskilled workers. In the agricultural sector, this should involve safeguarding the basic resources, water and soil, hence the campaign against erosion and work on the artificial supplying of aquifers.

The Cape Verdean authorities have therefore asked for external aid to complement the few resources they have themselves. They are anxious to make the best use of food aid without interfering with the economic circuits and without making the population feel it is an object of charity. Rural and suburban workers are therefore paid for what they do and this enables them to buy the products which international aid supplies.

It should be noted that both the authorities and the rural and urban populations are very much aware of the extreme gravity of the situation created by the drought. They also firmly intend to face up to it, without dramatizing and with an eye to what it really is possible to achieve. The quality of the collective work completed so far is tangible proof of this. More than 2800 dams and dykes, all built of stone, not cement, and many kilometres of paved road in excellent condition show the population's remarkable skill at stone-work.

The EEC has provided emergency aid to cover item 2 (saving the cattle) of the government's intervention plan and food aid as a contribution to item 1. As there is no forage at all after such extreme drought, the farmers are forced to slaughter their cattle. In order to save a minimum of animals to reconstitute the herds in the future, the Community is supplying, in 1978,

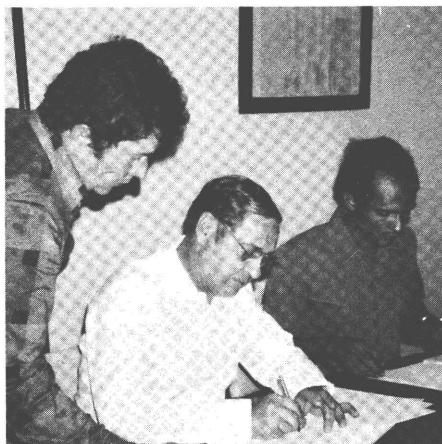
2000 t of food concentrate plus medicines and the material means of concentrating the livestock at special points so as to ensure them the best possible conditions of survival. This will cost 1 500 000 EUA. Since 1975, the EEC has also supplied 15 000 t of cereals, 1 400 t of milk and 450 t of butteroil as food aid. The 1978 programme is for 7 000 t of cereals, 325 t of milk and 200 t of butteroil.

### **EEC indicative aid programme**

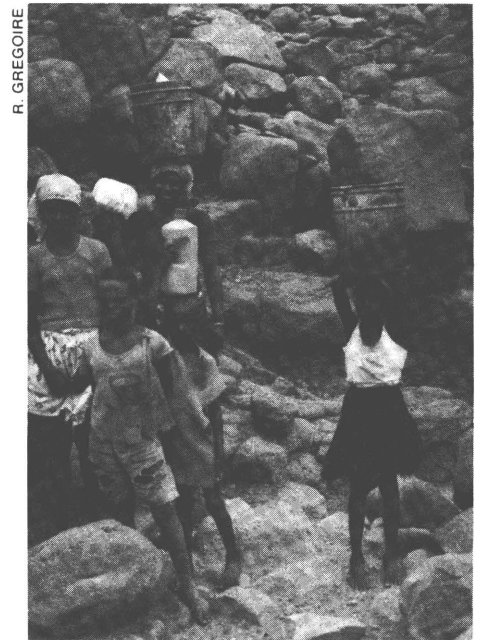
An EEC mission went out to Cape Verde from 30 November to 4 December 1977 to draw up, together with the Cape Verdean authorities, an indicative programme of Community aid, as provided for in Article 51 of the Lomé Convention.

Michel Hauswirth, deputy director general for development, led the EEC mission and José Brito, State Secretary for Cooperation and Planning, the Cape Verde delegation.

The government's priorities, dictated by the socio-economic situation arising



*Michel Hauswirth, deputy director-general of development at the EEC Commission, led the EEC programming mission to Cape Verde*



*Cape Verde's next generation will still face a long struggle to grow enough food*

from the drought and the relatively small amount of financing earmarked for Cape Verde, led to the indicative programme being broken down as follows:

Economic infrastructure: 51%;  
Social infrastructure: 44%;  
Training and study: 2%;  
Administration and management: 3%.

The two infrastructure sections of the indicative programme concentrate on the area immediately around Praia on Santiago where the problems caused by persistent drought are particularly acute.

The aim is to improve the drinking water supply to the town and its suburbs and to bring several hundred hectares of arable land under irrigation to supplement the irregular rainfall. The main result of this rural scheme, combined with campaigns against erosion by wind and water, will be to improve the supply of fresh fruit and vegetables to Praia. This will be achieved by a more rational use of underground water and systematic research into subterranean resources will be carried out, boreholes sunk, etc.

Alongside this, schemes will be run to improve Praia's system of collecting and disposing of waste water. Sewage networks with outlets to the sea will be built for this purpose and material will be supplied for the collection and disposal of rubbish. Finally, there are plans to step up the power of the electricity station so as to better serve the immediate needs of the city. These urban schemes, part of a master plan for Praia, are to be accompanied by a training programme. □

Robert GREGOIRE



## How to become an economic power

by LUCIEN PAGNI

The technical conditions for the economic and social development of the ACP countries have often been mentioned in these columns. Policies in this field tend to put the accent on technological equipment or on certain types of infrastructure.

But the history of the industrialized countries shows that their economic progress involved three main factors: agriculture, energy and, of course, the technical ability to add value to the natural resources available above and below ground. It is by developing these three major sectors that the US and Europe have been able to meet the different challenges which nature has faced them with in the course of their history and to become, respectively, the world's largest storehouse and its largest exporter of agricultural products. It is also the firm desire to become and to stay an economic power which is behind the enormous effort put into creating a European Community harmonized in the above sectors and which enables the US to astound us all with the speed, adap-



tation and application of its R & D programme. And within the Community, Germany's economic success is also considered to be due to the fact that the action of the state, the banks, industry, the unions and the research organizations was better coordinated than in other Member States.

Similarly, the force of the current debate on nuclear energy is indica-

tive of the industrial countries' desire to organize their economies and reserve the preponderant place they wish to go on occupying in the post-industrial society which could mark the end of the oil era.

The developing countries, particularly the ACP states, have considerable advantages; the potential in agriculture and new forms of energy is by no means negligible. Although there are not enough trained staff to set up an ACP R & D programme right away, the basic requirements and conditions for such a programme are, comparatively speaking, more easily available for them than they were for the pioneers of the industrial world.

Perhaps all we need in the future is to define a policy, involving, for example, becoming not powers but great industrial nations; being determined to apply the policy; and seeking the means to do so, particularly in the three fields mentioned. All these things are within the scope of the ACP countries. □ L.P.

## MAURITIUS

### Sir Guy Sauzier on the new International Sugar Agreement

During a recent visit to Mauritius, Sir Guy Sauzier, delegate-general of the Mauritian chamber of agriculture in London and minister plenipotentiary to the European Communities, gave his views on the new International Sugar Agreement which came into effect on 1 January 1978, the situation on the world market and Mauritius' sugar industry. This extract from the interview, published by kind permission of the Public Relations Office of the Mauritian sugar industry, deals with the European sugar-beet producers' criticisms of the Lomé Convention protocol on sugar. Sir Guy said:

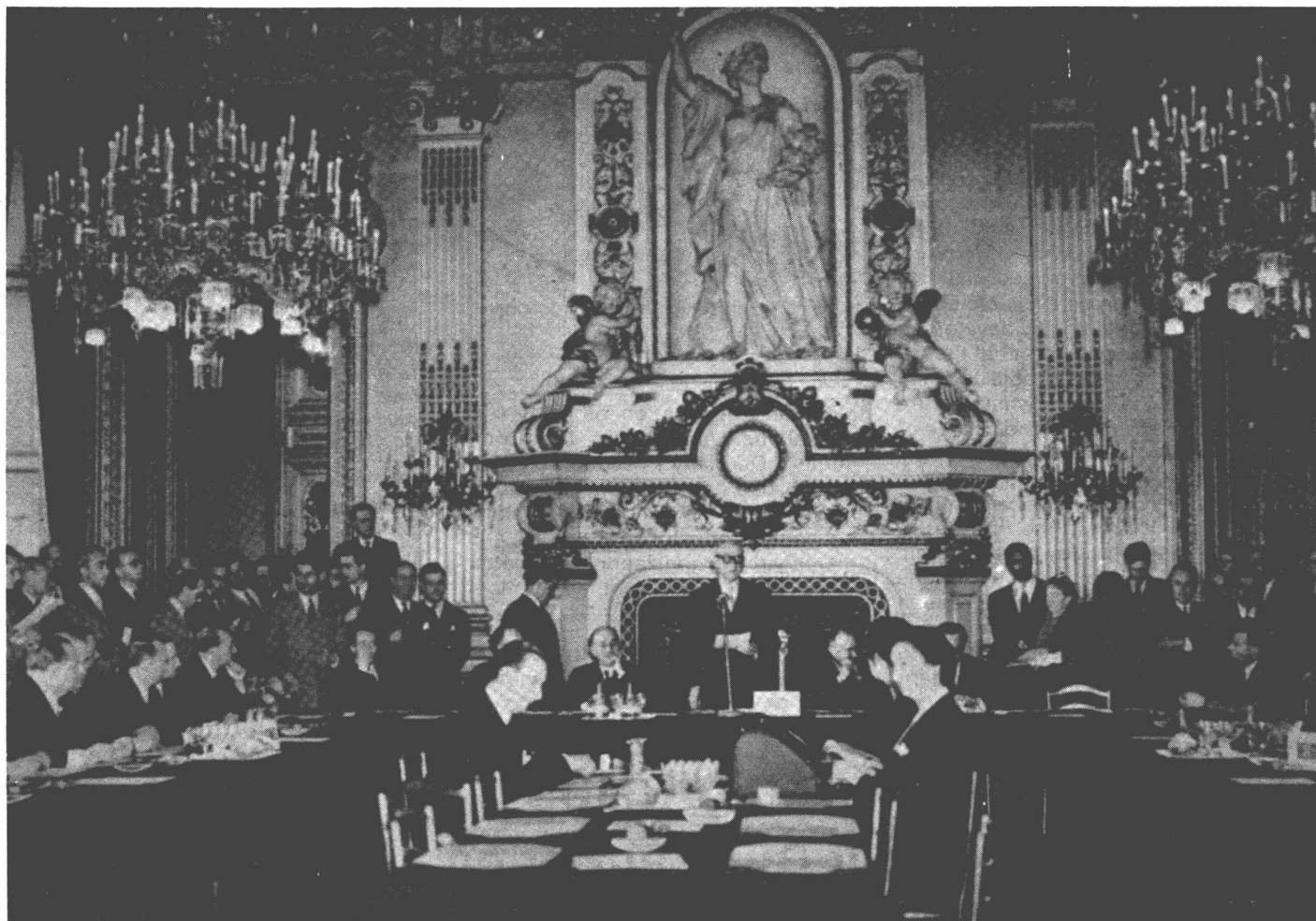
"I think I can honestly say that, if I had been in the European sugar-beet camp, I might have been tempted to exert the same sort of pressure when the Lomé Convention was negotiated. But I should add that it would not have

been right for me to do so. The problem should be seen in its right context.

"When the United Kingdom negotiated its accession to the EEC, it wanted three essential conditions accepted. One of these was that Commonwealth sugar exporters should obtain at least equivalent advantages to those of the Commonwealth Sugar Agreement as regards access of their sugar to the enlarged Community. After difficult negotiations, this condition was accepted and the Lomé sugar agreement was negotiated and signed. I feel that it was ungracious of the European producers to start objecting to the provisions of the protocol on sugar. The protocol did not just reflect the political desire of the member countries of the Community; it reflected a desire for justice and equity as well. It

should not be forgotten that the ACP exporters have not robbed Community producers of any of the outlets they had before the United Kingdom joined the EEC. On the contrary, accession gave them an extra outlet for some 500000 t of sugar, since previous exports from the Commonwealth to the United Kingdom were in the region of 1800000 t and total exports to the Community currently stand at around 1300000 t. It would not have been fair, to my way of thinking, to deprive Commonwealth exporters of the guaranteed access and prices they had for 24 years for the benefit of European producers who were, in any case, better off than those in the Commonwealth. This is the real background to the problem and it should occasionally be brought to the notice of those who might forget or who have never known about it." □

# THE EUROPE OF THE NINE



Robert Schuman's historic declaration on 9 May 1950 in Paris

*"Europe will not be built in a day, nor all at once. It will be created by practical achievements which in themselves establish a common purpose."*

## Diversity and mutual consent

**A**t a reception on 4 June 1970, some "new Europeans" heard EEC President Jean Rey say that Europe combined the modesty of the French, the imagination of the Belgians, the sobriety of the Luxemburgers, the flexibility of the Dutch, the precision of the Italians and the charm of the Germans. He did not then have the opportunity to talk about the three new partners who arrived two years later, but if he had, he would doubtless have found yet more words to describe the diversity of the peoples of Europe. But behind this lighthearted caricature,

there is genuine diversity and it poses a problem in any examination of the nature of the idea of Europe and in any attempt to define what the word Europe really means.

The first thing that springs to mind is that Europe is a specific area of the globe. But the eastern frontiers have always been hazy and a glance at the map is enough to show that the continent is a sort of promontory of Asia, as Valéry put it. Political geography does not help either, since the vast waves of invasion and conquest have altered

the boundaries of Europe through the ages. Then from the 15th century onwards it was mainly the Europeans who went to sea to discover and conquer the world and there are now very few places which have never, at some stage in their history, been under the political control of the small countries of inner Europe. In this, although indefinable from the point of view of political geography, Europe is different from all other continents.

Another suggestion is that Europe could be defined as a type of civilization, a popular idea for many years and one which inspired many lyrical developments. But it has to be admitted that the importance of our famous Greek and Roman heritage has waned. Only Christianity has left any profound and lasting mark on the continent, but this cannot provide us with our definition either. Perhaps Europe's history has been too eventful, too varied and too rich to produce one, typical civilization. Look at Europe today. Diversity is much greater here than in any other area of comparable size in the world and it is so anchored in each of the nations of Europe that one might suggest that this is the only real feature they have in common.

But this Europe, for which political, physical or cultural definitions are so difficult to find, seems to have been inspired, over the centuries, by a perennial quest for unity which has taken varying forms and met with varying success. In the distant past, unity was essentially religious and meant espousing the Catholic cause. This was the unity which Charlemagne created and which the Holy Roman Emperors and the popes of the Middle Ages dreamed about. But religion only brought partial and short-lived unity under Charlemagne and during part of the reign of his son. At other times in history, Europe has known a common form of unity—unity by force. This was one aspect of Charlemagne's unity and it typified the Roman Empire (which included parts of Asia and Africa) and the empires of Napoleon I and Hitler as well. Unity on this scale has always been ephemeral. But on a much smaller scale, force has been the uniting factor for many of the states of Europe. France was united by the kings against the feudal lords and, much more recently, Italy was united by Cavour and Napoleon III, and Germany, "with blood and iron", by Bismarck. In these three cases, however, the effectiveness of force has been strengthened and maintained by the consent of the people.

The history of the checkerboard that is Europe is so rich that there even emerged a more subtle quest for unity-in-diversity based on the legitimate monarchy in the 16th and 17th centuries and on the principle of nationalities in the 19th and early 20th centuries. In both these cases, one could almost talk about commonly recognized European public law. But these forms of European equilibrium gradually waned, the older one as a result of the ideas of the French Revolution and the more recent as a result of nationalism after World War I, the development of national egoism and the arms race. Only after World War II did a new form of unity emerge, this time by mutual consent.

This is an old idea which was often discussed by the philosophers and French "encyclopaedists". It was later taken over by "Paneuropa" and other such movements and statesmen like Aristide Briand popularized it at the time of the League of Nations. But it took a combination of a number of favourable factors after World War II to bring about this Europe by mutual consent.

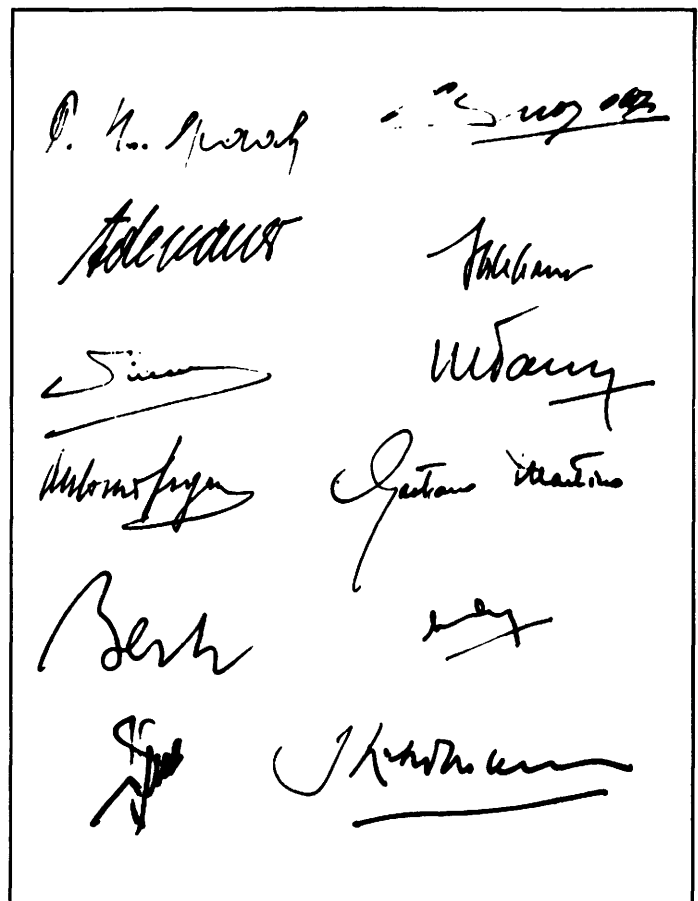
## A new American policy

This new Europe was helped by a radically new American policy, since the recovery and the cohesion of Europe was, for many years, to be one of America's foremost worries. The US alone could re-equip a Europe which, in spite of the ruins, had the intellectual means of large-scale industry. For reasons of economics and human solidarity as well as of policy and strategy, the US was anxious to provide aid for the whole of West Europe, the East having finally refused the offer of American aid.

In April 1948, the scattered, piecemeal assistance of the 1945-46 period was replaced by Marshall aid, close on the Harvard speech against hunger, poverty, despair and chaos of 5 June 1947. The Marshall Plan was for Europe and it led the US to consider West Europe as a unit. The original idea was to go as far as and including the USSR, but the refusal of the Russians and of the peoples' democracies of East Europe led America to look upon Europe simply as that part of the continent not under Soviet influence.

The Americans were thus not only thinking in terms of Europe, a real reversal of Wilson's (or even Roosevelt's) internationalism, but they were now acting in such a way as to force Europeans to remember they were Europeans. Inherent in the Marshall Plan was the idea that Europeans had to cooperate if they were to obtain aid. For some time, a certain section of American public opinion had fostered the confused and simplistic idea that the United States of

*The Treaty of Rome, blueprint of the European Economic Community, was signed on 25 March 1957*



Europe had to emerge to counter the United States of America. The idea was simplistic indeed, since there was no relation between the 13 English-speaking colonies of 1775 and the old historic European countries with their range of languages, their centuries-old culture and their secular rivalry. But the idea was a generous one.

## The Europeans take stock

But nothing would ever have been done without the help of the Europeans themselves. They showed an instinct of preservation and a sudden awareness of the economic and political conditions and requirements of the modern, post-war world.

What was the reasoning of a lucid, well-informed European in this post-war period? It might have argued as follows:

In 1935, Alexis de Toqueville concluded "Democracy in America" with a prophetic vision of two great peoples, the Russians and the Americans, moving from different starting points along different roads towards the same goal—a hand in world control. Fifty years of war and economic crisis was enough to prove his point and to transform Europe, once the world's economic and political centre of gravity, into a group of second-rate powers which found it increasingly difficult to keep pace with progress elsewhere. Continuation of this trend would rapidly have led to the realization of de Toqueville's prophecy. These signs of weakness and exhaustion were all the more worrying for their root causes, the wars, the economic crises and the class struggles, being, according to the best-informed of historians (such as Toynbee), behind the decadence and demise of the 20 or so civilizations that preceded ours.

Civilizations, like people, are mortal and it was reasonable to ask whether we were not under the threat of the third stage. The post-war world was dominated by two powers, the USA and the USSR, both of them, with their land, their resources and their populations, veritable continents. One may well have asked what influence nations of 10, 40 or 50 million people could have in the face of these two gigantic nations, 170 million Americans and 210 million Russians. If the checkerboard of old Europe did not wish, after being the centre of the world for so long, to be no more than Valéry's "promontory of Asia", then the countries making it up had to act together. It would also appear that, in an "age of the masses", as Halévy put it, the economic power of the great states of the second half of the 20th century was inseparable from the existence of a vast internal market. Consequently, Europe's stock had to be prevented from dropping further, which meant emphasizing the need for changes in the structure of old Europe which, as it stood, was not up to modern demands and no longer in a position to reap the full benefit from industrial progress.

## Putting theory into practice

These thoughts were typical of the European awakening after World War II and were soon put into practical application. At this stage, the main countries of West Europe were lucky enough to have leaders who had the same historical vision and the same idea of the sort of Europe they wanted

to build. They were called Jean Monnet, Robert Schuman, Konrad Adenauer, Alcide de Gasperi, Paul-Henri Spaak and Joseph Bech. And there were many others.

Jean Monnet produced a plan for the first Community (the European Coal and Steel Community) which he submitted, in April 1950, to Robert Schuman who agreed with it himself and obtained the agreement of the French Council of Ministers. On 9 May 1950, Robert Schuman made his historic declaration to the press:

"This is not an idle boast. It is a bold act and a constructive one. France has acted and the consequences of her action may be far-reaching. We hope they will. Europe will not be built in a day, nor all at once. It will be created by practical achievements which in themselves establish a common purpose... France and Germany are the first to be concerned... Combining coal and steel production will ensure the immediate establishment of joint bases for economic development, a first step towards the Federation of Europe."

Reactions in the US and in Europe (except the UK) were favourable. On 18 April 1951, the ECSC treaty was signed by Germany, France, Belgium, Italy, Luxembourg and the Netherlands.

Later, in 1954, a treaty to establish a European defence community was blocked by a majority in the French national assembly. But the pro-Europeans refused to lose heart and Spaak in Belgium and Beyen in the Netherlands made concrete proposals relaunching the idea of a united Europe. In 1955, Jean Monnet formed an action committee for the united states of Europe. A conference at Messina in the same year marked the beginnings of negotiations for the common market and invited a committee of experts, chaired by Paul-Henri Spaak, to produce a preliminary report (which did not commit the governments to action). This report was accepted as a basis for negotiation at another meeting of the Six in Venice in 1956 and two new treaties were finally drafted. One set up an economic community and the other an atomic energy community and they were signed in Rome on 25 March 1957 and came into effect on 1 January 1958, twenty years ago.

## Everywhere a pluralist and parliamentary democracy

Twenty years on, we can better see today that it is universal suffrage and the gradual adoption of pluralist, parliamentary democracy throughout Europe which assure the success of the venture. Democracy was the fundamental, ideological link between the countries which signed the Treaty of Rome in 1957 and it remains the basis of the enlarged Community today. The EEC is based on mutual consent and on governments and peoples voluntarily accepting to it. We shall have to see what forms unity will take and where it will lead us. But European integration must continue, and not just for the sake of the Europeans. How could the Nine have a dynamic external policy, particularly towards the developing countries, if they were marking time with their internal affairs? We must hope that, beyond the strict evening-out of the advantages and responsibilities resulting from the Treaty of Rome, the citizens of Europe will increasingly come to see solidarity as humanly necessary and economically realistic. □ A.L.

# The European Community in brief

## How and why

The European Community was built in stages, marked by the three treaties of 1951 and 1957:

— The Treaty of Paris, signed in 1951, set up the ECSC (the European Coal and Steel Community). The aim was to combine the coal and steel production of Germany, Belgium, France, Italy, Luxembourg and the Netherlands, the six founder countries.

— The Treaty of Rome, which the same countries signed in 1957, set up the European Economic Community, better known as the Common Market, and was intended to facilitate trade and gradually integrate the economies of the six members by establishing common policies.

— The EURATOM Treaty, which the six also signed in Rome in 1957, set up the EAEC, the European Atomic Energy Community, intended to ensure maximum utilization of resources to develop nuclear energy for peaceful ends.

These treaties form a kind of European constitution. They define the aims of the Communities, they lay down the guidelines for action and they organize the running of the institutions (the Council, the Commission, the Court of Justice and the European Parliament).

In July 1967, the three Communities merged their executive organs (although since they had been set up by three successive treaties, they remained separate as far as international law was concerned) to form the Council, comprising national government representatives, and the Commission, which is made up of independent officials.

By signing the Treaty of Accession in Brussels in January 1972, three new countries, Denmark, Ireland and the United Kingdom, joined the six original members. Enlargement became official on 1 January 1973 and the nine, with a combined population of more than 250 million, became one of the biggest economic units in the world.

## Common policies still not fully established

The EEC began by seeking to remove all the barriers between the economies of the member states and then embarked upon closer integration. Common policies and approaches were gradually devised, not always easily, and very different national laws were harmonized. In 1978, integration is still not finished. Some common policies have yet to be completed and some fields still have no common policy at all.

Community responsibility and national responsibility still often exist side by side, which explains the complexity of any enlargement negotiations and has made the EEC a

sometimes difficult partner as far as third countries are concerned.

It should also be remembered that the aims of the European treaties demanded a diversity of means to achieve them. In certain cases, a single Community ruling has been introduced, as with the common customs tariff for third countries, the common agricultural policy and the provisions on the free movement of workers.

In other cases, national laws have been gradually harmonized and policies coordinated. This has happened in such fields as the environment, consumer protection, research and technology.

Finally, the Community may complement the national policies of each of the nine member countries, as in the case of social and regional affairs.

## Gradual integration

Although the European public tends to associate the Community with more spectacular events like the wine wars, the European summits and the meanderings of the currency snake, integration is in fact gradually being achieved in all areas of the economic and social life of the nine member countries.

On the other hand, paradoxically almost, the EEC has stimulated a great deal of interest, particularly since enlargement, in the Third World, for which it is an export market and a source of consumer durables, technology, expertise and financial resources.

## Europe in the world

How does the Community compare to the world as a whole? The nine EEC countries cover a total area of 1 528 600 km<sup>2</sup>, i.e. slightly more than 1 % of the surface of the Earth (135 897 000 km<sup>2</sup>). Their total population is more than 260 million (1975), 6.5 % of the world population of 3 968 million. The USSR has 22 402 000 km<sup>2</sup> for 254 million inhabitants (11 inhabitants per km<sup>2</sup>) and the US, 9 363 100 km<sup>2</sup> for 214 million inhabitants (23 per km<sup>2</sup>).

The EEC is the world's greatest trading power. Imports in 1975 represented 35.7 % of world imports as against 4.4 % for the USSR and 11.4 % for the USA.

In 1976, EEC imports from the developing countries totalled 70 700 million EUA (44 % of all imports), 10 200 million of which (6.4 % of total) come from the ACP countries.

The EEC's exports represented 36.1 % of world exports in 1975, as against 4.1 % for the USSR and 12.9 % for the US.

EEC exports to the developing countries totalled 50 900 million EUA (36 % of all exports) 9 700 million of which (6.9 % of total) went to the ACP countries. □

# Some economic data on the Nine

## BELGIUM

30 500 km<sup>2</sup>  
9 801 000 inhabitants  
321 inhabitants per km<sup>2</sup>  
Capital: Brussels (pop. 1 074 726)  
GNP (1975): 49 950 million EUA  
Per capita GNP: 5 000 EUA (1)



### THE ECONOMY

**Agriculture:** 3.6% of the working population. Main products: wheat — 186 000 t; barley — 715 000 t; sugar beet — 552 700 t — 1.9% of world production — world's 14th largest producer. Belgian agriculture only employs 135 000 people. Belgium is, with the United Kingdom, the OECD country with the smallest percentage in this respect. However, Belgian agriculture is a modern sector using the most up-to-date techniques. Yields are, consequently, very high: 4 457 kg of wheat per ha; 4 644 kg of barley per ha.

**Industry:** 41.2% of the working population (1975). Belgium is active in

many fields of industry. Belgian industry accounts for 32% of GNP. There are a very large number of foreign firms. Belgian industrial production represents 1.3% of total OECD production (1976).

Belgium's only mineral resource is coal, accounting for only 0.5% of GNP (7.2 million t, as against 89 million t in Federal Germany).

**External trade.** Exports as a percentage of GNP: 53.5%.

Exports (1976) 29 302 million EUA  
Imports (1976) 31 588 million EUA. □

(1) USA: GNP (1976) = 1.9 billion EUA. Per capita GNP = 8 919 EUA.

## DENMARK

43 100 km<sup>2</sup>  
5 070 000 inhabitants  
117 inhabitants per km<sup>2</sup>  
Capital: Copenhagen (pop. 1 342 668)  
GNP (1976): 34 160 million EUA  
Per capita GNP: 6 737 EUA (1)



### THE ECONOMY

**Agriculture:** 9.8% of the working population. Land under cultivation: 26 500 km<sup>2</sup> — 61.7% of the national territory. Agriculture is extremely important to the Danish economy, representing 6.1% of the value added to GNP. Main products in 1976: barley — 5 156 000 t; colza — 90 million t; milk — 5 200 000 t; sugar beet — 5 145 000 t; pigs — 7 585 000 head; cattle —

(1) USA: GNP = 1.9 billion EUA. Per capita GNP = 8 919 EUA.

The members of OECD are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

Main statistical sources used:  
Eurostat 1977  
ESA national accounts

PHOTO CEE



View towards the Grand'Place, Brussels  
The Belgian capital's main tourist attraction

1120000 head and one of the highest milk yields in the world, comparable to that of Norway and the Netherlands.

Denmark is the third country of Europe, after France and Italy, for agriculture, which is a highly technical sector and the basis of the economy.

**Industry:** 31.5% of the working population in 1975. Of all the industrialized nations of Europe, Denmark is the one with the lowest percentage of the population working in industry. The highly developed tertiary sector is the reason for this. More than 58% of workers are in the tertiary sector (as against 50% in France and 46% in Germany). These workers are highly skilled and able to carry out the full range of modern techniques. Denmark has a wide variety of manufacturing industries. However, a small home market and high salaries force it to specialize in technology intensive production. This is why it is the country which has best married agricultural and industrial development. It has one of the highest and most evenly distributed standards of living in the world. There are very few giant firms.

**External trade:** Exports as a percentage of GNP: 33.5%.

Exports (1976): 8137 million EUA.

Imports (1976): 11086 million EUA.

The increase in the trade deficit is largely due to the surge in the price of imported goods (particularly commodities: + 33% in a year) and to a lack of export outlets. Sales in 1976 were only 16% up on those in 1975. □



Copenhagen

*Hans Andersen's mermaid seems bashful of her fame*

## FRANCE

547 000 km<sup>2</sup>

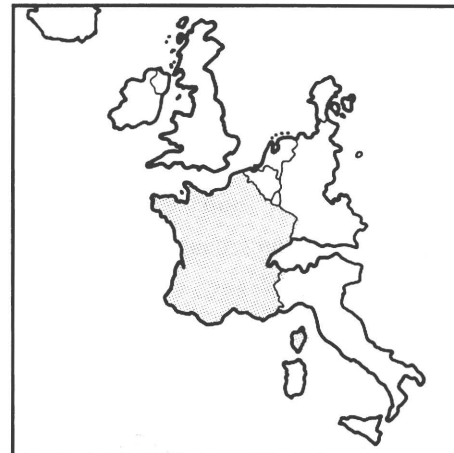
52 548 000 inhabitants

96 inhabitants per km<sup>2</sup>

Capital: Paris (pop. 8 424 000)

GNP (1976): 311 510 million EUA

Per capita GNP: 5900 EUA(1)



### THE ECONOMY

**Agriculture:** 11.3% of the working population. Land under cultivation: 34% of national territory. Main products: grapes — 11 000 000 t in 1976 — 17% of world production — world's 2nd largest producer; sugar beet — 24 000 000 t — world's 3rd largest producer; wheat — 16 089 000 t — world's 6th largest producer; cattle — 24 500 000 head. France is a great agricultural country, the biggest in Europe.

The turnover of French agriculture in 1976 was 27.5% of that of the whole Community (Germany 21.7%, Italy 20.7%).

(1) USA: GNP (1975) = 1.9 billion EUA. Per capita GNP = 8919 EUA.

**Industry:** 38.6% of the working population (1975). France is the 4th biggest industrial country of the OECD with some 6.1% of total industrial production. It is behind the USA (49.3%), Germany (12.5%) and Japan (12.4%). Mining only accounts for 0.6% of GNP.

**External trade:** Exports as percentage of GNP: 22.8% in 1976.

Exports (1976): 49 915 million EUA.

Imports (1976): 57 647 million EUA. □



*Notre Dame is as familiar a Parisian landmark as the Eiffel Tower*

## GERMANY (Fed. Rep.)

248600 km<sup>2</sup>

61 829 000 inhabitants

249 inhabitants per km<sup>2</sup>

Capital — Bonn (pop. 283 260)

GNP (1976): 400 320 million EUA

Per capita GNP: 6 400 EUA (1)



### THE ECONOMY

**Agriculture:** 7.3% of the working population. Land under cultivation: 32.7% of the national territory. Main products in 1976: rye — 21 100 000 t — 8.8% of world production — world's 3rd largest producer; sugar beet — 17 600 000 t — 6.9% of world production — world's 4th largest producer; milk — 21 800 000 t — 5.6% of world production — world's 4th largest producer; cereals — 21 258 000 t (1975); cattle — 15 266 000 head (1976). Agriculture represents an increasingly small percentage of GNP as compared to industry and services, accounting for 9.1% in 1950 but only 3.6% in 1973. However, agriculture is highly mechanized and yields are extremely good (4015 kg of cereals per ha as against 3683 in France). German agriculture is also dominated by family smallhold-

ings. Half of all farms are less than 5 ha and the average size is 15 ha.

**Industry:** 46% of the working population (1975). Germany's economy is founded on industrial power. Germany is the western world's second largest industrial nation, between the USA and Japan. In 1976, it accounted for 12.5% of the industrial production of all the OECD countries (cf. Japan 12.4%, France 6.1%). Mining represents 1.17% of GNP, a high figure which makes Germany the leading country in Europe and the 8th in the world for mineral production.

**External trade.** Exports as percentage of GNP: 27.1%.

Imports (1976): 78 912 million EUA.

Exports (1976): 91 155 million EUA. □

(1) Cf. USA — GNP (1976) = 1.9 billion (10<sup>12</sup>) EUA; per capita GNP = 8 919 EUA.



*The architectural grandeur of Bonn*

## IRELAND



70 300 km<sup>2</sup>

3 127 000 inhabitants

44 inhabitants per km<sup>2</sup>

Capital: Dublin (pop. 650 153)

GNP (1976): 7 150 million EUA

Per capita GNP: 2 265 EUA (1)



### THE ECONOMY

**Agriculture:** 24.3% of the working population. Land under cultivation — 15% of the national territory. Main products: barley — 890 000 t in 1975 (about 25% of arable land); oats and wheat. Stock-raising is by far the most important aspect of Irish agriculture —

(1) USA: GNP = 1.9 billion EUA. Per capita GNP = 8 919 EUA.



## ITALY

301 300 km<sup>2</sup>

55 883 000 inhabitants

185 inhabitants per km<sup>2</sup>

Capital: Rome (pop. 2 800 000)

GNP (1976): 152 100 million EUA

Per capita GNP: 2 700 EUA(1)



### THE ECONOMY

**Agriculture:** 15.7% of the working population. Land under cultivation: 40.6% of the national territory (cf. France 34.4%). Italian agriculture is characterized by a relatively low percentage of animal production (40% as against 60% of vegetable production) and by its high level of added value as compared to turnover. Main products in 1976: grapes — 10 250 000 t — 18.5% of world production — world's largest producer; olives — 1 870 000 t — 31.7% of world production — world's largest producer; oranges — 1 624 000 t — world's 5th largest producer; sugar beet — 12 095 000 t — world's 6th largest producer; cereals — 17 068 000 t in 1975.

(1) USA: GNP (1976) = 1.9 billion EUA. Per capita GNP = 8 919 EUA.

**Industry:** 44.1% of the working population (1975). Italy is, after Luxembourg, Germany and Switzerland, the fourth country in the world for percentage of the labour force working in industry. It is therefore a major industrial country. It is the 5th in the OECD with 4.5% of total production. In spite of the many strikes, the vitality of this transalpine industry is the envy of even Germany.

Mining accounts for 0.23% of GNP.

#### External trade:

Imports (1976): 39 021 million EUA.

Exports (1976): 33 222 million EUA. □

7 million head of cattle (half as many as in Great Britain) and 4 million sheep. Animal production is five times vegetable production, an OECD record. Thus, in spite of its small size, Ireland is Europe's 2nd exporter of cattle (695 000 head in 1975). The agricultural balance is strongly in the black. Ireland produces 1.1% (4 260 000 t) of the world's milk and is the 20th largest producer.

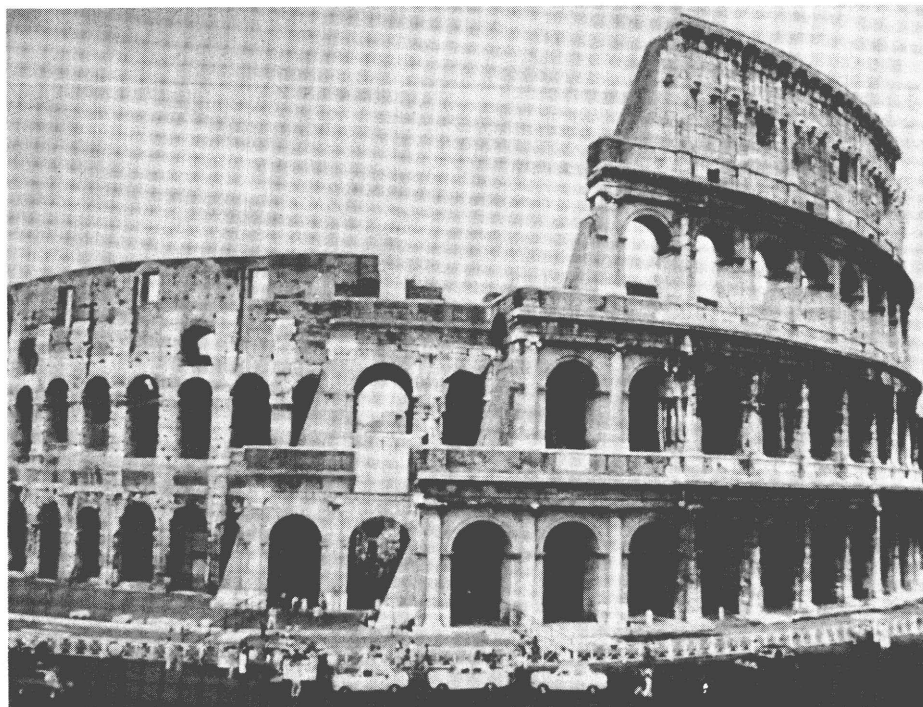
**Industry:** 30.3% of the working population. Ireland is one of the least industrialized countries of the OECD (in the UK, 40.2% of the population work in industry). This is largely because it has never had a real industrial vocation due to lack of any basic resources like iron or coal. Ireland's industry represented only 0.2% of that of all the OECD countries in 1976. Irish industries are medium-sized and this has enabled the country to stand up to the recent crisis better than some larger countries.

It is one of the world's largest exporters of beer (thanks to Guinness!). Its other main exports are the products of the food industry (21%) and mechanical constructions (16%). The mining industry (1% of GNP) produces mainly lead, zinc and copper. Only 68 000 t of coal are produced per year.

#### External trade

Imports (1976): 3 761 million EUA.

Exports (1976): 2 990 million EUA. □



The Coliseum

The classical majesty of Rome, the "eternal city"

PHOTO GEE

## LUXEMBOURG

2600 km<sup>2</sup>  
 359 000 inhabitants  
 139 inhabitants per km<sup>2</sup>  
 Capital: Luxembourg (pop. 78 270)  
 GNP (1975): 1828 million EUA  
 Per capita GNP: 5091 EUA(1)



### THE ECONOMY

**Agriculture:** Luxembourg, is a very small country, only 80 km across at its widest point. Farming covers 24% of the national territory and occupies 6.2% of the working population. Barley is the country's main crop. The average cereal yield is 3180 kg per ha (West European average: 3096 per ha). There are 214 000 head of cattle.

**Industry:** 47.2% of the working population. Luxembourg is one giant

(1) USA: GNP (1976) = 1.9 billion EUA. Per capita GNP = 8919 EUA.

industry employing 47.3% of the working population and accounting for 56% of GNP. Luxembourg's economy is mainly based on industry.

The only mineral resource is iron.

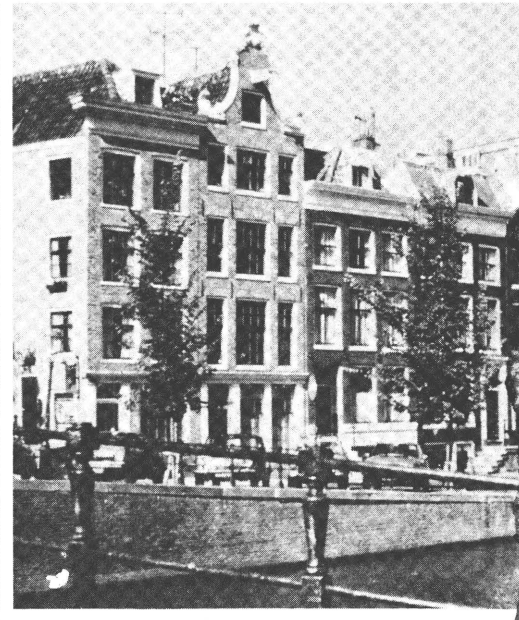
#### External trade

In view of the close ties between Belgium and Luxembourg (Belgo-Luxembourg Economic Union) the external trade statistics are unknown. However, the external trade figures of the economic union are as follows:

Imports in 1976: 31 588 million EUA.

Exports: 29 302 million EUA. □

## NETHERLANDS



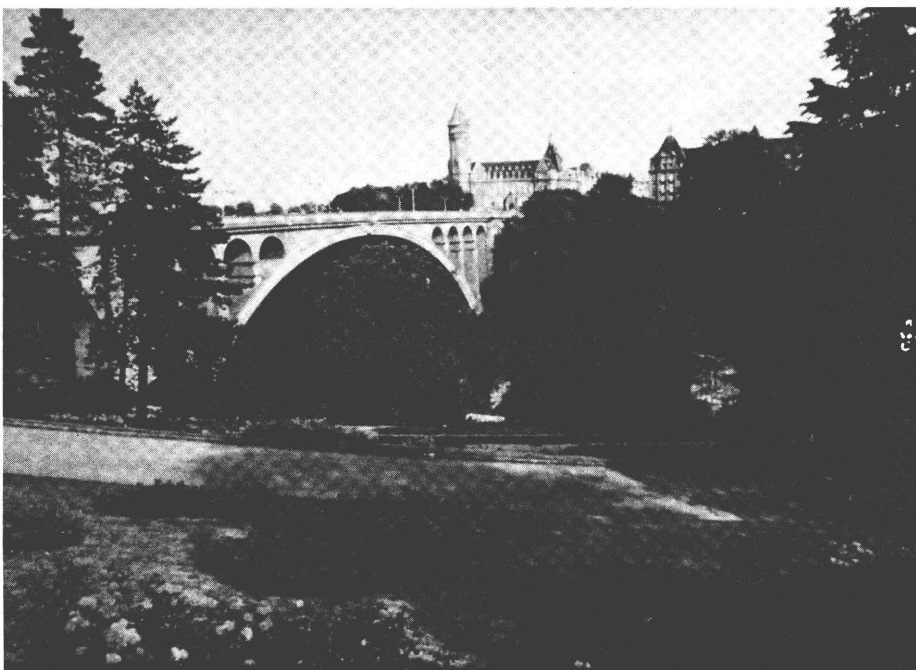
41 200 km<sup>2</sup>  
 13 666 000 inhabitants  
 332 inhabitants per km<sup>2</sup>  
 Capital: Amsterdam (pop. 1 023 700)  
 GNP (1976): 80 220 million EUA  
 Per capita GNP: 5870 EUA(1)



### THE ECONOMY

**Agriculture:** 9.8% of the working population. Dutch agriculture is a special case. The Netherlands has only 0.35% of the world population, living on 0.03% of the Earth's surface, but it is the world's 5th largest producer of food. Average cereal yield is 4477 kg per ha (cf. France 3683). Milk yields are

(1) USA: GNP = 1.9 billion EUA. Per capita GNP = 8919 EUA.



*Luxembourg: small is beautiful*

## UNITED KINGDOM

244 000 km<sup>2</sup>  
 56 042 000 inhabitants  
 230 inhabitants per km<sup>2</sup>  
 Capital: London (pop. 7 281 000)  
 GNP (1976): 198 300 million EUA  
 Per capita GNP: 3 538 EUA (1)



### THE ECONOMY

**Agriculture:** 2.7% of the working population. The UK is, of all the industrialized countries, the one with the smallest percentage of the population working in agriculture (665 000 people, as against 1.8 million in Germany and 2.3 million in France). Land used for agricultural purposes: 29.3% of the national territory (as against 34.4% in France). The result of these two factors is that British agriculture represents only a small amount of value. Main products: barley — 7 760 000 t — world's 5th largest producer; milk — 13 475 000 t — world's 6th largest producer; sheep — 28 184 000 head — world's 10th largest producer; cattle — 14 013 000 head — world's 14th largest producer; wheat — 4 800 000 t — world's 17th largest producer; sugar beet — 4 870 000 t — world's 13th largest producer. Animal products represent 63% of the value of total agricultural production. The UK has a considerable food product deficit.

**Mining:** 5% of GNP. The UK is still counting on North Sea oil (30.8 million t in the first 10 months of 1977) to re-establish its economy. Main mineral

products: coal — 12 381 600 t — world's 5th largest producer; natural gas — 27 500 million m<sup>3</sup> — world's 5th largest producer; salt — 8 618 000 t — world's 5th largest producer; tin — 1 400 t; potassium — 45 000 t; sulphur — 65 000 t.

**Industry:** 40.9% of the working population. Although the UK was the first country of Europe to be industrialized, its economy is, with that of Italy, the one which has had the biggest problems over the last few years. It has had the lowest growth rate of per capita GNP in Europe and the OECD for the last 15 years, although at the beginning of the century the British had the highest incomes in Europe. British industry is marked by the size of its firms, which include Anglo-Dutch conglomerates like Royal Dutch Shell, the second largest firm in the world and the biggest in the country (followed by British Petroleum and Unilever, another Anglo-Dutch multinational).

**External trade:** Exports as a percentage of GNP: 32%.

Exports (1976): 41 471 million EUA.

Imports (1976): 50 215 million EUA. □

(1) USA: GNP = 1.9 billion EUA. Per capita GNP = 8 919 EUA.



Amsterdam

Capital of the Netherlands (no, The Hague is the centre of government)

4 500 kg. The Netherlands has the fourth largest agricultural production in the EEC. Main products: milk 10 575 000 t in 1976 — world's 7th largest producer; potatoes — 4 717 000 t; sugar beet — 6 213 000 t; colza — 32 000 t; pigs — 7 272 000 head. The extreme efficiency of Dutch agriculture and the organization of the food and agricultural trade and industry enables it to achieve excellent performances.

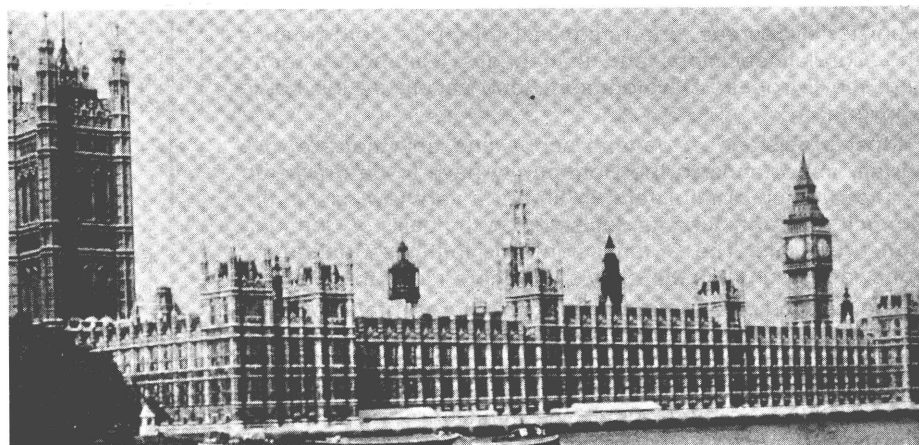
**Energy.** The Netherlands is the only country of Europe to export energy (raw materials). In 1975, its degree of dependence was -24.8%; as opposed to +55% in Germany and +73.8% in France. It is the world's largest producer and exporter of natural gas (94.8 thousand million m<sup>3</sup>). In 1974, 48 850 million m<sup>3</sup> were exported. There are considerable reserves (at Schochteren, for example, which contains more than 2 billion m<sup>3</sup>).

**Industry:** 31.8% of the working population in 1975. Total industrial production on the national territory only represents 1.6% of all OECD production. Dutch firms tend to be multinationals with factories across the world. The country's social system is, with that of Denmark, the most modern in the Community and social spending accounts for 53.6% of GNP.

**External trade:** Exports as percentage of GNP: 55.4%.

Exports (1976): 36 021 million EUA.

Imports (1976): 35 828 million EUA. □



London

The Palace of Westminster, home of "the mother of parliaments"

PHOTO CEE

# The European Institutions: The Commission and the Council of Ministers

by Emile NOEL

The Community is much more than an intergovernmental organization. Its institutions have their own characteristics and extensive powers and, in many cases, its decisions directly concern the citizen. However, this does not make the Community a sort of federal government on which national governments and parliaments depend for rulings on certain subjects.

We can leave the historians of tomorrow to define the nature of our institutional system and confine ourselves to simply stating that the system is a "community" one.

The Community institutions, i.e. the European Parliament, the Council of Ministers, the Commission and the Court of Justice, have the task of building the economic structures of Europe. The Treaties of Paris and Rome laid the foundations, it is true, but the structure itself was still to be built. Once the structures for a given sector are in place, the institutions also have to devise and organize the day-to-day application of the Community policy which replaces the national ones.

This article deals with the Commission and the Council. The European Parliament and the Court of Justice are dealt with elsewhere in this dossier.

**The Commission** is made up of 13 members appointed by common accord of the governments of the member states. While in office, the members of the Commission act independently of their own governments and of the Council. The latter is unable to discontinue their terms of office and it is only a vote of censure from the European Parliament that can force the Commission to resign as a body.

The Commission is, first and foremost, the guardian of the Community treaties. It ensures that they and any decisions taken by the institutions are properly implemented. When it considers that there has been any breach of regulations, it sets in motion a procedure which may go as far as the matter being brought before the Court of Justice, whose judgment is binding on both member states and EEC institutions.

The Commission is also the executive organ of the Community. For example, it draws up implementing texts (ministerial decrees, one might call them) for both treaties and Council decisions and it manages Community funds (e.g. the European Development Fund set up by the Lomé Convention).

Most provisions of general scope and any that are of a certain importance to the Community have to be drawn up by the Council of Ministers. In all but a very few cases, the Council may only take its decisions on the basis of Commission proposals. The Commission thus initiates Community policy and maintains the unity and coherence of this policy.

**The Council of Ministers** consists of representatives of the governments of the member states. Its composition may vary with the topics under discussion. Although the foreign minister tends to be considered as his country's main representative on the Council, the ministers for agriculture, transport, finance, industry and so on often attend meetings alone or alongside the foreign minister. The Council holds about 60 sessions a year. In addition, since 1975, the heads

of government have been meeting at least three times a year to discuss Community problems in Council as part of the political cooperation between member states. These meetings, which replaced the old summits, are known as **European Council** sessions.

The various member states preside the Council in turn for six-month periods. The Commission participates in all Council meetings.

How does the Council take its decisions? Leaving aside the role of the European Parliament, which is consulted on almost all the proposals the Commission puts before the Council, the procedure, as laid down in the treaties, is as follows:

- The Commission makes a proposal. This triggers off a discussion between the various members of the Council, who state their national points of view, and the Commission, which defends the interests of the Community as a whole and seeks European solutions to common problems. If the Council is unanimous, it may take a decision allowing no appeal even if it goes against a Commission proposal. This is reasonable, given that the Council is expressing a point of view which all member governments share. A majority decision, however, may only be taken if it is in line with the Commission proposal. The Commission is the only body which can amend its proposal, which means that it has genuine powers of negotiation in the Council.

- This has important political ramifications. Since the Council can only take its decisions on the basis of Commission proposals, it cannot adopt contradictory proposals on various subjects via majorities that vary with changes in intergovernmental interests or influence. It is also impossible, without Commission agreement, for a majority of the Council to impose on a country in the minority a measure which would seriously affect the latter's essential interests. If the Commission carries out its duties properly, it cannot lend its support to a move of this kind.

The following three-point summary outlines the style of the Community institutions:

- The institutions are not inward-looking. They are, on the contrary, places which provide a constant opportunity for exchanges of opinion and suggestions.

- This permanent dialogue creates an atmosphere of mutual confidence which ensures the system the flexibility vital in the application of the rules laid down in these treaties.

- Finally, national administrations, ministers and parliamentary circles have real confidence in the impartiality of the Commission.

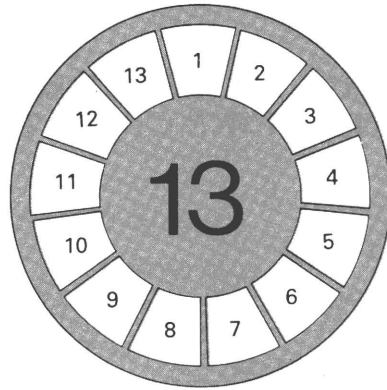
With 20 years of the EEC and Euratom behind us, with several crises overcome and with our even longer experience of the ECSC, our Community system has proved itself. The institutions have enabled us to achieve and sometimes even go beyond many of the objectives laid down in the treaties. □ E.N.



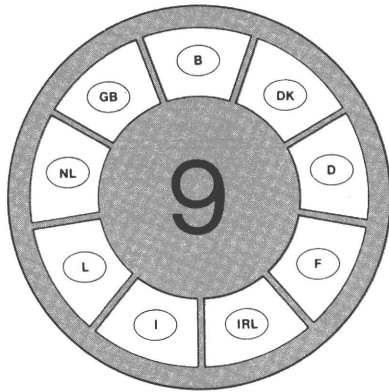
Emile Noël

**Secretary-  
General  
of the  
Commission  
of the  
European  
Communities**

# THE INSTITUTIONS OF THE COMMUNITY

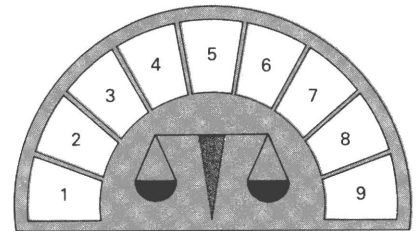


It has 198 members who are delegated by the national parliaments in each of the member states of the Community. It meets in Strasbourg, but some sessions are held in Luxembourg where the permanent secretariat is housed. Roughly 14 part-sessions and 300 meetings of the various specialized parliamentary committees are held every year. Direct elections (universal suffrage) are scheduled for 1979. There will then be 410 members.



## COMMISSION

The Commission of the European Communities is the Community's driving force and its executive. Its job is to initiate action by putting proposals and memoranda before the Council, and to ensure that Council decisions are implemented. It also manages Community funds like the EAGGF (European Agricultural Guidance and Guarantee Fund), the EDF (European Development Fund), the European Social Fund and the European Regional Development Fund. The Commission is also the guardian of the Treaties in that, whenever a member state infringes a regulation, it puts the matter before the Court of Justice. It has 13 members (two from Germany, one from Belgium, two from the UK, one from Denmark, two from France, one from Ireland, two from Italy, one from Luxembourg and one from the Netherlands) who are appointed by their governments but who are fully independent of both the governments and the Council of Ministers. The Commission's principal offices are in Brussels and Luxembourg.



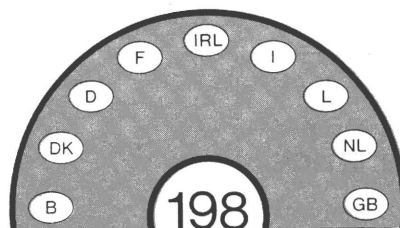
## COURT OF JUSTICE

This is composed of nine judges (appointed by the governments acting jointly), assisted by four advocates-general. Its seat is at Luxembourg. It is the supreme judge in the interpretation and application of the Treaties and it settles any differences between the member states and the Commission. Its decisions are binding on member states, Community institutions and individuals.

## COUNCIL OF MINISTERS

This body has the power to decide on Commission proposals. Each member state sends a minister to a Council meeting, usually in Brussels, whenever a Community decision is called for. Membership thus varies with the topic under discussion. When general subjects are on the agenda, it is the foreign ministers who attend and when technical matters are to be debated, the relevant ministers sit on the Council. The Council's permanent secretariat is in Brussels, where each of the governments of the Nine has a permanent representation (a sort of specialized embassy responsible for relations with Community institutions) to keep up with the day-to-day management of Community affairs.

The permanent representatives sit on COREPER (the Committee of Permanent Representatives), a kind of delegate council of ministers with the job of pushing through decisions for which no political agreements are required and for making technical preparations for decisions to be taken by the ministers meeting in Council.



## PARLIAMENT

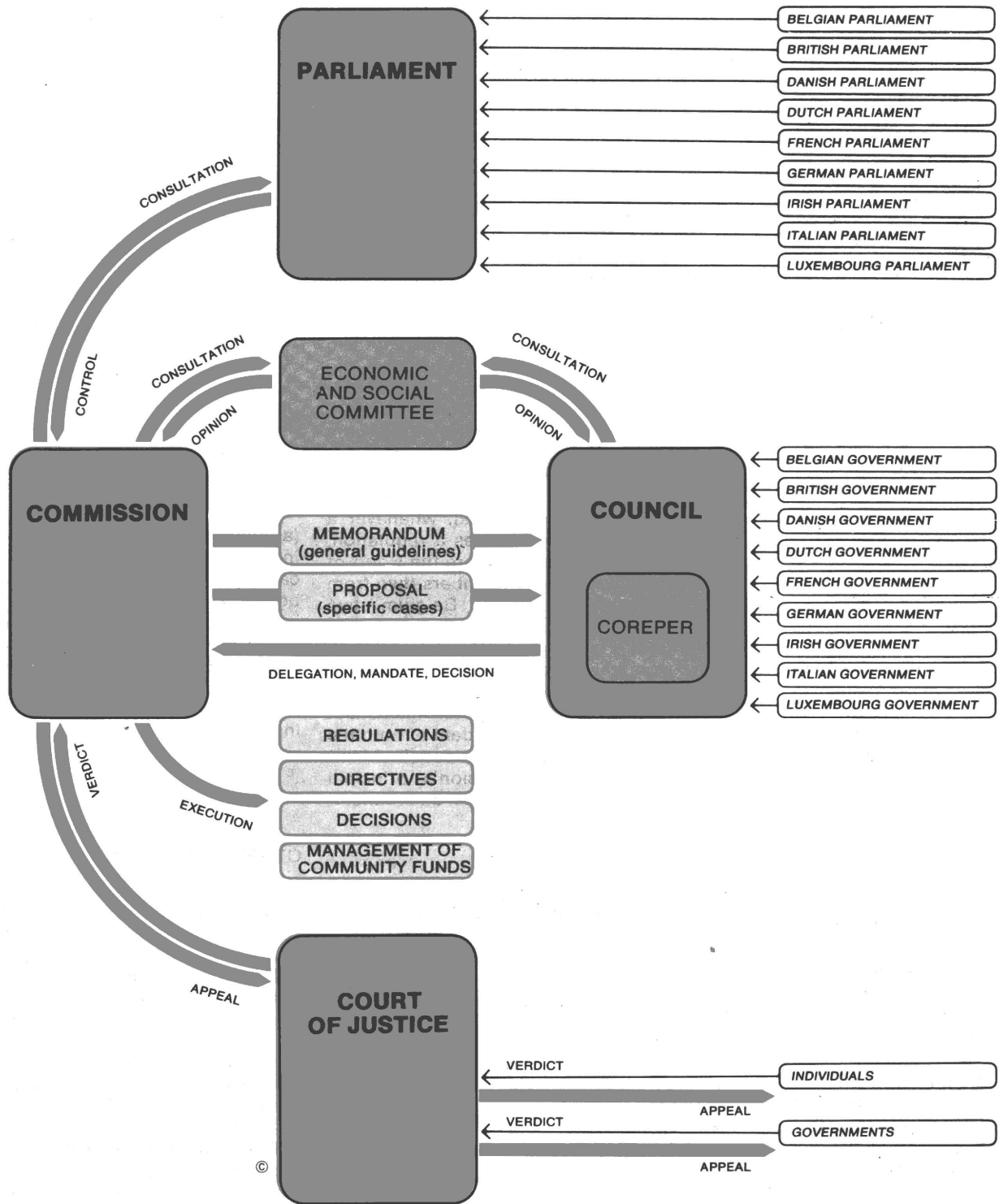
The European Parliament's job is to keep a permanent check on the Commission and to issue opinions at its request.

## OTHER INSTITUTIONS

The EIB (European Investment Bank) is an independent body based in Luxembourg. It encourages the balanced development of the Community by granting long-term loans and bank guarantees and it also provides loans under the association agreements with Greece and Turkey, the Mediterranean agreements and the Lomé Convention.

There are also more than 70 specialized bodies and committees working on Community affairs. The main ones include the Economic and Social Committee, the Coal/Steel Consultative Committee and the Monetary Committee. □

## HOW THE EUROPEAN COMMUNITY'S INSTITUTIONS OPERATE



# The Community's money

The European authorities spent December discussing the EEC's budget for 1978 at the Brussels summit, at the Council of Ministers of the Community, at the European Parliament and at the Commission. Some \$ 15000 million is involved and the European taxpayer may well ask what the Common Market will be doing with it all.

Does it really all get wasted on butter mountains and wine lakes? Do Europeans really spend a fortune on a useless army of self-important Eurocrats? The record should perhaps be put straight.

## Where does the money come from?

First of all, where exactly does the Community get its money? We know that, in the final analysis, it is the taxpayer who foots the bill. But how much does he actually pay and how does the system work?

The ultimate aim has always been to finance the Community budget from "own resources" and this will be possible for the first time in 1978. So far, most of the money has come from the Member States in the form of annually fixed contributions.

Under the new system, a small percentage of the VAT collected across the EEC will be paid directly to the Community to finance its budget. In 1978, the rate will be 0.63% and, although it may vary from one year to the next, it will never exceed 1%. However, the Community will have to reimburse the Member States up to 10% of "own resources" to cover the costs of collecting them. In addition, the Community will receive other income from agricultural levies and customs duties.

The nine countries of the Community do not now appear to have the time to adopt the legal texts for general and immediate application of the "own resources" system. Those who have not adopted the relevant legislation will continue paying a contribution as they did before and the others, providing there are at least three of them, will change over to the new system.

How much did each country pay in 1977?

	(million EUA)
Belgium	700.7
Denmark	249.6
Germany	3 428.0
France	1 928.2
Ireland	37.0
Italy	1 008.1
Luxembourg	16.6
Netherlands	1 039.7
United Kingdom	1 171.6
<b>Total</b>	<b>9 579.5</b>

The European unit of account (EUA) is the symbolic currency used to calculate the Community's accounts. It varies in value every day in the light of fluctuations on the foreign exchange markets. In early December 1977, 1 EUA was equal to Bfrs/Flux 41, DM 2.6, Fl 2.8, £ 0.6, DKr 7.1, FF 5.7, Lit 1024 and US \$ 1.2.

## What does this money represent?

The Community budget is an impressively large amount. What does it mean to the individual?

In 1977, the citizens of Europe each paid an average of 1573 EUA to their governments and only 37 EUA to the Community. The precise amounts paid per inhabitant of each country are given below:

	Contribution to Community budget	Contribution to national budget
Belgium	Bfrs 2 953	Bfrs 103 047
Denmark	DKr 325	DKr 17 490
Germany	DM 148	DM 5 216
France	FF 202	FF 7 373
Ireland	£ 8	£ 736
Italy	Lit 17 797	Lit 1 003 409
Luxembourg	Flux 1 915	Flux 96 067
Netherlands	Fl 216	Fl 1 412
United Kingdom	£ 14	£ 1 020

In 1977, the Community budget thus totalled some 9600 million EUA. This is an impressive sum, but it only represents 2.76% of the total governmental expenditure in all the Member States. One or two comparisons might be interesting.

In Germany, for example, the Bavarian budget alone amounts to DM 25200 million, whereas the Community budget for 1977 was DM 25800 million. In a relatively small country like Belgium, the budget was Bfrs 963600 million, i.e. more than twice the Community budget (Bfrs 396500 million). The Netherlands has a budget of Fl 85300 million, whereas the Community budget expressed in florins was only 27000 million in 1977. The Danish government spent some DKr 88000 million in 1977, but the Community budget only amounted to DKr 63300 million.

In France, the national education budget alone, at FF 55000 million, was larger than the Community budget for 1977 expressed in French francs (53300 million). And if the Community budget is converted into lire 9.5 billion, it is very little larger than the Italian government's budgetary deficit (Lit 9 billion in 1977). The same holds good for sterling, since the Community budget (£6200 million) amounts to very little more than the British budgetary deficit (£6000 million) for this year. The Irish budget for 1977 was £3700 million.

These figures show that the Community budget, which covers 260 million people, is relatively modest.

# The Community's money

Towards European economic and monetary union?

Roy Jenkins, President of the EEC Commission, is banking on it.



## Where does Community money go?

Here are the main items (in EUA and in %) of the Community budget for 1977:

### I. Commission

#### a) Intervention:

— agriculture	7 288 503 600	75.92 %
— social	158 352 500	1.65 %
— regional	318 600 000	3.32 %
— research, energy, industry, transport	220 778 700	2.30 %
— development cooperation	308 026 000	3.21 %

#### b) Operation:

(salaries, buildings, etc.)	485 810 000	5.06 %
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#### c) Reserve and reimbursements

633 499 300	6.60 %
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### II. Other Institutions

(Council of Ministers, European Parliament, Court of Justice, etc.)

186 295 000	1.94 %
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<b>Total</b>	<b>9 599 865 100</b>	<b>100.00 %</b>
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When it drew up its first draft budget for 1978, the Commission was well aware of the austerity required in public spending in these crisis-ridden times. It therefore cut back wherever possible, choosing to concentrate on fields where there was a call for Community action because this appeared more effective than action at national level.

#### a) The common agricultural policy

The lion's share (75.92% in 1977) of the Community budget obviously goes to agriculture. This is not surprising, since this is the only field where there is a real common policy which is drawn up jointly, administered by the Community and financed from the Community budget.

The major part of the funds allocated to the common agricultural policy goes on agricultural price support. The European Agricultural Guidance and Guarantee Fund (EAGGF), as its name suggests, guarantees the income of Community farmers and intervenes on the market when agricultural prices fall below an agreed minimum level. EAGGF monies therefore find their way back to the farmers of the EEC.

By helping to guarantee agricultural prices, the EAGGF provides both a safe supply of food products (a major worry in a hungry world) and consumer price stability (of prime importance both to the ordinary consumer and to governments in their fight against inflation).

The EAGGF also gives grants to encourage greater efficiency in EEC agriculture.

#### b) Aid to the poorest

Once the EAGGF has taken the lion's share, a substantial part of the Community's available finance is distributed by the European Social Fund (to help with vocational training and retraining) and to the Regional Fund (to help the poorest regions and sections of the population). The money which Member States contribute to the Community is thus redistributed amongst them, although, of course, not necessarily in the same proportion as they give it.

Money is also used outside the Community to help the Third World.

#### c) Energy, research and industry

Research is expensive. What is the point of researchers working individually when it is both possible and beneficial to combine their means and findings? The Community organizes and finances an impressive number of research and development projects ranging from thermo-nuclear fusion to oil prospection, via such things as the development of alternative sources of energy, the safety of nuclear reactors, the treatment of radioactive waste, health protection, safety at work and environmental protection.

One part of the research budget covers the work of the joint research centre and a large proportion also covers work carried out under contract by research laboratories and centres throughout the EEC. Here again, the taxpayer's money finds its way back to the different countries of the Community.



The Community is anxious to restrict its energy dependence on third countries and so is organizing the search for uranium and hydrocarbons on its territory and financing research and development into converting coal into gas.

In order to support those areas of industry hardest hit by international competition, the Community will be granting investment premiums for the first time in 1978. The shipbuilding and the textiles industries thus figure on the Community budget for 1978.

Research, energy and industry combined represented 2.3% of the budget for 1977.

## **d** The operation of the institutions

Operating costs only account for a small (4.4%) part of the Community budget for 1978. They cover salaries, upkeep and rental of buildings, information and the payment of a small number of aids and grants.

Although it is often accused of employing too many people at over-generous salaries, the Community is fairly economical from this point of view. In 1977, the Commission employed 8032 staff (excluding researchers at the joint research centre), some 35% of whom were in translation and interpreting, essential services bearing in mind that six major languages are used by the Community.

In fact, the Commission has very few staff when one considers the range of duties it has to do. For example, the directorate-general for agriculture has 626 staff to run the whole of the common agricultural policy although alongside this, the Federal German ministry for agriculture employs 896 staff and the inclusion of Länder (1) staff brings the number of people dealing with agriculture in the German administration up to 20000.

Eurocrats' salaries are also said to be high. They are, however, lower than those normally paid to government officials posted abroad. In 1977, salaries only represented 3.55% of the Community budget.

The rest of the budget covers the constitution of reserves, the reimbursement of the cost of collecting Community taxes to the Member States and the operating costs of other Community institutions: the European Parliament, the official publications office, the Council of Ministers (including the Community's Economic and Social Committee) and the Court of Justice.

So much for the Community's accounts. One important question remains to be answered. Who exactly is responsible for budgetary decisions?

### **Budgetary procedure**

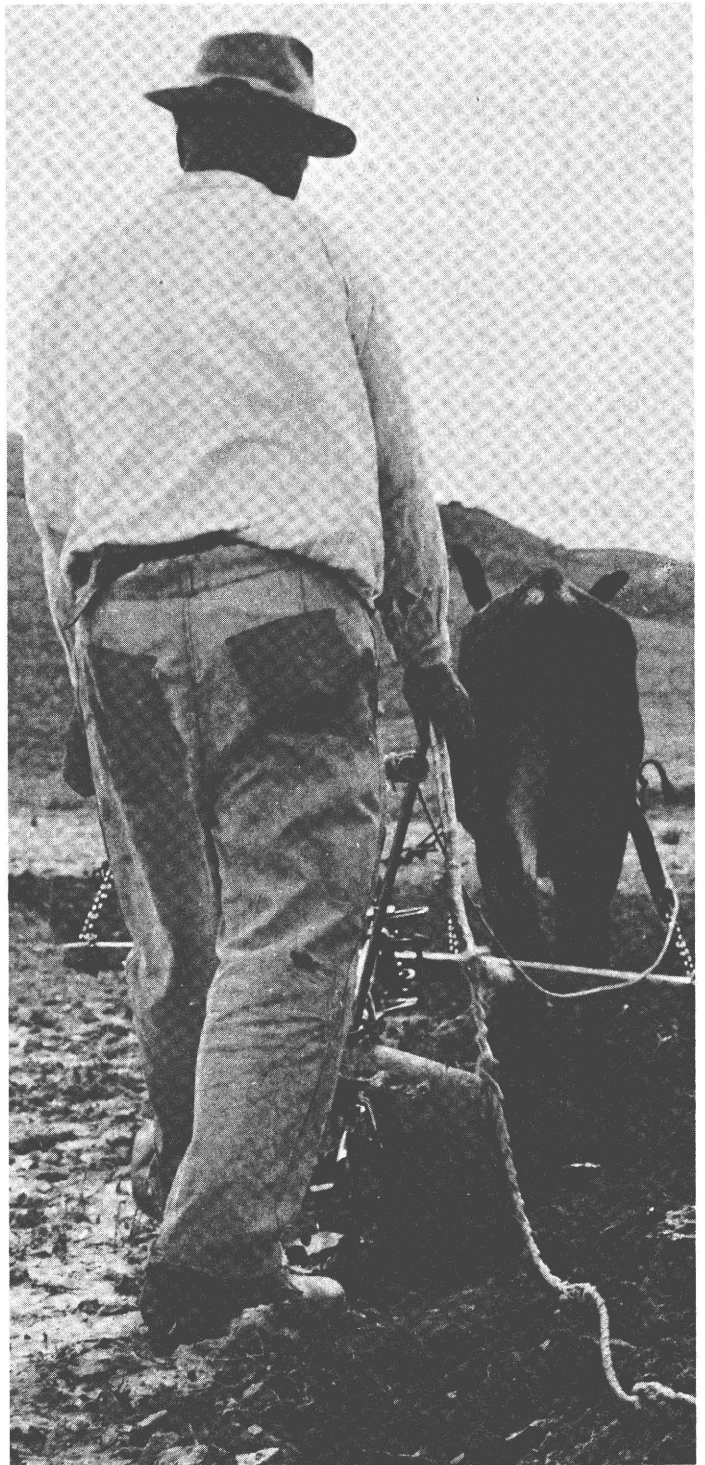
The Commission produces a preliminary draft budget, which goes before the Council of Ministers who discuss it at some length. It then becomes a draft budget, which is discussed and amended by the European Parliament before going back to the Council of Ministers.

The European Parliament has the last word, within fairly precise limits, on any expenditure, such as outlay to the social fund or the regional fund, not deemed obligatory. It is

the President of the European Parliament who announces that the budget has been adopted.

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Now that the EEC is on the point of being fully financed from "own resources", the role of the European Parliament has become a really fundamental one. It follows that all Europeans should elect their representatives by direct, universal suffrage, since this is how they will obtain direct control over the way their money is used in the Community. □



BRUNO BARBEY-MAGNUM

### **South Italy**

*The community's available finance is distributed by the European Social Fund and to the poorest community's regions*

(1) German regions.

## Ways of life and social change in Europe

The questioning in recent years of the values of industrial society is only the beginning of a debate. What used to be considered progressive opinions are now those of moderates. Change is constant, and politicians, economists, trade unionists and scientists have no hesitation in calling for it to be controlled to reshape the present Western model of industrial society.

What will it be like to live in the industrial society of the year 2000? Some idea can be derived from an examination of the process of social change, and in 1976 the EEC Commission carried out a study of ways of life and social change in Europe. Extracts follow.

### UNITY AND DIVERSITY IN PRESENT WAYS OF LIFE

At first sight, western Europe seems to be characterized by such an extreme diversity of ways of life that it seems meaningless to try to provide a "comprehensive" review or a synthetic presentation, which would presuppose a process of classification and comparison.

Each of us would be able to give examples of radically different ways of life led by individuals living in close proximity to each other. It is possible to meet in the same locality workers employed on the same assembly line, the first spending all his earnings on his motor-cycle, the second saving his wages to buy a house for his retirement and the third sending almost all that he earns back to his family in his country of origin. We may take another hypothetical example of two engineers, both trained at the same school of engineering, one leading the life of a pop singer in entertainment, the other having become a well-oiled cog in a great industrial concern. For some people, retirement means the despair of feeling useless and unwanted, for others it is the time when one can begin to develop one's personality...

Then, if we go from one region to another, we find an even greater diversity in ways of building and living in one's house, courtship and marriage, understanding work and leisure, bringing up one's children and associating with one's friends.

It would be true to say that a European is hardly able to define the extent of this great diversity. The observations made by Margaret Mead<sup>(1)</sup> in various western European countries and more recently by several North American sociologists show that an outside observer is often aware of a high degree of unity. On the other hand, an ethnologist from a different culture might perhaps formulate a fairly simple typology of our ways of life, since he would undoubtedly only observe **variations as great as those that separate most of our languages.**

It is all the more difficult to obtain a fairly synthetic view of the whole of our ways of life if we have hardly any basic data at our disposal. An enormous gap has to be filled if we are to classify ways of life in Europe according to ethnographical criteria.

Let us try, however, to bring a little order into this diversity by giving preference to a socio-economic and socio-histori-

cal approach to ways of life. In this, we shall take as our point of departure two hypotheses.

**The first hypothesis** is that while ways of life are undeniably a product of history, they also reflect **the mode of production**, in other words, the nature of the economic activities practised in a region and the organization of the spatial structure of these activities. That is why we insist on the structure of the jobs offered. This structure leads to and often imposes not only a certain standard of living, which is usually higher if the jobs are "productive", but also and above all a certain mode of consumption. This is characterized by a predominance of expenditure on the maintenance or repair of the work-force, intellectual or financial investments to provide greater professional and geographical mobility and a certain value system. (The latter includes attachment to the land or the tools that one possesses or the object that one makes; loss of interest connected with loss of power and the increase in distance between work and its ultimate use, etc.)

**The second hypothesis** is that the spatial distribution of ways of life in Europe is not static. It has developed and is still developing and this evolution reflects the **history of the struggles for influence** between the different regions, because, since the more or less definitive establishment of frontiers between the states, certain peoples and certain socio-professional groups have continued to extend the influence of their culture and their model of life to the detriment of other cultures.

There is always a risk that the observer who is anxious to work at a European level will overlook the often very great diversity of ways of life in different localities, counties and small regions. It is by definition impossible to summarize a mosaic and there is a strong temptation to provide an "average" picture of the ways of life that exist in each country. No research worker can be satisfied, however, with this global approach if he aims to discover the great variety of those ways of life which, because they are threatened by domination and devaluation by the dominant urban and

*The forlorn reality of the high-rise blocks that once seemed to mark a new advance in city housing—for many developing countries, they are still a symbol of progress*



(1) An American sociologist.

postindustrial culture, are at the stage where the significance of their eating and social habits have been forgotten, their languages are only spoken at certain times in privacy and their folklore is displayed only for the benefit of tourists, in other words, where they have become the visible sign of a **degraded sub-culture**.

We are reminded, often painfully, by the growth of regional movements of the existence of many groups possessing a great wealth of traditions and different conceptions of what a way of life is. Other, often very subtle, nuances may also reveal interests and value systems that differ widely from one country or region to another. The time given to viewing television, for example, varies very little from one country to another, but it has been observed that the British seem to be excessively interested in programmes on their own past, whereas the Germans prefer programmes relating to the present or the future.

In a wider perspective, the history and political context of each country may result in its inhabitants reacting very differently to the same problems. An example of this is the reaction to the threat of inflation in the United Kingdom and the Federal Republic of Germany. According to those with whom we discussed the matter in the two countries, there was little reaction in the first and a strong consensus of opinion in the second that the pre-Nazi economic situation should be avoided.

### Towards a typology of ways of life

It is, in our opinion, possible to classify the regions of western European countries into five types, according to the degree and form of economic development and spatial organization found in them.

— the proportion of the active population employed in agriculture; this information is based on the maps published by the European Community, I.B.F. Kormoss and the "Statistiques de la population active" of OECD;

— the gross domestic product per inhabitant, taken from the "Comptes nationaux des OCDE", Volume 1; these are reproduced on Table I.

We propose now to give a brief outline of each of these five "contexts of ways of life", but we are bound to point out here that at least three, rather than two groups of characteristics should be combined in order to define a way of life in a more satisfactory typology. The first is the mode of production (that is, the productive activities are economically and spatially structured in a certain way and this form is expressed by a certain type of housing, transport and social life and is also reflected in the kind of jobs offered). The second characteristic is found in the living conditions (the structure of employment results in a certain mode of

consumption and saving and in the wider perspective a certain way of life). Finally, there are the attitudes of the inhabitants (which allow them to adapt or to react to situations).

**Type 1: rural.** Influence of the rural framework and traditional values still strong.

**Type 2: quasi-rural.** Industrialization and strong development, but rural civilization still important.

These first two types are characteristic of the regions or countries which are still strongly marked by the rural daily life and value system even if the other economic activities are relatively well developed there.

To say that a quarter of the active population in a region is working in the agricultural sector means very often that half the total population (not only farm workers, but also craftsmen, tradesmen and retired people) still live in a rural environment or in little towns. This is certainly the case with all countries that are still truly rural, like Portugal (where one job in three is still in agriculture), Greece, Ireland, Yugoslavia, Hungary and the southern regions of Italy, where the rate of agricultural jobs is still 25% or more. These, then, are all regions that we have classified under Type 1. Urbanization is still restricted or else localized and traditional values are still obvious in the regions that we have designated as belonging to Type 2 (quasi-rural), where the proportion of agricultural jobs is only 15 to 24%. These regions are the south-west half of France, the central part of Italy, Finland, Czechoslovakia and Austria.

It should also be noted that the regions of Type 1 are also the poorest in western Europe and, by and large, those of Type 2 are, in terms of GDP per inhabitant, quite poor.

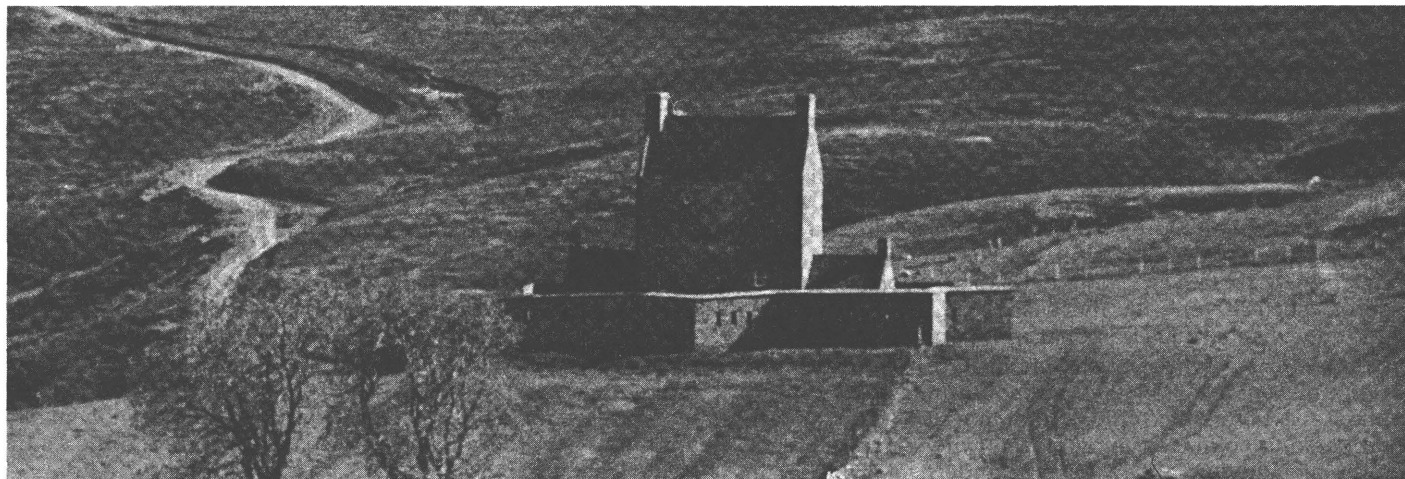
**Type 3: agro-industrial.** Balance between advanced industrialization and persistent rural life. This type includes those regions where only 8 to 14% of the total number of jobs are in agriculture: Denmark, Norway, Ulster, the German Democratic Republic, the Federal Republic (the north of Germany and Rhineland, the Palatinate and Bavaria), Luxemburg, the north-east half of France (apart from Paris) and the northeast and north-west of Italy. Austria is on the borderline of types 2 and 3.

**Type 4: heavily industrialized.** Predominance of industries and services. In the logic of economic growth, this type is not necessarily later than Type 3; it is more likely to be parallel. There is evidence that the standard of living is more or less the same in regions or countries of both types.

Type 4 represents the often bitter triumph of technical and urban civilization. In regions of this type, the traditional rural civilization has disappeared and the few workers who continue to live in a rural environment adopt the attitudes of entrepreneurs and employees in the towns.

Farming is highly mechanized and only a very small proportion of the active population is employed in it: less

*Corgarff Castle near Aberdeen (Scotland): more and more Europeans imagine they would like to get away from it all*



RAPHO - J.P. GUILLAUME

than 3% of almost the whole working population in the United Kingdom, about 4 to 7% in Belgium, the Netherlands, Federal Germany, Switzerland or Sweden and about the same proportion in certain regions in France and Italy (the north and the Paris region; Lombardy). The axes of industrialization running from Genoa to Turin and from Marseilles to Lyons as well as Lorraine would undoubtedly show the same picture, but they have not been published separately in the existing statistics.

On the other hand, it is also possible to distinguish within Type 4 a sub-group of regions that are very heterogeneous in their standard of living, but are at an extremely advanced stage of urbanization. (This is either because the whole of the population is grouped together in large towns or because a high density of population is housed in an almost continuous urban development.) This sub-group is also characterized by a preponderance of jobs in the tertiary sector. It is represented in Great Britain by Scotland, Wales and the south of England and elsewhere by the Paris region, Belgium, the Netherlands, Bremen, Hamburg and Berlin.

**Type 5: post-industrial.** We have also distinguished regions which, like those of the preceding type, provide less than 8% of agricultural jobs, but in which the standard of living goes beyond that of the United States (in other words and in practice, those countries where the GDP per inhabitant was higher than 6500 dollars in 1974). In these regions, a high degree of urban concentration goes together with extremely productive forms of work and an overabundance of goods and services that are "consumed" by households. Indicators of this kind are, of course, open to question. The statistics at our disposal on the structure of the jobs available in these regions do not allow us to isolate the typical tertiary jobs found in post-industrial society and, if we were to take all the jobs in the tertiary sector into account, we would have to regard not only Sweden and the Netherlands as post-industrial, but also most of the United Kingdom, including Scotland.

In fact, only Sweden seems to us to have reached this level. Switzerland has a clear majority of secondary jobs. If, however, economic growth continues at the present rate **we may expect to see, over the next five to 10 years, many regions joining this post-industrial type.** We may look forward to a rhythm of life, a standard of living and a style of consumption that are almost identical from one end to the other of an immense urban zone of tertiary industry which stretch almost continuously from Milan and Marseilles to Copenhagen and Glasgow.

## **Economic contrasts and struggles for cultural influence**

The typology outlined above is, as we have already pointed out, insufficient, but it does enable us to gain an impression of three important contrasts which we would like to interpret at present as struggles of influence.

**The contrast between traditional rural ways of life and modern urban ways of life.** At first sight, the great division is most evident in the contrast between these two types of way of life, culture and, even more fundamentally, society.

In the traditional type of society with mainly rural activities, the way of life is determined in a fairly rigid way by "concrete membership groups". The family clan, the parish and the village are responsible for handing down cultural practices. A relatively unchangeable social hierarchy ensures that everyone has his place and a powerful social inheritance discourages personal ambition.

**The contrast between rich central regions and poor peripheral regions.** We have already pointed out that the contrast between the regions that are still rural and the other regions coincides fairly closely with a geographically peripheral situation and a lower standard of living in the

rural regions. On the other hand, **the regions that are the richest and the most advanced on the scale of post-industrial development are to be found approximately in the centre of western Europe.** Their "centre of gravity" is somewhere between the Ruhr and Rotterdam...

**The contrast between Mediterranean and northern ways of life.**

## **TOWARDS A POST-INDUSTRIAL WAY OF LIFE**

Up till now, we have dealt mainly with the problem of the progressive disappearance of societies of the rural and quasi-rural type, the Mediterranean culture and, in the wider perspective, all the peripheral regions and with the parallel phenomenon of the increasing domination of the «Germanic» model of life and regions situated in the centre of gravity of western Europe. These «central» regions, which are at the same time «Germanic» are the very regions that are characterized by the advanced industrial life-style today and will be characterized by the post-industrial life-style tomorrow. The struggles for influence between different European cultures may be no more than partial aspects of a much greater process of extension or expansion of the capitalist economy. If the present heavy trend in economic progress is maintained despite the difficulties that have been accumulating since 1973, the post-industrial way of life will inevitably be that of many of the regions of the European Community in about 10 to 20 years' time — whether we look forward to it with pleasure or whether we regret it.

Most of the changes in the spatial, economic and socio-cultural structures that will determine our way of life in the next 10 or 20 years will take place within this dynamic process of «economic progress». These changes will inevitably include the geographical movement of the places where decisions are taken, where production takes place and where people live; demographic upheavals; an increase in employment in the tertiary sector; the advent of a society of mass production, distribution and consumption and finally a spectacular improvement, for the majority of the population, in communications, housing conditions, health and the level of education. These are all problems and concerns which bear witness to structural changes in what may be called the «social context» of ways of life. We shall have to expect these and similar problems to emerge in all the regions that are moving in the direction of the stage of development that we have described above, however diverse their traditions or political systems may be.

We must now consider four groups of lasting changes in western European ways of life which are the result of these developments in the «social context».

What follows is basically a list of problems — it is, after all, especially when crises, conflicts, stoppages and so on occur that the observer becomes aware of social changes — but this does not in any sense mean that our assessment of the developments that are taking place is entirely negative.

### **Fewer differences and more inequalities**

Demanding the right to be different. It would seem that economic development has to go through a process of "massification". From one social group to another and from one country to another, whether it is a question of dressing or going on holiday, **a very extensive but uniform range of identical goods, produced and distributed on a very wide scale** is placed before—or even imposed on—consumers. **A more limited number of patterns of organization of the day-to-day way of life and the life-cycle** are disseminated indirectly by the mass media and professional or school life. In order to distinguish themselves from others, individuals are often, according to David Riesman, reduced to the "cult of the least difference".



*Earning their bread and butter in a jam factory*

It would seem, then, that the society of mass production, distribution and consumption is moving inexorably forward like a steam-roller and flattening out all the differences in our ways of life. We have, however, hardly any studies providing precise details about the reality and the long-term repercussions of this process of homogenization. This is probably why "massification" has so far only provoked isolated warnings from intellectuals or spasmodic protests from consumers or political and trade union groups.

It seems to us, however, that it is this process of massification that has to a great extent led to the phenomenon of "demanding the right to be different".

This phenomenon is apparent first of all at the **individual** level. Each individual tries to preserve his "privacy" and, on a wider scale, he seeks personal development through a variety of lasting educational activities as well as creativity at work. Above all, however, his leisure activities are no longer confined to his membership group or his extended family. This "personalism" does not, however, exclude collective awareness—the insidious integration of minority groups into the dominant model of life partly accounts for the development of movements seeking (regional) autonomy in France, Italy, Spain, Great Britain and Scandinavia and, in the wider perspective, the bitterness of many particularistic attitudes aiming to preserve or gain linguistic, religious, ethnic or historical autonomy.

These aspirations towards personal development, these expressions of local particularistic attitudes and this desire to preserve a diversity of regional ways of life can be expected to increase in the future and will probably be one of the major concerns of the Europe of tomorrow if the present process of economic development continues.

### **Pressures in favour of a reduction of inequalities**

There is a noticeable contrast between these two aspirations—the need to preserve diversity and the struggle against inequalities. Certain regions such as the Italian Mezzogiorno, parts of Ireland and Scotland and the north of Scandinavia are very cold or very hot, barren or windswept. The inhabitants of these regions have been placed in very

unfavourable situations because of their climate, history or the presence or absence of urbanization. In very many regions, the dynamic process of industrial redeployment continues to create new twilight zones and new categories of workers who are difficult to retrain and re-employ, as well as low wages and unemployment. The shocks that occur in growth are absorbed by a carpet of casual labour without status and by a large-scale dependence on immigrant workers, who have even less protection. New scarcities have resulted from urbanization in town centres (old districts that have been renovated) and also in country zones that are protected by law, such as regional or national parks, where it is forbidden to erect high buildings, for example. Both consumer and social statistics show that such inequalities tend to be reduced at the level of satisfaction of primary needs, but that they remain important in the case of morbidity, longevity, activities of personal development, expenditure on culture and holidays. In other words, there is no real homogenization in our societies, but rather a **movement of points of heterogeneity**.

Public opinion is increasingly sensitive to the fact that packets of "absolute poverty" have not disappeared from our prosperous societies and that there are still regions where most of the inhabitants do not eat their fill (this is especially true of older people). Above all, however, there is the increasing phenomenon of the new poor who are **excluded from the benefits of the prosperous society** because they are handicapped, long-term unemployed, immigrant workers or unskilled workers.

The problem of ageing workers is present in all of our countries. Having reached the age of 50 or so, these men are no longer able to compete with women who accept lower wages or younger men who are better qualified and more adaptable to rapid changes in the content of work.

The result is a very strong social pressure in favour of a policy to reduce inequalities. It has to be said, however, that the policies—several of them going back many years—that have been suggested and put into practice in our own European countries do not seem to have attained this objective. In our view, these inequalities will probably continue to be a major issue for many years to come.

## The uprooted and powerless individual

**The need for roots.** Industrialization has caused a geographical redistribution of activities and therefore of populations. The rural exodus has been on such a large scale that it seems to have reached its limits in some of the countries of the Community, although it is continuing in others. Everywhere, however, there is a movement in the opposite direction as a result of industrial redeployment, which means that already urbanized people have to take part in new geographical movements.

A fundamental demographic and socio-cultural change has been caused by these economic migrations of peoples. One of the most important of these changes has been the breakdown of the extended family (and to a lesser extent of the neighbourhood circle), which guaranteed assistance and protection in the case of each individual and especially of women with children to bring up, and allowed the younger generation to draw on the cultural heritage of the grandparents.

This, of course, raises the problem that we have already discussed, that of the disappearance of local cultures and traditions, since these are of their very nature transmitted orally.

At the individual level, an important consequence has been the development of a sense of isolation and of being without "roots". This is difficult for the individual to assimilate at the psychological level and it leads to a need for new attachments that are both geographical and social. This need is not usually satisfied by the solutions that are at present applied (the purchase of a second home, membership of clubs or neighbourhood associations and so on).

**The disappearance of traditional social attachments** is an aspect of the problem that is less frequently studied. There is a weakening of the power of the traditional moral authorities. There are fewer checks on individuals made by these traditional authorities in the individuals' religious, family and sex life. This reduction of the power of these authorities to act as checks on the individual's behaviour can be observed in all European countries, where they were undoubtedly a powerful factor in the homogenization of ways of life. It is possible that other kinds of checks that are just as powerful may be replacing those exercised by the state; this has been suggested in connection with the development of political and social legislation.

## The demand to share in decision-making

The movement of our countries towards an advanced industrial society is also marked by a shifting of the centres of decision further and further away from the individual.

The first and most obvious characteristic of the phenomenon of economic concentration is a reduction of the number of medium and small-sized enterprises in the interest of larger units of production employing 500 to 1000 workers or more. The important decisions are most often taken at the head office of the company. These centres of decision are usually concentrated within a very limited number of financial and industrial cities in West Europe. The necessary collective bargaining therefore takes place at a central or national level and the local trade unions consequently lose their influence, sometimes completely. This results in the local workers finding it difficult to express their concrete demands and almost impossible to achieve satisfaction. The problem is the same for the citizen whose daily life-style is affected by decisions that are frequently taken at a central level (the compulsory purchase of property and the building of collective amenities in the national interest, etc.). The policy of grouping together rural and urban districts also has the result of placing local powers at a greater distance from the inhabitants(1).

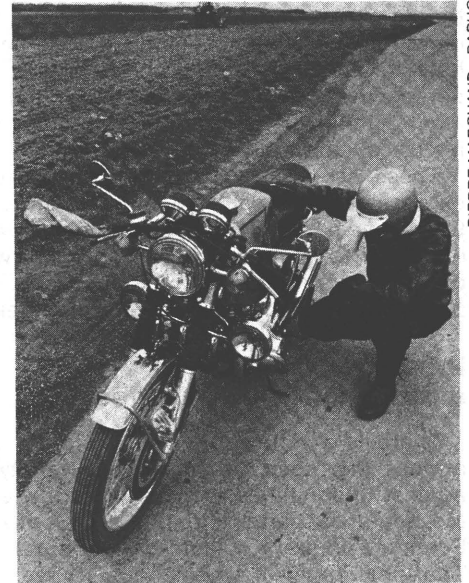
This difficulty has increased greatly over the past 10 or 12 years, a period which has witnessed a strengthening of international links in the world economy. It is quite clear today that the way of life of citizens of one country can be affected by events in another or in others (disorders in currency, crises in the supply of primary material, etc.) or by decisions taken by multinational firms or the governments of foreign countries. These events and decisions are more and more outside the control of the country affected by them and even more outside the individual's control.

This removal of the centres of decision has led the powerless individual to seek a greater share in decision-making. This request takes very similar forms in all our countries. There are, for example, wild-cat strikes and other extreme forms of contestation, often directed against the

(1) This widespread trend to concentrate economic and political powers in one place has been resisted in many different ways in different countries, but this varied resistance would seem to have one point in common: it favours the region, or the province and not the more concrete local community—the village or the neighbourhood.

### *Time off for gardening, the beach, the road...*

*Europeans have more leisure than ever, yet working overtime is standard practice*



PIERRE MARCHAND - RAPHO

central trade unions, by workers (immigrants, unskilled workers and women). There is the demand made by a large part of the workers to share in the running of the **workshop**. The local population sometimes spontaneously protests against the building of a factory or a road or demands that a **neighbourhood** should be renovated. Finally, and perhaps most important of all, there is the increasingly well organized **consumer defence movement**. This term conveys only part of the total aspiration of citizens to play an active part not only in the dimensions and labelling of the finished products, but also and above all in determining the range of goods offered to them, a range which often imposes very narrow limits of choice with regard to their way of life. This deprivation of all power is also frequently the underlying cause of the periodic emergence of the more radical forms of contestation in our societies.

On the other hand, it has been observed that there is a high level of participation on the part of the local population whenever it is given the chance to share in the running of the neighbourhood. An example of this in Italy is the success of the local "comitati di quartiere". Also in Italy are the "decreti delegati" which give parents the power to intervene in the running and planning of the schools.

### **The new roles of women and the nuclear family**

Although it has frequently been forecast, on the basis of sexual liberation and the increase in the number of divorces, that the nuclear family will disappear, it would seem that this unit (reduced to the couple and the children not yet of age) is on the way to becoming **the only basic social institution**. It is in fact experienced by individuals as the only sphere in which they can take root to compensate for their geographical and cultural lack of roots. It is the only structure which allows them to develop lasting affective and social relationships. It is the only effective bastion against economic aggression and the threat of anonymity. It is, however, to be feared that it may itself be threatened by this very over-investment. The nuclear family is not capable of taking the place of all the other institutions that are collapsing.

This development is accompanied by radical changes in the status of women. The increasing use of contraception and the decline in the birthrate, on the one hand, and the increase in the paid employment of women on the other, are both responsible for a change in the traditional definition of the roles of women as mother and housekeeper. They are also leading to a **new distribution of roles between the couple**. This process, however, is slow to come about. Surveys on time budgets have shown that husbands with working wives share little more than other husbands in the household tasks or the bringing up of the children.

### **Post-industrial enticements**

Those who have sung the praises of post-industrial society have stressed three great hopes, which have not been fulfilled in large sections of the population. Access to a longer and longer period of education would, it was hoped, open immense perspectives of professional and social advancement, but we are now conscious of having created above all an **immense matrix for reproducing the social hierarchy**. The second great hope was that the scientific organization of labour and work would bring about an adaptation of men's work and take into account their increasing abilities. What has been observed, however, has been a tendency on the part of workers towards relatively unskilled labour, since **the proportion of unskilled jobs has remained remarkably constant**, even though the proportion of skilled workers is rising sharply. The third and perhaps most important hope was that technical progress would

enable the immense majority of the population to satisfy their aspirations for pleasure and enjoyment (the pursuit of many different leisure activities). The necessity to work has, however, remained compelling.

This has led to three difficulties which face or will face our countries, probably for a long time to come.

### **The uselessness of education or the crisis of youth**

With varying intensity, the "crisis of youth" that appeared so strikingly in France in 1968 can also be found among the major concerns of most of the other West European countries. Almost everywhere there is a lack of interest in long studies that seem useless and no longer offer the enticement of opening the door to possible social and professional advancement later.

The crisis of youth is also characterized by a revolt against a society which provides increasing temptations to seek pleasure and then blames young people for succumbing to them.

This crisis is not, however, universal. German studies of the attitudes of young people have shown that a minority of them continue to accept an elite system of education and, in order to "succeed", participate in an intense competition, while the majority of pupils and students become apathetic and have no interest either in their studies or in their job prospects.

### **Lack of professional skills or the allergy to work**

In their demonstrations of revolt, young people are only bearing witness to an especially acute sensitivity to a problem that affects a much greater number of workers of all ages—that of the quality of life at work, which has not improved at the same pace as other spheres of the way of life. Increasing absenteeism points to the low status given to work or, to express this more precisely, to **the low value placed on the individual at work**. The physical conditions of work have certainly improved, despite the fact that there is still a very high rate of accidents at work in many sectors and the fact that the growing demands for increased output cause a new kind of fatigue. As we have pointed out above, however, there is a greater distance between the workers' level of professional skill and the new jobs offered in industry and the services. These are often boring. They frequently call for little skill and the employees who do them feel that they are not always appreciated as people.

### **Hedonism and realities**

According to Max Weber, the "success" of the capitalist economic system was based on a Protestant morality that stressed individual effort and the renunciation of immediate pleasures.

If this thesis is true, it is difficult to see how our countries can reconcile the pursuit of our model of economic development and the satisfaction of aspirations to take time to enjoy life. Until the beginning of the recent economic crisis, these aspirations to hedonism seemed to be developing very rapidly in different forms and at different rates according to the country in question. There was very strong social pressure in favour of paid holidays, a real explosion of expenditure on leisure activities, holidays, cultural activities. There was also increasing freedom in morality. At present, however, it looks as though we are witnessing a **return to a form of puritanism and a morality of work** both in Sweden and Denmark and in France. German workers, on the other hand, are expressing their aspirations to pleasure more freely than in the past. □

# The limits of industrial development

by Edgar PISANI(\*)

This article is not intended to provide a systematic analysis of our industrial experience and its drawbacks. Nor does it set out to be the "complete industrialist". It is a much more modest offering, one or two of the thoughts of a public figure, a macro-economist if you like, not the head of a firm.

Its starting-point is to observe that economic growth is clearly no longer considered the joy-ride it once was.

In no country, under no system can a production unit now be set up in the light of the rules of trade alone. A factory is a construction for which a building permit is required. It is also the centre of a number of networks. It represents a certain amount of pollution. But, above all, a factory is a place where workers come together. It quickly becomes a community with the usual social patterns and it also has specific tendencies of its own which amplify or diminish the force of these patterns.

In few countries now, regardless of their economic system, do the public authorities fail to profit to some extent from the opportunities offered by the opening of a factory to put the industrial promoter concerned over a number of purely economic hurdles. They do it with an eye to welfare, but they also do it with an eye to economic regulation. And if the authorities no longer did so, which God forbid, then the banks would and their role, beyond the simple service they are intended to provide, is to mediate between a system of public decision-making and established (or accepted) policy and a system where firms take the decisions.

So what happens in practice is nothing like what theory suggests and vainly tries to impose. Industrial development, even in a liberal country, is in the public interest and the only problem is to know whether power should be used to shape or to correct the situation. No mean problem.

But we should go further and consider the problem of the developing countries, firstly because our models are not really suitable for them and secondly because their future growth will directly concern us.

It cannot be repeated too often that we have caused considerable damage in Africa, South America and elsewhere by presuming to impose our models on them, or perhaps by being unable to imagine others. Factories that have been built and left unused make ugly ruins. But the harm they do is worse. These factories have destroyed the fabric of society and interfered with the priority that should, in the majority of cases, rightly go to agriculture. They have, in many



ways, made international economies more, not less dependent and they have permanently damaged or scarred the countryside.

But is it not somewhat hypocritical to hold forth on the international division of labour and the good intentions of the rich countries of the West just when competition from economies where wages are low is giving rise to a new wave of protectionism, and when there is growing disagreement between Japan and the other dominant powers on the very subject of free trade? Can we really make civilizations and areas of production that are at different stages of development complementary and avoid keeping the poor dependent on the others by helping them to catch up? This question has been given very little thought.

By adhering to the International Agricultural Development Fund, by signing and working for enlargement and cooperation agreements with the countries around the Mediterranean and the ACP countries, the EEC has committed itself to the sole course of action that fits in with both its philosophy and its economic and strategic interests. But what have the states of this Community done to tailor their economies to avoid having to choose, in the near future, between the immediate concerns of their producers/electors and the external commitments they have legitimately contracted?

The development of the poor countries and the industrialization of the new rich must be harmonized with the redeployment and reconversion of the developed economies.

The West, which practices industrial policies whether or not they are recognized, must agree that it is more effective to negotiate policies than to negotiate products. If it is unable to grasp this ambitious piece of wisdom, it will soon be plunged into the delights of safeguard clauses before using the immense means at its disposal to devise a new form of protectionism.

Here are the limitations and the constraints of industrial development in the world today:

— The fundamental importance of agriculture should not be concealed.

— Industry must be matched to the physical and social environment.

— We must be sparing with resources and we must update our methods of environmental protection.

— We must deal with the tension that the contradictory development of the various economic systems might provoke, otherwise it will once more be the weakest who pay. □

E.P.

(\*) French MP (socialist) and economist.



# European science

by Edward PHILIPS(\*)

In 1945 Europe seemed poised for a future founded on science and technology. The havoc of the war was all around, but the seeds of a new kind of world were there and recognized by many. What was needed was to redirect the skill and determination which had forced the development of the jet engine and aircraft strong enough to carry it, new electronic devices for the needs of radar and computers for military calculations, and of course nuclear weapons, created in the United States by the Manhattan project which included many European scientists.

Three decades later, this seems to have been achieved. Concorde crosses the Atlantic in three and a half hours, nuclear power generates a significant proportion of Europe's electricity, and computers are everywhere. Yet public attitudes to science and technology are as unfavourable as they have ever been this century, and our ideas how to use science and technology to better our standard of living are in a muddle.

Let us look closer at these three examples of scientific and technological achievement. Concorde is a great technical success, but economically it is seen as a huge mistake. Computers are having an enormous impact on European life, but European manufacturers have missed their opportunities and American machines dominate our computer centres. European nuclear power has generally been disappointing from a commercial point of view. The United Kingdom's Advanced Gas-cooled Reactor programme is an example. All five stations in the programme have been delayed due to serious technical obstacles, when complete they are not likely to reach their designed capacity, and the British nuclear industry's prospects for exporting the design are doubtful.

The waste of British resources attributable to Concorde and the AGR programme has recently been calculated by an economist at the University of London, and it is colossal: enough to provide for the whole of the research and development now been undertaken by British universities for about twelve years, or to pay for roughly half the annual public expenditure on the construction of new houses.

## Public suspicion of science

It is hardly surprising that many Europeans feel that science and technology are not properly exploited. There is, however, a more fundamental unease. It arose in the second half of the 1960s, when it was at last realized that the use of agricultural pesticides had been overdone. This led to a greater awareness of the problems of pollution in general, particularly in densely populated industrial areas such as Europe, with the chemical industry taking much of the

blame, and developed into a public discussion which is still continuing and also encompasses fears about the depletion of natural resources. Many scientists view these problems as tests of their ingenuity to design more precise instruments for measuring pollutants and their effects, to devise industrial processes which are less polluting and to find ways of replacing raw materials whose supplies are dwindling. But there is also a significant body of public opinion which, seeing science as the culprit, is disaffected and unfriendly towards scientific endeavour.

Even more worrying are signs of a complete rejection of science and technology among some young people, manifested as a desire to create a society of small communities where technology plays no part.

## Bringing scientific issues before the public

After such high hopes, why does European science and technology find itself in this position? To begin with, it should be said that the picture is not all gloomy. There is no lack of ability among European scientists and technologists—the list of Nobel award winners is just one indication of that. The problem must lie at least partly in the use that is made of science and technology in European commerce and industry, so that public expectations are not being fulfilled.

Certainly European governments have often seemed to show less understanding of science and technology than, say, the government of the United States, the country which is held to have had the national growth, spurred by science and technology, which has been denied Europe. The scientists themselves may take some of the blame. Up to now Europe has not had the scientific lobbies and pressure groups which have been prominent in American decision-making since the war. Scientific voices failed to make a fuss about overfishing of the North Sea, which only now, several years too late, is finally being taken seriously. And the public debate about the pros and cons of increased reliance on nuclear power has only just begun in Europe, several years after the United States. With few exceptions, European scientists have not been good at bringing scientific issues before the public.

The public expenditures of individual European countries on research and development are at best only one-sixth that of the United States. Taking the member states of the Community together, public R&D expenditure becomes about half that of the United States. If defence expenditure, which looms so large in the United States figures, is deleted, the gap narrows (European expenditure about three-quarters that of the United States), but on a per capita basis European expenditure is still only three-fifths United States expenditure.

Much effort has been devoted to analysis of the so-called technology gap between the United States and Europe. But an examination of R&D expenditures, which might be thought to be the key, in fact holds many puzzles. The United States, with a high R&D expenditure in relation to Gross National Product, has done well, but so has Japan, whose R&D expenditure has been comparatively low.

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## “Scientific and technical cooperation between European states has been fragmentary”

We have been speaking of Europe as an entity. Up to now however, scientific and technical cooperation between European states has been fragmentary. They have been competing against each other, and separately they have been competing against third countries. Occasionally they have joined together in twos, threes or larger groupings to tackle technological projects or build and operate laboratories beyond the means of individual countries acting alone. Examples are various Anglo-French aircraft projects, including Concorde, the creation of the CERN laboratory at Geneva for fundamental research into high energy physics, which is taken as the model for successful European cooperation, the now-defunct ELDO group (for the construction of satellite launchers) which was quite the opposite, and EMBO, the European Molecular Biology Organization, which shows every sign of fulfilling the high hopes with which it was established.

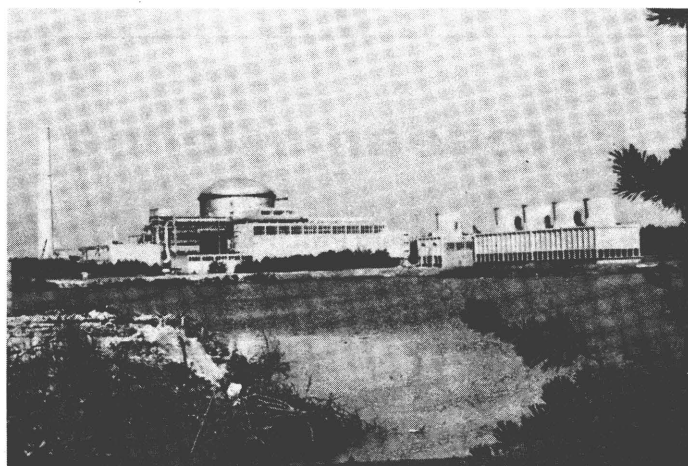
Oddly enough, the Rome Treaty of 1957 establishing the European Economic Community makes no mention of research, except in agriculture. One might speculate whether science and technology would have figured more prominently had the treaty been signed after the Soviet Union launched Sputnik 1, instead of eight months before. The European Coal and Steel Community Treaty (1951) and the European Atomic Energy Community Treaty (Euratom 1957) of course make more of research. However the former is limited to two traditional industries, and the latter, it must be admitted, has not been conspicuously successful, notably because of difficulties experienced in reconciling national nuclear policies.

### Community policy only since 1974

Only in 1974 did the Community develop a common policy on science and technology going beyond coal, steel and the nuclear field. It has two aims: the definition and implementation of research of specifically Community interest, and the coordination of the R&D policies of member states. The Community's own Joint Research Centre (comprising laboratories at Ispra in Italy, Geel in Belgium, Petten in The Netherlands and Karlsruhe in the Federal Republic of Germany), set up under the Euratom Treaty for nuclear research, now has a broader base. The Community also pursues its aims by means of contracts with both public and private laboratories in the member states, the Community as a rule contributing half the cost, making it possible to carry out projects which would have been impossible at the national level. Thirdly, in some fields the Community is responsible only for the costs of coordination and the dissemination of the results, the research itself being fully financed by and carried out in the member states.

The background against which the Community is acting must be borne in mind. Public R&D expenditure in the member states is generally in a state of stagnation whereas in the United States, after a period of stagnation, there are signs of renewed growth. And the sum which they spend on R&D as a Community is tiny: about 10% of the total public R&D expenditure of all the states put together is spent on international projects, but only about one eighth of that, or 1.3% of the total R&D expenditure, is Community expenditure.

Such slender resources must be placed where they will have the most impact. The areas chosen are linked to some of the Community's political aims: ensuring the long-term supply of resources (raw materials, energy, agriculture, water), promotion of internationally competitive economic develop-



*A European nuclear Research centre in Belgium*

ment, improvement of living and working conditions, and the protection of the environment. On top of that, the projects are such that there is greater efficiency and rationalisation if the work is done at Community level (fusion research for example, where the member states have agreed jointly to construct the Joint European Torus, an important new experimental facility), or there must be a transnational nature to the project (such as the creation of the Euronet network linking data bases in the Community), or the final product that a Community-wide market is required for it to be profitable, or the project satisfies a need common to all member states (environmental research).

### Political and economic cooperation should spill over into science

Can the European nations, as a Community, benefit more from their scientific and technical abilities than they have individually in the past? Possibly the major problem in doing so will arise from the practical nature of much industrial research: competitive pressures make coordination difficult to achieve. So far the Community has sidestepped this problem by concentrating its R&D efforts in areas which are somewhat removed from commercial considerations—research on non-conventional forms of energy, or on the environment, for example. But coordination of scattered European technological projects in industry is a nettle which eventually will have to be grasped. It is encouraging, therefore, that efforts are being made to develop a Community policy towards innovation, which inevitably will bring the Community into closer contact with the scientific and technological needs of industry. So far, however, the Community has no comprehensive industrial policy, and obviously this will hamper the development of an efficient R&D policy.

Another good sign is that some of the lessons of recent years have been learnt. Although fundamental scientific research must never be neglected, science policy makers are also aware of the need to make research more relevant to the real needs of the public. This view is reflected in the Community's present programme and its plans for the future.

But possibly most encouraging of all is the existence of the European Community itself, to act as a framework for cooperation on shared problems. As a result of the Community, European politicians and economists of different nationalities have become used to working with each. There is no reason why scientists and technologists cannot now do the same. □ E.P.

## Moktar Ould Daddah

### The Mauritanian head of state talks to the 'Courier'

- **The economy: serious difficulties but discovery of considerable mineral wealth**
- **Southern Africa: we must overcome our differences and concentrate on essentials**

Moktar Ould Daddah, President of Mauritania, visited Belgium and the EEC Commission on 1-4 February. He talked to the *Courier* about the problems and the future of his country's economy, the part played by EEC aid in Mauritania, intra-African and inter-ACP cooperation and the situation in southern Africa.

► *Mr President, what is the present state of your country's economy and how do you see the future?*

— Well, Mauritania, like many other countries, is having its economic difficulties at the moment. This is because we have to cope with three problems, each of which is serious in itself, but when taken together present a major problem.

Our first problem is the drought which has affected the country and

sub-region for many years and which each year has a catastrophic effect on our economy. Just look at this year alone. Winter pasturing has been very bad and the drought has considerably affected agriculture and stock-rearing which, as you know, are the mainstays of the economy and provide the livelihood of more than 80% of the people. So the drought is a very serious concern.

Then there is the world economic crisis and the attendant inflation. As

*President Moktar Ould Daddah*



you know, we export commodities, the main one of which is iron ore. But iron has been affected by the crisis. We can no longer sell what we produce and the little we do export fetches very low, barely acceptable, prices. Added to this we import nearly everything we consume, food included, and every year our imports cost more. The soaring cost of imports is our second problem, although it is of course an international one.

Then there is a third problem which is particular to Mauritania. I shall only mention it briefly, since we are concentrating on economic matters rather than purely political ones. This problem is the war which unhappily is being forced upon us by a sister country, Algeria, through the Polisario, and which is disrupting the whole of our economic life. It is a particular problem in that, over the past six months, Algeria has been concentrating its attacks on our mines and on the Zouérate-Nouadhibou railway which transports the ore. But, thank God, Algeria has failed to achieve its aim of paralyzing our economy and wounding our country in its most vulnerable spot. However, the attacks and the insecurity along 650 km of railway across the desert obviously constitute yet another problem to add to the equally serious problems of the drought and the world crisis.

Overall this is a difficult time for our economy. But we are confident about the future of our country and our economy and we are doing all we can to overcome the problems. First of all we have introduced a policy of austerity to enable us to make better use of the means at our disposal and, second, we are asking friendly countries and international organizations like the EEC to help us.

### The importance of food aid from the Community

► *You mentioned both the drought and the slump in the price of iron ore, Mauritania's biggest sources of revenue. As to the drought in particular, can Community aid help you handle the situation?*

— Of course, the food aid we are to get from the EEC is extremely important to us. We are placing great hopes in food aid from the Community and from other friendly organizations and countries. The Community already gave us considerable help in previous years and we hope and expect it to give

us a substantial amount of aid again this year. Promises have been made. There is no need to quote the figures, which are high, and there is no need to beg the Community for aid as our friends are already quite clear about the fact that our country needs food aid. Aid will come and it will come in considerable quantities.

► *You also mentioned that iron ore prices have dropped. But Mauritania has not yet applied for Stabex payments...*

— Well, this is because, until 1976 I think it was, we were not eligible for Stabex payments because we did not meet the right conditions. But this year we think we are eligible. I say we think we are, as the relevant studies and statistics are not yet ready. But in a week or two we will know whether or not the Stabex can work in our favour.

### **\$360 million invested in the mines**

► *Given this situation, how do you think you can base economic development over the next 10, 15 or 20 years on iron ore? Surely there are risks involved?*

— Well, we have just had what I feel, in the circumstances, is a very great success with our iron industry. Last week (1) we obtained financing for our Gelb project, a major undertaking. A number of sources of financing, including the EIB, the World Bank, the CCE (2), various Arab funds (Saudi Arabia, Kuwait and the Arab Emirates), the ADB and so on, granted us \$360 million for this important project. I do not know whether so much has ever been invested in a mining project before. It will enable us to carry on exploiting our iron ore for many decades to come. And it also proves that, even with the current state of the world economy, there is renewed confidence in the future of our country in general and in the future of its economy in particular. The eminence and the diversity of the sources of financing are good reasons for stating that Mauritania is confident about the future. I should also add that the considerable amount of money I mentioned is only for stage I of the Gelb project. Stage II, which is not due to begin for a few years yet, will require as much investment as stage I. The whole operation should mean that we can go on exploiting what are high-grade iron ore deposits for many years to come, some estimates suggest for as long as a hundred years.

(1) The interview was on 4 February.  
(2) The French cooperation Fund.

### **Towards self-sufficiency in food through the OMVS and fisheries projects**

► *What large-scale agricultural projects have been completed or are in progress, particularly to help settle the nomadic populations?*

— We have had the problem of settling nomads for many years, as you know, and it is a more urgent problem for Mauritania than for the rest of the Sahel, since nomads make up the bulk of our population while they are only minorities in the other countries. Even without the drought, the nomads would have had to be settled. All the drought did was to hasten the need to settle nomads who had lost their cattle and were only interested in settling down on a permanent basis. Settlement has been difficult and problematical for both the authorities and the people concerned. We have tried to solve the problems by setting up agricultural and agro-pastoral projects with financial aid from many countries and organizations, including the EEC. We are building dams to help with irrigation and to store water in both the centre of the country and in the south, where, in all but very dry years, there is a normal amount of rainfall. The EEC is also helping with the sinking and the maintenance of wells in our country.

Then there are the two important dams on the Senegal river which we are building with Senegal and Mali, our sister republics in the OMVS (Organization for the development of the Senegal river). These should certainly make us less vulnerable to the hazards of climate. I think that when these two dams, particularly the one at Manantali, are finished, we will be able to grow enough agricultural products for home consumption and perhaps even for export as well. These are not mere plans. They are concrete achievements and will enable all the countries involved, and Mauritania in particular, to provide a lasting solution to the difficult food problem in the Sahel.

Furthermore, as you are doubtless aware, President Senghor, President Traoré and myself visited certain countries in the Arabian Gulf a short time ago. We are also—and this is something you do not know—going to visit other countries, in the same area, but which we missed last time, to ask them for financial help with the various projects to which the EEC, the World Bank and others have also promised to contribute. The OMVS projects are off to a good start as we have already obtained most of the financial resources we need. Our three countries must also work at reducing our dependence on foreign sources of food.

As far as Mauritania itself is concerned, hydro-agricultural improvements are being carried out at Rosso and Boghe on the Gorgol river, which flows into the Senegal. All these improvements will enable us to produce enough food for our own needs within 10 years, regardless of how the climate behaves.

► *Mauritania's fishing prospects are not bad either and important agreements between your government and certain countries in Europe have been mentioned. Can you comment on that?*

— Yes, that is so. As you know, our coastal waters are among the richest, not just in Africa, but in the whole world. Alas, so far our stocks have not been exploited in such a way as to help the Mauritians, since we have not had the means of taking advantage of this sector. Nor have we had the means of preventing illegal fishing in our coastal waters. So, for a number of years now, it has been foreigners (both to the continent and to the region) who have profited, without our agreement, from a resource that is as important to us as our iron ore.

We have been combatting this for three years now. First of all we got ourselves organized and in the last government we had an entire ministry devoted to fisheries. In the recent reshuffle, however, I added industry to fisheries, since we must not just go and catch fish in our waters; we must also process it industrially on the spot so as to add value. We have therefore signed bilateral agreements with countries like the USSR, France, Spain and Japan. We are also having talks with the EEC on the conclusion of an agreement to help with the conservation and the rational exploitation of this resource in our mutual interest, since European coastal waters are increasingly understocked. Fish, with its high protein content, is an important part of the human diet. If Europe helps us conserve our fish resources, it too will benefit, because we Africans are not selfish. This is one of the traits of our African socialism, of the profound solidarity which stretches from the grass roots to the most important people in the country as well as to our friends abroad.

### **We are largely to blame for delays with EDF projects**

► *Could we perhaps now move on to EDF schemes in Mauritania? Although the indicative programme was signed in 1975, very few projects have actually got off the ground. Why this delay when you personally cannot*



*President Moktar Ould Daddah (far side, third from right) meets the EEC Commission. In the foreground (with spectacles) is EEC Commission President Roy Jenkins*

*be accused of being bound by too much red tape as so many others are?*

— Self-examination is important. As I see it, it is dishonest to be forever blaming one's partner for one's own shortcomings. Of course, the EEC administrative procedures are sometimes unwieldy and slow, but the delays with our projects are largely the fault of the Mauritanian authorities which have not always managed to provide answers to the Community's various technical or financial questions in good time. The responsibility for these delays, which are a considerable handicap as far as we are concerned, is shared with the Community, but we must shoulder most of the blame.

### **The economic and political importance of ECOWAS**

► *Let us get back to Africa. You have said that ECOWAS is a necessary stage of the long and difficult journey to African unity. From the point of view of structure and scope, this regional*

*organization is the most important in Africa. What are its prospects?*

— It is true that we Mauritians have always said we believed that African and Arab-African cooperation was absolutely vital. In Africa, and in west Africa which concerns us in particular, there are what President Senghor has called the concentric circles of cooperation. ECOWAS is the most important of four organizations to which the same set of countries belong. The others are the OMVS, the Entente Council and the CEAO. ECOWAS is, in my view, of considerable economic and political importance.

Economically speaking, ECOWAS groups together as a region 15 countries, with 130 million inhabitants, and it is the biggest organized market in Africa.

Politically speaking, it is the first organization to enable our region to transcend the linguistic barriers inherited from the colonial era, since it combines French speakers, English speakers and, in Guinea-Bissau, Portuguese speakers as well. The whole of

west Africa is involved on the sole basis of being African, as President Senghor puts it. That is to say that we are African, we consider that to be fundamental, we have overcome everything that divided us before and we are now concentrating on the essential thing which is cooperation between Africans of the same region, then of the whole continent and, of course, between all the ACP states, so as to build a solid unit that is aware of its responsibilities. This is how we will be able to develop without becoming the satellites of those who are helping us today. I have always looked upon the unity of our continent as a serious aim which must be based on the solid foundation of regional groupings.

### **The threat to Africa: our conflicts and apartheid**

► *Mr President, my next question is one of an African anxious about the future of his continent. Our aim, obviously, is economic development, but I have always wondered whether it*

is possible to achieve it when thirty million Africans are under the terrifying regime of apartheid. What do you, as a pioneer of Africa, feel is the biggest threat to the development and the unity of Africa?

— Of course, when we set up the OAU in 1963, we had one big ambition which was to unite all the independent states of our continent in one organization. There are now 49 countries in the OAU. There were 32 to begin with and I hope there will be 52 when Namibia and Zimbabwe and later on Azania<sup>(1)</sup> become independent. We will then account for more than a third of UN membership. African unity has been a challenge and it seems reasonable that there should be difficulties involved since there are so many of us. What we wanted to do, what we are doing, is something no other continent has ever attempted. As you know, there are at least two Europes, at least as many Americas, and Asia has never even tried to unite in this way. It should also be remembered that any African country which gains genuine independence, first becomes a member of the OAU, that great African family, even before becoming a member of the UN. Such a varied group of countries cannot start functioning smoothly overnight. And then there is the fact that our continent is a young one, with its immense wealth intact, and it arouses all sorts of desires in foreign countries which are interested in sharing out and dominating not just the world, but, alas, Africa too.

So I think (and I am not trying to tell any African anything; I myself have a lot to learn) that we Africans won't get anything for nothing. Foreign powers which give us aid only do so if they can see a fairly immediate advantage. It may be a strategic, an economic or, of course, a political advantage. I do not believe that any aid is disinterested.

Certainly their interest may sometimes coincide with ours. The problem is that a country which helps us with our development or our defence must understand that we are perfectly well aware that it is doing so because it is friendly to us, of course, but also because it can reap some benefit.

On the basis of this idea, that no power, be it great or small, loves us for ourselves alone, we Africans must reduce our differences and concentrate on what we have in common. Until we have learned to overcome our conflicts and agree, regardless of ideology, on the essentials, on the liberation of our brothers in southern Africa and on the development of our

economy, foreign powers will continue to play us off against each other and impede unity. It is also by silencing our differences now that we will be able to extinguish, in an authentically African way, the fires that are burning in the Sahara and on the horn of Africa.

To sum up then, what I should like to say is that when we can tell both our friends and the foreign powers that we are not overgrown children, that we know that the priorities are our devel-

opment and the liberation of southern Africa and that cooperation is in the interests of all parties, then the ideological, economic and strategic pressures on us will stop. But as long as apartheid persists, we Africans will not be taken seriously. So we must forget our differences and concentrate on the essential points which are, I repeat, the liberation of southern Africa and the development of our economy. □

Interview by  
Lucien PAGNI

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## THE CONVENTION AT WORK

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### Encouragement of European investment in the developing countries

The European Commission has sent a communication to the Council on "the need for Community action to encourage European investment in the developing countries and guidelines for such action". It aims to spark off a policy debate within the Community bodies so that it can draw up formal proposals afterwards.

The subject dealt with in this communication cannot be isolated from the Commission's more general approach on relations between the Community and the developing countries, which is to structure the interdependence underlying those relations and seek formulas which will provide the necessary cooperation with security and stability.

The Commission is, moreover, aware of the need to identify the means and conditions which will enable Europe to find, in the dynamics of interdependence, *the elements of fresh growth*. This concern prompted it to present to the Council in June 1977 its initial ideas on "the reciprocal implications of the Community's development cooperation policy and its other policies".

This search for security and stability in relations, this desire to boost the developing countries' capacities for development and at the same time strengthen the factors for reviving the European economy, likewise justify exploring the various possible ways of encouraging European private investment in the Third World, particularly in the mining sector to begin with.

#### Convergent interests

Increasing the factors of production, **which is vital for the developing countries**, depends to a large extent on the importation of capital, technical knowhow and management capabilities—items which are combined in the private investment input. Without this contribution the economic development, and in particular the industrialization, of the developing countries would be seriously affected.

**For the Community**, it is essential that a large number of major investments be made in the various sectors of the developing countries' economies in order to:

— provide itself with more secure and diverse supplies of raw materials,

— create a durable basis for the expansion of its trade with the developing countries,

— maintain and strengthen the presence of European industry and trade on the developing countries' markets in the face of international competition.

The importance of such action, which is obvious in a medium-term perspective, is enhanced in the present economic climate, as an increase in private flows to the developing countries can only help boost external demand for the products of the Community's capital goods industries.

Lastly, **private companies** are seeking the best possible locations in terms

(1) The African name for South Africa.

of production costs, raw materials and energy supplies, and market access.

If this convergence of interests is to be crystallized into a practical form it is necessary to remove the obstructions which have increasingly occurred, entailing the stagnation of Community private investment in the developing countries since 1972.

Hence the need to improve the investment climate in the developing countries: in so far as investors are prepared to assume specific obligations vis-à-vis the host countries and in particular to tailor their activities to those countries' development policies, they are entitled to expect in return protection against non-commercial risks which might jeopardize their operations in an unforeseeable manner.

### **A priority concern: providing a fresh impetus for mining investment**

The Commission is particularly concerned at the situation in the mining industry. In the past few years there has been a disturbing decline in European companies' exploration activities in the Third World. Whereas in 1961 expenditure on exploration in developing countries accounted for 57% of the total amount spent by European companies on exploration throughout the world, this percentage fell to 13.5% during the period 1973-75.

This trend represents, in the longer or shorter term, a serious obstacle to the development of the developing countries and a grave danger to the supplies of the Community's manufacturing and processing industries and even to world markets for many mineral substances.

From the geological point of view, the main exploration effort should be concentrated upon the developing countries(1). From the security of supplies angle too, it is clear that the industrialized countries, which is where the bulk of investment is being channelled at present, cannot constitute an adequate solution in the medium term because they will increasingly consume their own production.

The main reason for the stagnation of investment in this field is the difficulty faced by mining companies, but above all by the banking circles which finance them, in taking on the considerable medium- and long-term financing commitments involved in

starting up production so long as they consider that in many Third World countries they run non-commercial risks to which they feel they should not be exposed.

It is for this reason that specific requests for Community action to encourage investment in the developing countries have been made to the Commission by a European consortium of mining companies.

### **Why is a Community approach essential?**

At world level the various attempts to find solutions to the problem of security of investments have so far not been successful. The efforts must continue but progress will necessarily be slow.

The national systems(2) in force in the member states of the Community vary widely in scope and are not always considered completely satisfactory by firms, apart from which there is hardly any cover for multinational operations.

Community measures, which would by no means replace national schemes, could be a useful supplement, par-

ticularly for extending contractual links between member countries and developing countries where investment is concerned, and for limiting non-commercial risks for certain investments regarded as vital for the Community and its partners.

### **General agreements supplemented by selective measures**

The Commission proposes that Community action should be on two levels:

— **basic rules for investment protection agreements** should be negotiated between the Community and developing countries or groups of developing countries, it being understood that

(1) For instance, it has been estimated that between half and nearly all of the free world's supplies of five essential minerals (cobalt, tin, phosphates, tungsten, copper) will have to come from the developing countries in 1985.

(2) Only ten or so developing countries have signed protection agreements with a number of member states. Only one of the member states—the Federal Republic of Germany—has a satisfactory number of agreements. The guarantee mechanisms vary widely in scope from one member state to another, and only one member state makes appreciable use of them. Three member states do not yet have a guarantee system.

*“There has been a disturbing decline in European companies' exploration activities in the Third World”*

BRITISH OFFICIAL PHOTOGRAPH



such rules might also be incorporated in trade or cooperation agreements;

— **projects** of particular economic interest might be encouraged by various measures: agreements providing **specific** protection, to be concluded on a case-by-case basis, a Community guarantee, promotion measures.

#### Agreements on the basic rules for investments protection

These rules will lay down standards of good conduct for the parties concerned—host states and investors—in the following areas: transparency and stability of investment conditions, non-discriminatory treatment of investments, arrangements for the transfer of income and capital, fair and equitable treatment of investors' property, behaviour of investors and a procedure for settling disputes.

These traditional investment protection clauses would be a useful addition to bilateral agreements and would strengthen cooperation between the Community and developing countries in the interest of both parties. They should therefore be incorporated in trade cooperation agreements where such agreements are negotiated or renegotiated; in cases where there are no agreements of a more general nature, they should constitute an independent instrument.

In both cases there would be a clause making it possible to conclude **specific** protection agreements for given projects.

#### Selective measures

Three instruments might be used on case-by-case basis for promoting investment in certain fields of particular interest, **such as mining**.

a. The first of these instruments is specific protection agreements, to which the Community, the host country and the investor could all be party. The nuts and bolts of this novel formula cannot be worked out in detail at this stage. The purpose of such agreements would be to stipulate, starting with the basic rules, the terms and conditions applying to an individual project and the rights and obligations of the investor and the host country. In addition, the obligations of the three parties and the arrangements for consultations between them would be stipulated as regards the **conditions governing disposal** of the product of the investment and the provisions applicable in the event of dispute.

The negotiation of such agreements would be proposed only where the projects concerned:

- meet the Community's criteria for priorities;
- are undertaken by firms of at least two member states;
- involve a large amount of capital.

b. The protective effect of these agreements could be strengthened by a Community guarantee against non-commercial risks.

Such a guarantee would be of particular interest where the national mechanisms are inadequate, particularly in the case of very large, high-risk investments, and a **fortiori** where projects are undertaken jointly by investors from a number of member states.

The operation of the Community guarantee which the Commission proposes should be introduced, would be linked to the specific protection agreement and would be based on a bilateral contract between the Community and the investor concluded at the request of the latter. The guarantee would cover risks of war, restrictions on free transfer, expropriation and any other unilateral amendment of the provisions laid down in the specific protection agreement which affects the viability of the investment.

The system would be financed by premiums paid by the investors using it. The premiums should normally ensure that the mechanism is financial-

ly autonomous, though it might prove necessary to cover part of the cost from the Community budget.

It should be possible for the system to be administered by the existing national bodies without there being any need to contemplate the establishment of a Community guarantee agency(1).

c. Finally, it is clear that **financial contributions** from official sources also help to attract private investment to the Third World.

Even a small financial contribution by an international organization increases the protective effect—and therefore makes the guarantee less necessary—simply because the organization in question would be implicated if the investment were threatened.

Major action should be contemplated here, above all at world level and particularly through the IBRD and the International Finance Corporation(2). The European Investment Bank could also participate in certain selected projects as its statute authorizes it to do.

(1) The establishment of such an agency had been considered by the Commission in its 1972 proposal for the introduction of a system for guaranteeing investments in non-member countries.

(2) In a recent IBRD report (which deals with the setting-up of an International Resources Bank) it is recommended that the IBRD and IDA double by 1980 the number of mining and energy projects financed by them, in order to achieve a loan programme of US \$ 750-850 million. The Regional Banks and the IFC should also play a greater role in the financing of mining projects.

### Direct private investments(1) in the developing countries

— net flows in US \$ million —

	Average 1965-67	1970	1971	1972	1973	1974	1975	1976
1. In nominal terms:								
European Community(2)	885.1	1 253.9	1 158.8	1 891.0	2 171.0	2 076.8	2 364.4	2 273.1
United States	1 147.0	1 742.0	2 010.0	1 976.0	2 887.0	3 778.0	7 077.0	3 275.0
Japan	80.2	261.5	222.4	204.0	1 301.1	705.4	222.7	1 084.2
2. In real terms (1970 = 100):								
European Community(2)	990.0	1 253.9	1 107.8	1 678.0	1 647.2	1 332.1	1 354.2	1 232.7
United States	1 283.0	1 742.0	1 921.6	1 753.3	2 190.4	2 423.3	4 053.3	1 776.0
Japan	89.7	261.5	212.6	181.0	987.2	452.5	127.5	588.0

(1) New direct investments and reinvestments (excluding portfolio investments).

(2) Excluding Ireland and Luxembourg.

Source: OECD.



# Lomé II

## Cheysson outlines Commission's initial proposals

The EEC Commission has submitted a memo to the Council of Ministers on the negotiations for renewing the Lomé Convention, which expires on 1 March 1980. These negotiations between the ACP countries and the Community will start in July in Brussels.

In a press conference on 16 February, development commissioner, Claude Cheysson gave the broad outlines of the Commission's proposals for Lomé II.

Mr Cheysson first pointed out that the memo submitted to the Council was not complete. The Commission considered that, the ACP countries having themselves proposals to make in a certain number of fields, putting forward all the issues to be negotiated by the Community would put some kind of pressure on its ACP partners. This the Community in no way wishes to do Mr Cheysson said. The memo will be completed very shortly, a) when the current negotiations on fishing are concluded with Mauritania, Senegal, Guinea Bissau and Cape Verde, and b) by another paper outlining the additional fields which might, in the Community's view, be covered by the Convention (particularly deep-sea fishing and ACP regional cooperation, for instance in fish conservation).

As for the present Convention, Mr Cheysson said its legally binding character is an important factor in relations between rich and poor countries. These relations are based on a treaty. The EEC Commissioner considered it a question of consolidating the Lomé Convention by adjusting, amending and completing it.

### Completing the Lomé Convention: human rights

One of the additions to the Lomé Convention would be to insert a clause on human rights in its preamble. Mr Cheysson said: "we made a mistake by not clearly defining the objectives of cooperation", i.e. "by not indicating that the wish for economic and social development has an ultimate objective which is man. Because if man wants to

benefit by the advantages of economic growth he should have the right to exist, the right to live, the right to be respected". Therefore it seems necessary for the Europeans and their ACP partners to agree first of all on this human purpose of cooperation and afterwards they will be able to discuss and define the formulation and procedures of application of human rights in the next EEC-ACP pact.

Mr Cheysson did not deny the difficulty of achieving this aim. But he insisted on the great importance of this aspect of EEC-ACP relations. So that human rights in Lomé II should not be a means for EEC countries to interfere in the domestic affairs of the ACP countries, Mr Cheysson declared that "the ACP countries will have to require reciprocity from the member states" in complying with these rights as far as the treatment of ACP nationals in Europe is concerned. "You will have the

right to resort to the application of the clause of the Convention on human rights in case of infringement in EEC countries", was Mr Cheysson's forceful reply to an ACP journalist.

As a new departure, the EEC Commissioner also raised the possibility of a social clause on Commissioner working conditions (other than pay) in ACP firms.

As for the present provisions of the Convention, Mr Cheysson indicated that:

**1. Financial and technical cooperation.** "The EDF works pretty well". It was now a question of organizing its programme, laying emphasis on small and medium-sized businesses, micro-projects, triangular cofinancing (with Arab resources). Likewise regional cooperation should be encouraged and developed in the fields of infrastructure, training and industry, the best example of which is the CIMAO cement factory set up with the cooperation of Togo, Ghana and the Ivory Coast. Consequently, the Commission recommends that the EDF allocation for regional cooperation should be increased from 10% to 15%.

From the financial point of view the Commission also proposes that the



*Africa has some of the best sea fishing in the world, particularly off the Mauritanian coast. Regional cooperation should help control the present free-for-all exploitation of this important resource*

EDF should be fully covered by its own budget and that EEC delegates in the ACP countries should no longer be paid by the EDF.

**2. Commercial and industrial cooperation.** Mr Cheysson pointed out that the results of Lomé are good. In 1976 f.o.b. exports from ACP countries to the EEC increased by 14% compared with 1975, and during the first eight months of 1977 they increased by 26%. Mr Cheysson recommended "a system of compulsory and permanent cooperation in sensitive sectors" between ACP and European countries which would include representatives of economic and social circles.

In the field of industrial cooperation, the EEC is thinking of establishing a system for safeguarding and guaranteeing investments within the framework of the Lomé Convention, he said.

**3. Stabex.** The EEC hopes that the sums provided will be used in the shortfall sectors, Mr Cheysson said.  
□ L.P.

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## DJIBOUTI

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### 50th state to accede to Lomé Convention

On 2 February 1978 the Republic of Djibouti, a former overseas territory associated with the EEC which became independent on 27 June 1977, deposited its Act of Accession to the Lomé Convention with the secretariat of the Council of the European Communities.

In doing so Djibouti became the 50th ACP state to accede to the Convention following the accession to the Convention in 1976 of three other former overseas countries and territories, the Seychelles, the Comoros and Surinam.

Ratification procedures are currently in progress in the case of the three states which signed accession agreements to the Convention in March 1977 (Cape Verde, Papua New Guinea and Sao Tomé and Príncipe). Steps have been taken to extend the transitional arrangements applicable to these states pending the conclusion of these procedures.

The Council has agreed to an exchange of letters between the Community and these three states for the extension of the interim provisions relating to trade with the Community until 31 December 1978.

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The Council also decided to increase the amounts which the European In-

vestment Bank may commit in the form of risk capital under the Lomé Convention and also adopted a decision on the association of the overseas countries and territories with the EEC.

As a result of the decision and in the light of the satisfactory experience recorded in the use of the 40 million EUA of risk capital which was available during the first two years of application of the Lomé Convention, the Council has placed at the Bank's disposal for allocation from 1 April 1978, the balance of 60 million EUA set aside for this form of financing. □

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## JAMAICA

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### Percival Patterson in Brussels

The Jamaican Minister of Foreign Affairs, Mr P.J. Patterson visited Brussels in February as the president in office of the ACP Council of Ministers. He had talks in particular with the Danish minister responsible for development, Mrs Lise Østergaard, who is the chairman of the EEC Council for Development. He also met and had talks with the President of the Commission, Roy Jenkins, the development commissioner, Claude Cheysson and the director of the Centre for Industrial Development, Roger Theissen. During his visit to ACP headquarters, Mr Patterson chaired a meeting of ACP ambassadors, who are members of the executive committee, to discuss the working of the Lomé Convention, and the preparations for negotiating the renewal of the Convention. □

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## ACP TOMATOES

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### EEC may cut duty by 60%

Pending the opinion of the European Parliament, the EEC Council has stated that it is in principle sympathetic to the proposal that the common European duty on fresh or refrigerated tomatoes be reduced by 60% during the period from 15 November to 15 April for a tariff quota of 1000 tonnes for the benefit of the ACP states, particularly Senegal (on the understanding, however, that the minimum duty, i.e. 2 EUA/100 kg, for this product would continue to apply).

The Council will decide on the regulation in question once it receives the Parliament's opinion. □

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## ACP SUGAR

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Ministers of ACP sugar-exporting countries met in Brussels on 2-3 February led by Ratu Sir Kamisese Mara, Prime Minister of Fiji, to review the Lomé Convention sugar protocol and prepare their negotiating position on the 1978/79 ACP sugar price.

Under the Lomé protocol, the EEC guarantees access to the Community market for about 1.3 million tonnes of ACP sugar, which the ACP producers undertake to supply.

The ACP team repeated their view, expressed in previous talks with the EEC, that the guaranteed price for ACP sugar "cannot be automatically equated with the lowest intervention price for European raw beet sugar, in the determination of which the ACP states play no part whatsoever". Further, they said, the EEC had stated that guaranteed ACP sugar prices would not be fixed by "an automatic method". There appeared to be a contradiction between the Community's statement that for political reasons the ACP price cannot be higher than the basic intervention price in the Community, and the ACP group's right to negotiate a price within a particular range (i.e. a predetermined price would appear to preclude negotiation).

One of the principles invoked by the Community as a basis for the 1977/78 sugar price negotiations was that "the ACP states should not be more favourably treated in the matter of sugar prices than the Community producers". The ACP team pointed out that "the necessary corollary to this principle would seem to be that ACP states should not be less favourably treated in the matter of sugar prices. And yet this is what has been happening consistently in respect of the determination of the guaranteed prices of ACP sugar. This is because the ACP price is a c.i.f. price, whereas the EEC price is an ex-factory price. It stands to reason, therefore, that the ACP producer receives a price which is reduced by the cost of ocean freight which he has to pay to deliver his sugar at a Community port (currently from about £ 11 to £ 19 per tonne)." This charge should be deducted from the guaranteed price, the ACP ministers felt.

Ratu Sir Kamisese pointed out that the intervention price for beet sugar had risen by 13.63% between 1975 and 1977/78, as against an increase of only 6.74% for the price guaranteed to ACP cane sugar producers.

The ACP ministers also attacked the opinion expressed in some EEC circles that their sugar was responsible for the Community's surplus. □

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## EUROPEAN DEVELOPMENT FUND

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Following the favourable opinion of the EDF Committee, the Commission of the European Communities has taken a number of financing decisions under the fourth EDF, bringing the total amount committed under that Fund to 1132730000 EUA. One financing decision was taken under the funds remaining on the second and third EDFs.

The projects are as follows:

### Sierra Leone and Liberia

Feasibility study of the Mano river hydro scheme. Regional project.

Grant: 2369000 EUA.

1 EUA = approx. \$ 1.138, Le 1.306.

For more than a decade Sierra Leone and Liberia have been exploring various avenues of possible cooperation. In 1973 the Mano River Union (MRU) was set up.

The aim of this project is to prepare the necessary technical dossiers in view of the construction of a hydro-scheme to be located in the vicinity of Kongo on the Mano river which forms the border between Sierra Leone and Liberia.

The total cost of the project amounts to 2369000 EUA. It will be covered by a grant from the sums earmarked for regional projects.

### Upper Volta, Niger, Mali and Togo

Improvements to 109 km of road between Mango (Togo) and the Upper Volta frontier.

Grant: 7000000 EUA: regional cooperation, 4800000 EUA: national programme for Togo.

This is a continuation of the schemes already financed by the EDF and other sources to link Upper Volta, Niger and Mali to the port of Lomé.

This financing is for one section in particular—to improve and asphalt the 109 km of road between Mango and the Upper Volta frontier.

The aims are:

— at regional level, to help open up Mali, Niger and Upper Volta and link all three countries to the port of Lomé;

— at national level, to improve access to northern Togo, thereby making it easier to exploit the agricultural potential of the area.

The estimated cost of the project is 11800000 EUA. The EDF proposes to provide two grants, broken down as follows:

— 7 million EUA from resources earmarked for regional cooperation;

— 4.8 million EUA under the Community indicative aid programme for Togo.

### Upper Volta and Ivory Coast

Repair of metal bridge decks for structures on the Upper Volta section of the Régie Abidjan-Niger (RAN) railway.

Loan on special terms: 2000000 EUA.

1 EUA = approx. CFAF 280.

This project concerns the repair of metal bridge decks for structures on the Upper Volta section of the Régie Abidjan-Niger railway.

It comprises the following operations:

— the replacement of 21 metal bridge decks and the construction of one new deck on the Ouagadougou-Ivory Coast frontier section of the railway;

— the strengthening, with the replacement of defective parts, of one 60 m bridge over the Black Volta.

The schemes will be the property of the Upper Volta State and will be managed by the Régie Abidjan-Niger.

### Zaire

Multiannual training programme 1976-80.

Grant: 6000000 EUA.

1 EUA = approx. Z 0.984.

The aim of the project is to provide the Republic of Zaire with senior cadres, more especially post-university-level cadres which the country needs for its development, particularly in the scientific and technical fields awarded priority status by Zaire.

The government of Zaire, aware that training is an essential back-up to development, has applied for Community aid. The EDF will be providing a grant of 6000000 EUA.

### Botswana

Sheep and goats development project.

Grant: 1190000 EUA.

1 EUA = approx. P 0.942.

The government of Botswana has embarked on an ambitious livestock policy involving change in ownership of land and with special assistance for people with few livestock.

The bulk of the country's income (36% of the total value of exports) comes from exports of beef and veal.

The objective of this project is to raise the income of the rural families through a better exploitation of their sheep and goat herds.

The project duration will be three years. The EDF will make funds available for improved infrastructure, breeding stock, extension materials and technical assistance.

The total EDF contribution will be 1190000 EUA while the Botswanan government will contribute 216967 pula.

### Congo

Cattle farming in the Niari valley.

Grant: 1516000 EUA.

1 EUA = approx. CFAF 280.

The pastures of the Congo offer particularly favourable conditions for cattle farming.

In 1966, the EDF financed the setting-up of two cattle farms in the Niari valley. The second and third Funds also contributed but the aims have not been attained and so the Congolese government has requested supplementary action under the fourth EDF, to cost 1516000 EUA in an initial phase. The aim of the project is:

- to create new capital investment in the form of buildings and pasture,
- to improve the livestock and the pastureland,
- to provide technical assistance at different levels.

Community aid will be provided in the form of a grant.

### Benin

Development of fish farming.

Grant:

second EDF: 103000 EUA

fourth EDF: 714000 EUA

Total: 817000 EUA

1 EUA = approx. CFAF 280.

The Benin government has set itself the priority task in the rural production sector of satisfying the population's food requirements.

Fish farming is to be developed in order to:

- improve nutrition of the population,
- reduce imports of fish,
- increase the fishermen's incomes.

Hence the project fits in with Benin's national objectives.

It is designed to set up the following schemes:

- a fish farm with approximately 6 ha of ponds,
- experiments on improved fish-farming methods,
- training and advanced training of Beninese staff,
- provision of technical assistance.

The total cost is estimated at 924 000 EUA. It is to be financed by two grants, one from the second EDF of 103 000 EUA and one from the fourth EDF of 714 000 EUA. For its part, the Benin government is to contribute 107 000 EUA to the project.

## Sierra Leone

Koindadugu integrated development project.

Grant: 5 900 000 EUA.  
1 EUA = approx. Le 1.279.

Sierra Leone's development plan contains a number of schemes designed to achieve the transformation of subsistence agriculture into more productive commercial agriculture as rapidly as possible.

This project aims, in four years, at improving the standard of living of some 4 500 families, or one third of the local population.

The schemes proposed comprise the introduction and adoption of sound land use techniques to bring about a lasting increase in production.

The project will establish four ranches of over 2 000 ha, six mixed farm units of 120 ha and a commercial services section responsible for the procurement and distribution of farm inputs.

The cost of the project is 5.9 million EUA and the Community will pay the whole amount in the form of a grant.

## Madagascar

Development of the Andapa Basin.

Grant: 5 440 000 EUA.  
1 EUA = approx. FMG 278.6.

The present project constitutes the second phase of an agricultural development scheme in the Andapa Basin (the north-east of Madagascar). The project will last four years and is designed in particular to:

- increase the area developed for irrigated rice from 2 100 ha to 4 300 ha,
- increase the area planted with selected coffee bushes from 355 ha to 675 ha,
- increase the capacity of the rice mill and set up better marketing facilities for rice and coffee,
- set up an organization responsible for managing the developments.

The total cost of the project is 7 100 000 EUA, of which the EDF is paying 5 440 000 EUA in the form of a grant, the remainder being covered by financial contributions from various Malagasy sources.

## Comoros

Development of maize growing.

Grant: 1 900 000 EUA.  
1 EUA = approx. CFAF 280.

The Comoros has not yet prepared a proper development plan; however, the head of state has described the basic objectives of the archipelago's economic and social development. These are:

- to seek self-sufficiency in food and reduce imports of rice,
- to raise the peasants' standard of living,
- to increase and diversify produce for export.

Since this project aims to develop and improve the growing of maize for food, it fits in with these objectives.

The four-year programme concerns a population of 20 000 on some 4 000 farms covering 2 000 ha.

The estimated cost breakdown is a grant of 1 900 000 EUA from the EDF and CFAF 133 000 000 from the state.

## Botswana

Broadhurst stage II water supply scheme.

Grant: 2 000 000 EUA.  
1 EUA = P 0.9624.

The new extension of Gaborone, which is being developed to the north and adjacent to the existing town, is called Broadhurst. Its development has been planned to proceed in two stages: — Broadhurst I (1974-76) to accommodate a population of over 6 000;

— Broadhurst II (1977-79) to accommodate a population of some 9 000.

The aim of the Community financing is to build the water supply system for Broadhurst II.

The Water Utilities Corporation (semi-public body) will be responsible for the operation and maintenance of the installations, which will cost 2 000 000 EUA and will be financed by an EDF grant.

## Zambia

Mpongwe pilot project.

Grant: 2 650 000 EUA.  
1 EUA = approx. K 0.8951.

The Zambian government is here setting up a pilot farm to study the possibilities for growing various rotations including wheat.

The project is located on the left bank of the Kafue river, around the small town of Mpongwe.

The pilot farm will cover 200 ha and will be capable of producing annually some 800 t of wheat and over 280 t of soya, as well as smaller quantities of other crops including sunflower, maize and perhaps cotton.

The project is the preliminary phase to the broader development of wheat growing. It is scheduled to last three years.

The total cost of the project is estimated at 2 890 000 EUA, to which the EDF will contribute 2 650 000 EUA, the difference being funded by the Zambian government.

## Cameroon

Village oil-palm plantations (Dibombari area).

Loan on special terms: 1 104 000 EUA  
Grant: 331 000 EUA  
Total EDF: 1 435 000 EUA  
1 EUA = approx. CFAF 280.

This project is to create 790 ha of small village plantations within a radius of approximately 25 km of an oil mill (belonging to SOCAPALM).

This project will consist in settling some 250 planters and providing them with technical assistance via SOCAPALM and financial aid via the rural development fund FONADER.

The total cost of the project over five years is estimated at 1 641 000 EUA. It is to finance in particular:

- expenditure on extension services;

- the costs of inputs;
- financial aid to the planters in the form of bonuses and/or loans.

The project will be financed by:

- a Community contribution comprising a loan on special terms of 1 104 000 EUA;
- and a grant of 331 000 EUA;
- and a contribution from Cameroon to cover the remainder of the cost.

## Mali

Maternity hospitals, dispensaries and mother-and-child care centres in Bamako.

Grant: 1 785 000 EUA.  
1 EUA = FM 567.2.

The aim of this project is to strengthen Bamako's public health/hospital infrastructure, particularly the obstetrics and pediatrics departments. The Community financing will pay for the construction and fitting-out of three maternity hospitals, two dispensaries, two mother-and-child care centres, three pediatric units and three gynaecological consultation units.

These units will be built in densely populated and expanding areas around Bamako.

The total cost of the project is 1 785 000 EUA, which will be covered by an EDF grant.

## Burundi

Kirundo hospital and renovation of four hospital centres.

Grant: 2 440 000 EUA.  
1 EUA = FBu 104.8.

The Community's project fits in with the objectives of the five-year economic and social development plan, which provides for financing and improvement of Burundi's public health and hospital infrastructure.

This project consists in:

- building and equipping a hospital in Kirundo;
- renovating and supplying equipment for three rural hospitals and the Ngozi maternity hospital.

Technical assistance will also be provided both to supervise the work and to train staff.

The overall cost of the project is 2 440 000 EUA, to be financed by a grant from the EEC.

## Niger

Renovation of primary schools and colleges of general education.

Grant: 3 100 000 EUA.  
1 EUA = approx. CFAF 280.

Over the last few years, the Niger government has taken a number of measures aimed generally at giving priority to national education in its social development targets and programmes.

The project financed by the Community fits in with this plan. It aims:

- to improve the conditions in which staff and pupils work;
- to renovate existing run-down buildings and replace the basic school equipment;
- to ensure that these investments function properly in the future by setting up a permanent maintenance service.

The cost of the project is 3 100 000 EUA, to be covered by an EDF grant.

## Botswana, Tanzania and Zambia (Regional project for the benefit of Namibia)

Regional teaching establishment to accommodate provisionally the UN Institute for Namibia.

Grant: 500 000 EUA.  
1 EUA = approx. K 0.88.

The Institute of Namibia was set up by the United Nations to train a nucleus of administrative personnel so that Namibia will have at its disposal the necessary minimum of cadres when it becomes independent.

The Institute is situated in Lusaka, Zambia.

The EEC contribution to the Institute is to be made available from the funds earmarked for regional cooperation, at the special request of Botswana, Tanzania and Zambia.

The project consist in transforming and renovating the Institute's existing buildings, building and furnishing another one and providing equipment and vehicles.

The cost of the project is estimated at 500 000 EUA, which will be covered by an EDF grant.

## Lesotho

Rural clinic improvement programme.

Grant: 300 000 EUA.  
1 EUA = approx. R 0.99.

In accordance with Lesotho's second development plan, the authorities of that country wish to improve existing rural clinics. The programme will be carried out using community self-help labour, with supervision provided by a team of volunteer building experts, under the control of the Ministry of Rural Development.

The purpose of this project is to upgrade 40 to 50 clinics, adapting them to the country's health requirements. This will help improve preventive and curative medicine and to train staff.

The EDF contribution amounts to 300 000 EUA, in the form of a grant.

## Niger

Construction of solar pumps and engines.

Grant: 550 000 EUA.  
1 EUA = approx. CFAF 280.

The availability of electrical energy in Niger depends entirely on imported hydrocarbons and on electricity produced in Nigeria.

In order to put an end to this dependence on outside sources of energy, at least in the long term, Niger is making a great effort to seek alternative sources of energy.

For many years, the Niger Solar Energy Board (ONERSOL) has been carrying out research on a solar engine to drive a pump.

This project is to set up at Karma a solar-powered pumping unit of 10 kilowatts and a second 5-kilowatt unit at Tabalak. These two units could irrigate a total of 30 ha of crops.

The cost of the project is estimated at 550 000 EUA, to be covered entirely by a grant from the EDF.

## Swaziland

Radio services improvement.

Grant: 990 000 EUA.  
1 EUA = E 0.99.

In order to put an end to South Africa's monopoly on the air, the government of Swaziland wishes to extend the area at present covered and improve the content and quality of radio broadcasts in Swaziland.

This will be done by:

— installing a VHF/FM service operating from five stations spread over the whole area and one control and monitoring centre;

— hiring the services of one expert to improve the quality and content of the programmes.

The total cost of the project amounts to 990 000 EUA, to be covered entirely by a grant from the EDF.

## Kenya

Dandora pilot workshop cluster.

Grant: 215 000 EUA.

1 EUA = approx. K Sh 9.54.

Small-scale industrial development is one of the major objectives of Kenya's third development plan (1974-78).

The project financed by the Community involves the construction of about 40 small workshop units, providing basic machinery and equipment, an initial stock of raw materials and the remuneration of the workshop management team during one year.

The total cost of the project is 215 000 EUA, to be covered entirely by a grant from the EDF.

## Jamaica

JAMAL Foundation — adult literacy project.

Grant: 930 000 EUA.

1 EUA = approx. J\$ 1.

The JAMAL Foundation (The Jamaican Movement for the Advancement of Literacy), set up in 1974, comes directly under the Prime Minister's responsibility. It is clear that the Jamaican authorities attach a good deal of importance to the problem of literacy.

The purpose of this project is to provide funds for the training of voluntary teachers in techniques of adult education and to allow the permanent staff of the Foundation to undertake specialized courses.

The project also involves financing the purchase of teaching aids and equipment for the establishment of 20 training centres.

The approximate cost of the project is 930 000 EUA, to be covered entirely by a grant from the EDF.

## Mauritius

Multiannual training programme (1976-80).

Grant: 700 000 EUA.

1 EUA = approx. Mau Rs 7.588.

In December 1970, the Mauritian government brought out its development strategy for the '70s, the main aim being to create more jobs. This means making a particular effort in education and training.

Community aid will enable study and training grants to be provided for one-year courses in Europe. The project may also involve technical assistance—in this case the sending-out of instructors.

The cost of the project is 700 000 EUA, to be covered entirely by an EDF grant.

## Jamaica

Squatter settlements upgrading.

Grant: 930 000 EUA.

1 EUA = approx. J\$ 1.

In order to make up the backlog of houses in Jamaica and to keep pace of population growth, 20 000 dwellings will have to be built in the next 10 years.

The project financed by the Community is to improve the living conditions in three sub-standard residential areas of Kingston, the capital.

The total population concerned is approximately 4 700.

The main elements of the project are:

— reconstruction to paved standard of roads and footpaths,

— provision of water supply,

— provision of waste-water drainage facilities,

— provision of communal facilities in the form of community schools.

The total cost of the operation is estimated at 930 000 EUA, to be covered entirely by a grant from the EDF.

## Ivory Coast

Trade promotion programme.

Grant: 1 008 000 EUA.

Fourth EDF.

1 EUA = approx. CFAF 280.

In 1970 the Ivory Coast government defined the fundamental objectives of the country's development strategy up to 1980. These objectives include:

— continuation of rapid growth,

— increasingly active participation of nationals in economic activity,

— training and meeting career aspirations.

In order to carry out a programme of action putting these principles into practice, the Ivory Coast government has included a section concerning trade promotion, which will require an estimated total of 2 million EUA to execute.

The EDF is contributing a 1 008 000 EUA grant towards the financing of this promotion.

The trade promotion programme provides for:

— the training of foreign trade staff,

— surveys and tests,

— trade mission,

— the organization of international trade events.

## Chad

Maintenance of asphalted roads.

Grant: 2 890 000 EUA.

Fourth EDF.

Since the beginning of the 1970s, the government has placed particular emphasis in its transport policy on repairing existing roads.

The purpose of this project financed by the Community is to train staff and supply equipment and materials for regular maintenance work on the country's asphalted roads.

The ultimate aim is to form a maintenance squad capable of repairing the country's asphalted roads.

Community aid will take the form of a 2 890 000 EUA grant.

## Chad

Health and welfare programme.

Grant: 714 000 EUA.

Fourth EDF.

1 EUA = approx. CFAF 280.

Chad's existing health and welfare infrastructure is not capable of ensuring health/welfare coverage for all the population.

The project financed by the Community is therefore aimed at improving health and welfare facilities in rural areas by trying to make existing structures more efficient.

The project involves:

— providing training for 525 village health officers and 220 village welfare workers,

— supplying various materials and equipment for the 41 health units involved in the project,

— renovating and supplying various materials and equipment for the 15 welfare centres involved in the project.

The project will cost an estimated 1165000 EUA. The Community will be contributing 714000 EUA (in the form of a grant). The state and the village authorities will pay the remaining amount.

## Senegal

Hydrogeological study of the Casamance Basin.

Grant: 1000000 EUA.  
Fourth EDF.  
1 EUA = approx. CFAF 280.

This project involves participation in the execution of the study of the water resources of the Casamance, the other financing partner being Denmark, via its financing body Danida.

The aim of the project is to determine accurately the potential of the water bearing strata in the Casamance and the economic conditions for exploiting them in order to enable a development plan for this region to be established.

The cost of the project is estimated at 1288000 EUA. Part of the financing — 288000 EUA — has already been provided by Denmark through Danida and the remainder — 1000000 EUA — will be provided by a grant under the EDF.

## Swaziland

Main irrigation canal for sugar project (see page XIV).

Loan on special terms: 3500000 EUA.  
Fourth EDF.  
1 EUA = approx. 0.99 emalangeni.

It is proposed that the European Development Fund should finance the construction of some 32 km of a canal that will carry irrigation water from a reservoir (the Fairview Dam, on the Black Umbuluzi River) to a new sugar-cane estate.

This portion of canal is a component of the basic hydraulic infrastructure necessary for the Third Sugar Mill Project which will become operational in 1980.

The European Community is contributing a special loan of 3500000 EUA towards the building of the canal.

## Zaire

Processing plant and extensions to the Bulu (Oubangui) cocoa plantation

Grant: 3010000 EUA  
Loan on special terms: 1970000 EUA  
Fourth EDF 4980000 EUA  
1 EUA = Z 0.97.

This project involves making supplementary investments in the selected cocoa plantation at Bulu in the sub-region of Oubangui; the second EDF had already participated in the programme to give a fresh impetus to agriculture in Oubangui.

This is a five-year project (1978-1982) aimed at:

- extending the cocoa plantation at Bulu by around 500 ha,
- setting up harvest processing plants to handle the increased production which will result.

This project is in line with the priority given by the Zairian authorities to the development of the agricultural sector.

The Community is contributing 4980000 EUA. This is made up of a 3010000 EUA grant and a 1970000 EUA loan on special terms.

## Rwanda

National Institute of Education (IPN) at Ruhengeri.

Grant: 160000 EUA  
Second EDF: 119000 EUA  
Third EDF: 1700000 EUA  
Fourth EDF: 1979000 EUA  
Total: 1979000 EUA  
1 EUA = RF 104.3.

The objective of the educational reform currently under way in Rwanda is to adapt education to the needs of society and the Rwandan economy. The project financed by the Community involves the construction of a National Institute of Education (IPN — Institute Pédagogique National) at Ruhengeri for the training of secondary school teachers. The Institute will cater for 250 students.

The aim is to provide the Institute with infrastructure suitable for this type of training and to provide satisfactory lodgings and working conditions for the students.

The overall cost of the project is estimated at 2336000 EUA, to be covered as follows: 160000 EUA from the remainder of the second EDF, 1190000 EUA from the remainder of the third EDF and 1700000 EUA from the fourth EDF.

The balance of 357000 EUA will be financed by the Rwandan government.

## All ACP countries

a) Grant of 433000 EUA for the magazine the "Courier EEC-ACP" for the period 1 January to 31 December 1978.

b) Global commitment in the form of a grant 2500000 EUA for the financing of annual micro-projects. □

### VALUE OF THE EUA

One European unit of account equals:

approximately \$ US 1.25  
approximately £ 0.64  
approximately FF 6.00  
approximately DM 2.55  
approximately 280 CFAF

## EIB

### Loan to assist industrial and tourism development in Trinidad and Tobago

Under the terms of the Lomé Convention, the European Investment Bank has granted a global loan equivalent to 5 million units of account(1) to the Trinidad and Tobago Development Finance Company Ltd. (TTDFC); the funds will be on-lent to support the development of industrial and tourism ventures, selected in agreement with the EIB.

The loan has been granted for 12 years at an interest rate of 5.05 % after allowing for a rebate of 3 % drawn from the resources of the European Development Fund, as provided for by the Convention.

The Trinidad and Tobago Development Finance Company was established in May 1970 with the objective of promoting economic development by encouraging the establishment and expansion of industrial and other enterprises. The company's main shareholder is the government, minor participations being held by commercial banks, insurance companies and private industry.

As of mid-1977 the company had approved investments for a total equivalent to almost 22 million EUA in some

(1) Under the exchange rates employed by the EIB, 1 EUA = 2.94 Trinidad and Tobago dollars.

180 projects involving the creation of an estimated 3300 jobs.

This is the EIB's second operation in the Caribbean in recent months. In November last year it provided a venture fund of 1 million EUA to the Caribbean Investment Corporation to support industrial and tourism enterprises in less developed member countries of the Caribbean Community (CARICOM).

### **Loan for tin foundry in Rwanda**

Under the terms of the Lomé Convention the European Investment Bank has granted a subordinated loan(1) for 3 million units of account(2) to contribute towards meeting the cost of building a tin foundry in Rwanda which forms part of a programme for stepping up the country's output of tin and tungsten ore.

The loan has been made to Société des Mines du Rwanda (SOMIRWA), whose shareholders are the Republic of Rwanda and the Belgian company GEOMINES; the term is 15 years with interest payable at 2% per annum until the end of 1981 and 6% thereafter.

The finance is provided from the amount set aside under the Lomé Convention for risk capital operations, managed by the Bank.

The foundry will be constructed near Kigali and will process tin ore (cassiterite) at present exported as concentrate; cassiterite production from SOMIRWA mines will be raised from 2200 to 2500 t.p.a. and tungsten ore (wolfram) output from 825 to 1080 t.p.a.

The project, with a total cost of 10 million EUA, is one of the priority objectives set by the Rwanda government's industrialisation policy.

Implementation of the venture will make a substantial contribution towards diversifying Rwandan production and increasing its export and budgetary revenue.

### **Loan for Cameroon's cement industry**

Under the terms of the Lomé Convention, the European Investment Bank has granted a loan from its own resources for the equivalent of 2 million EUA(3) to help to finance extension of a cement works and clinker grinding plant in the United Republic of Cameroon.

The funds have been made available to Cimenteries du Cameroun (CIMEN-

CAM) for 10 years, with interest payable at 5% par annum after taking account of the interest subsidy drawn from the European Development Fund, as provided for by the Lomé Convention.

CIMENCAM's main shareholders are Société Nationale d'Investissement du Cameroun (SNI) and Cementerie del Tirreno (CEMENTIR), a member of the Italian FINSIDER group.

The project, with a total cost of around 9 million EUA, is intended to boost annual output from the Figuil cement works, North Cameroon, from 50000 to 70000 t.p.a. and production at the Bonaberi clinker grinding works, Douala, from 300000 to 480000 t.p.a. The venture constitutes one of the priority objectives of Cameroon's fourth five year Economic development Plan (1976-1981).

This capacity increase should cover the projected rise in cement demand in both Cameroon and neighbouring Chad, which receives the bulk of its supplies from the Figuil works.

Finance for the project is also being provided by the Caisse Centrale de Coopération Economique, Paris.

The Community has already mounted two financing operations, in 1968 and 1972, in support of the establishment and expansion of the cement industry in Cameroon.

### **Energy and industrial projects in the Ivory Coast**

Under the terms of the Lomé Convention, the European Investment Bank has provided a total of 12690000 EUA(3) for projects in the Ivory Coast.

The bulk of these funds are in the form of a loan of 11 million EUA to help to finance improvements in the country's electricity supplies, in particular to Abidjan, the capital; it has been granted to EECI (Energie Electrique de Côte d'Ivoire) for a term of 15 years at an interest rate of 5.4% p.a., after deduction of a 3% subsidy drawn from the resources of the European Development Fund, as provided for under the Convention.

EECI, 75% state-controlled, is to build an electricity dispatching and operations control centre at Abidjan to handle energy from all its hydroelectric and thermal power stations. A high voltage line is also to be erected, to bring increasing volumes of hydro power to Abidjan, which accounts for two thirds of the country's demand for energy.

At an estimated cost of 24 million EUA, this project is a key feature of the EECI investment programme, which implements the Ivory Coast government decision to exploit to the full the country's hydroelectric potential by building three new hydro-power stations and extending the grid to all parts of the country.

A further 1690000 EUA has been provided for construction of a dessicated coconut factory, to be built by SICOR (Société Ivoirienne de Coco Râpé), a semi public concern under the majority control of the state company, SODEPALM.

This plant will have a 7500 tonnes per annum capacity, and will supply the European market. It is to be constructed at a cost of about 6 million EUA at Jacquville (75 km west of Abidjan), where there are some 10000 hectares of coconut plantations; about 260 jobs will be created.

The finance takes two forms: a 1440000 EUA loan to SICOR over 13 years at 5.15% (after deduction of the interest subsidy) and the acquisition of a holding in the company's capital on behalf of the European Economic Community. This equity participation is worth about 250000 EUA and has been funded out of resources reserved under the Lomé Convention for risk capital operations, managed by the EIB.

### **Loan for Swaziland sugar project**

Under the terms of the Lomé Convention, the European Investment Bank has agreed to provide a loan of 10 million units of account(4) to contribute towards meeting the cost of a new sugar plantation and sugar mill in the northern lowveld of Swaziland.

The loan has been granted to the Royal Swaziland Sugar Corporation Ltd. for a period of 12 years at an interest rate of 5.05% after allowing for a rebate of 3% drawn from the resources of the Community's European Development Fund, as provided for by the Lomé Convention.

The Royal Swaziland Sugar Corporation, a public company, was set up last year to carry out the project, consisting of the cultivation of some 9000

(1) Repayable only after settlement of prior-ranking loans.

(2) On the basis of the conversion rates adopted by the EIB 1 EUA = 106 Rwanda francs.

(3) On the basis of the conversion rates adopted by the EIB 1 EUA = CFA F 280.

(4) Under the exchange rates employed by the EIB 1 EUA = 1.065 Swazi emalangeni.



hectares of sugar cane, the erection of a new sugar mill with a production capacity of 125000 tons of raw sugar per annum and construction of an associated dam and main canal system which will provide water for irrigation.

The total cost of the works is estimated at about 155 million EUA excluding working capital. Apart from the government of Swaziland and national interests, long-term finance is also being provided by the government of Nigeria, the Commonwealth Development Corporation (United Kingdom), the Deutsche Entwicklungsgesellschaft, the International Finance Corporation and the British group Tate and Lyle Ltd., which will be responsible for the establishment and management of the plantation and mill.

Swaziland will benefit considerably once the scheme is fully operational: it will give direct employment to almost 3000 people, bolster foreign exchange earnings through exports and increase government income from fiscal and other revenues.

## 1977 balance sheet

Last year saw steady progress in the Bank's activities under the terms of the Lomé Convention between the Community and 53 African, Caribbean and Pacific (ACP) countries.

The Convention provides for the EIB to lend up to 390 million EUA from its own resources; in addition it gives the Bank responsibility for managing 100 million EUA for use as interest subsidies and a further 96 million EUA to be employed for risk capital financing, these sums provided by the member states via the European Development Fund.

In 1977 financing operations under the Lomé Convention totalled 84.1 million EUA: of this, loans from the EIB's own resources amounted to 67 million EUA (all provided with 3% interest rebates) and risk capital assistance, in varying forms, came to 17.1 million EUA. The funds were provided as follows:

**Kenya:** 25.9 million EUA from the Bank's own resources plus 1.1 million EUA risk capital assistance for a sugar factory, a chemicals plant, expansion of a cementworks and for small-sized industrial ventures via a global loan to the Industrial Development Bank;

**Ivory Coast:** 21.6 million EUA from the Bank's own resources plus 250000 EUA risk capital assistance for high

tension transmission lines and other installations helping the country to exploit its hydro-electric resources; a palm/coconut oil mill, a hotel in the capital, Abidjan, and a desiccated coconut factory;

**Makawi:** 9.5 million EUA from the Bank's own resources and 1 million EUA risk capital assistance for a sugar mill and for small and medium-sized industrial ventures via a global loan to the Investment and Development Bank of Malawi;

**Tanzania:** 7.4 million EUA in risk capital assistance for the setting up of a canvas mill and to bolster the resources of the Tanganyika Development Finance Company to enable it to increase its support for small and medium-sized ventures;

**Togo:** 2.3 million EUA from the Bank's own resources plus 3.2 million EUA risk capital assistance for a palm oil mill and oil storage facilities;

**Cameroon:** 4.7 million EUA from the Bank's own resources for a hotel in Douala and extension of a cementworks and clinker grinding plant;

**Mauritius:** 3 million EUA from the Bank's own resources in the form of a global loan to the Development Bank of Mauritius;

**Rwanda:** 3 million EUA in risk capital assistance for construction of a tin foundry and expansion of mining for tin and tungsten ore;

**Zaire:** 1.2 million EUA in risk capital assistance essentially for expansion of a cementworks.

The Bank also used risk capital resources to provide a 1 million EUA venture fund to the Caribbean Investment Corporation to support industrial, agro-industrial and tourism enterprises. This operation was in accordance with the decision taken by the Council of Ministers to extend financing provisions similar to those of the Lomé Convention, with additional funds made available for the purpose, to certain overseas countries and territories which are dependencies of EEC member states. □

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## STABEX

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Following the Commission decision of 21 December, there will be a third and final instalment of transfers, involving three ACP countries, to offset falls in export earnings for 1976.

With the first two instalments(1), transfers made for 1976 total 36.3 million EUA and twelve ACP countries(2) have been involved. Transfers for 1975 totalled 72.8 million EUA for 17 ACP states.

### In 1976 the poorest ACP countries were the main recipients of transfers

More than 75% of the total transfers were made to the least developed states, which are consequently exempted from contributing towards the reconstitution of the system's resources. In 1975 the corresponding figure was 57%. These figures show how important the system is to small producing countries, which are particularly vulnerable to drops in production resulting from a climatic accident or other natural circumstances, and what impact it has on those countries.

It has been found that in most cases it is in fact the drop in earnings due to local circumstances which has brought the guarantee offered by Stabex into play: almost 80% of the amounts transferred this year stemmed from such circumstances, only 20% being accounted for by losses of earnings brought about by the unfavourable economic situation.

### Third instalment 1976: improvements to the Stabex system made at the EEC-ACP Council in Fiji are applied for the first time

Among the transfers agreed for the third instalment for 1976, two are the result of amendments made to the Stabex system at the last meeting of the EEC-ACP Council.

Thus Madagascar received a transfer of 1.14 million EUA to offset the fall in export earnings from cloves (which has been included in the list of products covered, together with gum arabic, wool, mohair, vanilla and ylang-ylang) and Western Samoa obtained compensation of 349000 EUA for a drop in export earnings from wood in the rough, consideration being given not only to its exports to the Community but to all its sales, irrespective of destination.

The third transfer decision in the latest instalment concerns Uganda (3.6 million EUA), which recorded a drop in its export earnings from tea and cotton (not carded or combed).

This drop is due to the fact the peasant farmers have abandoned this type of crop in favour of food crops.

(1) The first instalment was agreed on 4 April 1977 and the second on 27 July 1977.

(2) To these can be added the Comoros and Djibouti, formerly overseas territories but now independent, which were covered by the appropriation earmarked for the OCT.

## Transfers to overseas countries and territories

Transfers to overseas countries and territories for the whole of 1976 amount to 3.3 million EUA, broken down as follows:

OCT	Product	Amount of transfer in EUA	
Gilbert Islands	Copra	1 083 059	
New Hebrides	Copra	327 364	
Solomon Islands	Copra	1 273 640	
Tuvalu	Copra	64 417	
			2 748 480
<b>OCT which have become independent</b>			
Republic of the Comoros	Copra	286 508	
Republic of Djibouti	Raw hides, skins and leather	265 328	
			551 836
			3 300 316

## System for stabilizing export earnings set up under the Lomé Convention

Breakdown of 1976 STABEX transfers according to different criteria

	First instalment		
	Amounts in EUA	%	
<b>1. Products</b>			
Groundnut oil	6 755 991	18.62	
Groundnut oilcake	153 269	0.42	
Cotton, not carded or combed	2 750 347	7.58	
Coconut oil	1 499 834	4.13	
Palm oil	765 576	2.11	
Sawn wood	549 807	1.52	
Sisal	6 928 151	19.09	
Iron ore	3 977 274	10.96	
	23 380 249	64.43	
<b>Second instalment</b>			
Groundnuts	4 442 347	12.24	
Cocoa paste	463 558	1.28	
Copra	2 163 265	5.96	
Palm nuts and kernels	626 966	1.73	
Bananas	72 719	0.20	
	7 768 855	21.41	
<b>Third instalment</b>			
Cotton, not carded or combed	2 249 791	6.20	
Wood in the rough	348 993	0.96	
Tea	1 399 953	3.86	
Cloves	1 139 516	3.14	
	5 138 253	14.16	
<b>Total</b>	36 253 357	100.00	
<b>2. Causes of loss</b>			
— affected by the economic situation	7 477 958	20.61	
— affected by local circumstances	28 809 399	79.39	
<b>3. Loans/grants</b>			
— loans	8 843 125	24.37	
— grants	27 444 232	75.63	

## FAIRS AND EXHIBITIONS

### Roy Jenkins in Khartoum

### First ACP trip by EEC Commission President

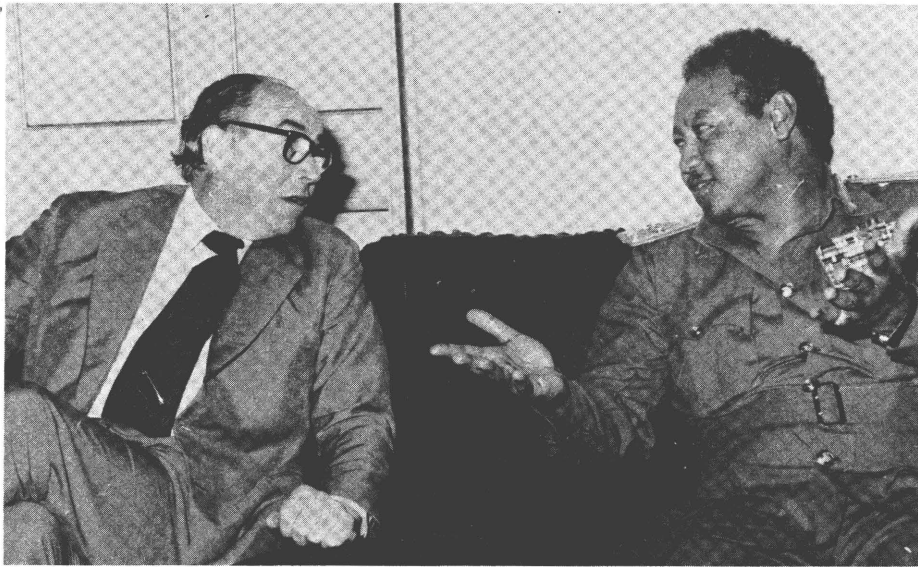
The first visit of the President of the Commission, Roy Jenkins, to a country of the Third World since his assumption of office in January 1977 was to Sudan. The occasion was the opening of the first Khartoum International Trade Fair from January 19-27, 1978.

This was an event of particular importance for the European Community since it marked the first time in the Third World that the Community had taken part in an exhibition with member states all together in one pavilion, and only the second time anywhere (the first was in Malta in 1977).

The idea of a grouped European Community pavilion has been stressed for sometime by the Commission to member states as a way of presenting the unity of the Community to the outside world. In the words of the President of the Commission, as a "symbol both of our essential political unity and the importance we attach to our trading relationships, particularly with the developing world."

The trade fair was opened by President Gaafar el Numeiry, who cut a ceremonial ribbon and then toured the fair. At the European Community pavilion he was welcomed with a short address by Mr Jenkins, who said that Sudan had a "central and crucial role as a hinge between the Arab and African countries". He also stressed that Sudan this year would have both the chairmanship of the Arab League and of the Organisation of African Unity. "To the geographical and political importance of Sudan are therefore added new responsibilities which will enable you to have a decisive influence on political stability in Africa. From the point of view of relations with the European Community, your country will be called upon to play a major part in the negotiations due to take place in the second half of 1978 for the renewal of the Lomé Convention".

Mr Jenkins also spoke of the "fruitful cooperation which has developed between Sudan and the Community". Sudan, the largest country of Africa, sends about half of its export produce to the Community, and supplies a good 50% of its flow of merchandise from the outside world. Also, "in response to



*Roy Jenkins with President Numeiri of the Sudan*

the aims and priorities of the Sudanese government, a certain number of projects have been identified and set in hand". The Community shared Sudan's belief in "the potential of cooperation which can bring together in the form of directly useful projects, the human and geographical resources of your country, the financial power of some Arab states and European technology and skill. To realise this objective we must consult and plan more closely together on a tripartite basis. In a wider sense the Euro-Arab dialogue... can be a worthwhile forum for you and us". "The Khartoum Fair", said Mr Jenkins, "is an impressive demonstration of the potential strength of the Sudanese economy, and an effective testimony to the importance of African and Arab trade in the world."

On the North-South dialogue Mr Jenkins said that, despite the suspension of negotiations on the Common Fund, "the political importance of the Paris Conference must still be followed through in our mutual interest". He went on to speak of the need to readjust attitudes to such questions. "We must not allow the combination of colonial history on the one hand and the economic benefits of technological and scientific changes on the other, to falsify our relations by the appearance of inequality. The reality is one of greater reciprocity".

On the Lomé Convention he said that its most important aspect was its inherent adaptability. "It is but one step in a series of changing and evolving agreements. It is not a set theology. These agreements have not only mirrored the increasing awareness of the European Community of the needs of the less developed, but have pointed the way for others. Indeed this awareness has so evolved that we are no

longer thinking unilaterally in terms of the needs of developing countries. The Lomé Convention has taught us to think in terms of the mutuality of needs and interest."

Mr Jenkins concluded by setting out six high priority areas for cooperation:

- a) more medium-sized industries to enable more processing on the spot of national resources;
- b) greater effort to develop agriculture and to increase food resources;
- c) five-year programme for the improvement of communications in Africa (especially road and rail, and port facilities);
- d) energy development, especially solar energy;
- e) resistance to drought and desert encroachment, in relation to exploitation of agricultural and energy resources;
- f) educational and vocational training.

The Community pavilion consisted of a complete hall, with seven member states' stands grouped around a Commission information stand, featuring the Community itself, the Euro-Arab dialogue, the Lomé Convention and its implications for Sudan. A total of 28 countries participated, including 4 ACP countries (Nigeria, Zaire, Kenya, Somalia) and 3 North African countries (Morocco, Tunisia, and Egypt), as well as the Arab League and the Arab Bank for Economic Development in Africa (BADEA).

Prior to the opening of the fair, its sponsors, Sudanexpo, organized with the Sudanese Ministry of Commerce and Supply a two-day symposium on Afro-Arab trade, with the assistance of a subvention from the European Development Fund, which also provided technical assistance to the organization of the fair. □

## TRADE PROMOTION

Representatives of the ACP countries and the European Commission held a meeting in Brussels on 6-7 February 1978 with Mrs Mathe, Ambassador of Botswana to the EEC, in the chair. The objective was to examine the ways and means of stimulating trade promotion activities for the ACP countries, as envisaged by the Lomé Convention.

In his opening speech, Claude Cheysson, commissioner for development, laid emphasis, in the context of the overall development of the ACP countries, on the necessity to pay more attention to marketing techniques and sales promotion of ACP products, on external markets in particular.

In reply, the Ambassador of Botswana, Mrs Mathe, stressed the difficulties encountered by the ACP countries in the fields of staff training, information and transport when faced with external markets.

At the end of the meetings, the ACP representatives advocated the ACP countries and the EEC together to make ACP producers and exporters more aware of the problems posed by the marketing of their products on external markets. To do this they suggested that seminars should be held, with the help of the Commission if necessary, on information and training for ACP producers and exporters.

They also agreed:

— To ask a highly-qualified expert to determine, during a short mission, the trade promotion needs, in the broadest sense of the term, of the ACP countries which have not yet embarked on this sort of planning or have only earmarked funds, without planning how to use them. Requests for help in this field would be addressed to the Commission by the governments concerned, through the Commission's delegates. The money for carrying out these missions will be drawn, as planned, from the resources of the regional fund.

— To set up in those ACP countries which do not have one, a centre, board, or department for boosting and promoting exports, which will be specially planned to meet the specific needs of each country.

— To pay particular attention to problems of trade promotion in the Sahel countries affected by drought and in the landlocked countries.

— To simplify, as long that proper management is not threatened, the administrative and financial procedures in force for trade promotion financed by the EDF, whether the funds

form part of national programmes or were earmarked for regional cooperation.

— To draw up in the future, with the proviso that this is confirmed later by the ACP countries, a common programme for participation by ACP countries in trade fairs and exhibitions through direct consultation between their competent authorities, via the Commission's delegations.

— To continue the implementation of the programme of action planned by the COLEACP and the ACP section of the FEDEAU and to earmark part of the regional part of the Fund for that purpose.

— To continue to promote active consultation between the ACP countries on the one hand, and timber importers and manufacturers in the Community on the other.

— To carry out, without further delay, a study of the export pre-financing systems which could be put to the ACP countries, in order to help small and medium-sized businesses to export their products to foreign markets.

— To examine the quickest and most suitable way of organizing consultation between ACP traders in leather and skins.

— To consider the possibility of organizing concerted action by ACP countries, in liaison with European professionals, of a more active and systematic promotion of tourism in the ACP countries.

— To begin a study on setting up a "Commercial Data Bank" in order to improve information for ACP producers and exporters regarding potential outlets in the Community market.

— To consider as soon as possible the possibilities of developing inter-ACP trade. For that purpose, it is recommended that the Commission, jointly with the general secretariat of the ACP group, take the necessary measures to organize:

a) a meeting of the general secretariats of regional economic cooperation organizations in the ACP countries;

b) a meeting of officials responsible for trade relations of the same regional cooperation organizations;

c) a meeting of directors of centres, boards and other bodies involved in boosting and promoting the foreign trade of ACP countries;

d) a meeting of the chairmen of the chambers of commerce of ACP countries.

## TRINIDAD AND TOBAGO

### Fishing rights

On 12 January, the Minister of Foreign Affairs of Trinidad and Tobago, Mr Donaldson, accompanied by his Permanent Secretary, Mr Ballah, visited Brussels and met Mr Cheysson and Mr Gundelach's departmental staff.

Besides general talks about relations between the Community and Trinidad and Tobago, Mr Donaldson wanted to stress the political aspect of a decision on fishing rights for Trinidad fishermen in the waters bordering French Guyana. The visit was organized at his request a few days before the meeting of the Fish Council on 17, 18 and 19 January. □

## EUROPEAN PARLIAMENT

### EEC aid for Sahel

In reply to a written question the European Commission gave details of the Community's aid to the Sahel. Apart from the development aid granted to the Sahel countries who signed the Lomé Convention, the Commission, following the great drought of 1972-1974, granted exceptional and emergency aid totalling 65.6 million EUA (of which 7.1 million EUA went to Somalia and the remainder to the eight Sahel countries which are members of the Permanent Committee for Drought Control in the Sahel). In the same period, emergency food aid gave a considerable boost to the standard aid programmes: between 1970 and 1977, the EEC delivered a total of 568 500 tonnes of cereals, 65 500 tonnes of milk powder and 17 600 tonnes of butteroil to the countries concerned. The Commission proposals for food aid in 1978 provide for the supply of 60 000 tonnes for 7 Sahel countries.

In 1976 and 1977, with the danger of a new more localized drought, the EEC granted exceptional aid to Niger, Cape Verde and Somalia, worth a total of 14.5 million EUA. Furthermore, in the context of the regional programmes under the fourth EDF, provision is made for the following: aid of 15 million EUA for the infrastructure programme of the Organization for the Development of the Senegal River, a road infrastructure programme in the Sahel countries (31 million EUA), and a research programme to improve mil-

### Fairs and exhibitions in 1978 with ACP participation

Opening day	Town	Exhibition	Closing day
4 March	Berlin	International Tourism Exchange (I.T.B.)	12 March
11 March	Brussels	Exhibition of Holidays - Tourism and Leisure	19 March
8 April	Barcelona	2nd International Food Exhibition	14 April
11 April	London	London Fashion Exhibition (2nd exhibition: October)	14 April
14 April	Milan	International Milan Fair	23 April
29 April	Brussels	Brussels Trade Fair - 2nd Forum of Nations	15 May
29 April	Paris	International Paris Fair	15 May
17 June	Trieste	International Trieste Fair	29 June
3 July	Kenilworth	Royal Agricultural Show	7 July
13 Aug.	London	International Gifts Fair	17 Aug.
27 Aug.	Frankfurt	International Autumn Frankfurt Fair	30 Aug.
30 Aug.	Berlin	16th Overseas Import Fair "Partners for Progress"	3 Sept.
8 Sept.	Bari	International Levant Fair	18 Sept.
9 Sept.	Paris	International Leather Week	12 Sept.
15 Sept.	Munich	International Trade Fair of the Food Industry, IKOFA 78	20 Sept.
16 Sept.	Göteborg	International Consumer Goods Fair	24 Sept.
22 Sept.	Marseilles	International Marseilles Fair	2 Oct.
Sept.	Algiers	15th International Algiers Fair	
29 Sept.	Nairobi	International Fair	1 Oct.
2 Oct.	Toulouse	Midest	6 Oct.
21 Oct.	Paris	International Ladies' Wear Exhibition	25 Oct.
13 Nov.	Paris	International Food Exhibition - SIAL	18 Nov.
28 Nov.	Dakar	3rd International Dakar Fair	10 Dec.
2 Dec.	Brussels	International Woodworking Show	10 Dec.

let-growing in the Sahel (3 million EUA).

Finally, the EEC took part in 1974 in the United Nations emergency operation and is assisting the Club du Sahel working party.

As regards current prospects in this region, it has been possible to avoid a

new disaster, but it appears that Cape Verde, the Gambia, Mauritania and Senegal have been affected by a drought since last August: the countries in this zone should face a cereal shortage of about 500 000 tonnes (the population concerned totals 30 million). □

invited to the New York meeting and will probably be present at the others.

An ACP investment bank will be of considerable importance. It should be able to finance and promote important sectors of development where foreign bilateral or even multilateral aid is lacking or inadequate—trade and sea freight are particular cases in point. It will, of course, be complementary to aid from the EEC and other international organisations and will not be competing with ACP regional banks.

The ACPIB should be a significant step forward in ACP development and in the formation of closer links between the ACP countries, to whom independence is precious. Perhaps it may be hoped that other developing countries can join in. □

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## GENERAL INFORMATION

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### The ACPIB

#### **New bank to fund intra-ACP trade and related investments**

Reshaping the international economic order is widely considered necessary. The industrial countries have reached something approaching saturation point with their economic development and their present markets. The developing countries need technology to process their raw materials, and they also need new markets. This is the common ground for North-South cooperation.

But there is an important difference between the northern developed countries and the southern developing countries: the network of communications, business contacts and cooperation is strong in the first and weak in the second. Contact between the two groups has increased considerably, not without advantages to the developing countries, but this "vertical" integration has not been paralleled by closer cooperation among the latter, despite the 1955 Bandung declaration on cooperation and solidarity among the developing countries.

The ACP-EEC Lomé Convention has had the merit not only of improving links between the European Community and the 53 countries, but also and above all, of increasing the scope and providing the opportunity for systematic inter-ACP cooperation. One of the main lessons which seems obvious to the ACP countries is that their development will be that much slower if cooperation with their European partners is not supplemented by major cooperative efforts among themselves, and between them and other developing countries. This was the idea behind the Georgetown Agreement which established the ACP group as an international entity, and the Suva declaration and programme of action which specified the major areas for fostering intra-ACP self-reliant social and economic development.

Prime among the areas of cooperation outlined in the Suva declaration

and programme of action is the development of inter-ACP trade. This objective, to be achieved, needs to be backed up with the necessary means starting with funds.

### **The ACPIB**

This is where the ACPIB comes in. The principle of establishing an investment bank to promote intra-ACP cooperation has been under consideration for some time by the Council of ACP ministers and, following the adoption of the Suva declaration and programme of action in Fiji in April 1977, the Council of ACP ministers asked for a definitive study to be made on this question by the best expertise available. The United Nations and the World Bank are now jointly undertaking that exercise, a step endorsed by the Council of ACP ministers in Lusaka in December 1977. With the bank now oriented to finance the development of intra-ACP trade and related investments, there seems little doubt remaining among the ACP states about the necessity for this institution.

### **Setting it up**

Both the World Bank and the United Nations have moved with commendable speed to meet the requirements of the ACP states and already a team of high-powered international experts has been appointed which will soon begin consideration of this project, taking into account the original draft proposal prepared by Mr Antoine Yaméogo, ex-Director of the IMF from Upper Volta.

Both these international organisations clearly recognise the importance of the ACPIB for general ACP development. From February, the experts will spend six months undertaking a study on how the ACPIB might be established and on the other elements of the bank, the statutes, etc. The experts are scheduled to hold meetings in New York in February, in the Caribbean, in Africa, in the Pacific and in Brussels and would be assisted by experts from different ACP states. Representatives of the ACP and the EEC have been

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## NORTH-SOUTH DIALOGUE

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The EEC Commission has outlined Community policy in following up the North-South dialogue, mainly through UNCTAD.

In a memo to the Council, the Commission calls on EEC ministers to decide on:

- the common fund for stabilizing commodity prices;
- renewing talks on easing the debts of the developing countries, particularly the poorest;
- confirming Community policy of special help for the least developed countries.

Council progress on these issues could clear the way for new Commission initiatives. □

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## TEA

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The first UNCTAD preparatory meeting on tea took place in Geneva on 9-13 January 1978.

The Community made a general statement which recalled the importance of the Community on the tea market (one third of world imports). It pointed out that the growth in consumption had been brought about by promotion campaigns and the liberalization of the tea trade. As for measures to be planned within the framework of a possible international agreement, the Community is awaiting with interest the extensive study of the UNCTAD/FAO secretariats on the technical and economic feasibility of an international stock system for tea, but it still thinks that the export quota system should

also be examined as an instrument for stabilizing tea prices. Producing countries outlined the objectives of their proposed international programme, which they have already set forth to the FAO inter governmental group.

This first meeting did not examine the substance of the documents prepared by the UNCTAD Secretariat, but it decided that an effort should be made to negotiate an international agreement on tea in the shortest possible time, in accordance with resolution 93 (IV). For that reason, it decided that work should continue at the level of an intergovernmental group of experts representing all UNCTAD member states and the appropriate intergovernmental organizations. The intergovernmental group should meet before June 1978 if possible, this should be preceded by a meeting of exporting countries, to examine the UNCTAD-FAO study and other relevant issues regarding a possible international agreement on tea. The second preparatory meeting on tea would take place in October 1978 at the latest. □

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## EEC-CHINA

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The negotiations between the Community and the People's Republic of China for the conclusion of a trade agreement resulted in the initialling in Brussels in February of the text of such an agreement. This text will be submitted to the authorities on both sides for their approval prior to the formal signing and entry into force of the agreement.

The Community delegation was led by Sir Roy Denman, the Commission's director-general for external relations. The Chinese delegation was led by Mr. Sun Sou-Chang, director of the third department in the Ministry of Foreign Trade of China.

In addition to its favourable implications for trade, the conclusion of this first trade agreement between the Community and China is of profound political significance since in the eyes of public opinion it represents one of the most striking proofs of the excellent relations between China and the Community.

### Content of the agreement

The non-preferential agreement will run for five years. The objective is to promote and intensify trade between the Community and China. The two parties confirm their determination:

— to take all appropriate measures to create favourable conditions for reciprocal trade;

— to do all in their power to improve the structure of their trade in order to diversify it further.

The agreement embodies a number of legal provisions defining the framework in which trade will be carried on and enabling the agreement's objectives to be attained.

These provisions include the granting by the Community of most-favoured-nation treatment. For the first time China has accorded its partner a new concession, since under the agreement China will give favourable consideration to imports from the EEC. Such favourable consideration on the part of a state-trading country can have very beneficial effects on the Community's exports. In return the Community will accord increasingly liberal treatment to imports from China.

In addition, the parties have agreed in principle to have friendly consultations on any problems. In exceptional cases, however, where the situation does not admit of any delay, either contracting party may take action but must endeavour as far as possible to undertake friendly consultations before adopting the measures in question.

The agreement also deals with price levels and the method of payment.

A joint committee will be set up and will meet once a year; its job will be to see that the agreement works smoothly and examine problems that could hinder the development of trade.

Lastly, the two parties undertake to promote visits and contacts by persons, groups and delegations from business, trade and industry.

The two parties expressed satisfaction at the very cordial atmosphere in which the negotiations were conducted and considered that the forthcoming implementation of the agreement could open up a new era, given the hitherto unexploited opportunities for trade between China and the European Community. □

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## EEC COUNCIL

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### Food aid

The Council has agreed on the programme of aid in the form of cereals for 1978 on the understanding that the section on national projects would be finalized at a later date.

Aid under Community projects is broken down as follows:

Recipient	Quantity in '000 tonnes
<b>I. Country</b>	
Afghanistan	5
Bangladesh	115
Bolivia	2
Cape Verde	7
Chad	3.5
Comoros	5
Egypt(1)	67
Ethiopia	10
Gambia	3
Ghana	12.5
Guinea Bissau	7.5
Guinea Conakry	5
Honduras	7
Jamaica	1
Jordan	17
Lebanon	20
Lesotho	1.5
Mauritania	7
Mauritius	3.5
Mozambique	10
Niger	4
Pakistan	30
Peru	7.5
Rwanda	2
Sao Tomé and Principe	1.8
Senegal	18
Sri Lanka	27
Sudan	7
Tanzania	5
Togo	3
Upper Volta	8.5
Vietnam	80
Yemen AR	7
Yemen PDR	4.5
Zaire	10
Zambia	6
<b>II. Institutions</b>	
CRS (Chile)	15
ICRS	15
LRCS	1.5
UNICEF	15
UNRWA	40
WFP	55
<b>III. Reserve (2)</b>	<b>48.2</b>
<b>IV. Total</b>	<b>720.5</b>

(1) Egypt is also to receive a quantity of 48000 t allocated to it from the 1977 reserve (Council Decision of 29 December 1977).

(2) The reserve is to cover requests not yet received, particularly from Sahel countries and Somalia, and to cope with emergencies. It includes a project of 3500 t entered in advance in favour of Djibouti.

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## SPECIAL ACTION

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EEC negotiators have arrived at a broad agreement with IDA on the implementation of the Community contribution to the "special action" decided by the North-South Dialogue. After a first meeting on 15 December 1977, the second phase of negotiations, on 26 and 27 January 1978, enabled the two parties to prepare a draft agreement, together with a draft letter from IDA to

the Community concerning the geographic division of the 385 million dollars (out of a total one thousand million) which are the EEC's contribution.

Indeed, a difficulty arose following the desire expressed by the EEC development Council last November, that no continent receive more than 50% and no country more than 20% of the total, since traditionally, IDA does not accept conditions according to the choice of the countries to receive aid and did not want to make a precedent. Instead of including this condition in the draft agreement, in an annex, IDA sent the EEC a table on the geographic division, accompanied by a letter in which it states that the Community can see according to this division, that no country receives more than 20% and no continent more than 50% of the special action account. IDA adds that if it becomes necessary to modify this system (on the understanding that it would be a matter of an absolute necessity due to exceptional circumstances) it would not decide on any amendment without prior consultation with the EEC.

Agreement was easily reached concerning the definition of eligible countries: the draft agreement with IDA states that the recipients would mainly be countries which had a GNP of, or less than, 280 US dollars in 1976. In the allocation of credits, IDA will in particular take account of the relative poverty of the developing country and its potential for long term development; the degree to which international economic factors have contributed to their problems; the prospects of its export revenue; its capacity to ensure the exports indispensable to its development; the situation of its debt-servicing and its likelihood of running into debt later; and the possibility of having access to other sources.

Another problem on which the negotiators have had to deviate a little from the formula desired by the development Council last November, concerns the participation in financial deals on the EEC's special account with IDA. IDA agreed, for the industrialized countries, to accept only participation of the EEC countries, but for the developing countries, it could not accept a solution which assumed that the IDA developing countries' loan agreements be signed first, before issuing invitations to tender to the recipient countries. Indeed, IDA's practice demands that the countries which can participate in the tenders be known before and not after the issue of invitations to tender. Given these circumstances, the solution consists of retaining the developing countries which are IDA members on IDA's list on geographic division when each invitation to tender is issued.

## Geographic division of potential special action recipients

The list presented by IDA corresponds to the criteria established by the EEC, and in particular:

— no continent is to receive more than 50% of the total. Asia will receive 50% (192.5 million dollars), Africa 48.4% (185.9 million), and Latin America and Oceania 1.7% (6.6 million).

— no country will receive more than 20% of the total: the main recipient, India, will receive 11.7% (45 million dollars).

— the developing countries which had a per capita GNP of a maximum of 280 dollars in 1976 will receive 89.6% of the total (344.9 million dollars).

— 37 recipient countries out of 45 are on the list of developing countries which are the least advanced and on the list of the most seriously affected developing countries.

Here is the recommended division according to category of country in decreasing order (in millions of dollars):

— Most seriously affected/least developed countries: Bangladesh 40, Tanzania 21.5, Sudan 20.5, Nepal 11.5, Ethiopia 10, Upper Volta and Mali 8 (each), Haiti 5.5, Guinea and Afghanistan 4 (each), Benin and South Yemen 3, North Yemen and Laos 2.5, Lesotho 2.2, Niger 2, Rwanda and Somalia 1.5 (each) Burundi and Gambia 1 (each), Central African Empire 0.5.

— Most seriously affected countries: India 45, Egypt 34.5, Pakistan 32, Burma 18, Sri Lanka 13, Madagascar 9, Ghana 5.5, Senegal 4.5, Kenya 4, Sierra Leone 3, Mauritania 1.5, Guinea-Bissau 1.

— Least developed countries: Malawi 7.5, Western Samoa 0.3.

— Other countries: Vietnam 16, Zaire 14, Chad 5.5, Indonesia 5, Togo 3.5, Zambia 3, Congo and Liberia 2 (each), Caribbean Islands 0.8, Comoro Islands 0.7.

The division between the EEC countries in million dollars was: Germany 119.08, United Kingdom 115, France 56.48, Italy 34.92, Netherlands 30.80, Belgium 15.90, Denmark 11.28, Ireland 1.04, Luxembourg 0.50. □

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## DAC

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### 1977 Review

The sheer scale of extreme poverty over wide areas of the third world, despite rapid progress overall in recent years, has led to an assessment of development priorities which makes meeting basic human needs a central

objective of development co-operation, according to Mr Maurice J. Williams, chairman of OECD's Development Assistance Committee (DAC).

In the introductory chapter to the annual report "Development Co-operation — 1977 Review" issued on his responsibility which has just been published, he urges the need for redirected policies to "provide the framework of incentives which will maximise the effectiveness of human and material resources" for the benefit of the broad mass of people in the developing world.

The DAC chairman estimates that the implementation of growth-oriented basic human needs programmes to address extreme poverty in the low-income developing countries should receive an additional \$5 billion of aid annually from all donors. Along with increased aid, "the processes of international consultation must give the developing countries more encouragement and direct support for undertaking changes in policy direction and reform when these are seen by them to be in their longer term interest." He adds: "The economic achievements of the last two decades have been large, but development is a moving target with changing needs and priorities. The developing challenge today is the great and growing disparities of life which are leaving ever larger numbers of people entrapped in extreme poverty and situations of incipient disaster".

Noting that "the North-South dialogue has sharpened the realisation that the largest mutual gains are in trade", which will benefit the economically more advanced developing countries, Mr Williams says. "For the least privileged countries and peoples, substantially increased aid, largely on grant terms, as part of well designed development programmes, is the most effective means of helping them".

"If developing countries are to make the sharp changes in priorities which are required to establish food and health security, to expand sound employment-related investment, and build a more balanced national foundation for self-sustaining economic and social advance, they need to know that they can count on the active and sustained support of the international community. It is in response to these needs that OECD countries have committed themselves to substantially increase development assistance".

Referring to the adoption by OECD member governments in June 1977 of a declaration that meeting basic human needs should be a central purpose of development co-operation, the DAC chairman summarises the strategy required to attain the twin objectives of achieving growth and relieving mass poverty in developing countries. This

rests notably on "expanding opportunities for productive employment, a more central role for rural development, adequate food, additional investment in human capital through improved health and educational services ...".

Other main points in the chairman's introductory chapter include:

— There is a need to "shake the system of development out of its present bureaucratic routines into greater efficiency"; more priority should be given to technical assistance, and, for instance, United Nations agencies could second up to 20 per cent of their technical staffs to operating programmes in low-income countries.

— Alleviation of developing countries' debt burden is one of the major unresolved issues of the North-South dialogue. The accumulated external debt of non-oil developing countries for loans disbursed by the end of 1976 was \$170 bn—more than double the figure of four years earlier. Restored economic growth should ease the debt burden, but if the DAC members' commitment at the North-South conference to increase development assistance is not met, the case for adjusting official debt in low-income countries could become overwhelming.

— Private financial flows are now a dominant component in the financing of the greatly-enlarged current account deficits of non-oil developing countries. During the past three years, commercial banks' outstanding claims on non-oil developing countries increased by an estimated \$46 bn, or more than 42 per cent of the latter's net new financing—compared with a 20 per cent share provided by the banks in 1971-1973.

In 1976 DAC members provided a total of \$ 13.7 bn in official development assistance (ODA) which was practically the same as in 1975. In real terms, and as a percentage of GNP, the DAC average for ODA fell from 0.36% to 0.33% between 1975 and 1976. □

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## WORLD FOOD PROGRAMME

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### New director visits EEC

Garson Vogel, the new Executive Director of the World Food Programme, stopped over in Brussels on 3 February for talks with EEC aid officials en route back to Rome after a tour of the Sahel.

Mr Vogel, 59, formerly Chief Commissioner of the Canadian Wheat Board, was appointed for five years last October to head the 30-nation WFP, which, he told journalists, has the low-

WFP



Garson Vogel

est administrative overheads of any UN agency (about 5%).

The WFP is jointly sponsored by the UN and the FAO. Since its inception in 1962 it has committed more than \$3000 million worth of food and cash to economic and social development projects in the Third World and to disaster relief.

The Programme handles about one tenth of world food aid. "We would like to double this", Mr Vogel said. The WFP's next pledging conference (at which donors make contributions for two years ahead) started in New York(1) on 25 February and the target for 1979/80 is \$950 million, an increase of \$200 Million. Mr Vogel was confident this would be reached. The Programme's budget has multiplied by 15 in as many years and the pledges are frequently over-subscribed. About two-thirds are in food and one third in cash and services, such as transport.

Up to \$150 million of this target will go to the Sahel, Mr Vogel indicated. Serious food shortages are again anticipated in this region, particularly in the west (Cape Verde, Mauritania, Senegal, the Gambia), where the situation is considered almost as bad as in 1973/74. Senegal has lost up to half its groundnut crop.

Total emergency food aid requirements for these countries and for Chad, Mali, Niger and Upper Volta (the other members of the CILSS—the Permanent Inter-State Committee on Drought Control in the Sahel) were estimated in January at 460 000 tonnes, half of which has been pledged. A recent OUA estimate put the figure at 680 000 tonnes.

Although the WFP is working fast to provide emergency relief, Mr Vogel stressed that it is not primarily an emergency, although it plays an important role as coordinator. The 288

(1) By 21 February, 52 countries had already announced their contributions which had reached the total of \$630 825 721. This is the largest amount even reached in such a period by the countries and organizations which contribute to the WFP.

projects it is currently running in 104 countries mainly cover rural development, infrastructure and school food. By linking aid to specific self-help schemes and giving food as payment—an experiment held in considerable doubt at first—the WFP has had notable success in ensuring that aid goes where it is really needed.

"Food is a difficult commodity to handle. But can you know that money will actually reach the poorest people, for whom it is intended?" Mr Vogel asked.

Despite bad harvests in various regions, "there is no shortage of wheat in the world at present. Stocks are up 10% and a great deal more could be produced. The problem is distribution," Mr Vogel pointed out. The WFP is pressing for better coordination of food aid operations and trying to persuade donors to give more in multilateral aid. The new director said his talks in Brussels were aimed at "a closer working relationship".

Mr Vogel said he planned no sweeping reforms in the WFP. "I simply want it to continue to grow through increased resources which would increase its operating capacity. And I would like to see it gain more recognition around the world for the positive results it is achieving". □

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## UNIDO

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Representatives of 31 developing countries which have already created free industrial zones or which are in the process of establishing them, have set up a world association of free export zones the aim of which is to promote cooperation between the member states and to strengthen their power of negotiation vis-à-vis foreign investors.

The agreement which is concerned with the official setting up of the association was concluded at the end of a five day meeting organized from 31 January to 4 February in Bataan, and Manila (the Philippines) by the United Nations Industrial Development Organization (UNIDO), in cooperation with the Philippine government. □

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## NGOs

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The 4th annual general assembly of representatives from non-governmental organizations in the nine EEC countries, which specialize in Third World development, was held in Brussels from 13 to 15 February 1978. Some 45 people drawn from various NGOs and from the European Commission (the directorates-general for develop-



ment and information) exchanged views on the cooperation, which has existed for three years now, between the European Commission and the European NGOs active in the development field. The main points covered were: the results of co-financing between the NGOs and the Commission in 1977 and the perspectives for 1978 now that the EEC has increased to 12 million EUA the sum available for co-financing NGO projects in the Third World in the current year; cooperation in the field of educating European public opinion in development issues; and food aid and volunteers.

Two important events which are of interest to the European public and which will take place in the months to come, were particularly mentioned by the NGOs. Firstly in September 1978 the re-negotiation of the Lomé Convention will start, and secondly, probably in June 1979, there will be direct elections to the European Parliament.

The NGOs agreed to launch publicity campaigns in their various countries to make public opinion more aware of these two events which are equally of concern to a large number of the inhabitants of the Third World, since, in effect, the Lomé Convention links Europe economically to 230 million people in Africa, the Caribbean and the Pacific.

A seminar is planned in Brussels to examine critically the progress of the Convention and future possibilities. It will bring together on the one hand representatives of the ACP states and

the EEC, and on the other, the European-based NGOs who will be seeking answers to a variety of questions on behalf of European public opinion and the people of the Third World.

Conferences will also be organized by the NGOs in the nine European countries. Although the participants at these conferences will reflect the differing social and economic patterns of the member states, they will normally include trade unionists, professional groups from the agricultural sector and small businesses etc, and opinion formers such as journalists, teachers and the churches. The candidates going forward to the first European elections will also be invited to put their point of view on the problems of the Third World and the consequences for industrial societies of the setting up of a new international economic order.

The aim of these concerted efforts to inform European public opinion is to get the question of solidarity with the Third World into the European debate, so that in the end the people of Europe support the idea that it is the responsibility of a united Europe to play an active role in the creation of a new world order based on solidarity and justice.

Since the very beginning of their cooperation with the EEC the NGOs have stressed the importance of educating European public opinion to the problems of the Third World which they believed was as fundamental as the carrying out of co-financed development projects with the EEC. □

ness to declining industries will not, in itself, or in the short-term, tackle the problem of unemployment. No national government offers, in my view, a long-term solution and this in itself is a hindrance to any general economic revival. Our need is for a new economic impulse on an historic scale, and we believe this can be given in the Community by a redefined and faster move towards economic and monetary union. We should not allow ourselves to be deluded by temporary economic improvements in some member states into believing that a fundamental economic turn-round is, for the Community as a whole, simply a matter of time. In the medium term a lot of European citizens will, while they wait, be without work."

### Energy Policy

"I believe that in 1978 we have two obligations. First, to make the Community picture a more comprehensive one; and second, to take some useful decisions at a Community level. To do both we need political impetus more than rhetoric. In the field of new sources of energy—such as solar, geothermal and wind and wave power—and in the development of existing sources, especially indigenous sources, there is, in my view, good scope for a Community lead and a more ambitious programme. For example, Community-backed demonstration projects would be of both real and symbolic value."

### Agriculture

"We have still not succeeded in mastering the problem of surpluses. For several important products the long-term supply trends are still tending to move ahead of demand. It is not because the mechanisms of the CAP are at fault: it is rather because the price levels at which we operate the mechanisms have been imprudent. Last year, therefore, we proposed only modest increases in the common prices. For the next season we have followed the same course; and we shall follow it for as long as is necessary to check the surpluses. In our view it is the only policy which can avoid the introduction of even harsher measures to bring excess production under control, or ultimately the disintegration of the common policy itself. In the fisheries sector we must limit our catches and adopt strict conservation rules. The Commission has put before you, and before the Council, all the necessary elements for an equitable share-out of the catch, and for effective conservation of the resources. A solution will require political courage. But we have the right to demand that courage."

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## BUILDING EUROPE

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The dossier in this issue surveys the Europe of the Nine. Two events in February were particularly relevant to the process of European integration. The programme speech by president Jenkins to the European Parliament in Strasbourg on 14 February 1978, and the Commission's proposals in the economic and monetary field for 1978.

Mr Jenkins covered the following points in his speech.

### The Economy

"Our priority is the economic and political development of the Community itself. The greatest problem which now faces the Community is the state of its economy. The aims of the Commission are two-fold. In the shorter term we are concerned with emergency action to sustain industries which are no longer fully competitive or no longer fulfil their original purposes. In the longer term we are concerned to promote the economic growth which will provide employment and prosperity for our citizens, and give us the opportu-

ity to become once more the exemplars rather than the laggards of world economic progress.

This means that the Community must launch sectors of growth which will strengthen its industrial capability through greater technological advance. The time has come, and the chance is there, to make a real advance in Community ventures in the fields of aerospace, data processing, electronics components and telecommunications. At the same time we must recognise that the attempt to restore competitive-

## Enlargement

"We must aim at least to break the back of the Greek negotiations by the end of this year. The opinion on Portugal's application should be ready by the end of March. The formal Opinion on the Spanish application may be expected at the beginning of 1979. It is clear from this timetable that the phases of the negotiations with the three applicant countries will not be concurrent. Indeed, it is accepted that the negotiations cannot be lumped together. But inevitably similar problems affecting all three will arise. Insofar as these questions are interlinked, the Commission will be bringing forward ideas at the time of the presentation of the Opinion on Portugal, that is by the end of March."

## Direct Elections to the European Parliament

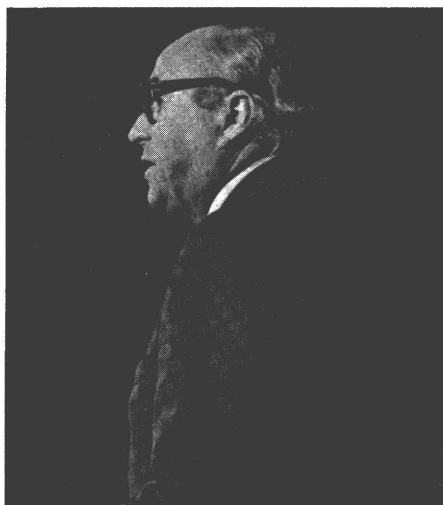
"We had all hoped that this would be the year of direct elections. The delay is unnecessary and regrettable, for the Community badly needs the impulse which a directly-elected Parliament can give. I have picked out the central themes on which, I believe, such a European election should be fought. Recent events have well demonstrated what the Community is for. It is for dealing with problems which can best be dealt with by all of us together. The institutions are there.

The relationship between the Council of Ministers and the Commission is sometimes one of constructive tension, but also and more often one of mutual reliance, mutual need and mutual respect for each other's independence and competence. Recognition of that reliance, that need and that respect should, I think, become a kind of mental reflex when problems of more than national scope arise and assume a European perspective. This is equally true of the Commission's relationship with this House. Recognition of mutual reliance, mutual need and mutual respect should again cause a European reflex. We want the European reflex to extend not only to governments and administrations and parliaments, but to the citizens of our Community."

## Commission proposals for an economic and monetary action programme for 1978

### Background

The Commission presented a Communication to the European Council meeting on 5 and 6 December 1977 outlining the prospects for economic



Roy Jenkins before  
the European Parliament

and monetary union. The Heads of Government reacted favourably to the Communication, which contained proposals for a five-year economic and monetary action programme; the details would be set out in annual sections and regular checks would be made at the highest political level to ensure that it was implemented. The paper just approved by the Commission presents the broad lines of the programme for 1978.

These broad lines constitute an overall plan of action for the different sectors in the coming year (economic and monetary policy, customs administration, social, regional and structural policy, energy and so on) aimed at paving the way for economic and monetary union while at the same time attempting to come up with lasting solutions to the European economic crisis.

### Basic guidelines

The Commission intends to launch an attack in three main fronts:

- increased convergence of economic and economic policies;
- progress in the creation of a single competitive market;
- development of Community structural and social policies.

Increased convergence of economic policies is a prerequisite of progress towards European integration. In view of the present degree of economic interdependence, any solution on the price, economic growth and employment fronts in any one member state is closely tied up with the action taken in the neighbouring state. With this in mind the coordination of short-term economic policies must take on a new dimension, to become more realistic in practice and wider in application.

The Commission will therefore concentrate on working towards a closer

coordination of monetary and budgetary policies and the re-establishment of monetary cohesion within the Community.

With regard to the **achievement of a single Community market**—a step towards integration, a growth factor and a guarantee against the temptations of protectionism—the Commission trusts that the Council will in 1978 make full use of the political stimulus provided by the last European Council by adopting a number of important proposals now before it, particularly those relating to tax harmonisation, the elimination of technical barriers to trade and the opening of public contracts to competitive bidding.

In order to promote the free movement of goods within the Community steps should be taken in the course of the year to encourage greater harmonization of customs regulations in respect of both internal and external Community trade.

The Commission will also endeavour in the months ahead to improve the quality of sectoral information in an attempt to obtain early warning of crisis symptoms and hence be able to define more clearly the action to be taken in the different industries. It also intends to pursue its policy of concerted action with the national authorities to remedy existing structural problems, to outline prospects for the development of the Community economy in the priority areas of the growth sectors and energy and to ensure that the necessary investment programmes are carried out.

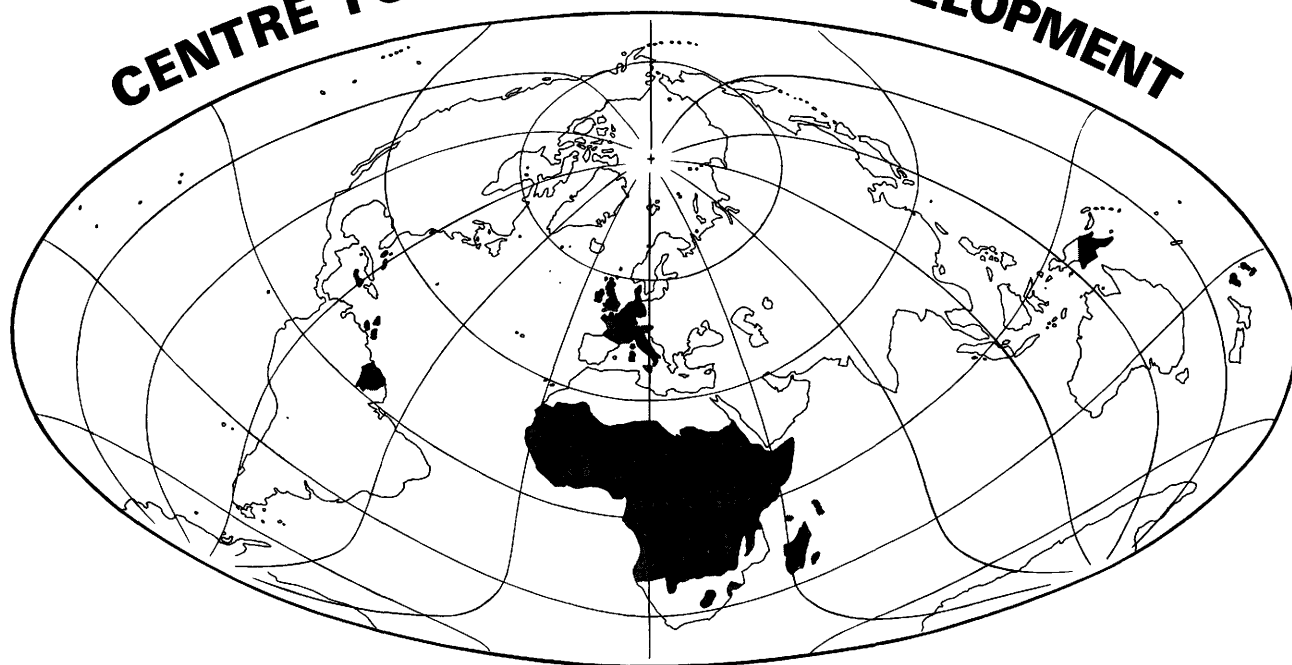
### Methods

The 1978 action programme proposed by the Commission represents the first annual programme under the five-year plan presented to the European Council last December. It will be submitted for approval to the different Council meetings foreign affairs, social affairs, agriculture, economic and financial affairs, energy and so on).

The programme as a whole constitutes a coherent framework for action by the member states and the Community to support the economy, to deal with structural problems and to lead Europe out of the current crisis. It also constitutes the foundation on which to build a genuine economic and monetary union, to be constructed as progress is made in the different fields.

If this programme is to be implemented satisfactorily, it must be monitored throughout and given effective political backing; in addition the European Council should carry out a review at the end of each year. It will also necessitate close cooperation with both sides of industry. □

# CENTRE FOR INDUSTRIAL DEVELOPMENT



## BUSINESS OPPORTUNITIES

### Business opportunities, free trade areas and regional cooperation

#### The inaugural meeting of the World Industrial Free Zone Association

The inaugural meeting of the World Industrial Free Zone Association was held at Manila in the Philippines earlier this year. At this conference, the Centre for Industrial Development made proposals for a new direction and a new initiative in the growth and objectives of free trade areas. The following is a resumé of the proposal.

1. We have seen, and we continue to see, the growth of free zones based on the possibility of using low cost labour—usually to manufacture goods for the industrialised world. What may be less obvious, but very real, is that we are seeing free zones competing one with another—low cost labour against low cost labour competing for the attraction of the new industries.

2. The Centre will certainly help any ACP state achieve its objectives but would like to draw attention to a path which should be easier and more attractive for the ACP states. This new path is based on a manufacturing characteristic known to the industrialised world as the experience curve.

3. Experience curves differ in their exact shape but they are all more or less like the curve shown

in figure 1 (see p. XXVI). In figure 1 the x axis represents the quantity of similar items produced. This is normally the quantity produced per annum although it can be the total cumulative quantity. The y axis represents the unit cost of production. The outstanding feature of this curve is that production at fairly low levels, that is at the left-hand side of the x axis, means a very high unit cost of production. As the level of production increases, the unit cost of production decreases.

4. Now this experience curve represents the battle ground in which Western industrial companies live. If the established company is operating well along the x axis, it has a low cost of production and it becomes exceedingly difficult for a new company to get into the business. Think now what this means for establishing an industry in a Third World country. The Centre for Industrial Development is continually concerned with the shape of the curve for each

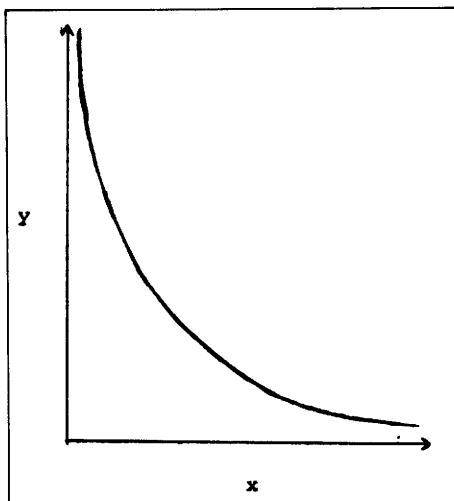


Figure 1

particular industrial process and we publish what we term Business Profiles. These Business Profiles show whereabouts on this curve it is possible to operate and achieve a unit cost of production which is somewhat comparable with world costs. In this manner, we are able to show an ACP principal the minimum level at which he must manufacture if his product is to have a cost of production which permits him to capture the local market. We adopt as an axiom the statement that it is pointless to produce a drinking glass in an ACP state if the local shop-keeper can sell the imported product more cheaply. If he can do that, then either tariff barriers must be raised to exclude the imported product or the local factory will not be profitable. Let us not forget that raising of tariff barriers simply means that the local population pays. So for each industry, it is necessary for a manufacturer in an ACP state to manufacture at a scale well down the curve. If he does not, then the imported product can accept the penalties of transport cost and taxes yet still outsell the local product.

5. The Business Profiles help ACP states to establish industries

at a level of production which permits a cost of production somewhat comparable with world costs. But in many fields, this will not be practicable if the local factory can manufacture only for the local market. **And so the Third World countries continue to import these products from the industrialized world.** An ironic quality of this importation is that sometimes the products are based on natural materials which exist in the ACP states and are not exploited. Fundamentally, therefore, the states are importing the product of labour in the industrialised world—the antithesis of what Third World industrialization sets out to achieve.

6. Yet, with the help of a Community partner, it would be possible to establish factories to serve the whole region. Each of these factories could be operated well down the experience curve: could be operated to international standards of quality and have a production cost which makes the product competitive with any imported product.

7. With this concept, there is no need to concentrate on a narrow range of products to be marketed in the industrialised world and no need to worry about the increasing competition from other low-labour cost countries. The emphasis is now not just on low labour cost with added transport costs to face the industrialised market. Instead, the emphasis is on a whole range of products and as the market is a regional one, there could be a transport cost advantage.

8. Moreover, many of these products could well be based on the use of local raw materials with the full element of added value.

9. We at the Centre are able to find within the Community joint venture partners who will cooperate with an ACP state in the

establishment of a new industry, provided that new industry has good prospects of being durable and viable. There is no need for us to shy away from the establishment of a large industry in a geographical area to serve several states—no need to shy away simply on the basis of the technical problems. Those problems are entirely soluble. We know how to solve them. The problems we find it more difficult to solve are the organisational ones of states agreeing to cooperate.

10. If there is a sufficient level of interest in this proposal, the Centre for Industrial Development is willing to devote its skills and resources to bringing people together to solve the problems. One useful approach which the Centre can offer later this year would be to run a workshop for delegates from a single geographical region. At such a workshop, the delegates would work under the guidance of industrialists to determine the way in which this initiative could be implemented, **but would tackle only the business aspects and would not attempt to make decisions.**

11. A candidate industry does not need to be established in a free zone. Successful experience in the Community has shown how incentives can be provided for the growth of industries wherever the right conditions exist. Based on this approach, we could assist the growth of one or two large profitable industries in each state within a suitable region. These industries would achieve economic scales of production: useful employment: the transfer of technology: and intra regional trade.

**Write to the Centre:**

Centre for Industrial Development,  
For the attention of Division 1,  
451 Avenue Georges Henri,  
1200 Brussels,  
Belgium.

**“Industry is our profession”**

## Opportunities in the ACP states

Requests have been received from the ACP states that they be put in touch with Community companies. A selection of these requests includes:

### Glass bottles — Ref. 44/78

Liberia and Sierra Leone are planning to set-up jointly, under the Mano River Union between the two countries, a factory for the production of about 25 million bottles a year. Estimated investment cost: US \$ 7.4 million including working capital.

An EEC joint-venture partner is needed to provide technical know-how and to participate in the share capital. Documentation available: CID Industrial Project Proposal; UNIDO feasibility study of November 1977.

### Fruit processing — Ref. 45/78

Senegal: Private promoters and the government (SONEPI) are inviting EEC firms to participate in a 2 million US \$ project to process about 3 t of mangoes, lime and oranges into jam, nectar and juice, mainly for export. Location: Casamance (southern Senegal). CID Industrial Project Proposal available.

Mali: Production of mango, guava and passion fruit juice (400 tons a year) mainly for local market. Location: Sikasso area of southwest Mali. Investment: about US \$ 800000. EEC technical partner required.

### Assembly of telephone sets — Ref. 46/78

Regional project Senegal and Ivory Coast: annual assembly of about 25000 telephone sets for the West African market. Plant to be established in Dakar/Senegal. EEC technical partner required. Documentation: CID Industrial Project Proposal.

### Toilet soap — Ref. 47/78

Senegal: Factory for production of 8000 t of soap per annum. Total investment about US \$ 3.6 million.

EEC joint-venture partner required. CID Industrial Project Proposal available.

### Burundi — Investment and technical cooperation possibilities — Ref. 48/78

The government of Burundi is inviting firms to consider technical and eventually financial participation in the following projects:

Project	Investment in FBU mio
Sugar mill	1500
Canning	250
Yeast production	100
Textiles and clothing	200
Shoe production	150
Foundry	150
Glass containers	400
Bricks	230
Several construction materials	400

### Uganda — Action programme — Ref. 49/78

The Uganda government has prepared an Action Programme for the next few years which foresees re-organisation and expansion of a large number of industries in practically all sectors. The Action Programme is available with the CID. EEC firms are invited to participate in the programme, by providing know-how and/or capital. Uganda has also, in 1977, passed a new Foreign Investment Decree, a copy of which can be obtained from the CID.

Cooperative Bank projects: technical and financial partners needed for

- chrome plating plant (US \$125000);
- soft-boards from bagasse (US \$4.6 million);
- coffee processing (US \$2 million);
- rehabilitation of 5 oil mills (US \$2 million);
- pesticides production.

Project reports are available with the Cooperative Bank.

### Nuts and bolts — Ref. 50/78

Kenya: EEC technical partner needed, financial participation also welcomed. Total East African Imports 1975 about 17.8 million K. Shs. for mild or high tensile steel nuts and bolts. Estimated investment cost: 1.8 million K.Shs (£ St. 120000). Private Kenyan sponsor.

### Soda ash — Botswana Ref. 51/78

The Botswana government is looking for EEC firms to join-in with a leading Japanese company for the exploitation of a huge brine deposit in north-eastern Botswana. Production of various products such as soda ash (1000000 tpa), solar salt, potash, etc. possible. Investment cost about US \$150 million. The CID is coordinating the establishment of the EEC-Japan consortium. Summary project report of July 1977 available with CID.

### Timber logging and processing — Ref. 52/78

Papua New Guinea: EEC investment and technical partner needed for expansion of logging operation from 10000 tpa to 17500 tpa, and the setting-up of timber and timber wastage processing facilities (furniture parts, boards, etc.).

### Tin plate production — Ref. 53/78

Kenya: setting-up of tin plate plant with annual initial capacity of 30000 t. Location, Mombasa. Production for local market. Government and private UK firms require investment partners from EEC countries. Project paper available with CID.

## EEC firms looking for ACP partners

EEC firms are looking for partners in the ACP states, for the following projects:

### Textile linings — Ref. 54/78

German company is looking for joint-venture partners in ACP states with markets of about 3 million meters per year of interlining material. The production process requires spinning, weaving, finishing and coating facilities. Linings are used in shirts, men's, children's and women's wear.

### Weaving of crust leather thongs — Ref. 55/78

Belgian company propose to set up a small factory in an ACP state

to make leather thongs for furnishings. Estimated investment cost 12 million BF (US \$340000). Availability of good quality crust leather is vital. ACP partner needed to organize project and to participate financially. Pre-feasibility study can be obtained from CID.

### **Waste oil regeneration plants — Ref. 56/78**

The regeneration of waste oil allows ACP states to save substantial amounts of foreign exchange. EEC engineering firms have designed plants, many of which already operate in developing countries, with technologies adapted to local conditions.

Plant capacities are in the range of a waste oil throughput of 400 kg/hour (smallest) and 16000 kg/hour (biggest).

A 1500 kg/hour plant would appear to be suitable for most ACP countries; its investment cost is

about DM 1.75 million (US \$810000) c.i.f. African or Caribbean port. Installation cost had to be added. No building is required. Raw materials: waste oil, sulphuric acid, bleaching clay. The plant can be operated 24 hours/day, but can easily be switched on or off for shorter operation.

Refined products: Basic oil 7.5 — 8.5°E/50°C; spindle oil 2.5 — 3.5°E/50°C; Gas oil (light fuel oil).

The CID is willing to assist interested parties with the preparation of a full study on the viability of the plant.

## **HANNOVER FAIR APRIL 1978**

### **ACP firms are invited to present projects**

Throughout the period of the Hannover Fair in Germany, from

April 19-27, 1978, the CID, UNIDO and the German Development Company (DEG) will be at the disposal of firms from the EEC and the ACP states interested in presenting and discussing industrial project proposals.

ACP principals and firms should send their project proposals, backed by basic figures on local market and raw materials, to the CID

**before April 10, 1978.**

These proposals will be presented by the CID to EEC industrialists participating in, or visiting, the fair. Please also note that the CID can cofinance a feasibility study and help to raise project finance.

A two-day symposium on industrial cooperation problems will be organized on April 24 and 25, 1978.

A full programme will be sent to you at your request. □

## **A QUICK RESPONSE**

**If you are interested in any of the items mentioned in this periodical, send us a telex quoting the reference and we will send you further information when it is available.**

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## Made in Europe: Has European culture reached retirement age?

Everyone belongs to a culture, in the sense of the shared expression of a way of life; not everyone is cultured, in the sense of possessing superior moral, intellectual and aesthetic faculties. Describing both aspects of European culture in two pages is squeezing a quart into a pint pot with a vengeance, but here is a layman's view of a culture that has had more influence on the modern world than any other.

### Instant history

If the world can be divided North/South economically, it can be divided East/West culturally. European culture is the basis of Western culture, bridging the Old World and the New. In so far as culture can be equated with civilization, it probably began neither in the East nor the West, but between the two: in Mesopotamia mankind gave up the wandering life to found the first settlements and the division was established between the wanderers — to be found today as desert nomads or gypsies — and the settlers. The vital difference was that a settled community could support specialized craftsmen, craftsmen who were one day to start the industrial revolution. In Europe, the settled way of life

was perhaps not finally confirmed until the 13th century, with the death of Genghis Khan; but civilization had been founded for over 2000 years in the eastern Mediterranean, the sea we still call "the centre of the Earth".

European culture had the Mediterranean as its cradle, but it is of mixed parentage and broken descent. The classical world borrowed the achievements of other civilizations. The Chinese were masters of bronze when the British were putting up Stonehenge; steel was used in India in 1000 BC, but was still a rare material in Europe in the 18th century. Few seeds of the antique culture took strong enough root in Europe to survive the pillage of the Byzantine Empire — European schoolchildren still learn that these were the Dark Ages. But the invaders, particularly the Arabs, swept up knowledge en route, and Europe discovered much of its classical heritage 1000 years late, in translation.

What made Europe the foundry of Western culture was less its inheritance from the Old World than its conquest of the New. An Arab king still governed southern Spain from the Alhambra when Columbus set sail in 1492, but while Ottoman autocrats held the Mediterranean, the West Europeans — English, Spanish, Portuguese, French, Dutch — set out across the ocean at their door, and some did not stop until they had sailed around the globe. The new confidence led to an explosion of discovery — the Renaissance.

### Thinkers versus rulers

In any culture there is conflict between the intellectual adventurers and the established authorities. In Europe, the

*At the Munich beer festival. Is uniformity turning Europeans back to folklore to express their local cultures?*



PHELPS-RAPHO

intellectual challenge has probably been more successful than elsewhere, helped by a religion which, at least since the Renaissance, has allowed a greater celebration of human achievement than Eastern faiths. But one discovery in particular was too much for the authorities. Copernicus first shattered the mediaeval world picture of the Earth as the centre of an immutable Creation, and when Galileo offered visible proof of this world's unimportance to the universe he was forced by the Catholic church to recant. That censorship helped push the scientific centre of gravity north to Protestant Europe, where trade was establishing a new, middle class of society. England was becoming a republic in 1642, the year of Galileo's death and Newton's birth. While the French and American revolutions asserted the principles of "the Rights of Man" over 100 years later, Britain, a staging-post between the European and American continents, saw the start of the industrial revolution that was to make social justice possible in reality and that has visibly distinguished Western culture more than any other factor.

The aristocracy of craftsman — the masons of the 12th century, the printers of the 15th, the watchmakers of the 16th — now included the engineers of the 18th century, who replaced stone by iron, the horse by the canal and later the railway, and who invented the industrial machine which has set the pace of Western life ever since. In the 19th century, simple household goods such as soap, pottery, glass and coal raised the living standards of the European poor, and the factories took power away from the landowners to establish the Western pattern of working away from home. Despite the grim working conditions, those Victorian factories founded the last and biggest European empire, the British, which brought a Western culture to all the continents of the world and was to make a European war a world war.

## The loss of confidence

The great craftsmen of the 20th century have been the scientists, pushing back the frontiers of knowledge from the edges of the universe to the inmost parts of the atom; and the main characteristic of Western culture in this century has perhaps been a continuation of material progress — more people in Europe live more comfortably than ever before and the facts of life are no longer fearful. These last 100 years have seen the spread of Western culture; just as the New World gave Europe such familiar things as potatoes and tobacco, so the West has given the world the motor car, the skyscraper, the TV set and the million other things that make up the common currency of this century.

But at the higher cultural level, a fundamental change has affected Western thinking over these 100 years. Perhaps it reached its most spectacular expression with Darwin and Einstein. It is a change firstly in the idea that the universe is immutable, a block of stone that only has to be split for its secrets to be revealed. Darwin showed that life is in constant evolution. Secondly, we have become uncertain of the nature of knowledge itself; the remoter science becomes from the senses, the more our descriptions become images; we aspire to relative, not to absolute truth.

It would be unrealistic to pretend that this intellectual hesitation is reflected by social dissatisfaction, that the West is looking for new, post-industrial values because the Western intellectual advance is slowing. But European culture has lost the confidence of its great ages of discovery. Knowledge is increasingly the preserve of specialists and Europe seems more concerned with organizing than with exploring the human condition.



LOUGEL-PHOTOGRAM

*Common Market supermarket. But "Europe owes less of its character than North America to the age of mass production"*

## Tomorrow and tomorrow and tomorrow

Is organization incompatible with culture? Will tomorrow's European Community be deadily dull in its uniformity while another part of the world carries the torch of discovery?

Poverty and conflict are not among the Muses. Economic and political integration should remove them further. In Europe, as in the United States, regional and minority cultures are asserting themselves with new confidence — whether in opposition to uniformity or under its protection scarcely matters. The astonishing cultural flowering of Europe in the Renaissance was assisted by uniformity — the uniform use of Latin, the uniformity of the printed page, the freedom of movement. Now, for the intellectual leaders, thought is world-wide. For the rest of us, cultural diversity is a matter of origins, and here Western culture divides back into the Old World and the New. Europe owes less of its character than North America to the age of mass production and has more to set against it. When a person has to hide his origins the better to earn his living, or a country its culture, when 'popular' is translated as 'vulgar', we are the poorer. If better organization can remove material constraints and social prejudices, if we can set the economic machine to our own pace, Europe should have more scope for culture than at any time in this century of "The Wasteland".

As for the Muses, they have never respected bureaucracy. Maybe they will accept an invitation to become the patron saints of the Europe of the Nine.□

BARNEY TRENCH



# The Community customs system

The way the Community customs system has developed is intertwined with the evolution of the overall economic integration system of which it forms part. When the Community was established in 1958 there was no question of opting for a free trade area. Only on the basis of a customs union with a uniform external tariff could a common agricultural policy and external trade policy be constructed. The system of financing the Community budget from its own revenue (mainly duties and levies) that was evolved later would have been unthinkable in the context of a free trade area. Looking at it the other way round, the incorporation of the customs union's revenue in the financing system of the Community is a not inconsiderable factor in the special institutional position which distinguishes this customs union from all the others in the world. Regulations that are directly applicable in the Member states, and subject to the binding interpretation of the European Court of Justice, also contribute towards strengthening the inner structures of this customs union.

## The instruments of the customs union

However, as the basis for an economic community, the main function of the customs union is economic rather than financial. From the outset it was embodied in a Common Customs Tariff which, after a long transitional period, embraced six Member states as from 1 July 1968 and nine Member states as from 1 July 1977. Essentially, it represented the arithmetical mean of the duties of the six founder countries, which included high-duty countries (France) and low-duty countries (Federal Republic of Germany) and also three states which had had their own customs union since 1948 (Belgium, Luxembourg and the Netherlands).

The characteristic feature of this Common Customs Tariff is that it was established in its original form with a view to promoting world trade and creating privileged regional trade relations and not in order to preserve historical monuments. In the course of the Dillon and Kennedy Rounds of trade negotiations its overall level was reduced appreciably. The Tokyo Round — the latest in the series of negotiations — is still under way.

The significance of this development was in fact overshadowed by the splitting-up of the Common Customs Tariff into special tariffs as a result of one of the Community's most important achievements, namely its external trade and development policy. Under this policy the Community has to a very large extent dismantled the tariffs on industrial products applicable to its immediate neighbours, the EFTA and Mediterranean countries, and has placed its relations with the ACP States and the developing countries in general on a privileged basis.

It is hardly surprising that to achieve this a number of technical devices have had to be used. For a range of products graded according to their sensitivity the customs benefits are granted only for a predetermined volume of imports (quotas) or are subject to a system of surveillance that makes it possible to remove the customs benefits for a certain period when given "ceilings" are exceeded. Imports are never prohibited and can always enter under the normal tariff conditions.

Recently, however, world-wide overproduction of textile

products forced the Community to adopt more drastic measures for a time. It has concluded export limitation agreements with 33 countries whereby a body of instruments placing quantitative restrictions on imports are to be applied. This means that if a specified volume is exceeded, all imports may be banned for a certain period.

All these measures, whether of a tariff nature or designed to apply quantity controls, can be implemented effectively only if there is no doubt as to the countries in which the goods actually originated. For this purpose systems of administrative cooperation have been established with the partner states that export the goods in question to the Community. The certificates are made out on the basis of rules of origin which allow for the different production structures that exist for individual products in the world.

In addition to origin rules of this type, which have become increasingly important recently, the Community recognized the need at the end of the sixties for a harmonized law governing the treatment of goods on importation, on temporary importation and on temporary exportation. Common rules were therefore established for customs warehouses, free zones, inward and outward processing, returned goods and deferred payment. These round off the picture of a customs union that is sufficiently firmly established vis-à-vis the outside world, though still a long way from being complete.

## Why there are still customs barriers between the EEC countries

Within the Community, the customs union is committed to the guiding principle of the free movement of goods where the eventual aim is to achieve the same degree of freedom as already exists within each individual Member state. As was established at a conference on the customs union held in December 1977, the Community is clearly still a long way from this objective, which implies the elimination of internal frontiers between the individual Member states. A Community transit procedure, which has existed since 1970, does at least mean that formalities can be removed from the internal frontiers and dealt with in the interior of a country, which already constitutes some progress. Today, however, it seems more essential to create conditions enabling these formalities to be removed completely. This objective is supported by the EEC Treaty, which expressly prohibits all charges having an equivalent effect to customs duties and the application of measures having an effect equivalent to that of quantitative restrictions. In view of the continuing differences in the field of indirect taxation, this aim is not going to be achieved overnight. Nevertheless, the formalities affecting the principal trade flows between the Member states, which are subject only to value added tax, could be eased to such an extent that we would get very close to the ideal of free movement of goods as within a single country. This depends, though, on the national authorities' readiness to cooperate with their neighbours more closely than in the past, but it does seem that the authorities are becoming more and more aware of their joint responsibility. There is no doubt that a decisive contribution will thus be made to the consolidation of the Community customs union. □

Nikolaus VAULONT

# The common agricultural policy

Governments the world over have always intervened to a greater or lesser extent in agriculture. They did so in the countries which became members of the EEC and history shows that differing policies have always impeded economic cooperation.

This is why the Community also wanted agriculture mentioned in the general objectives of the Community, as laid down in Article 2(1) of the Treaty of Rome. The exclusion of agriculture from the common market would have created distortion in the economy, since the pursuit of national agricultural policies would have had a direct effect on competitiveness and been a serious obstacle to a better division of labour within the Community.

The common agricultural policy is based on a number of very different systems and mainly involves common organizations of agricultural markets laying down support measures, including those dealing with external protection. It was completed in 1972 by the addition of a socio-structural policy and is aided by the rules of competition of the Treaty of Rome.

## Three basic principles

Three basic principles were laid down as early as 1962 and have governed the agricultural common market ever since:

- 1 The principle of the unity of the market, characterized by free trade in agricultural products and a common level of guarantee. This was achieved in 1967/68 after the gradual harmonization of agricultural prices in the various Member states.
- 2 The principle of Community preference via the establishment of a single system of protection against the outside world, characterized by fixed duties at frontiers and by the Common Customs Tariff.
- 3 The principle of financial solidarity via an agricultural guidance and guarantee fund (EAGGF).

The type of market organization was chosen to suit the type of product in question. Roughly speaking, four types of organization were adopted. Their main feature is the support price (applicable to 3/4 of Community products), complementary aid for products (similar to the old British system of deficiency payments), aid in the form of a lump sum per hectare and a single system of external protection. Every year the Council fixes the common prices and amounts of aid for the following year.

Although the principles of Community preference and financial solidarity have come fully into play, the unity of the market has been badly affected by monetary upsets. These have led to the introduction of compensatory monetary amounts in respect of intra and extra-Community trade in most agricultural and processed products.

Unlike the prices and markets policy, the Community's socio-structural policy is a recent innovation (1972) which

(1) "The Community shall have as its task, by establishing a common market and progressively approximating the economic policies of Member states, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the states belonging to it."

has developed fairly slowly. It involves measures aimed at modernizing farms, helping people who want to leave agriculture, providing farmers with information and training, ensuring minimal occupation and maintenance of mountainous and certain other areas and expanding trade in and the processing of agricultural products.

## Increased trade within Community

The establishment of an agricultural common market led to considerable growth in trade between the Member states. Between 1963 and 1972, intra-Community trade in farm and food products in the six original countries increased 2.8 times. From 1973 to 1976, trade within the enlarged Community increased by 56%. In spite of the principle of Community preference, imports from third countries increased by 38% over the same period. This growth in trade meant that a wider and more constant range of agricultural products was available.

At the same time, productivity increased greatly (by some 6.5% p.a.), particularly because of a reduction in agricultural labour (4-4.5% p.a.) and an increase in the final agricultural production of some 1.9% p.a. Today, the supply of food products for human consumption is more or less secure.

Generally speaking, the instruments introduced to stabilize the market have been efficient in countering fluctuations in the short term.

However, the common agricultural policy has been unable to solve all the problems of Community agriculture. It has been unable to put a stop to major differences in income within the agricultural sector. Structural change, the essential means of handling this situation, has remained a very slow process.

The markets and prices policy has failed to prevent a serious imbalance of certain agricultural markets. For many products, particularly milk, wine and sugar, the increasing disparity between supply and demand is of structural origin and due to the fact that production increases faster than consumption. Imbalances of this kind, which are apparently becoming more general, have different causes on different markets. Technical progress and the solid price guarantees which the common agricultural policy provides for certain products have an important part to play here. It is vital for the common agricultural policy to overcome these problems now.

Other serious problems facing the common agricultural policy arise from the break in the single market following the monetary upsets in the Community, which led to a break in the unity of prices and markets. As things stand, the common market is divided into seven partial markets which are linked by a system of monetary compensatory amounts. The absence of economic and monetary union thus repercussions on Community agriculture. One of the Community's aims in the future should be to gradually do away with the systems of compensatory amounts.

The Community was enlarged in 1973, when the UK, Ireland and Denmark joined, and has shown considerable flexibility in dealing with the new situation. On 31 December 1977, the transitional period provided for the new members came to an end. The Community now has more potential members, Greece, Portugal and Spain having officially applied for entry. Assimilating their agriculture will pose certain problems to the Community and it must avoid a situation whereby application of the common agricultural policy would create a surplus of Mediterranean products. □ J.T.P. DE REGT

# European industrial policy and the international division of labour

by Etienne DAVIGNON(\*)

Although the crisis in the industrialized countries has hit the Community, with its very open economy, particularly hard, the EEC intends to maintain its tradition of free trade and will continue to ensure privileged access to its market for exports from the Third World. The world's biggest buyer and biggest supplier, and therefore seriously affected by both the soaring costs of its supplies of energy and raw materials and by a falling-off in the demand from the industrialized world, the Community is preparing to face the constraints and possibilities of the new international division of labour.

Discontinuation of the growth the Common Market has known so far would be a threat to the openness and unity of the Community market if the Community were not taking deliberate steps to stem the increasingly strong protectionist and interventionist tide in certain Member States. The Community's answer to the crisis is, primarily, to refuse to be inward-looking, preferring, on the contrary, to go about gradually developing an industrial redeployment strategy clearly aimed at increasing external trade. Although the Community is currently pursuing policies of industrial restructuring in steel, textiles and ship-building, it is not with the aim of removing these activities from international competition and even less of evading the consequences of the new international division of labour. The external trade measures that go with these policies are transitional ones and their only justification is that they will provide a breathing space for these sectors to restructure and regain the competitiveness they must have on the international market.

However, the Community's industrial action is not confined to modernizing the sectors hit by external competition. It intends deriving increasing benefit from the opportunities offered to Community industry in three areas:

(\*) EEC Commissioner for the internal market, industrial affairs and the customs union.

- external markets;
- advanced technology;
- activities linked to the new economic growth.

Traditionally, the Community is a major exporter and the structure of its external outlets is undergoing considerable change due to the increasingly large part played by the energy and commodity producing countries and by the developing countries. New requirements, which appear on Community markets following the development of countries to which the EEC contributes actively by development cooperation and the purchase of goods, provide the opportunity to expand Community industry, provided it can be organized to meet the demand.

In advanced technology (aeronautics, information science, electronic components, telecommunications), Community industries, in spite of a high level of development, are unable to face up to American and Japanese competition and make an impression on the world market, primarily because, in the absence of any unified Community market, industry's efforts are too piecemeal. In these sectors, which depend on public orders to develop, international barriers have only been partially and very unsatisfactorily removed. The Commission is actively engaged in speeding up unification so that research, production and marketing can be grouped. There are good possibilities of a European medium-range civil aircraft and of a European-based informatics industry.

Finally, the soaring costs of energy and of many commodities and the deterioration of the environment mean that new industrial activities, linked to energy saving, new sources of energy, depollution, the recycling of waste and so on, must be set up. The Commission intends implementing active energy and environmental policies to encourage the development of such activities.

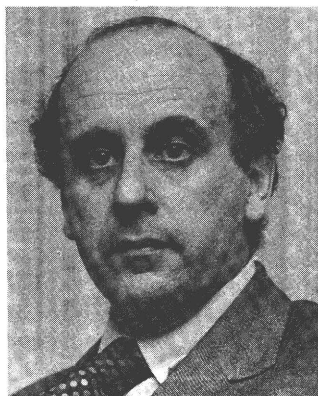
The aim of this series of measures is to bring the Community economy up to a rate of growth which will allow it to remain an attractive market around which the development of a large part of the Third World, starting with the ACP countries, is articulated. But in doing this, the Community is well aware of the importance of industrial development beyond its frontiers, particularly by means of greater investments in the developing countries. It is with industrial cooperation that the Community can help optimize the mineral resources of the Third World and guarantee its own supplies.

Furthermore, Community investments in the ACP countries provide a transfer of technology which is a vital support for their expansion.

It must be clear to the ACP countries that the Community's plans for its own industrial development involve increasing complementarity with its customers and suppliers in the ACP. Lomé II should give everyone concerned the opportunity to strengthen and better organize industrial cooperation, which is currently being developed fairly slowly and in sometimes precarious conditions. The development of a Community industrial policy shows that the EEC is adjusting its production structures to allow for and to encourage the industrial development of its partners, the ACP countries. □ E.D.

## ETIENNE DAVIGNON

*"The Community is well aware of the importance of industrial development beyond its frontiers, particularly by means of greater investments in the developing countries"*



## Europe and the Third World

by Claude CHEYSSON

**“We are at the beginning of a fascinating period during which we will share a common experience with groups of countries which are historically and geographically our neighbours”**

Every year, the *Courier* asks development commissioner Claude Cheysson to give his thoughts on the trends in Community/Third World relations. But in our dossier on the EEC, Mr Cheysson has gone further than this. Instead of giving a breakdown of problems and achievements over the last year, he turns to the future. This article contains the main points of an interview during which Claude Cheysson emphasized the following points:

- 1978 is just one year in a significant period of change.
- The Third World has become an international partner on the world scale.
- The countries of the Third World and of Europe have a common desire for cultural identity and material progress.
- Unchecked, Europe's pursuit of prosperity would not have been long in leading to its demise... The crisis is therefore Europe's moment of opportunity.
- The EEC must speak with one voice and show it is a Community by its joint action at international level.

A.L.

**E**very new year, we tend to imagine that the coming months will be very different and much more important than the previous twelve. However, I am not at all convinced that there is anything special about 1978, although I do believe the whole period, of which 1978 is just one year, is a significant one. Is it the middle year of the period? Are we still at the beginning of the end of the previous period or are we already at the beginning of the next? I do not know and I do not think it matters, because as far as I am concerned, the most important thing is that there is no doubt that times are changing.

### Unity from disorder

The economic order of the post-war years had highly spectacular results on a material level. But things got out of hand and disorder was the result. In the '60s, we had a firm order based on a monetary system inherited from Bretton Woods and enshrined in GATT which organized rapidly expanding international trade. It was a factor bringing



*“The Third World countries want to develop and benefit from material progress, while keeping their own characters”*

considerable prosperity and it was protected by strong American leadership which, with the cold war on the decline, could fulfil its constructive potential. But now at the end of the '70s, our world is dislocated, disorganized, disordered and multi-polarized. But from this disorder, new partners, the countries of the Third World, have emerged. So far, and this is something I am very pleased about, the 77 have maintained their solidarity and unity in all their dealings with us. They fight among themselves, of course, but then so do we! But they have maintained a united front as far as we are concerned. The fact that one or two of them, (mainly the oil-producing countries with low populations and those with certain raw materials) have become rich and powerful has turned the Third World into a partner at international level and the individual countries into partners of each of our countries. This is particularly clear to the countries of Europe, which are small and heavily populated and need to consume vast amounts to keep pace with the advances in their standard of living and social systems. Consequently, they are forced to look to the outside world for the major part of their supplies, to ensure enough trade to pay for these supplies and to safeguard their GNP.

At the same time, our societies have become tired of growth now that a certain level of consumption has been reached. And if the crisis worsened and pushed down this level, we would no doubt return to the same basic need for quantitative growth. Let us have no illusions. We must not think that because we in Europe have more or less what we want then the rest of the world has too. The world in general has not got all it wants and it needs quantitative growth. If certain needs are left unsatisfied, the situation could become explosive. In Europe, on the other hand, quantitative needs have been more or less satisfied, even if there are one or two weak spots where there are still reasonable demands to be met. This is why, generally speaking, our populations, particularly those who have never experienced penury, are anxious to turn to other horizons and fulfil other ambitions. The quest for a better quality of life goes hand in hand with the expression of one of man's fundamental needs, the need to express himself, to live in the right surroundings and to affirm his personality.

## Cultural identity

In the present crisis, I am not at all surprised that trends which the Belgians call "community", the French call "regional" and I myself call "local" are so strongly apparent. The demands of the Corsicans, the Flemings and the Scots have something in common with the disillusionment of the youth of today with breakneck development. The desire to be oneself, to have one's own cultural identity, is, as far as I am concerned, a very basic desire and the two descriptions I have just given contain two elements of understanding, cooperation and solidarity between the Third World and the countries of Europe. There is an economic element, naturally. The Third World needs growth and we need to find a new formula for growth, whereby GNP is increased to provide adequate means for both public and private sectors. Does not satisfying this need for growth involve meeting certain of the Third World's demands by opening up further markets in the Third World? Ought this not be one of our absolute priorities? I can easily demonstrate that this priority involves remarkably little inflation when compared to all other possibilities.

But above all, on the much more fundamental level of culture, in the Chinese sense of the term, is not this desire for cultural identity on the part of the Bretons, the Scots, the French, with their nationalism, and the Germans, with their new sense of nationalism, very much akin to the desire of those countries of the Third World which stand out because of their history, philosophy or religion? And aren't they, too, anxious for growth and material progress without loss of identity? These I feel are two major items for reflection during the present period.

## Hitch in time saves Nine

I also think that, unchecked, the pursuit of prosperity alone in Europe would have led to its demise within a very short time. That is to say that Europe would have lost all its spiritual, cultural and fundamental meaning and would have been no more than an empty shell. And in this shell, the common shell, i.e. the common market, the most skilful and powerful forces would have had free rein. This kind of Europe would have rapidly become intolerable to anyone wanting to go beyond a purely economic approach. Furthermore, this kind of Europe would never have been properly constructed, for the years of prosperity were also years of laissez-faire. The only field where there was no laissez-faire was agriculture, for the simple reason that there prosperity was not automatic. Some sectors of agriculture were dogged by the need to boost productivity and face up to external competition and this led us to produce a common agricultural policy. This is the only time, moreover, we have ever used the word "policy".

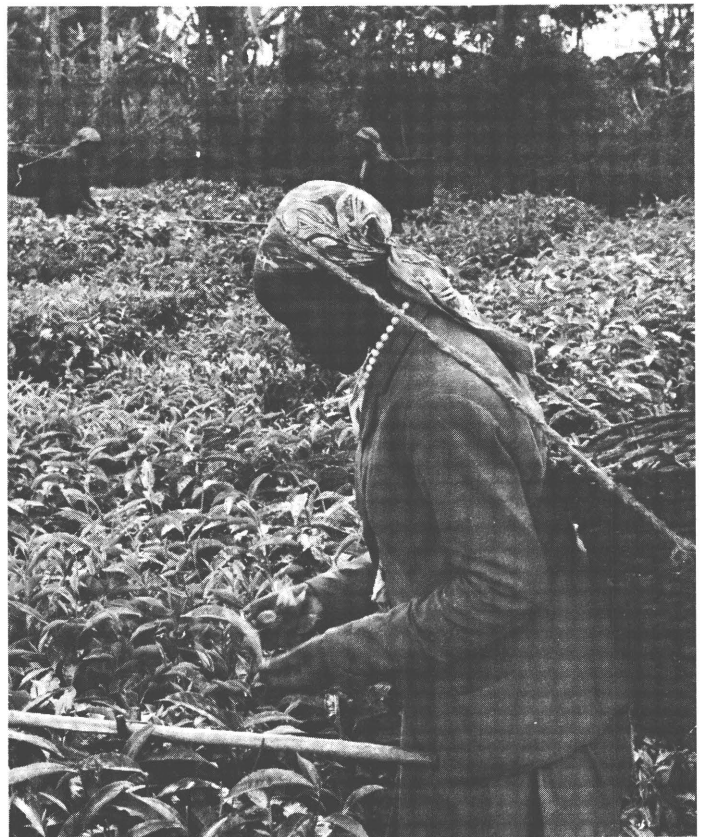
So I think that the crisis is the moment of opportunity for Europe because, as long as there is a crisis, there are problems that cannot be dealt with at national level in the short period of time available to individual governments. In a democracy, each government has a fairly short life, particularly now that the trend is for parliamentary majorities to become increasingly small. The life of a government is short, but there are fundamental problems, structural problems for which longer-term solutions must now be set in motion. Even Germany with its 60 million people is too small. So it is during a period of crisis that we shall see whether Europe is useful or not and if it is not then it has had its day. We will be no more than a free trade zone and we might just as well bring in all the Council of Europe countries instead of sticking to the Community of nine.

## The multinationals

Let us now look at the fascinating problem of multinationals (or transnationals as I prefer to call them, as they have, in

fact, lost any specific nationality). Since multinationals finance themselves, their shareholders get relatively little profit. Multinationals have really become instruments of power. Good organization and economic success are intended to boost power rather than put more money in the shareholders' pockets. The latter see fairly good returns, it is true, but the aim of a multinational company is almost to develop for its own sake. It is not just a question of profit. It is a question of management and of organization as well, and where profit, management and organization are the only criteria, I think we are in that inhuman world against which so many are now in revolt.

There is a crisis and there are a number of basic problems that must be handled globally. One of them, certainly, is our new relations with the countries of the Third World. For we are beginning a new way of life and passing from one type of relationship to another. There is no fixed date for realizing one's way of life has changed. Ours is changing gradually and it involves us Europeans, regardless of nationality, in a number of problems which, once again, can be handled more efficiently at the European than at national level. First there is our participation in international discussions, as there are fundamental problems between the Third World and the industrialized world that can only be dealt with at international level. The stabilization of commodity prices or, more exactly, a continuous, harmonious trend in commodity prices means that all the major consumers and producers must be involved in any agreements. International discussion will be required to stabilize the monetary situation if ever the US, the most powerful country in the world, is willing to assume its proper responsibility. International action is required to increase the financing that will enable the markets most in need of development to expand. All this seems to me to be absolutely undeniable. We must therefore be present, and we must be present as the Community. The Community, first and foremost, because certain powers,



Tea production in Africa

*“Major producers and consumers must be involved in any agreements”*

over such things as external trade, have been transferred to the Community and because the opening of the world's biggest market to the Third World is undeniably a factor of development. But as the Community also because, when we speak with one voice, it is a strong voice and it makes itself heard, particularly since we know that the Americans (who are less anxious to make headway because they are less dependent on their relations with the Third World) have adopted a policy of avoiding confrontation between North and South. So if we have a fairly advanced policy vis-à-vis the Third World, the Americans, with their very realistic attitude, which is their strength, will take account of it.

And then there is our own special action in the world. Our food aid programme must become much more of a development programme. Food aid is a support for development policies and not just a means of helping the poor obtain the basic minimum food requirements. Then there is the preferential opening of our market to the Third World as a whole. Experience has shown that the overall system of generalized preferences is too simple (not to say simplistic) and that it all too often boosts industries which make little difference to the general development of a country. If a big European or American company, for example, benefits from our GSP to build a purely export-oriented industry in a country of the Third World just to send products to our market, it is only development if the workers themselves are gaining something. And if such industries involve abnormal working conditions, a failure to provide contracts of employment, the use of child labour or scandalously long working hours, for example, our GSP is by no means an instrument of development. Quite the contrary, it impedes development, it is a factor of dependence for the country in question if that country relies for its external resources on the success of a firm which fails to generate activity and development. So we need to make substantial alterations to our GSP and to allow for the growth of imports from the Third World.

### Aid as a binding contract

And, as every issue of the *Courier* so clearly illustrates, we are at the start of a fascinating period during which we shall be sharing a common experience with groups of countries which are and always have been our neighbours, both historically and geographically. The approach is different here. We have decided to share our lives, to discuss our worries and to design and to build something together. We have contracts to regulate what we do together. The Lomé Convention and the agreements with the southern Mediterranean countries are contracts and we cannot alter them once they are signed. The time of unilateral decisions is behind us and we now have legal obligations. These contracts, concluded between regional groups, contain everything we felt it would be useful to share. We categorically deny our partners the right to make any distinction between us and we can no longer make any distinction between them. Both Somalia and Ethiopia are our partners. Syria, Egypt and Israel are our partners, as are Algeria, Morocco, Guinea-Conakry and Liberia. This is a completely new approach and something which will encourage a genuine policy of non-alignment. It is all part of this life we are sharing and it is expressed through joint bodies which enable us to have a better understanding of each other and of our problems. Take the example of a country which finds that there is a slump in the world market price of its principal export product. There is no provision for this in the agreement but we try to solve the problem, as we did for meat from Botswana. Take the example of an earthquake in an ACP country—this hasn't happened so far, thank goodness—or a flood or a drought. We help this country. But we do expect our partners to understand that we sometimes have problems ourselves and to agree to cooperate with us

on the most difficult and most serious of them. I am convinced that we shall have to extend this cooperation procedure and systematically involve professionals, trade unions and workers' representatives. I think, for example, that we should regularly discuss those sectors of industry that are promising as far as the Third World is concerned, but which could give us trouble.

### Independence from the superpowers

What I think we are trying to express in a technical, economically restricted and sectoral manner in this symbiosis, this life we share, is something far more profound. It is the fact that, in this period of change, we are faced with daunting problems which are exceedingly serious for the poorest people who have to go on growing and living while it lasts. And the problems are very serious for the most developed countries as well, because their economic life becomes blocked and paralyzed. But there can be common reactions to these problems. There is our desire for identity, our need for growth, our need to be free to take our decisions independently of the superpowers who in a way act in each others' interest. □ C.C.

### Liberian singer

*The Third World's desire for cultural identity is paralleled by regional movements in Europe*



# The advantages of direct European elections

by Emilio COLOMBO (\*)

Direct elections are planned for next year. They are one of the most common and certainly the most popular of European demands and they will bring to the life of both our institutions and the whole Community a number of basic changes. They are changes which are more vital than ever and which will make an effective contribution to helping the EEC regain its dynamism.

Parliament's present powers of proposal and control are by no means negligible. In spite of the fact that many Europeans regret they are so restricted, they nevertheless mean that Parliament has considerable scope to assess and democratically judge all Community action as organized by the Council and the Commission.

## Internal organization

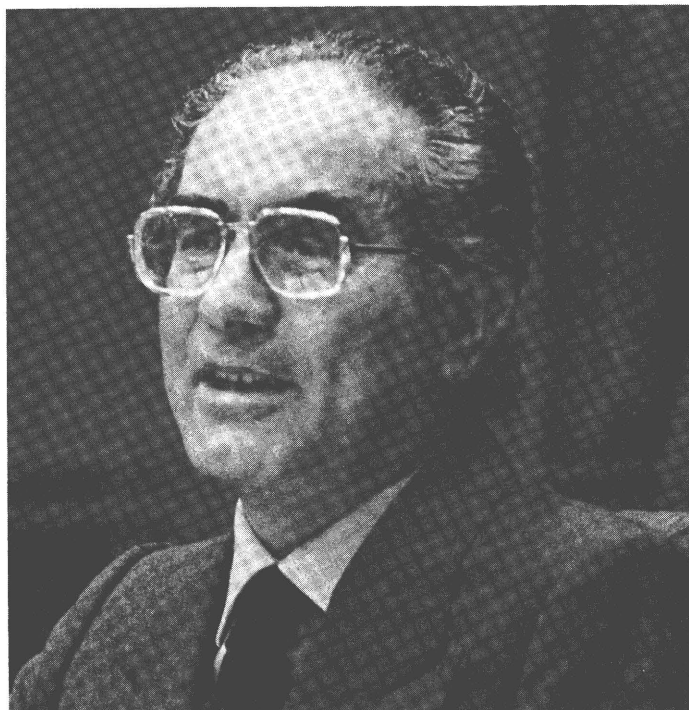
As far as the internal organization of Parliament is concerned, direct elections will bring many changes in their wake, the most obvious difference being that there will be 410 MPs instead of 198. Many of the new members will no longer have to sit in their national assemblies as well and they will therefore have more time to devote to European affairs, which should make for greater continuity of action in parliamentary committees and plenary sessions. This presentation of the considerable advantages of direct elections is not intended to be a criticism of the way Parliament is currently organized. But it is clear that our Parliament, as it stands, is working under difficult conditions and that there is a certain lack of continuity which will now be remedied.

The enlarged house and the five-year term of office will mean that Parliament is more homogeneous, since it will have a longer period in which to take on responsibility and define its policies. The MPs themselves, when directly elected, will be responsible to the voters and have to keep a thorough check on the quality of the actions which we or other Community institutions propose or undertake.

Clearly, the directly elected Parliament will be in a position to exercise its rights, particularly in the field of budgetary control and supervision and in respect of the political proposals it will be forced to make in its capacity as the real parliament of the people of Europe. There is no question of the European Parliament having new powers after direct elections, but I do feel that the fact that it has been directly elected will give our institution, without overstepping its functions, greater weight and force in all its political, economic and social proposals and action.

## Urgent problems

A directly elected Parliament will be faced with urgent problems arising primarily from the need to create new machinery for effective control, essentially over the spending of Community funds. As the Council Act on Direct Elections of 20 September 1976 suggests, Parliament will have to devise various methods of voting to be used in the nine member states in the second European elections scheduled for 1984.



Emilio Colombo

Parliament could increase its influence in the many fields where united Community action is called for. It could indicate what essential Community policies need to be applied and it would define the choices and guidelines affecting the population of Europe as a whole.

A directly elected Parliament must be able to take action in both the social and the economic sectors. In the economic sector, for example, it will have to do its utmost to extend and strengthen the Community's regional and social policies. It will have to ensure that concrete progress is made with economic and monetary union and that the fight against inflation is a social priority, which means acting and cooperating with the existing institutions while continually defending the interests of the citizens it represents. Generally speaking, we can expect the Parliament to reflect the opinions of the people of Europe here. I am convinced that the MPs elected by universal suffrage will emphasize whatever points the European voters bring up.

## True representation of the European public

The European Parliament will perform these tasks with speed, efficiency and conscientiousness. But over and above these new functions and actions, I believe it is the role of the European Parliament that will seem really new. Of course, we will not yet have the European legislative opposite the European executive as one might imagine them in an ideal situation. The European Parliament will not, I think, be forever demanding greater rights and powers, but it will be whatever the men and women of Europe want it to be, that is to say the true representative of the citizens and peoples of Europe. The European Parliament will therefore always have to maintain, defend and make proposals for the unity of the peoples of Europe, our only guarantee of progress and peace. □ E.C.

(\*) President of the European Parliament.

# The European Parliament and direct elections

by H.R. NORD(\*)

The European Parliament came into being on 1 January 1958 with the entry into force of the Treaty of Rome. It took over from the Common Assembly of the European Coal and Steel Community, whose 78 members, drawn from the Parliaments of the six original Community countries, met for the first time on 10 September 1952. The Accession Treaty, which brought Denmark, Ireland and the United Kingdom into the European Community on 1 January 1973, increased the number of seats in Parliament from 142 to 198.

The articles of the Treaty which establish Parliament and define its composition, responsibilities and objectives will continue to apply after election day. This means that Parliament, "which shall consist of representatives of the peoples of the states brought together in the Community", will continue to "exercise the advisory and supervisory powers which are conferred upon it." The public may know very little about the machinery of Parliament, but it knows all about its "lack of legitimacy"; it knows that, at the present stage of the Community's development, Parliament's "advisory and supervisory powers" pack no political punch. This goes a long way towards explaining the attitude of the media to the European Parliament.

The fact that European MPs are appointed by national parliaments—and hence closely involved with national policies, political groups and parties—means that party politics determine the composition of Parliament. Since one Community country or another is almost always in the throes of an election campaign, the turn-out at committee and plenary meetings is on the whole poorer than in national parliaments. Since national election results directly influence national delegations to Parliament, it faces change far more frequently than any national parliament. Obviously, the continuity of parliamentary business suffers.

The number of seats allocated each country is determined by a weighting system rather than by population figures, adjusted or otherwise.

## Continuity and change?

The changeover to the new-style Parliament will not involve a break in continuity, since initially Parliament's powers to intervene in the Community's legislative process will stay the same. It remains to be seen what importance the new, directly-elected Parliament will attach to traditional parliamentary functions. Will it broaden its supervisory powers? Will it demand a more determining role in the legislative process? Will it want to take far-reaching political

initiatives to reshape and develop Community policies? And how will it choose to play its part as a forum for ideological sparring between opposing political camps in Europe?

Today's Parliament is being extremely discreet in preparing for direct elections out of respect for tomorrow's Parliament. These first direct elections will be run according to national, hence varying, electoral procedures. The present Parliament has therefore studiously avoided doing anything about post-election structures, believing, quite rightly, that these are a matter for its successor. The general ruling is that nothing should be done to prejudice the work of the new Parliament. All the present Parliament is doing is to provide a skeleton structure that will enable the new Parliament to get down to business. Parallel to this it is obviously cooperating in every possible way with the preparations for direct elections and all they entail.

The most pressing tasks requiring Parliament's special attention relate to national ratification procedures for the Act instituting direct elections; national electoral legislation and statutory provisions for holding the elections; the organization and financing of the election campaign and, last but not least, information for the electorate.

To this end, Parliament's Bureau has set up a number of working parties. One working party, made up of the chairmen of the various political groups under the chairmanship of the president, is tackling the problem of financing the election campaign. An information working party is considering how Parliament can project its image more effectively and how information can be disseminated during a "neutral" period before the election campaign proper gets under way. One area being investigated in this connection is the provision of better working conditions for the media, now complicated by the thorny question of where Parliament is to sit. However, limited resources mean that Parliament's information effort will do little more than consolidate and support the activities of other organizations at European and national level.

Existing contacts are being intensified, particular attention being paid to contacts with national Parliaments with an eye to the dual mandate and the enactment of electoral legislation.

## A new type of European MP

It is only natural that potential candidates should want to know what the status of European MPs will be. Things like rules on incompatibility, remuneration and so on could weigh heavily in their decision to stand for Parliament. Article 13 of the Act on direct elections requires the Council to take any implementing measures that may be necessary on proposals from Parliament. A working party has already prepared an initial draft on the status of directly-elected MPs.

The Committee on Rules of Procedure and Petitions has been looking into possible amendments to Parliament's existing rules to ensure that the new 410-member house will operate smoothly. If the European mandate becomes a "principal" mandate, and hence a full-time job for many future Members, Parliament could well sit for much longer periods than at present. Practical arrangements will have to be made to deal with this new work pattern.

(\*) Dr Nord is Secretary-General of the European Parliament.





*The European Parliament, Strasbourg: next step, direct elections*

The problems here can be grouped as follows:

- place of business and meeting-rooms;
- services and facilities for members;
- changes within the Secretariat to enable it to cope with the new situation;
- financial and budgetary implications.

### **Where should it sit?**

The question of where and in what buildings Parliament should work (it currently meets in Strasbourg and Luxembourg, its service department being based in Luxembourg) has now become a burning issue. The number of part-sessions and other meetings are bound to increase. Starting from the status quo, the provisional arrangements agreed by the nine governments, it is clear that the chamber of the new Council of Europe building in Strasbourg would be big enough for the new Parliament. Equally, the existing chamber in Luxembourg would be too small. Services provided for Members will have to be expanded. Whether in Strasbourg or Luxembourg, today's dual mandate European MP has no office to work in and no secretarial or other assistance.

Last but not least, the Secretariat will have to adapt to the new situation. At present Parliament employs a staff of 1500 (officials, local staff and auxiliaries). Another 130 temporary staff are attached to the secretariats of the political groups.

And it must be remembered that the house works in six Community languages. This alone accounts for 800 posts (roughly 60% of the total) for interpretation at meetings and translation (plus typing, reproduction and distribution) of documents in six languages.

Caring for the material needs of 410 instead of 198 Members will call above all for the expansion of general services. It is probable that the more or less continuous schedule of sittings will also mean a permanent sessional service. Makeshift arrangements will no longer do. New "single mandate" Members will need far more information and documentation of all kinds, so that even the scientific department, for example, may have to be expanded. Here again the general rule will apply: nothing will be done to prejudice the new organizational structure. We will simply make the adjustments that must be made to provide minimal amenities. Accommodation presents almost insuperable problems at present. It would be a great pity of the dynamism of the newly-elected Parliament were diluted by initial organizational difficulties. The fact that no dramatic change in the supporting structure is needed—for the moment at least—shows that even today's nominated parliament can boast a high degree of organization. The main problems over the next few months will be associated with a twofold task: first, to step up involvement in the decision-making process and project a positive image of Parliament and, secondly, to take the decisions which are a necessary preliminary to the holding of Europe's first elections.

□ H.N.

**Michel Debré<sup>(\*)</sup>:**

## **What sort of Parliament? For what sort of Europe?**

I have always been faithful to a certain conception of modern France as careful of its independence and unity, and to the idea of a different, non-supranational, non-Atlanticist Europe. Since the EEC Council decision on direct elections was signed in September 1976, I have constantly condemned the ambiguity, I am tempted to say trickery, of it all.

Let us take another look, before it is too late, at the basic facts of direct elections which justify my opposition.

### **Why I am against direct European elections**

Article 138 of the Treaty of Rome, which should be implemented without further ado, is the culmination of the efforts of all those who have been preaching the unification of Europe since just after the war. It suggests that Europe is an unrealized nation and that there should be an elected assembly to vote a constitution which would impose itself on both governments and peoples. This idea lost ground in 1954 when the European Defence Community failed to gain approval, but the policy was enshrined in the common market and the Euratom treaties. Supranational federalism was thus introduced with a view to a political operation which was very much more than a simple improvement of the institutions provided for in the treaties, and particularly, as has often been unconvincingly said, in view of a more democratic control over the work of the Commission.

It is impossible to understand the depth and the gravity of the debate without taking this historical fact into account.

These statesmen—German, Belgian, Italian, Dutch, Luxemburgers—whose politics are based on supranationality and federalism are logical when they talk of a European Parliament with powers that would obviously be quite different from those laid down in the Treaty of Rome. But the French government's position is more awkward. It affirms France's sovereignty and independence. It is pro-confederation and it must therefore want a multinational assembly with limited powers and not a genuine European Parliament. The French government realized, somewhat tardily, that implementation of Article 138, inspired by a doctrine different from its own, necessitated considerable precautions. Much the same is felt by a growing number of MPs in the United Kingdom and the Callaghan government will shortly be forced to take this into account.

Those who believe that direct elections will not change the prevailing situation unfortunately ignore the exceptional scale of universal suffrage. A direct appeal to the men and women who constitute a united community lends legitimacy to power. But legitimacy supposes that there is deep-seated solidarity among the voters and that majority opinions guarantee everyone's agreement. Do the peoples of Europe really feel as united as that? And can one, in the present state of things, talk about the legitimacy of the powers of a European Parliament?

It is more than illusory, it is downright dishonest to suggest that an assembly elected by direct universal suf-



*“Where are the guarantees of the independence of member states?”*

frage, which can decide on the length of its sessions, its agendas and its rules of procedure, which can stay in session throughout the year, vote whatever motions and resolutions it likes and give its members what privileges it chooses, will be content to keep to the limited powers provided by the treaties.

We French understand, perhaps better than everyone else, the extremes to which an assembly system can lead when there is no authority nor rules to govern debates, organize work, specify powers or ensure that they are kept to. What has been provided in this case? Nothing! Inevitably, a sovereign assembly elected in this way will tend to oppose not the Commission but the national governments and parliaments, since, in reality, before applying itself to developing its control over the Commission, it will, in the interests of its own prestige, play along with the Commission's efforts to become a veritable organ of supranational government. An objective analysis of the report which the Strasbourg assembly, like all the other institutions of the Community, produced on the European union that is due to be established in two or three years clearly shows that this is not an irrational fear or a childish hypothesis. And a recent, pertinent study of the scenario of the direct elections to the European Parliament is also highly significant and should by no means, in my opinion, be classed as science fiction.

In this situation, where are the guarantees of the independence of member states? Where is the policy of confederal links that France still maintains is laid down in the agreement of 20 September 1976? Certainly the French Parliament inserted into the law ratifying this agreement provisions which mentioned the untouchable principles of national sovereignty, which can only be limited by legally ratified treaties. These provisions automatically consider that any modification of the powers of the assembly of the European Communities which is not duly authorized and approved according to the terms of the treaties of Paris and Rome (and, which does not involve revision of the national constitution) does not apply to France.

But these guarantees work between the French legislative and executive. They are nothing to our partners or to the future assembly itself. Furthermore, other organs of the Community as well as the assembly may effectively overstep their powers and one can well imagine real cases where the Council or the Court of Justice could force France to implement directions from the assembly whose authority it had thought it could deny by insisting on the above-mentioned provisions of its internal laws.

(\*) French MP and former prime minister.

## France cannot and must not be aligned or integrated

Why, it will be asked, should France be the main victim when the European assembly oversteps the mark? I have already expressed my conviction that the UK, and probably Denmark too, have the same worries.

But my main answer to this question, the essential thing, is that states which agree with supranationality can do what they like because they cannot or will not have any global national policy, because they do not have or do not want any defence of their own or because they want to go on playing the game of the big powers. That is to say that they want to be states which plan, maybe hope and in any case agree to align their policies on those of bigger powers than they.

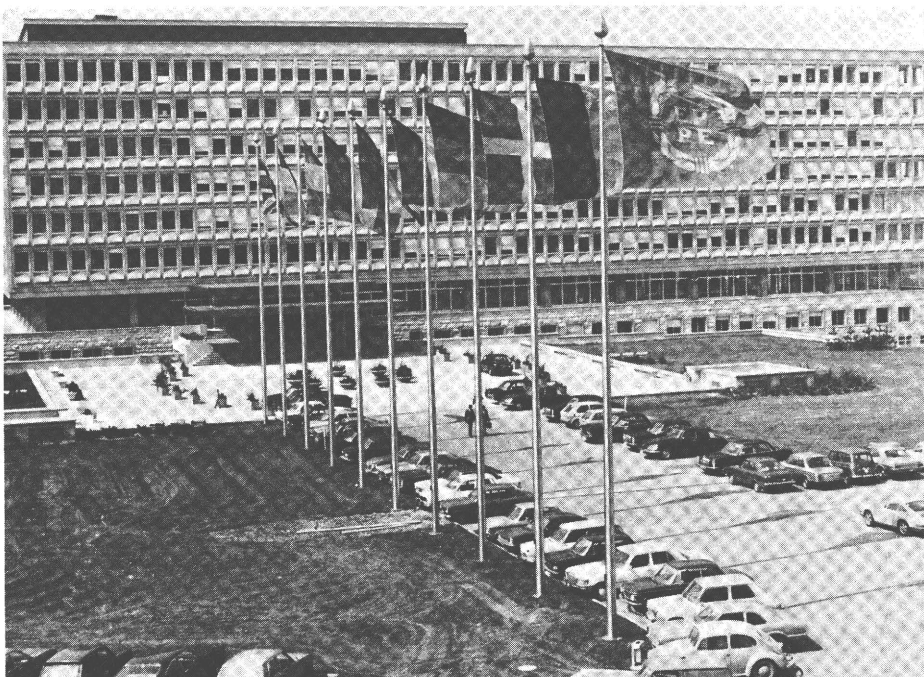
But France has a comprehensive national policy. France has its own defence and it cannot and it must not be aligned or integrated.

So France will be a target for criticism and the object of attacks by the majority of the new European MPs as long as it stays out of line.

It will be particularly the case since, contrary to legend, the French are, in a realistic and pragmatic way, more convinced Europeans than the rest. Who wanted the common agricultural policy? Who wants the common market to be a genuinely European affair and not just a market open to all-comers? Who wants a European energy policy, a European space policy and a European air policy? Who is calling for a European monetary policy? Who, in a word, has worked and is still working to ensure the realization of the aims of the Treaty of Rome so that west Europe can develop its economy to the full and withstand international competition?

Most of our partners are less enthusiastic than we are. They are always tempted to dilute the Community and submit to interests that are not truly European. With their *laissez-faire* and their willingness to let things slide, they show themselves to be unable to strengthen the Community whose market can only be organized by vigorous, decisive

*The Schuman Building in Luxembourg, administrative headquarters of the European Parliament*



action and, let us not be afraid to say it, by a certain amount of *dirigisme*. Instead of acting, they are content with appearances, which amount to no more than renunciation.

What better example is there of France's national-European policy than that which inspired the years from 1958 to 1970? This was when France gave its greatest impetus to Europe and not just to the creation of the common market and the common agricultural policy either. These were the years when General de Gaulle established sound bilateral cooperation with Germany, the key to Europe, on the basis of a balance of power between the two countries. These were the years when our defence system was brought up to date, thanks to the only worthwhile military planning in continental Europe. These were the years when détente with the iron curtain countries was consolidated as a sound basis for the safety and peace of East Europe. These were also the years when France, when the cause was a just one, gave its agreement to certain aspects of American policy. Yes, these were the years when France did more for Europe's status than any other European partner ever has done or ever will do.

But France then did not adhere to the orthodox religion of supranationality. Those, and I am one, who think that it would be very bad for France (and for Europe) if, through incompetence or indolence, it was converted to this view, are firmly calling for the opening of fresh negotiations on the provisions governing elections to Parliament, at least so as to put an end to the ambiguity of the text which the signatories interpret in, not just different, but opposite ways.

## Europe, a union of states

The only guarantees which can be usefully obtained on respect of the powers laid down in the treaties are, obviously, international ones. It matters little whether they are, as I personally suggested, set down in an additional protocol to the agreement of 20 September 1976, or whether they are in the form of a joint statement by the governments of the member states, as was the case in 1965 on the occasion of another Community institutional crisis. The main thing is that all the guarantees mean the same thing to everyone.

At least we have the time to achieve all this if we want to. The meanderings of British parliamentary procedure will prevent direct elections taking place in the spring of 1978 as the Council of the Communities had decided. How, moreover, is it possible to maintain that urgency rules out the necessary clarification when the treaty itself lays down no specific dates for these elections and when it would be silly, now that the common market needs all its strength to resist outside pressure, to refuse to pull together?

If the aim really is to build Europe on the union of states, that is to say by combining national sovereignties, we should avoid saying anything that will weaken the states and alter national sovereignty — at least, as far as France is concerned — or that casts a shadow of doubt since experience has shown that no independent policy can be clearly defined in the essential sectors in such circumstances. □ M.D.

**Table of progress on ratification of the Council Act of 20 September 1976 and on implementation of electoral laws in view of European elections (situation as of 6 January 1978)**

	RATIFICATION		ELECTORAL LAW	
	Presentation of draft bill to Parliament (date)	State of progress	Presentation of draft bill to Parliament (date)	State of progress
<b>Belgium</b>	Presented on 2 December 1977	Adopted by 122 votes to 0 with 2 abstentions, 8 December 1977	Presented on 2 December 1977; 13 seats for Flemish-speakers and 11 for French-speakers; 3 constituencies based on linguistic regions — Flemish, French and German, Brussels	Under discussion by the Committees of the Chamber
<b>Denmark</b>	Presented on 6 October 1977	Adopted by 120 votes to 25 with 9 abstentions, 2 December 1977	Presented on 6 October 1977; one seat for Greenland, 15 in single national constituency; party lists; right to vote for Danes in EEC Member States	Adopted by 120 votes to 25 with 9 abstentions, 2 December 1977
<b>Federal Republic of Germany</b>	Presented on 30 March 1977	Adopted unanimously by Bundestag 16 June; agreement of Bundesrat, 24 June 1977	Presented on 30 March 1977 (national lists, rule of 5% minimum of votes for parties). Objected to 6 May by Bundesrat, which preferred Länder lists	Discussions between parties on national or Land lists: adoption expected by February 1978
<b>France</b>	Presented on 25 May 1977	Adopted without vote by National Assembly (Article 49 (3) of Constitution), 16 June; adopted by vote in Senate, 24 June 1977	Presented 25 May 1977, national lists; proportional representation; right to vote for French nationals living outside France	Adopted with amendments by National Assembly, 21 June and by Senate, 29 June. Finally adopted by Joint Committee, 30 June 1977. (JO 3579, 8.7.77)
<b>Ireland</b>	No bill required; ratification by Government	Adopted on 8 December 1977	Revised bill presented 14 October 1977: single transferable vote system in 4 constituencies. EEC citizens to have right to vote	Adopted on 8 December 1977
<b>Italy</b>	Presented on 19 January 1977	Adopted in Chamber of Deputies by 384 to 16, 17 February 1977; adopted unanimously by Senate, 24 March 1977	Due to be presented early in 1978	Under preparation in Ministry of Interior, in discussion with political parties
<b>Luxembourg</b>	Presented on 18 January 1977	Adopted by Chamber by 54 votes to 5, 5 July 1977	Due to be presented early in 1978	In preparation by Government
<b>Netherlands</b>	Presented on 25 February 1977	Adopted by acclamation by Second Chamber, 23 June, and by First Chamber, 28 June 1977	Due to be presented early in 1978	Proposal by Electoral Council: single national constituency; proportional system; EEC citizens to have right to vote
<b>United Kingdom</b>	Ratification carried out by Government simultaneously with adoption of electoral law		Presented, 10 November 1977	Second reading adopted by 381 votes to 98, 24 November; majority voting in 79 constituencies agreed, 12 December 1977. Under discussion in Committee of the House

# Enlarging the Community

by Jean DURIEUX(\*)

Article 237 of the Treaty of Rome provides for enlargement of the Community. Any European country, it says, may apply to become a member of the Community. It shall address its application to the Council, which shall act unanimously after obtaining the opinion of the Commission. It should be emphasized that the European Parliament plays no part in this procedure, although it is, for the first time, involved in the work for the accession of Greece, Portugal and Spain and will give its official opinion on this.

European MPs should therefore state the conditions under which new countries may join the Community. First, the candidate must have democratic, parliamentary institutions, and be free of any colonial structures. Secondly, its accession must strengthen, not weaken, the Community.

This is why the Community froze the association agreement, which provided for accession, with Greece when the colonels came to power in 1967. A free trade agreement with Portugal in 1973 and a new trade agreement with Spain in 1970 were these countries' only links with the Community. However, once the political situation evolved and democracy was once more established in these three countries, further applications were made to join the Community. Greece applied on 12 June 1975, Portugal on 28 March 1977 and Spain on 28 July 1977. The immediate problem facing the Community was whether it should deal with all these applications together. If it had, Greece would have been particularly disadvantaged, since this procedure would have considerably held back its entry into the common market. So the Community decided to deal with the various problems on a country-by-country basis because, in spite of the fact that all the candidates are Mediterranean countries, they are very different from both the social and the economic points of view.

The accession procedure was thus under way. The first year of negotiations with Greece was devoted to exchanges of statements, which enabled the Community to formulate its comments. Specific negotiations are shortly to be started in given sectors. The Commission's opinion on Portugal is expected to be ready at the end of March this year and it is preparing an opinion on Spain which may be put before the Council in late 1978 or early 1979. It has also put forward proposals for the agricultural sector. Finally, the Commission is due to submit its general impressions on enlargement to the Council in February. The negotiations will take some time, largely due to the political, agricultural and social difficulties in the three countries concerned. The worst problem is agriculture.

The farm produce of southern France and Italy competes with that of the potential new members which produce wine, olive oil, citrus fruit and vegetables, i.e. products which are already overproduced in the Community. Furthermore, these countries import cereals and meat. If they were forced to seek their supplies at higher prices in the Community, they would have a greater burden to bear. The common agricultural policy therefore needs to be restructured.

Then there is an economic gulf between the three candidates for EEC membership. Spain is far less the odd man out, being the world's 10th biggest industrial country, but Portugal's economic situation is a particular problem, particularly since negotiations with the IMF were suspended.

One or two figures illustrate the difference between these countries and the members of the Community. Take for example external deficits for 1974-76. The figure for the Nine was \$20000 million, whereas the figure for Spain, Portugal and Greece combined was \$17200 million. The applicant countries therefore need a considerable amount of help to bridge this gap in economic development. The budgets for the European regional, social and agricultural funds should therefore be increased accordingly. The Community should lose no time in paying Greece, via a financial protocol, the sum of 280 million EUA for the period ending December 1981. The costs of enlargement to the Community will be considerable. This is an immediate and a lasting consequence.



Jean Durieux

There will be other considerations:

— The Community of 12 will have a population of 312 million.

— A new order will emerge. So far the Community has consisted of highly industrialized countries, but the inclusion of southern countries will require action to bring the three candidates up to a similar standard of living as the Nine.

— The Community will have greater political responsibility in the Mediterranean, particularly from a military point of view. But it is largely in respect of the associated countries (the Maghreb, the Mashreq, Israel, Cyprus, Malta and Turkey) that the Community will have to introduce new measures by adapting agreements in the light of the accession of Greece, Spain and Portugal.

— Enlargement will have other consequences which will affect the operation of the Community institutions. Before these three countries join, there must be agreement on the implementation of certain Community rulings, particularly the one involving a return to the majority vote. The role of the European Council has to be defined and, finally, we have to know whether the aim is to make the Community into a European union or a free trade area.

The strengthening of the Community institutions is an essential condition for the smooth functioning of the future Community of 12. In spite of these difficulties, the governments of the Nine and all the political parties except the French communist party are pleased the three countries have applied for membership.

Enlargement of the Community in any case proves that the EEC is an attractive proposition and has considerable external influence. The European Parliament is particularly pleased in that the Community owes its prestige more to being the best guarantee of democracy than to being a trading power alone. □ J.D.

Enlargement of the Community in any case proves that the EEC is an attractive proposition and has considerable external influence. The European Parliament is particularly pleased in that the Community owes its prestige more to being the best guarantee of democracy than to being a trading power alone. □ J.D.

(\*) Chairman of the Liberal and Democratic group at the European Parliament, rapporteur on the enlargement of the Community.

## Two government points of view

INBEL



### Leo Tindemans (Belgium):

### “Giving a political dimension to Europe”

Leo Tindemans became Prime Minister of Belgium in 1974 and was re-elected in April 1977. At the European summit in Paris in 1974, he was asked to produce a report on European union and this document, which appeared in 1975, provoked a great deal of comment. In the following interview, Mr Tindemans gives his view of the next steps in European integration.

► *Prime Minister, can you tell us briefly how you view the progress of European unification?*

— I hesitate to give a succinct answer since it is bound to be sketchy. In spite of the fairly general feeling of pessimism, the Community is undeniably making progress which tends to be underestimated. The unification of Europe is a long-term affair and even small steps forward are important. However, the overall impression is nevertheless that the process of unification has slowed down dangerously and that it is becoming increasingly difficult to face up to the problems.

What is happening is that the real issues, for which urgent solutions are required, are being deferred while difficulties are being allowed to mount up to the point where they create lassitude and discouragement.

I make no attempt to hide the fact that this causes me serious anxiety and I can see only one way out of the present crisis—that is to give a political dimension to Europe in the near future.

### Speaking with one voice

► *The EEC is generally said to be marking time with its internal affairs but implementing an active foreign policy. How can it get past the stage of being an economic giant which still has no political weight of its own but which does have a dynamic approach to the southern hemisphere?*

— The EEC's record in external relations in recent years is an impressive one, to the point where the Community has become a reality for many third countries. And it is often precisely because they view the Community as an economic power that it is forced to assume its international responsibilities under pressure from outside.

As far as internal development is concerned, things have been very much slower. The resulting imbalance cannot last long.

It is perhaps in its relations with the developing countries that the Community has been most successful in recent years. I shall confine myself here to the Lomé Convention, unquestionably an international act of prime importance, and the global Mediterranean policy, which is primarily aimed at developing countries.

The Community's interest in relations with the Third World is obviously due to historical factors and to the existence of traditional relations between some EEC countries and some developing countries. However, this contact with the Third World also reflects something more profound. Undeniably, Europe has an international vocation based on the notions of solidarity and cooperation which are the foundations of the Community itself. It also has a cultural and spiritual heritage which gives it particular responsibility at international level.

I am struck by the fact that whenever the Community manages to speak with one voice, it then goes on to play a leading part in the major multilateral organizations. This is particularly true in development cooperation and in the field of North-South relations.

The Community's influence here could and should be strengthened. However, the internal weakness of the Community—the lack of cohesion between the member states, of effective decision-making structures and of the instruments needed to implement a global policy—quickly becomes apparent at this point.

### A 12-nation Community based on solidarity

► *The Commission is attempting to launch the idea of economic and monetary union again. In your report on European Union, you put forward the fairly controversial idea of a “two-speed” Europe. Do you think this idea might be put into practice with the arrival of new, economically weak member countries (Spain, Greece and Portugal)?*

— My report contained no such idea. The Community involves monetary and economic union between some, but not all, member states and I simply suggested this might be integrated into the Community context.

I therefore put forward the idea that the Commission should attend meetings of ministers from countries belonging to the currency snake and it was suggested that the strongest countries help the weaker ones to catch up.

I do not feel that the answer to the problems of enlargement is to have categories of member states and different levels of participation in the construction of Europe. I do not believe we can have different sorts of member states with different obligations and different advantages. This would certainly be the best way of organizing disunity rather than encouraging unification.

Having made this clear, I should say there are obviously difficult problems which will have to be dealt with by means of transitional measures, geared to the particular problems of the accession of new candidates.

► *Do negotiations on the accession of new members involve a trade-off between political solidarity and an increasing threat of economic competition?*

— I do not think that political solidarity and increasing economic competition are on exactly the same plane.

It is true that we are going through a period where there is a structural drop in demand and, therefore, a need for profound changes in the production apparatus in certain areas. In conditions such as this, greater competition from certain countries is a harsh blow, particularly when their production costs are lower than ours in the Community.

But the problem of unemployment must be seen in a more general light. There is little doubt that the extension of markets is, even for the present member states, an important factor of expansion. In the long and the medium terms, enlargement will have a beneficial effect on the economy. So I do not believe that what are, after all, relatively short-term considerations will have a decisive influence beside the more fundamental political need to strengthen the democratic core of Europe, particularly since new countries will not be joining immediately and a lot of water will have flowed under the bridge before the Community in fact has 12 members.

There will doubtless be many difficult problems to solve. I do not wish to minimize them. This is why we need negotiations and a period of transition.

On the other hand, the problem of solidarity seems to me to be much more fundamental. I do not see how enlargement can be a success without greater solidarity between member states, both as regards aid to help the less developed countries catch up and as regards the structures that will ensure the cohesion of a 12-country Community. I foresee real problems here. It is by no means impossible that some people will retreat behind the problems of competition to avoid the debate on strengthening the Community.

## The human dimension

► *One of the proposals in your report on European Union, on the creation of a European Foundation, now seems to be taking shape. What exactly is this European Foundation?*

— In my report on European Union, I insisted on the need to strengthen the human dimension of Europe. Our concept of the construction and of the reality of Europe must be more alive.

This is why I proposed that a foundation be set up to promote a better understanding between our peoples.

I am pleased that the last European Council agreed on the principle of creating such a foundation to generate a better understanding of Community action, both inside and outside the EEC.

The foundation could, for instance, run debates, hold scientific conferences and sponsor research, and it could encourage an interest in European civilizations.

## A dynamic presidency

► *Belgium completed its presidency of the EEC Council of Ministers on 31 December 1977. What were the main results of these six months?*

— It would be difficult to summarize the Belgian presidency, even very briefly, in this interview. At best I can give you an overall impression.

A certain number of things were achieved both as regards the implementation of existing policies and the development of new schemes.

Thus a series of problems of some months standing have been or are about to be cleared up. For example:

- the JET project(1), the Community's only large-scale technological research project;
- the basis of a common energy policy, a sector where we had been marking time for years;
- the fisheries problems, where we are looking hard for a solution.

This is a test case as far as new member states are concerned, to see whether they are prepared to go along with Community solidarity, since this is a sector where they have natural resources and something to put into the Community basket.

As well as overcoming a number of existing obstacles, I think it is also important to point out that new formulae for the future were devised during the Belgian presidency. I am particularly thinking of:

- the come-back of the idea of economic and monetary union, on which a fruitful debate took place in the European Council on 5 and 6 December 1977;
- the introduction of the own resources system and of a European unit of account which forms a solid basis for future action;
- contact with the Iron Curtain countries and the negotiating mandate which the Council approved for the conclusion of a trade agreement with China.

This is the result of a joint effort, also on the part of those who had to assume special responsibilities over that period. It was possible because the presidency made a deliberate attempt to encourage progress with a global vision of the integration movement. The emphasis was therefore placed on internal strength and the parallel development of the various sectors of economic integration and on paying proper attention to external affairs. As I see it, this has led to all the Community's activities moving forward in a balanced fashion.

I hope this will have given the Community fresh impetus, since this is something which, although vital, had begun to wane. Nothing could be more dangerous than to allow oneself to be overwhelmed by a feeling of lassitude and discouragement which would only lead to paralysis.

► *Is six months really long enough to draft constructive proposals and get them adopted?*

(1) Joint European Torus, a major nuclear fusion scheme.

— Six months is obviously a short time in which to implement an action programme which is necessarily an ambitious one. It is therefore inevitable that at the end of the six month period one is left with a certain feeling of having left things incomplete. This is why I am reluctant to draw any hasty conclusions.

The unification of Europe is a long-term affair. It is a good thing for all the member countries to take a turn at shouldering the responsibility of the presidency of the Council so as to create solidarity and a spirit of mutual understanding.

It is impossible to forget that it is in fact the Commission which, according to the Treaties, takes the initiative and is the driving force in the construction of Europe. The whole secret of a fruitful presidency is close collaboration with the Commission.

A longer presidency would have certain advantages. But then rotation would take longer and this would certainly weaken the climate of mutual help normally present in the Council and the EEC institutions which depend on it. In my report, I came out in favour of a longer presidency but it would not be without its drawbacks.

### **Unanimity, a barrier to progress**

► *Is the rule of unanimity behind the difficulties with the Council's decision-making procedure?*

— The possibility which member states have of blocking any decision by application of the rule of unanimity is undeniably one of the most basic obstacles to progress.

In fact, the problem has been badly solved because, at one stage, it was badly put.

The aim of the qualified majority is not to impose decisions as they stand on countries which would find it extremely difficult to apply them. The idea was to create conditions which would make it easier to arrive at compromise solutions by showing that minority delegations should, at some stage, show a certain amount of flexibility.

Application of the rule of unanimity comes down to paying a bonus for obstruction. The more stubborn a delegation, the better placed it is to obtain concessions from its partners.

So I am convinced that one day we will realize that a society cannot be viable in the long term if it is based on the idea that the most recalcitrant member necessarily gets the most advantages.

### **Towards an elected, more powerful European Parliament**

► *Do you think that direct elections are "another chance" for Europe?*

— I am one of those people who attach fundamental, if not decisive, importance to direct elections. It should be possible to give a political dimension to Europe, which has been restricted to economic and technical considerations for far too long.

A directly elected European Parliament will be democratic support for the European institutions. Its greater influence should gradually enable it to re-establish the institutional balance between Community progress and national interests, thereby creating the right conditions for progress with unification. Direct elections should finally enable the 250 million citizens of the Community to give their opinion on the fundamental questions of the future of Europe which, for far too long, have been dealt with behind the walls of a Community working in isolation.

► *Is a European Parliament elected on such a basis really going to have enough powers to represent the European electorate?*

— The Council of Ministers was in a dilemma for years. There was no point in direct elections while Parliament had no real power, and there was no justification for real power until it was fully representative. The vicious circle, fortunately, has now been broken.

The European Parliament has gained greater powers in budgetary matters. They are modest, it is true, but they do give it greater authority in Community decision-making. Parliament's influence is now easy to see and, in certain cases, its support has enabled the Commission to get certain things passed in spite of reluctance on the part of the Council. A particular example of this is aid to the developing countries which have no contractual relations with the Community.

Direct elections will obviously carry this influence further.

### **Motivating the voters**

► *Belgium and Luxembourg are the only EEC countries where voting is mandatory. Will it be compulsory to vote in the European elections? European public opinion polls show that even the Belgians, who have so many European institutions in their country, do not seem very concerned with European affairs.*

— I do not think there is any real cause for worry about direct elections in Belgium. The idea of Europe is very firmly implanted and answers a natural need in a country which has suffered more than all others from the divisions that have torn Europe for so many centuries.

It is doubtless true that public opinion shows only limited interest in the European Communities, primarily, in my view, because of a failure to realize just what is going on and a feeling that the citizen is not really concerned with Community affairs.

I have no doubt that once we have a firm date for direct elections, we will be able to capture the interest of public opinion. One this happens, the voters will have to take up position and they themselves will be involved in the construction of Europe, which has up to now been left far too much to the politicians, to the specialists and those directly concerned by Community action.

Of course, an information campaign will have to be run and we must also have an election campaign that will rekindle interest and a genuine feeling of public participation.

### **Opting for Europe, a firm priority**

► *Your nickname, "Mr Europe", illustrates your commitment to the cause. You are chairman of the European People's Party, which groups the various Christian Democrats of the different member states. In this capacity, what can you do to make the public, in Belgium in particular, feel concerned with Europe?*

— If there is one point on which there is no difference of opinion in Belgium, it is unquestionably the pursuit of European unity.

History doubtless counts for a lot, particularly bearing in mind that most of the wars that divided Europe have been fought on our territory. Then there is the fact that Belgium is partly Latin and partly Germanic in culture and has a quite natural inclination to unite the two worlds. Finally, there is economic necessity. A country which relies on exports has



to ensure itself a much wider market than its own small national territory can provide. These factors, and others, combine to make Europe one of the constant top priorities of Belgian politics.

So the problem in Belgium is not so much to sell the idea of European union, but to paint a clearer and more convincing picture of Europe as the European People's Party sees it.

The creation of the EPP, at the beginning of direct elections, is intended to give a new dimension and a new impetus to unification, so we can at last achieve the united Europe which can obviously never be created by technocratic means.

► *Adenauer, de Gasperi and Schuman were among the founders of Europe 20 years ago. Their main aim was to reconcile the peoples of Europe in the post-war period. All three were Christian Democrats. As chairman of the EPP, do you consider yourself heir to this philosophy and, if so, what is your main reason for continuing with the construction of Europe?*

— I don't know whether I am the heir to the great founders of Europe. What I do know is that, to succeed with a major undertaking, you have to stimulate opinion sufficiently and on the basis of ideas that reflect the underlying hopes of the population. Can we hope to achieve something lasting if the unification of Europe means no more than a mere pooling of interests? Isn't it obvious from the start that this will mean that enthusiasm will lapse as soon as there are differences of opinion?

A united Europe clearly requires the support of values and motives that are not purely materialistic, although materialistic reasons will have some part to play.

I have always believed that the Christian way of thinking which underlies our Western civilization and which, therefore, constitutes a powerful unifying factor, could and should give Europe the spiritual dimension without which no major initiative has any real chance of success.

The notions of reconciliation, mutual help, solidarity and even community spirit, which are the very foundations of a united Europe, come straight to us from Christian philosophy.

In the world we live in, which is gradually becoming a society geared to consumption and material well-being, it is fundamentally important, as I see it, to enable the set of values which have made Europe's strength and influence to come into their own.

It is not surprising that it was Christians in particular who were among the first to serve the generous ideas that are the very foundations of the construction of Europe.

As a politician and as chairman of the EPP, I have always tried to act as a Christian and as a fervent European.



*Mr Tindemans hands in his report on European integration to Mr Ortoli, then (1975) President of the EEC Commission*

## Towards an original Europe

► *After the war, some people dreamed of creating a United States of Europe. Don't you think that Europe should be seen in some imaginative new way today? How do you see the future of the European Community?*

— I think that we need imagination and daring and, above all, courage and perseverance to build Europe.

Certainly we will have to seek new formulae for a united but diversified Europe, which is strong but which allows national and even regional characteristics to assert themselves. In other words, the specialists in constitutional affairs will have their work cut out!

But I think, above all, that we must first define our basic options. They must be clearly and succinctly stated so that the people of Europe can make a proper choice, in full knowledge of the facts, when it comes to direct elections.

When the Treaty of Rome was signed in 1957, the ideas were fairly clear. But they are not so clear now. We need to clarify our policies before embarking on the institutional structures.

We must avoid the dilemma whereby federalism is opposed to confederation, which is all too often no more than non-federation. The European debate cannot be reduced to a choice between such categorical alternatives. Nowhere is there a system exactly corresponding to either of these definitions.

The essential thing is to know, and direct elections will tell us, if a majority of the citizens of Europe genuinely want a Europe that is economically and politically strong, a Europe able to make itself heard at international level and one which can provide its citizens with solutions to problems for which no national answer can be found.

If the choice is clearly stated, then many of the false problems currently impeding our progress will disappear. □

R.D.B.



## David Owen (United Kingdom): “The Community’s place in international affairs”

David Owen, British Secretary of State for Foreign and Commonwealth Affairs, is the EEC’s youngest foreign minister (39). He looks at Britain’s five years in the Community and stresses the EEC’s growing influence on international affairs, a field to which Britain has made “a unique contribution”.

Britain’s accession to the European Community five years ago was a turning point in our national history and entailed major changes in Britain’s domestic and external policies. The past five years have been difficult ones for all members of the Community: they have been years of prolonged world economic recession, characterized in most countries by high unemployment and soaring inflation. Britain had the added problem of adapting herself to Community membership during this period of economic turbulence. But the referendum held in 1975 set the seal on our membership and we are now committed members of the Community.

Although the Community has faced many difficult problems over the period of British membership, I do not share the pessimism of those who believe that it has failed in its essential purpose. It is true that many of its goals for economic integration and political union are as far away as ever. But it is quite unreal to expect that we can get within

*Dr Owen (unbuttoned) leads EEC foreign ministers on a stroll through the grounds of Leeds Castle in England in 1977. Left to right: M. Van der Stoel (Netherlands), H.-D. Genscher (West Germany), G. Thorn (Luxembourg), A. Forlani (Italy), G. Fitz Gerald (Ireland), K. Andersen (Denmark)*

sight of these ambitious targets over a short period and particularly over a period in which quite new problems of economic management, domestic and international, have arisen. Moreover I believe that we take for granted too often the Community’s basic achievements. For example, the fact that the Community has held together during the worst economic crisis it has known during its existence and that its member states have resisted the temptation to pursue autarkic mutually destructive or beggar-my-neighbour policies towards each other, is a sign of its fundamental strength.

### Real internal progress

The Community has in fact made real internal progress in the past few years in a number of ways. The institutions have shown a capacity for improvement (for example by the creation of a new Audit Court for improved financial control) and the European Council has added a new dimension to the Community’s highest level deliberations by bringing together the nine heads of government on a regular basis. The steady elimination of barriers to the free flow of goods, persons, services and capital has continued and a real attempt has been made to coordinate policies so as to reduce the divergence of national economic performance in the Community. A start has been made towards a Community regional policy; and social policies have been gradually extended. In many new areas (environment, health) the Community governments have sought closer cooperation, as well as continuing their search for common policies in areas such as energy and fisheries.

**“We welcome the emergence of the Community as a force in international affairs”**

Externally the Community has made more visible progress. Since joining, Britain has, I believe, made a unique contribution to this area of Community activity. Britain has historically been a country with world-wide interests. In the post-war era and increasingly today in a interdependent world it is clear that no single nation of the size of those in West Europe can hope on its own to exercise much real influence on the course of world events. It is natural, therefore, that Britain should seek to attain her goals in conjunction with other member states in the wider grouping of the European Communities. So we welcome the emergence of the Community as a force in international affairs. This becomes more noticeable with each successive year. There are few countries in the world which do not have formal relations with the Community as such and fewer which do not have an interest in one or other sector of the Community's activities. This is natural, given that the Community is now the largest trading group in the world.

The question is, what sort of a role should the Community play in world affairs? We in the UK applaud the way in which the Community has been evolving as a more outward-looking organization, aware of the views and needs of the developing countries. The Lomé Convention, based as it is on the principle of partnership between the Community and the 52 African, Caribbean and Pacific states, the Community's Generalized System of Preferences, the food aid scheme, and the network of cooperation agreements are all practical expressions of this. The Community is more and more speaking with one voice in the major negotiations on commodities and other issues in the North-South dialogue. Indeed it was represented at the Conference on International and Economic Cooperation (CIEC) as a single entity. While we realize that progress in these negotiations can be literally a matter of life and death for some countries, we hope that the developing countries too will recognize the real difficul-

ties and problems that have to be faced and overcome. We see the Community actively contributing to these negotiations and will do what we can to deploy within the Community our special experience of many parts of the world and many peoples to help them forward.

**Enlargement “should materially and politically strengthen the Community”**

The further enlargement of the Community faces us with complex questions which will determine many aspects of the Community's development. We need to be clear how the enlargement issue is to be handled. Applications from Greece, Portugal and Spain have been received and welcomed. Negotiations with Greece have started and will in due course take place with Portugal and Spain. The Community response has, rightly, been to attach overriding importance to the political necessity of helping to buttress democracy in the three applicant states. The consequent benefit to the strengthening of democracy both in the countries themselves and the West as a whole will far outweigh the practical difficulties to which the admission of the three new member states will undoubtedly give rise. The Community will have to show a resolute political will and imagination in resolving the problems that lie ahead in the entry negotiations and in managing a Community of 12 thereafter. It is too soon to say what will be the ultimate shape of such a Community. All one can say is that admission of the new member states should materially and politically strengthen the existing Community.

The Community is not a static organization. It has evolved greatly from the original conception of the founding fathers and it will continue to evolve. The British are a pragmatic people. We find it unproductive to try to work out precise blueprints into which events have subsequently to be moulded. But we wish to play our full part in the inspiring work of developing a Community to which we are proud to belong. □ D.O.

**Dr Owen with Kenyan foreign minister Dr Waiyaki**

*“We applaud the way in which the Community has been evolving as a more outward-looking organization”*

BRITISH OFFICIAL PHOTOGRAPH



## UNITED KINGDOM

# No bill of rights, but everyone has them

by Michael HATFIELD(\*)

Westminster, "the mother of parliaments", is the home of the British form of parliamentary democracy. Whether or not this form is ideally suited to today's requirements, it has influenced the political institutions of all the EEC countries. This article looks at how it works.

When Queen Elizabeth completed her Silver Jubilee celebrations, with tours around the world and visits to almost every corner of the United Kingdom, she returned to take part in a traditional ceremony which symbolizes Britain's particular style of representative democracy: the State Opening of Parliament. From the throne in the House of Lords she delivered the Loyal Address, the declaration of the government's legislative programme for the forthcoming session.

The day-to-day activities of the House of Lords, the upper chamber of Parliament, are often the target of satire, with members quick to see a joke against themselves. The Duke of Devonshire once said that he dreamed he was making a speech there and woke up to find that he was.

But there is little doubt that this annual ceremony, rich in history as well as in spectacle, evokes as nothing else can the British constitution in action.

### The powerful "Commoners"

Facing the throne were the Lords Spiritual (the Archbishops of Canterbury and York and the senior Bishops of the Church of England), the Law Lords, the Lords Temporal—those hereditary peers, some of whom can trace their ancestry back to the time of the Norman Conquest—and the Life Peers, representing virtually every walk of life—academics, businessmen, trade unionists, servicemen.

And standing just inside the doorway of the crowded chamber were the so-called Commoners, the Prime Minister, other ministers and Members of Parliament (MPs) representing Her Majesty's Government and Her Majesty's Loyal Opposition.

It was a great British political journalist, Walter Bagehot, who in the 19th century developed the now accepted theory of the "dignified" and "efficient" parts of the British constitution. The monarchy represents the former. The separation of the monarch from the actual business of government over the past 200 years has elevated her above the party political battle and made her a symbol of national unity.

(\*) Of the political staff of "The Times", London.

### Exciting and dangerous

Politicians, of course, can never escape the fray. Sir Winston Churchill's view was that "politics are almost as exciting as war, and quite as dangerous—in war you can only be killed once, but in politics many times."

However, Sir Winston was not present in the House of Lords a few years ago when his warning almost came true in the literal sense. Lord Mancroft, speaking in a debate on animal traps, felt so strongly that the actually brought one into the chamber and opened it up to demonstrate his argument. An unfortunate reporter passing by to return to his table accidentally triggered the mechanism and nearly lost a limb!

Britain has no written constitution in the sense that it can be found in one specific document. Instead, the Parliamentary process has evolved guidelines, with such statutes as the Parliament Act 1911, which allows Parliament to alter its own lifespan (the present limit is five years), the Representation of the People Act 1948, which allows an increase in the number of constituencies, the Representation of the People Act 1969, which lowered the voting age to 18, and the Standing Orders of both Houses of Parliament.

Parliament is sovereign. In the words of Sir Edward Coke, a Lord Chief Justice of the 17th century: "The power of jurisdiction of Parliament is so transcendent and absolute that it cannot be confined, either for causes or person, within any bounds." No other body can make law, unless Parliament gives its authorization—as in the case of local authorities who have been given the power to make local bylaws of a restricted nature.

Since there is no distinction between ordinary and constitutional law there is no body—such as the Supreme Court in the United States—which, by declaring a bill "unconstitutional", can override Parliament.

As the governing of a modern society has become more complex so the size of the executive branch of government has grown (although it needs the permission of Parliament as a whole to do so) to the extent that ministers and junior ministers now form one sixth of the total voting strength of the House of Commons.

Inevitably, the size of this so-called "payroll vote" has invited criticism because it means that party discipline is more strictly enforced, and it is sometimes fiercely argued that Parliament is losing its sovereign control.

But in reality a government dare not go too far in usurping Parliament's authority. Major pieces of legislation have been lost, or fundamentally altered, because the government has been unable to convince its non-ministerial supporters of the rightness of a proposed measure.

### Oblong politics

The attitude essential for the enjoyment of confrontation politics was best summed up by Sir Winston Churchill during World War II. "There are," he said, "two main characteristics of the House of Commons which will command the approval and support of reflective and experienced members. They will, no doubt, sound odd to foreign ears.

"The first is that its shape should be oblong and not semicircular. Here is a very potent fact of our political life. The semicircular assembly, which appeals to political theor-

ists, enables every individual or every group to move round the centre adopting various shades of pink according as the weather changes!"

MPs exercise their right to challenge the government, or to seek an explanation of its policies, in a number of ways. While sessional question time began in the European Parliament in 1973, formal questioning of ministers in the Westminster Parliament dates from 1721. Ministers are questioned for an hour every day in the chamber, and twice a week the Prime Minister himself has to face his own question time for half an hour on each occasion. There are also standing committees which can summon ministers and their civil servants to explain policies and items of expenditure.

On top of this, there is the scrutiny of legislation. In the main it is the government which brings forward bills for Parliamentary approval, although individual MPs can introduce bills designed to bring about social reforms. All have to pass through a process of readings, debates and committee discussions in the Commons and a repetition of the same process in the Lords.

However, the second chamber has closely defined powers and can have little influence over financial bills, the Commons being the sole source through which money is made available.

## Significant changes ahead

The latest Loyal Address contained proposals for significant constitutional innovations which could seriously affect the sovereignty of Parliament, or so their opponents allege. Bills are now being debated in the Commons which would devolve some Westminster responsibilities to elected assem-

blies in Scotland and Wales, a response too the upsurge of nationalism which has been experienced in many regions of Europe.

Scotland in particular is demonstrating that she should have more direct control over her affairs, with the Scottish National Party demanding independence. The government's legislative proposals fall far short of this, but if the bill is carried the Scottish Assembly will have control over vast areas of policy, excluding matters such as defence, revenues from North Sea oil, and taxation. The Welsh Assembly will be more an administrative than a legislative body.

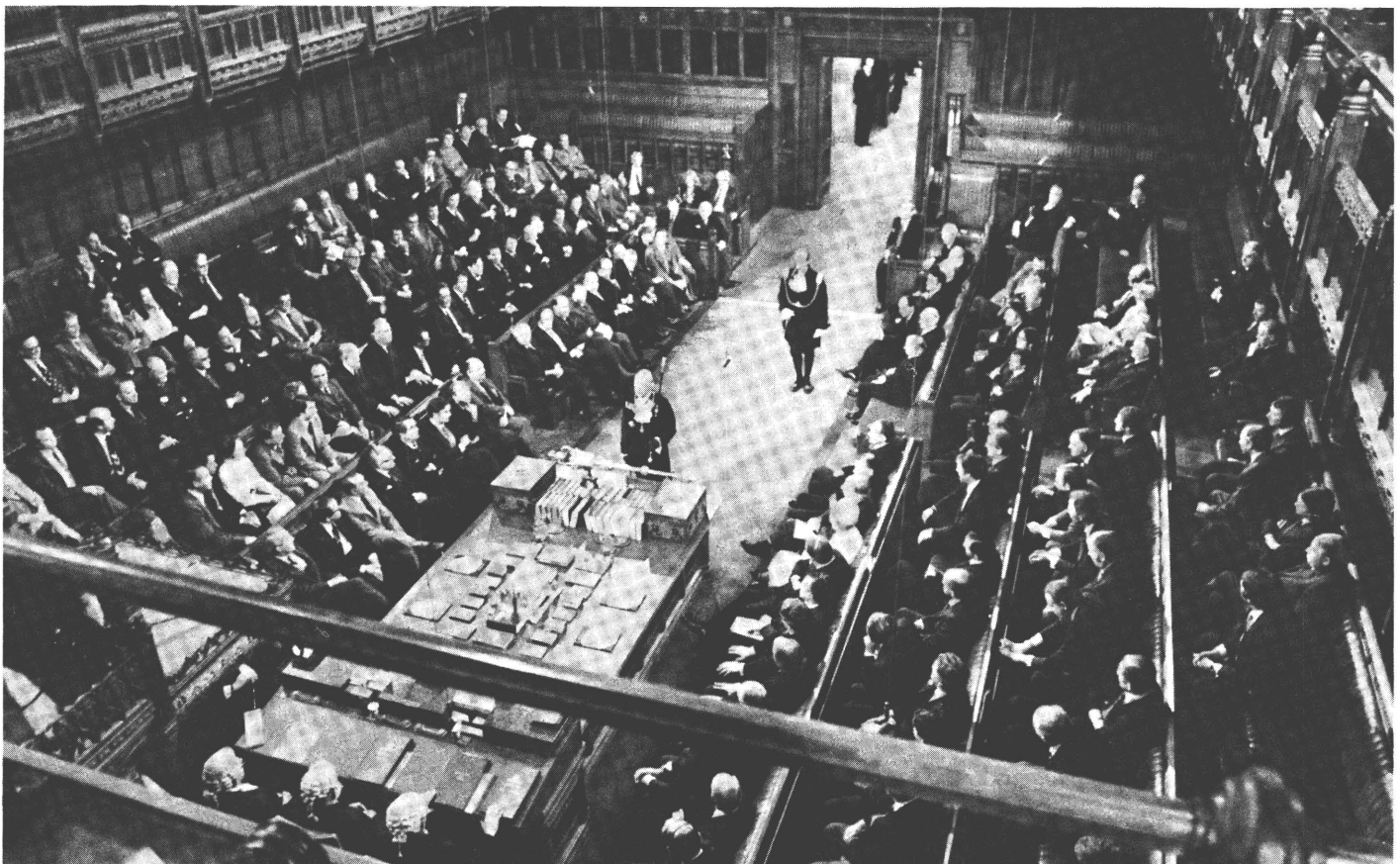
The other major constitutional bill would introduce direct elections to the European Parliament, in line with the other states in the European Community. While a minority argue that this represents a fundamental challenge to the treasured sovereignty of Parliament, the majority in the Commons dismiss this as short-sighted anti-Europeanism. Nonetheless, Parliament has instituted safeguards, creating committees to scrutinize Community regulations and to recommend Parliamentary debates if they are felt to be essential.

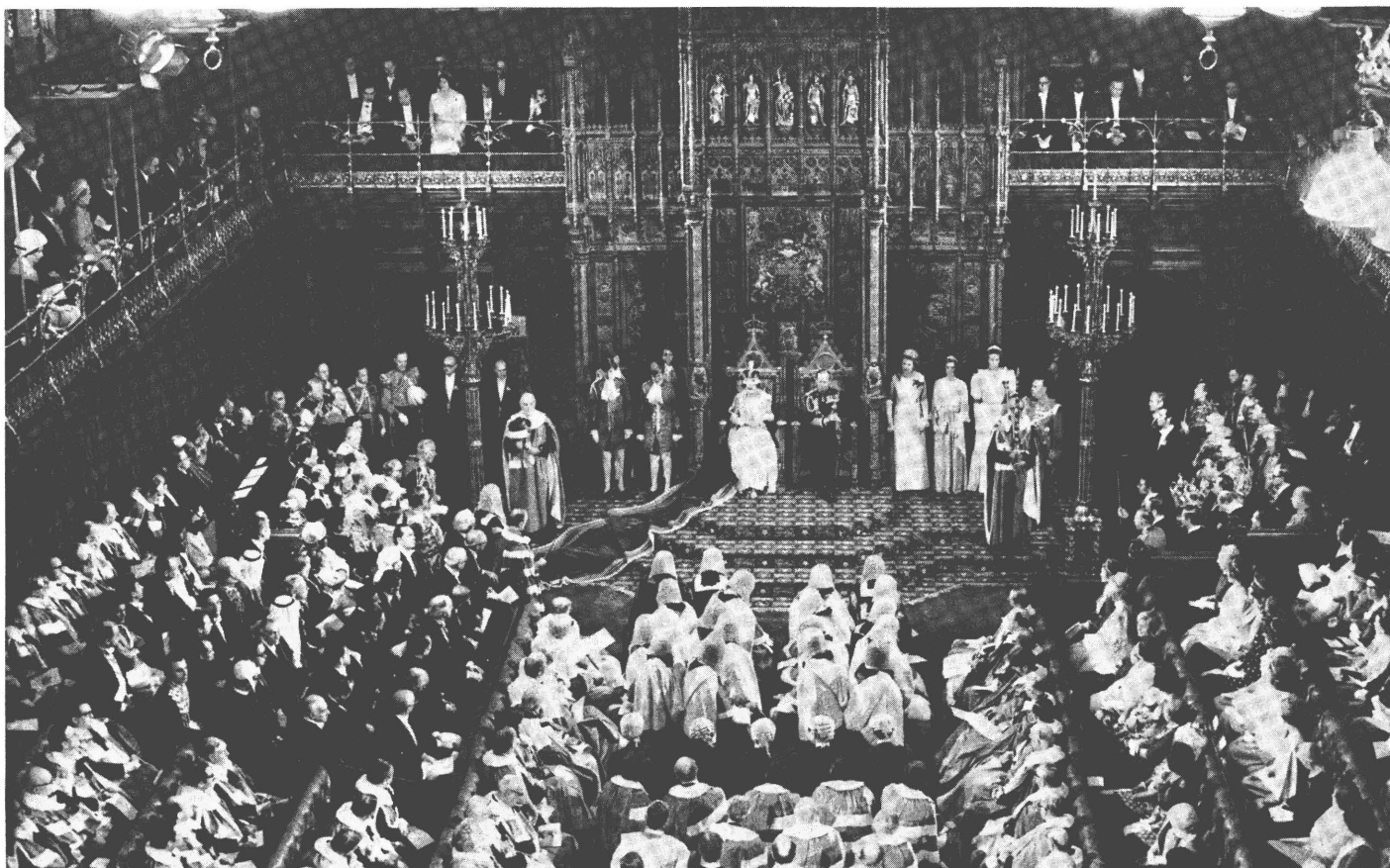
Undoubtedly these constitutional changes will occupy much of the time of MPs and peers for the rest of the Parliamentary session and such is the shortage of time available to achieve their safe passage on to the statute book that the government has had to bring in timetable motions to curtail debate.

## Evolution in action

Built into the British constitution is a system of "checks and balances", which is why the legislative and judicial

*The oblong shape of British politics, as Churchill described it: the inside of the House of Commons, with the Government on the left, led by the ministers on the front bench, and the Opposition on the right*





*Although the House of Commons is the real seat of power, the Queen officially opens a new session of Parliament with a speech from the throne in the House of Lords. The "Commoners" are summoned to attend, with government ministers and other Members of Parliament standing just inside the doorway. But it is the government in the Commons which writes the sovereign's speech*

process can sometimes seem inordinately long. But it has evolved to protect the fundamental rights of the citizen.

There is no Bill of Rights and although there is a growing campaign to introduce one, many Parliamentarians fear that this would erode their sole right to make law; they argue that judges should only interpret the law.

The Scotland devolution bill provides a perfect illustration of the evolutionary process. Originally it was intended that the Secretary of State for Scotland, a Cabinet minister, would have the right to challenge legislation by the proposed assembly if it was thought to be in conflict with the idea of the Westminster government. This met with strong objections from the Scots and now any dispute between the central and devolved governments will be referred to the judicial committee of the Privy Council for settlement. Even individuals will be able to appeal to the committee.

The Privy Council began in the 11th century and contained the leading officials of the realm. Under the Tudor monarchs it was their instrument of government. Its own powers have dwindled but those of its judicial committee, with a membership of Law Lords and high-ranking judges, are still very real. It is, among other things, the final court of appeal from the Channel Islands, the Isle of Man and Britain's overseas dependencies.

The final appeal court from within Britain is the House of Lords, though it is a convention that peers without judicial experience do not hear appeal cases. These appellate functions are exercised by the Lords of Appeal and a quorum is three.

The impartiality of judges, whether Law Lords or not, is sustained by giving them a large degree of independence. They are placed beyond the influence of the Executive by the Act of Settlement 1701, which made them irremovable

except on an Address to the Sovereign by both Houses of Parliament.

More than that, by tradition judges are not criticized in Parliament, although there have been one or two instances of criticism in recent years.

### **The citizen as judge**

In Britain there is a division between civil and criminal law. Civil cases start in what are known as County Courts, although when large sums of money are involved they go to the High Court. In criminal jurisdiction small cases are tried in Magistrates' Courts and the more serious before a jury at the Crown Courts. In both civil and criminal cases there is the right to appeal as high as the House of Lords.

Justices of the Peace (JPs) who sit in the Magistrates' Courts are ordinary citizens appointed and removed by the Crown on the advice of the Lord Chancellor. There are nearly 20000 JPs in England and Wales.

One of the problems in encouraging wage-earners to become JPs has been loss of earnings and even though they receive compensation it is estimated that the proportion of JPs who are wage-earners is still only one fifth.

Nearly everyone who is on the Register of Electors and under the age of 60 can be called upon to act as a juror. It is for the jury to decide whether the defendant is guilty or not and for the judge to pronounce sentence. Juries therefore are guardians of individual liberty and, in the long run, the protectors from oppression by the government.

The jury system, although it has its imperfections, has been a bulwark of British justice throughout the centuries, another of those manifold "checks and balances". □ M.H.

## SOCIALISTS

### Pierre Mauroy: “Europe has been, above all, the affair of businessmen and bureaucrats, not citizens and workers”

Mr Mauroy, second in command of the French Socialist Party, parliamentarian and mayor of the northern French town of Lille, explains why the French socialists have always been in favour of European integration (it was a socialist French government which signed the Treaty of Rome) — provided the Community is designed to benefit the ordinary man in the street.

► *Have the French socialists always been in favour of European integration?*

— Yes, for three basic reasons.

First, there is the fundamental reason of our internationalist policy. We socialists know the value and the scope of the national idea. Man is at the centre of our philosophy, as we realize that the individual is nothing without his fellow men. His freedom and his dignity only exist if everyone is equally free and dignified. So the socialists see the need for democratic, independent groups.

The same goes for the peoples of the world and this is why we prefer talking about the independence of peoples rather than the sovereignty of nations. Claiming to be sovereign is all too often denying that there may be a common rule. Claiming to be independent involves recognizing that other peoples have the same right to indepen-



Pierre Mauroy

*“For us, Europe should be a factor of solidarity. Relations with the developing countries will be the major challenge of the coming years”*

dence. European integration, the common aim of the peoples of Europe, was thus bound to be taken seriously by the socialists, and the French socialists in particular.

Then there is a historical reason, the need to organize the collective security of the peoples of Europe who had just been through two merciless wars in the space of one generation. And we preferred to involve the losers in our joint attempt at reconstruction, seeing in yesterday's enemy the partner of tomorrow. What has happened since the period immediately following the war has confirmed our ideas. The geopolitical map which has emerged shows what a united Europe, situated between the two superpowers, could do for peace and development.

Finally, there is a more recent reason, namely the difficulties the peoples of Europe are having to face today, such as the increasing rarity of raw materials, food and energy resources and the chronic unemployment in our countries. Taken individually, the peoples of Europe do not have the means of solving these problems.

► *The socialist parties are a powerful force in the EEC and there has been a socialist group at the European Parliament from the outset. What is the group's general feeling about the present state of European integration?*

— The socialists of the Community countries tend to feel that the hopes held out by the Treaty of Rome have only been partially realized. The Treaty was, first and foremost, a trade treaty, although it was intended to lead to a political community. But so far, Europe has been made above all the affair of businessmen and bureaucrats and not of citizens and workers. The conservative parties' idea of Europe has failed. We have to build a Community which will give the peoples of Europe the means they need to guarantee each person peace, freedom and dignity.

► *At the Convention for Europe, which the European Movement organized some months ago at the Palais des Congrès in Versailles, you gave a warning against multinational companies. Why?*

— The development of multinationals is one of the most important aspects of the latest developments of capitalism. Multinationals are economic powers of a size we have never seen before. They can avoid state control, dodge the demands of national economic policies and even evade the supervision of the European authorities. The situation is all the more intolerable in that these companies, together with other factors like persistent inequality, are behind the huge and lasting inflation of recent years. The Maldague report, written at the Commission's request, is quite clear about this.

If we are to emerge from the crisis, then democratic political power must take over from economic power. We will find multinationals on our path and this will force us to implement a policy of control at a sufficiently high level, i.e. at European level.

► *What effect do you think direct elections to the European Parliament will have on the relaunching of the idea of integration?*

— So far, Europe has only been the affair of businessmen and bureaucrats. We want it to be for the citizens and the workers. They must therefore have a direct means of saying what they want for Europe and the best way of providing for this is to institute direct elections to the European Parliament.

This new parliament is described as a constituent assembly, but I feel that the choice of words is a bad one. The new parliament will have to innovate, it will have to continue with the reports produced jointly by the Commission, the Council of Ministers and the present Parliament. Although the European Parliament was of minor importance, it has, over the last few years, obtained considerable authority, strictly within the terms of the Treaty of Rome, thanks to the initiative of Georges Spénale in particular. We want to develop this. There is no question of an attack on the prerogatives of the national parliaments; the Treaty of Rome rules this out. But we do want to create a democratic power at European level because there are problems to be dealt with at this level. And our experience tells us that a federal-type institution like the Community can, if it has an elected assembly, play a far greater role than one that depends on a Council based on the executive bodies of the individual collectivities.

► *Have the socialist parties of Europe come to an agreement on direct elections?*

— The socialists have decided to draw up a programme, now in active preparation, for direct elections. We already have a draft and this is being discussed by the leaders of the individual parties.

We have not tried to make it a general programme which would meet everyone's approval. Our parties have very different histories and they work in countries with very different levels of economic development, different social struggles, cultural traditions and internal alliances.

But we are very much aware that the confidence the workers place in us in each of our countries means that we have to work together. A European policy programme explaining what action socialist MPs would take in the European Parliament to get the Community moving along socialist lines seemed a necessity just before the first European elections, and a useful way of testing our ability to work together, tomorrow, to build a Europe for free and responsible citizens.

► *Do you feel that the French voting system will encourage a large turnout at the elections?*

— France has opted for proportional representation with a national list for the elections of its 81 European MPs. Whether this will encourage a large turnout is open to

question. But I believe that, above all, voting will depend on the campaigns the parties run. And I think that the mayors, who organize the elections in France, will, by trying or not trying to encourage voting, also have a determining influence here.

► *With proportional representation thrown out of the House of Commons, direct elections will now probably take place in 1979.*

— It is true that the British parliament's decision has put off direct elections until 1979 instead of 1978. We French too have made international promises we have been unable to keep because of a failure to achieve a parliamentary majority. I do not think the method is a good one, but I do not think we should be too hard on our British friends either. The blame has to be shared.

When the European Council decided that direct elections would take place in 1978, the British Prime Minister, James Callaghan, said that the United Kingdom would find it difficult to keep to this and the other heads of state and government therefore accepted the idea that the British elections would be a little late. Then a decision by the foreign ministers, at the instigation of the French minister, ruled this out and it is this which is responsible for the delay.

► *What part should development cooperation play in European integration in the future?*

— For us, Europe should be a factor of solidarity. Relations with the developing countries will be the major challenge of the coming years. None of our countries can do enough to close the gulf between rich and poor.

Europe must therefore set the example in this field. It is sufficiently economically powerful to do so and when it speaks with one voice, it is able to impose its views, even on the US and Japan.

Its attitude should be geared to pushing up development aid to 0.7% of GNP in the rich countries, and it should also aim at a better distribution of aid and at better decisions, in collaboration with the recipients, as to its allocation.

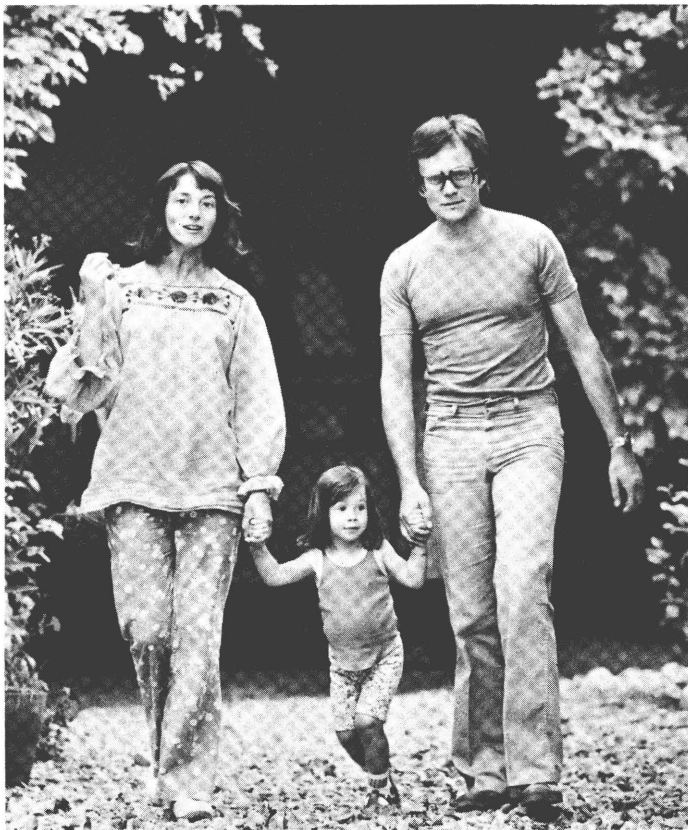
Then, the problem of the new international division of labour must be dealt with. The textile industry is a good example of this. There must be solidarity between the Community and any country establishing a textile industry as part of a development plan, although there can be no

*The Europe of big business...*

PAOLO KOCH-RAPHO







... or a Europe for ordinary people?

question of a multinational investing in an underdeveloped country with a view to the scandalous exploitation of the labour force to make products that will then appear on our markets.

► *What does the European Parliament socialist group feel about the prospects of enlargement?*

— Certainly, if all the member countries had similar economies, many of the problems we have mentioned would hardly have arisen at all. For the peoples of Europe, the *raison d'être* of the Community is that, as the Treaty of Rome prescribes, it encourages greater equality in the situations of the various member countries as it progresses.

Certain features of the potential new members will increase disparity within the Community. But in the name of solidarity and because of our debt to them for overthrowing their dictators, we cannot but agree to their requests for accession and take steps to gradually strengthen the ties of association uniting these countries with the Community to bring about accession proper.

► *Finally, what sort of a Europe do you want?*

— The construction of a strong, united Europe is, for me, one of the rare plans to appear as an answer to our wishes and a path to certainty and hope.

We have to invent a new model for development, based on respect for full employment, on a better balance in our everyday life at home and at work, on greater protection for the environment, on a reduction of inequality and on the development of democracy.

This is the only way of finding a lasting way out of the crisis which so profoundly affects the poorest of us. Europe has the right conditions for bringing this about and it is therefore up to us, its peoples, to join together to take this opportunity of making Europe once more the centre of civilization. □ A.L.

## CHRISTIAN DEMOCRATS

### Egon Klepsch (\*):

- **The role of the European Parliament**
- **Enlarging the Community**
- **Basic human rights**

The Christian Democrats are aiming for a federal Europe. Mr Klepsch calls for equal representation for each member state in a second chamber of the European Parliament.

► *How are the European Christian Democratic parties preparing for direct elections to the European Parliament?*

— By forming the European People's Party as a common response to the political question of their representation. The European People's Party has endeavoured to work out a common programme for the first direct elections, a programme which will take account of the fact that the Christian Democratic parties have been the "European" parties since the very beginnings of the European Community. Right from the start they have steadfastly stood for the unification of Europe. It was a happy coincidence that when the Community was set up the Christian Democrats were firmly in power in all six founder countries. This meant that they were able, on the basis of their common allegiance to the ideas of peace, freedom, security, solidarity and justice to come up with an arrangement which promised a durable solution. This development was tied up with the names of Adenauer, Schuman and De Gasperi. Today, the key figure for the Christian Democrats, is Belgian Prime Minister and leader of the EPP, Leo Tindemans, who has made an outstanding contribution with his report on the continuation of the political unification of Europe. For us this report forms the basis of what we are saying about the next stage of the policy of European unification, which will be a major theme of the direct elections to the European Parliament.

We have already agreed on a common symbol for our election campaign, on the slogans which will be used to convey our general message and on a common programme which is to take account of the realities of the Community today and the objectives of the Christian Democrats. We know that the election campaign must be conducted by the national parties because the European People's Party cannot achieve the necessary organizational coordination in such a short time.

We are convinced that our contribution provides an alternative to the concept of a Marxist Europe. We are in favour of a pluralist Europe and therefore believe that the contest between the various political forces in Europe will

(\*) Chairman of the Christian Democrat group at the European Parliament.

form the real substance of this campaign and of political activities in the Community. We have made very good progress in our work: on 1 December we met to finalize our programme and will therefore be armed to fight the direct elections in 1978 or whenever they take place.

*Do you feel that direct elections will give the new European Parliament greater scope for defining and putting into effect the Community's economic and international policies and for determining the nature of European integration (federal or confederal)?*

— I firmly believe that direct elections will give the European Parliament greater scope for action, for the following reasons:

The European Parliament will take on a new capacity. While the Parliament has until now consisted of members sent from the national parliaments, the directly elected Parliament will be composed of representatives directly elected by the people for the sole purpose of practising politics and exercising a control function for the European Community. According to French constitutional jurisprudence this will give them a completely different capacity, thereby offering the European Parliament the chance to play its rightful political role.

### **Controlling the national civil services and taking account of the desires of the peoples**

We do not think that there will be a conflict between the national parliaments and the European Parliament on matters of jurisdiction. The powers which the European Parliament already possesses today should not be underestimated. For instance, it has budgetary authority in matters of Community expenditure, it may dismiss the Commission of the European Communities at any time by a vote of no confidence, and wherever consultation is obligatory it can have a decisive influence on the legislative process too. We realise, however, that we still lack powers which we really ought to possess. By ratifying the treaties, the national parliaments transferred sovereign rights to the Community. Unfortunately—this criticism must be made—the situation today is that the Council alone takes care of legislation on behalf of the Community in those areas where sovereignty has been transferred and the Council is difficult to control. The national parliaments have no way of exercising control over it. An urgent task for the directly elected European Parliament will therefore be to bring under control the accumulated power exercised today by the national civil services and to take account of the desires of the peoples and political forces of Europe.

I say this with particular emphasis because the political majority in the Parliament by no means matches the composition of the Council. The latter's practice of dealing with everything unanimously or by majority decision and abstention impedes all attempts in the national parliaments to exercise any influence or control over the decisions of the powerful. We are therefore resolved to press for the European Parliament to be given the powers which it lacks and the national parliaments no longer possess.

First of all, in the budgetary field the revenue side—taxation, customs duties and legislation on agricultural levies—must be controlled. This cannot be left to the Council alone—the political forces must be able to exercise control. However, in matters of actual legislation too the European Parliament is the only corrective to the arrangements arrived at by the bureaucracies. It has to be said that at the moment there is a gap in the democratic structure of the Community



Egon A. Klepsch  
*"We favour a federal solution"*

which must urgently be filled by direct elections and subsequent developments.

It should also be noted that the international policy pursued by the Community—and foreign ministers meeting in the Council have increasingly arrived at common decisions—needs parliamentary control and parliamentary participation. We are already able to discuss this policy today. There have, however, been instances in the European Parliament where the President of the Council, referring to the terms of the current arrangements, has refused to give information. We cannot accept that this state of affairs should continue in the future. We are convinced that the process of equipping the European Parliament with full powers should be geared to the proposals made in the Tindemans Report, which the heads of government have unanimously approved in principle.

As Christian Democrats we have a clear idea of what we mean by European integration: we favour a federal solution, though how long it will take to get there is another matter. However, we are convinced that for the peoples of Europe federalism is the best way of guaranteeing a balance of power and, at the same time, concentrating their strength. We will fight for this goal even though we know that it will probably be a long time yet before it is attained.

### **For a federal Europe**

We are for a federal Europe in which member countries, both small and large, will continue to play an equal part. We Christian Democrats have always advocated a Chamber of States in which all nine countries (or in future twelve) are equally represented—and I stress equally—and a Parliament in the sense of a Lower House in which the populations concerned are represented on a broad base. In our view it stands to reason that no one country can be allowed to predominate since that would be diametrically opposed to the idea of a federated Europe.

## **In favour of enlargement—but it will throw up “a whole host of problems”**

► *Enlargement of the Community of Nine will be one of the major subjects of your parliamentary debates. Do you think the directly elected European Parliament can play a decisive role in the progress of the future negotiations?*

— The enlargement of the Community from nine to twelve, or even thirteen, members is a central problem in our view—for none of us forgets that as well as Spain, Portugal and Greece of course, our fourth associate, Turkey, which is attached to the European Community with the objective of eventual full membership, will apply for that status as provided for in the Treaty by 1994 at the latest.

We regard the provisions of the Treaty, which we created ourselves, as binding, which means that any European country is entitled to become a member of the European Community, whether poor or rich at present. Secondly, we believe that only a free and democratic country can become a member of the European Community. For a long time Greece, Portugal and Spain were faced with this requirement. We are now talking about their joining the Community because they have adopted such a structure. We heartily welcome this development which we feel in also in the interests of their peoples. In formulating the treaty of accession for these three new member states a way must be found to incorporate provisions whereby only countries with free, democratic systems of government can be members.

We all know that enlargement throws up a whole host of problems. I should like to mention just a few. One difficulty is that the applicant countries are predominantly agricultural and that enlargement will tip the prevailing balance between agriculture and industry in the Community in favour of agriculture; this will raise a large number of problems. We also know that industry in the applicant countries has not yet been developed to the stage where it can compete directly with the developed industry in the European Community without protection. We are aware, too, that a solution has to be found to the problem of the European Community's obligations towards the other associated countries in the Mediterranean and in Africa, the Caribbean and the Pacific. These countries must not suffer as a result of enlargement of the Community, and a sensible solution is called for. Finally, we are fully aware that the question of the free labour market in Europe is fraught with problems both for the internal structure of the applicant countries and for that of the other European countries.

I have chosen four subjects which raise great difficulties. Christian Democrats were not, however, afraid to start building the European Community and overcome enormous difficulties and we have never shied away from seeking completely new, unconventional solutions. This is a result of our wealth of ideas and our readiness to solve problems. I can give an example: when, after the Second World War, 15 million refugees from East and Central Germany poured into the Federal Republic, logically have ought to have been unparalleled chaos. The Christian Democrats, who were in power at the time, decided to introduce “equilization of burdens” legislation whereby anyone who still had something left after the War had to give 50% of his assets to those who had lost everything. This was an unprecedented, totally unconventional operation but it solved the problem. For the revolutionary idea of basing future relations between the European countries on reconciliation and peace particular credit goes to Robert Schuman. He was on the winning side and yet he said: let us pool all we have and do everything on a basis of equality—a truly epoch-making step.

We regard it as our duty towards the applicant countries too to solve their problems in common with ours. I believe that the directly elected Parliament will play a very large part in the discussions of those problems. It is a matter of overcoming objections and reservations in the national parliaments, and the European Parliament, which is striving for a common integrated standpoint, will, when it has achieved that, be able to do a great deal to ease the process of integration of the Nine. Moreover, we firmly believe that in the three applicant countries there exists the political will to be part of a political community and not merely a customs union.

## **EEC policy towards the developing countries**

► *Where does Community policy towards the developing countries, particularly cooperation with the ACP states, figure among the present and future concerns of the European Christian Democrats?*

— The Christian Democrats base their political activities on solidarity. By solidarity we mean that we are striving for the fulfilment of three principles throughout the world. The first principle is the idea of peace, which we want to see established within countries as well as between them. We are emphatically for this idea of peace. The second principle is the idea that man was created in God's image and that everyone must therefore be guaranteed the basic rights and basic freedoms to which he is entitled in this world of ours. We are constantly working towards this goal and will not accept any compromises in the exercise of basic human rights either for the individual or for sections of society. The third idea is that of putting into effect the principle of social justice. By solidarity we do not only mean that individuals who are worse-off than us should receive charity on the Caritas model for example, but we believe that everyone who is prepared to join forces with others in endeavouring to create a better world which will function more smoothly must also receive the necessary support and response from our side.

It was a Christian Democrat, the one-time President of the Parliament, Professor Furler, who said that after the end of the colonial empires the states of Africa could not be left to their fate but that we should endeavour to develop together new forms of cooperation. And I believe that the Lomé Convention is an excellent starting point for achieving new forms of cooperation between countries which are in the process of development and those which have already reached a high level of industrialization. It will not be up to us to make unconventional proposals to solve these problems as well, for we know that world history does not provide us with any model for this task.

We know that we are only just starting on the road towards development and that the process of changing traditional structures is far from finished. We believe that the Community has the task of helping to reshape communities in the developing countries. I feel that the Council of the European Communities is fully aware of this responsibility. For the Parliament the question that naturally arises is whether the principles I mentioned can be fulfilled.

You can take it that for my group the question of loosening colonial attachments is a thing of the past. The Christian Democrats are a completely new political movement which arose in Europe—in continental Europe—in response to the totalitarian systems of communism and the national socialism of the fascists. And this movement, which developed so powerfully after the Second World War, embraced the new concept of the unification of Europe and

the elimination of the thinking associated with the old empires. It was our parties which completed this break with the past in the individual countries of the Community and which can today take pride in the memory that they found a new path into the future.

## A politically united Europe

► *It is sometimes said that present-day Europe is a Europe of shopkeepers and technocrats. The European venture, however, depends on ordinary citizens feeling directly involved. Do you think that direct elections to the European Parliament are enough to achieve this?*

— It is certainly true that there is criticism that many people today see Europe as an association with common interests bent on achieving better terms of trade and greater competitiveness in relation to the United States, Japan or the Soviet Union. This is the idea of Europe as a customs union peopled with penny-pinching merchants intent on increasing their profits and unwilling to part with any of their increased income. And this view is backed up when one sees how the machinery personified by the government is in reality a straitjacket of accumulated national interests coordinated at a minimum level of common agreement which is only meaningful as an instrument for representing those interests, vis-à-vis the outside world.

This view has never been and will never be accepted by my party. Therefore we also stand for a politically united Europe, for full powers for the European Parliament, for representation of the peoples concerned so that they can project their own identity and make themselves felt.

Why, though, do the peoples of Europe know so little about the bad and good points of the European Community? I can answer this question very clearly and critically: all our governments share more or less the same tendency to deprive the Community of its due for the advantages and positive results which it achieves for the peoples of Europe by putting them across as the achievements of national governments. They try to give the impression that it is they and not the Community that have achieved these results. On the other hand, whenever something goes wrong at national level, and gross errors are made, governments tend to look for a scapegoat. And what is the favourite scapegoat? The European Community. The policy followed by the United Kingdom government is a good example of this behaviour. Whatever the government does wrong and wherever it fails the European Community is to blame. And yet we all know that nearly half the consumer price in the United Kingdom is subsidized by this very same wicked European Community and that it was the bridging loans accorded by the European Community which helped the United Kingdom over the difficulties of recent months.

The campaign for direct elections to the European Parliament will give us the opportunity to show the peoples of Europe the real shape of things and to explain to them the decisions that are taken in response to the various proposed solutions. Much new information is required. If our approach to the direct elections is right we will have the chance to awaken the interest of the peoples of Europe and make clear to them that the Community has a decisive effect on their lives and that it is their interests which are being voted on. □

Interview by L.P.

## DOSSIER

## LIBERALS

### Gaston Thorn:

**“The first European parliament elected by direct universal suffrage will have more moral authority”**

Gaston Thorn is Prime Minister and Minister of Foreign Affairs of the Grand Duchy of Luxembourg. Looking at the present state of European integration, he expresses the liberals' hope that direct European elections will contribute to a “liberal” and “pluralist” Community.

► *You have been President of the EEC Council of Ministers three times and as a head of government and foreign minister you are almost a permanent member. In your official capacity, and from a liberal standpoint, how much progress do you feel has been made with European unification?*

— Alas, it has to be admitted that the Community has not made the progress in the '70s we had hoped. In the '50s, when the Community was just getting under way, the results were very much better than anticipated. We made exceptional progress and this gave us high hopes for the '60s. But then we met problems, like the negotiations with the United Kingdom. However, we always had the impression that although there was a crisis, once it was over things would go very much smoother again afterwards. We thought we had gained our second wind at the 1969 summit at The Hague when we discussed deepening, expanding and enlarging the Community. The biggest obstacles seemed to be behind us.

However, it was at that moment that the Community began to get bogged down. It took two or three years to complete negotiations and then we marked time for a further two years because the British were supposed to need time to adapt. Today, eight years later, we are forced to admit that never before has Europe had such slow years. Politics have perhaps been less affected than most areas. We have, after all had political cooperation that was not even planned in the '50s. But we have progressed little on essential matters. Our transport policy, even supposing it exists, has barely advanced at all, our agricultural policy is all but in pieces, our industrial policy has yet to be established and we have not even found the answer to the two major challenges of our time, inflation and unemployment. It's everyone for himself, in a way. None of this is very encouraging. But the worst thing as far as I am concerned seems to be that the nine states, the nine governments in whose hands the



Gaston Thorn  
 "We are reformers"

destiny of Europe lies, cannot agree on the sort of Europe they want. Worse than that, they seem to lack the courage to get together to discuss it.

► *Isn't another reason for the present difficulties, as you have said, that the decision-making process is so often held up?*

— Well, here we are faced with the East-West challenge, the North-South problems, inflation and unemployment, and I cannot see how the Nine, perhaps 12 tomorrow, industrialized countries of the Community can, with so many different political views to reconcile, expect to reach a unanimous decision on all these problems in good time. I am well aware that nothing can be imposed on any member state at the present time. This is why I can even understand what General de Gaulle wanted when he called for a unanimous vote or a right of veto on vital issues. But he was talking about vital issues, matters that were essential to the national interests of one of the member states. Today, unanimity is more or less the rule and the smallest question of regional or secondary interest is dealt with as if it were of major importance.

► *So the current practice is not what General de Gaulle seems to have wanted?*

— Of course. That was the danger. At one time I even told the General so, although he refused to agree of course. You have to stick to essentials. But once the barrier has been broken down, or shall we say once the rules of the Treaty have been breached, the door is open to whatever you like. There are sometimes weak governments and there are sometimes weak ministers. Name a minister with the courage to say when he thinks that a problem put to him by one of his farmers, viticulturers or anyone else is not a vital

one. Faced with this situation, the unfortunate man is bound to say that any issues he is championing are vital.

## Relaunching the construction of Europe

► *What effects do you think the direct elections will have? Will they really advance the construction of Europe?*

— What has never failed to strike me over the last 25 years is that people have sometimes said we were building an employers' Europe, a capitalist Europe or a multinational Europe. There are so many slogans. It was Europe for the unions when the bosses were upset. And it was Europe for the farmers at one stage. But for 25 years, no voter, I would almost go so far as to say no consumer, has ever been asked his opinion. Except in one or two referenda, the voter has never been asked what he thinks about Europe. Europe has never been a key issue in national elections. Is it really possible for those who claim to be part of a parliamentary democracy, those who defend it and who have created a community, not to organize that community according to democratic principles whereby the people are consulted? This is vital for parliamentary government. It is also vital to the balance of power, since there will soon be no more than an executive and one which works in the way just described, without the right balance, which is a bad thing. Finally, there is only one effective way of opposing the sort of Europe where pressure groups have too much power and that is to call on the voters. So, without waiting for a universal remedy, I believe it is our duty to hold direct elections and I believe that when the voter has been asked his opinion and, above all, when he can elect MPs who just sit in the European Parliament and who can stand for re-election, then he will want to know exactly what is going on. When this happens, we will have at European level the same sort of dialogue we now have with the people at national level.

► *At the next elections, MPs will either be able to serve both national and European Parliaments or the European Parliament alone. There will thus be two categories.*

— There will be two categories in what we expect to be no more than a transitional period.

## **The liberals and the European elections**

► *Are the European liberal parties ready to tackle the elections?*

— You know, we could go on preparing for the elections for some time. But we are anxious for them to take place as quickly as possible. We have done all we can. It is often difficult, quite frankly, to unite the liberals into a single party, since what makes a liberal and what makes both his strength and his weakness is his deep desire to defend the rights of the citizen. This is what makes the liberals so individual and so varied. It is not easy to organize them in a party, particularly as many of the member states have more than one liberal party — which makes grouping difficult at European level. I think this is an area where things are easier for the conservatives and for the Marxists. The socialists have their international and although they are divided into social-democrats and socialists, it is easier, structurally speaking, for them to group together. Nevertheless, with only a few setbacks, we have managed to unite the liberals and the democrats. We even drew up a programme before others did and, in November, we held our congress in Brussels, when we voted on 200 amendments. Furthermore, this programme, according to liberal traditions, will never be fixed once and for all. It will have to be brought up to date every year. The essential is to have a springboard for action. And this we have.

► *In any case, direct elections will not alter the powers of the European Parliament. How and in what fields will the political parties, particularly those who call themselves liberals, be able to act in the future European Parliament to launch the idea of the construction of Europe again?*

— It is a fact that the new parliament will have the same powers as the old one. Some people are fighting hard to prevent its powers being increased. The liberals are not. I should like to make it clear that the first European parliament elected by direct universal suffrage will have more moral authority for calling for greater powers and I do not see who could refuse it. There is no need for exaggerated fear, as the governments will have to decide unanimously, which means that some people may fight for some time before giving in, although give in they must. However, it would be preferable for the governments to agree (without awaiting this permanent pressure) and say: "here are the increased powers we are prepared to let you have and here is what needs to be done, although this is something that could be modified en route." No elected parliament has ever failed to impose its own views.

## **Cooperation with the ACP countries: "one of the best things the Community has done"**

► *You were once chairman of the European Parliament's Committee on Development and Cooperation. This committee is still chaired by a liberal, Miss Colette Flesch. How do the liberals view the Community's policy of cooperation with the developing countries now we are coming up to negotiations for Lomé II?*

— I think one of the best things, I would go so far as to say one of the rare great things the Community has done in its 25 years of existence, is to negotiate the Yaoundé I and II Conventions and the Lomé Convention. I am still proud and pleased to have been the European Parliament's rapporteur for Yaoundé I, to have been President of the Council that negotiated Yaoundé II and to have still been on the Council at the time of Lomé. I think that this is the feather in the Community's cap and today there are so few positive achievements that everyone rightly emphasizes that Lomé is something quite outstanding. As I see it, the present economic crisis is so extensive and long-standing because it is a crisis of confidence and everyone, north, south, east and west, feels insecure and is wondering what tomorrow will bring. It is therefore essential to have created a climate of confidence with Lomé. And we must now get the rest of the world to adopt the spirit of Lomé and establish more or less contractual economic relations between developed and developing countries. This is how I, as a liberal, see this essential discussion between North and South and this is why I consider that our Lomé policy should be an example that we can spread and expand rather than just an end in itself.

► *And a community with a dynamic external policy, particularly towards the developing countries, would presumably have to get on with its internal construction.*

— Of course.

## **Liberal thinking in Europe today**

► *As chairman of the Luxembourg Democratic Party, chairman of the Federation of Liberal Parties of the EEC and President of the Liberal International, how do you see liberal thinking in Europe today?*

— I think liberalism is still at the centre of political life in West Europe today. Let us not forget that it was the liberals, in the centre and on the left, who created the system of pluralist parliamentary democracy in this part of the world. Over the last century, other political groups, the socialists, the communists and so on, have tried to alter our viewpoint. Some liberals of today continue the traditions of those of yesterday, forgetting that the essence of liberalism is to take stock of the situation every day to see whether this society that liberalism has created is ready to face the challenges of tomorrow. The conservatives want to maintain the status quo. But we are reformers and we are certainly not content to leave things as they are. By daily questioning, we hope to retain what is good for tomorrow and make the necessary changes to the modern world, where things move so fast that they force us to meet challenges which did not exist, or which barely existed, yesterday.

► *What are the advantages of and opportunities for a liberal Europe for the European citizen in the near future?*

— In politics, you know, when you have seen seven election campaigns, you automatically say what other people are saying — that Europe may be liberal or it may not. Democracy in this Europe must be pluralist, even within the parties. But it is neither the conservatives, nor, I have to say, certain left-wing parties which are the most tolerant of this pluralism. Our liberal group contains people of different faiths. It also includes atheists. So the answer is not to say we are Christian democrat or anything else. Our wealth is our diversity. How is it possible to live without being a liberal and a reformer at heart? □

Interview by A.L.

## COMMUNISTS

### Renato Sandri:

## “The construction of Europe must be democratized”

Mr Sandri is Italian, MP for Mantua, a member of the Communist group of the European Parliament and vice-chairman of the Committee on Development and Cooperation.

Italy's Communist party has a strong influence on politics and holds a large number of seats in the national parliament. The Italian Communists were anti-Common Market to begin with and it was not until 1969 that they came to the European Parliament, where they were joined by the French Communists in 1973. Mr Sandri gives the Italian Communist group's view of the Community and its future.

“Our group now has 17 members. There are nine Italian Communists and a further three left-wing independents elected on communist lists, giving a total of 12 Italian communist members, four French communist members and one Danish socialist member who belongs to the Danish People's Party (formed after a Communist party split) but still represents both Danish parties.

We have abandoned the idea of the proportional representation to which we are entitled so as to allow all the Italian parliamentary groups to be represented at the European Parliament. This has enabled an Italian liberal to come to Parliament and we believe — this is neither a gimmick nor bad tactics — that it is in the interest of both the nation and Europe itself to have all the Italian political tendencies represented.

### “There are genuine differences in the thinking of the various communist parties of West Europe.”

As I said, we were against the European Parliament in the early years. I am speaking here as an Italian communist, because there are genuine differences, not just on finer points, in the thinking of the various communist parties of West Europe. Our way of thinking has evolved, I believe for two reasons. The first is a general one. The Community was set up during the cold war, as a sort of offshoot of it, and a number of colonial territories became part of the Community at that time. Decolonization came later and there were upheavals that led to the liberation of countries like Algeria, which was a French territory when the Community was set



PARLEMENT EUROPEEN

“The present state of the European Parliament clearly shows that it needs wider powers”

up in 1957-58. Then the cold war faded, but Europe was still part of a bloc and, politically speaking, the problem of getting over the fact that the world is divided into two camps has to be worked at from within, by attempting the lengthy task of establishing new relations between the countries of East and West Europe and between countries the world over.

Then there are economic reasons for the change. We also realized that, from a theoretical point of view, our attitude was not entirely unequivocal. Our economies are being internationalized in the process of capitalist integration, as symbolized by the multinationals. We think that more than national solutions to these problems are called for. There must be coordination between all the workers of West Europe so as to provide answers, at the level of the unions, at the level of politics and at the level of institutions, to the problems posed by the development of our modern economy. We must also try to establish coordination between the workers of West Europe and the people of the Third World because we believe that, if we are to build a new order in this Europe of ours, there must be solidarity between the workers of democratic Europe and the peoples who are seeking the independence and development of the Third World.

**“The European Parliament has had very little power so far.”**

The present state of the European Parliament clearly shows that it needs wider powers. It has had very little power so far. It has the same sort of political power as a pressure group, but it has no legislative powers and no control, except what it has acquired in recent years over part of the budget.

So the construction of the Community has seen the democratic institution, Parliament, being sacrificed to the Commission and, above all, to the Council, which actually passes the laws. We believe that this must be changed, as it is a situation which affects the present state of the Community. This is a deplorable state, primarily because of the international economic crisis and the inability to devise any genuinely Community ways of meeting the challenge posed by the crisis and the events of our times. But this state of the Community is also due to a political vacuum. There is a gap between the institutions and the people and it is the European Parliament which should be bridging this gap.

**“The construction of Europe must be democratized.”**

It must be possible for the communists to add their own strength to this genuine form of solidarity between the workers of Europe. The construction of Europe must therefore be democratized. This means, first and foremost, that we must have a European Parliament that is elected by direct universal suffrage following an election campaign which makes the people, i.e. the voters, aware of what is involved. The Parliament will be a good parliament if most people can be made to vote. The fundamental thing, regardless of which party wins, is the number of people who vote.

Direct elections will have a favourable effect on the rekindling of the European idea, particularly as far as the general public is concerned. However, this process will not be an automatic one. Each party must leave aside bureaucracy and make the election campaign an historic occasion. This is almost our last chance of getting the idea of Europe taken effectively to heart once more. I think that direct elections could be the start of wider powers for the European Parliament, above all by recuperating, at European level, the sovereignty which the individual countries have lost in the multinational companies' process of economic integration and internationalization. It is therefore possible to widen the European Parliament's powers without affecting the sovereignty of the national parliaments.

The communist parties of the member states have not so far reached agreement on direct elections. However, they do have a number of fundamental points in common about the fight for democracy and the strict respect for the principle of economic, social and political pluralism now and in the future. This is a strategic choice for the future. But we have not so far come up with a common programme for direct elections. I think it would be useful if we laid down, not a common programme, but one or two general guidelines. Our party will therefore try to formulate these problems with the strictest respect for the independence and autonomy of each of the communist parties of Europe.

**“The Lomé policy must remain a fundamental one.”**

Now as to current communist thinking on helping the developing countries, I should say that we tend not to like the word “aid”. We think the Community hit on the right formula when it said that aid should be transformed into cooperation policy and we approve of the Community's policy in this respect. Why? There are a number of reasons, I think. First, the countries associated with the Community under the Lomé Convention have, by the very fact of being united, gained considerable powers of negotiation. Second, Europe needs their raw materials. And finally, in this field, there is a genuine political desire which has found concrete expression in the attitude of Mr Cheysson, for example, who has always conducted negotiations on a footing of equality and respect for the Third World. In Lomé II, we believe that the process can be taken further to achieve a real partnership which will increase trade between the two regions. We must, and this is the fundamental problem, ask ourselves about the restructuration of European economy, industry and agriculture. Lomé policy must remain a fundamental one, but our international policy also needs expanding and deepening and we should encourage the whole of the West to join with the Community, since, as far as cooperation is concerned, the US and Japan are certainly a long way behind the EEC.

**“Italian communists are unconditionally in favour of enlarging the Community.”**

At the last session, Comrade Amendola, the chairman of our group, formally declared that Italian communists are unconditionally in favour of enlarging the Community to include Spain, Portugal and Greece. We think that this is a necessary move to strengthen democracy in these three countries and in western Europe as a whole. These peoples can help us with both democracy and with culture. Let us not forget the roles that they played in the history of our civilization.

Enlargement certainly poses problems within the Community and in relations between the Community and the developing countries. There are elements of competition in agriculture and the iron and steel industry and so on. But we do believe that these are problems that can gradually be solved if the political will is there and if the right means are made available. However, there is one thing to be clear about and that is that we should never say “yes, but”. We should say “yes” to these countries and see later how we can solve the problems without endangering the economy of, for example, southern Italy.

**“Working for a pluralist, democratic Europe that is open to the Third World.”**

We are committed to working for a pluralist, democratic Europe where the workers are given the consideration warranted by their contribution to production and to society in general. We are working for a Europe that is open to the Third World and against neither the USA nor the USSR. We are working for a Europe that is a centre for the development of cooperation and friendship between the great powers and the peoples of the Third World who, particularly in Africa, are now winning the right to life, to development, to dignity and to happiness. □ R.S.



## Europe for women

by Lillane THORN-PETIT(\*)

The Council of Europe has just (at last!) recommended that its members take steps to reduce inequality between the sexes in professional and domestic life.

About 35 million women across the Community have a job of some sort, working for themselves or for someone else. They make up 35-40% of the total work force in most EEC countries (although only 25% in the Netherlands, Italy and Ireland). But there are almost no women in the higher grade posts in the EEC institutions (0% in grade A1, 1.55% in grade A2, 0.29% in A3, 2.64% in A4), although they do account for 83% of C grade posts. Not one of the 13 commissioners is a woman or ever has been. And in recent years, fear of frivolity has led to the wives of politicians being kept away from the Nine's summits and working meetings.

Is this not paradoxical when, in Italy, two governments have fallen recently over the so-called feminine issues of divorce and abortion?

Although Europe has not yet been overrun by women's liberation, the southern parts are certainly feeling the effects of the movement. It is proving a raw kind of subversion that creates confusion among the established political parties, communists included, since the movement keeps itself deliberately outside politics and the class struggle. Women's problems concern women across the socio-economic scale. Divorce, abortion, family planning, improving the generally dull and dreary lot of the housewife, retraining mothers whose children are off their hands, constructing a whole support infrastructure for women with families (mother's helps, nurseries, flexible working hours or baby-sitting services, help with looking after the sick and so on) are all problems for which Community-wide solutions can and must be found. Would this not be the best way of taking both the confusion and the politics out of certain issues that are particularly sensitive, even explosive, in some countries?

### Scarcely mentioned in the Treaty of Rome

The Treaty of Rome makes only one reference to women, in Article 119 on equal pay for both sexes.



The Treaty has now stood for 20 years but the women of Europe are far from obtaining satisfaction. The ILO says there is still a 20-50% difference in pay for identical working hours in the industrialized countries, in spite of the communication and draft directive adopted by the European Council of Ministers on 17 December 1974.

Although in occasional cases women do hold posts of responsibility, these are the exception. Women are largely found in the unskilled, and therefore poorly-paid, jobs.

There are two reasons for this. First, as ever, women do not get enough education, or more particularly training, to hold down a job or a profession. Getting married and, above all, having a family hold back a career since they mean that a woman is almost always forced to do two jobs. The EEC's economic problems and persistent unemployment make it even more difficult to satisfy women's demands at the present time. They also provide a good excuse for those who are anxious to postpone complete equality, particularly in the areas of vocational guidance, professional training, further training and working conditions.

The barriers that prevent women from taking on greater professional

(\*) Honorary chairman of the Luxembourg Association of Journalists. Published by courtesy of "Le Monde".

responsibility are the same as those that prevent them from taking an active part in politics and in helping reshape our society. A recent (1976) EEC survey of one third (1442) of the women working for the EEC institutions suggested that their failure to take an interest in politics was due to the educational and cultural system (73%), family responsibilities (62%), the psychological influence of male militants (39%) and to discrimination within the political parties themselves (35%).

The political life of Europe will not, of course, automatically become ideal the day women get a representative number of top jobs. But it couldn't be any worse. Take a problem like the quality of life, which can only be solved in the international, "European" context. It should be given a feminine dimension by involving women in drafting the plans. But women are not being consulted on this at any stage in the process of European integration, and this is just one more reason why they are not European-minded.

More than half the population of the EEC are women. More than half of the voters who will be sending MPs to the European Parliament next year are women. But although Europe is a reality and represents a genuine way of life for farmers, tradesmen and even industrialists, it means little to labourers and even less to white-collar and some independent workers. It means nothing at all to housewives and young people. It has very little effect on the daily lives of wives and mothers. It has so far been unable to reach the masses.

This means that Europe has failed. The EEC is for lawyers, experts and strategists. For technocrats, if you like. The institutions of Europe have been turned into a highly specialized game which can only be played by those in the know. Europe remains an ideal, a dream, an exciting prospect which will not be achieved until the needs of all its citizens, men and women alike, have been understood. The need to motivate the peoples of Europe through an act of faith is more important than ever. This is what we are hoping for, one year before the European elections that could change, for better or for worse, the face of Europe — a Europe that is for women little more than a myth. □

L.T.-P.

## Women and the European Community

by Petra K. KELLY(\*)

In various Member States, women, old and young alike, are participating in many kinds of citizens' action groups, ranging from environmental and antimilitary concerns to those affecting children, better working and living conditions, and those affecting themselves — the women's movement.

In the last four years, women in or around the border regions of the EEC have been the most active and militant in protecting living conditions and the environment. This completely new trend makes me hopeful and confident that women will play a future political role that could possibly make all the difference in Europe — the difference between the destruction and the protection of the natural and human environment; the difference between a throw-away, waste economy and one where we conserve and recycle; the difference between militarization and democratization; the difference between life and death!

The women who have actively participated in local and regional political policy and decision-making, in militant citizens' groups and in the autonomous women's movement, have demonstrated that they desire a Europe constructed from below, not from above; a Europe where decentralised, democratic communities replace the urban eyesores that spread their social and biological evils to satellite towns and suburbs (increased crime rate, increased police force, juvenile delinquency, drug abuse, environmental diseases, etc...), a Europe where there is true partnership, in the family, in the workplace, in decision and policy-making.

European women are becoming increasingly aware of the present state of Europe and of its alternatives. This process of discovering what "Europe" is all about derives from the consciousness-raising process many European women have been living and struggling through in the last four or five years. Women are seeing themselves more and more as active European citizens who are co-responsible with European men in a process towards more decen-



tralization, more regional autocracy and more political involvement at grass-roots level.

Women in Europe have in the past two or three years also been pointing towards a non-military, non-nuclear future within the European Community. The dictum "to save a flower it may be necessary to rescue a planet" has touched the hearts of many mothers — and wives and sisters and daughters and grandmothers. Because the nuclear energy option has not been honestly and openly discussed, and because European governments, made up of 99% males, have not given the fullest political priority to the health, safety and well-being of present and future generations, many women have led campaigns against the peaceful and military uses of nuclear energy.

Increasingly European women join the anti-military and anti-nuclear movements and question the so-called "security" of a Europe whose citizens live on top of 6000 nuclear warheads and must contend with 60 tons of

Hiroshima bomb-like materials per head! European women are beginning to see more and more the consequences of military and arms spending — the lack of proper schools, hospitals, training centres and day-care facilities. Vital human needs are not satisfied and while there are enough funds for growing European arms procurement, the women of western Ireland and southern Italy are still underpaid, overworked and discriminated against. European women are demanding a social union in Europe, not a military one.

Women have felt for many years that even the EEC institutions have diverted them from the real political decision-making processes. Political choices on the national and on the European level are made basically by men and women are told that they are to occupy themselves with so-called "women's questions". Within the EEC institutions there are only 6.2% female administrators — a figure which is only a reflection of the situation in national institutions, ministries, trade union councils and employers' confederations, where women have always been under-represented and belittled.

The Treaty of Rome stated clearly that the essential objective of its efforts would be "the constant improvement of the living and working conditions of its peoples ..." And yet, while industries continue to rely on cheap female labour to increase their profits, there are still many crying European social problems: poor regions, handicapped persons who cannot be integrated into society, a great need for better and more child-centred day-care centres and schools; housing and urban chaos that has ignored the special needs of mothers and children. Industrial and economic growth policies in Europe are drawn up in terms of quantity instead of quality.

Women have endured the inadequacy of social services and have endured discrimination in schools, in vocational training areas, in job placement and in promotion. Increasingly they are fighting it. Pressure has been mounting and the European Community has, since 1975 (Women's Year) and the Social Action Programme, attempted to do some justice to the women of Europe. The equal pay for equal value of work principle has been embodied in a binding directive and there is still hope that all women will eventually be paid according to the true value of their work. But European employers still search for legal loopholes, rename cer-

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*"Building a loving, non-violent, gentle Europe..."*

tain jobs and often put women in "all-female" jobs where no comparison with male workers can be made. Another directive — that concerning the quality of treatment of men and women as regards access to employment, vocational training, promotion and working conditions — hopes to establish the "right to work" as a basic human right which men and women should enjoy in equal measure under the same conditions. All too often, women in Europe have been misused as an "industrial reserve army" — and when times are bad, they are told to return to the sink and put aside their careers.

Another initiative by the EEC Commission has been in the area of progressive implementation of the principle of equal treatment for men and women in social security. This directive is only a first step and provisions for surviving dependents and one-parent families have not yet been covered under this legislation. The EEC Commission has also attempted to seek ways in which the European Social Fund can more easily and more effectively assist women in re-training schemes, especially those over 35 who

want to start a career or continue an earlier one through refresher courses.

Migrant women have been a difficult problem for they are usually doubly discriminated against. Action programmes have been written for migrant workers and their families but have only rarely been put into practice. The Council directive on the education of children of migrant workers was a step in the right direction, but its application was and remains limited — it applies to migrant children originating from the EEC countries.

These are many deep-seated prejudices still as regards women — whether in the media, in administration, in the churches or in education. Unless women gain equal access to the decision and policy-making centres in Europe and are able to play their proper and due role within the parliaments, the unions, management and the civil services, European goals as pursued by male bureaucrats and male generals and male directors will continue to bypass the true social and child-centred needs and will lead to a vicious circle of militarism, wastage,

violence, nuclear holocaust and a Europe that has lost all of its humility.

The women of Europe have demonstrated in many ways and with many new creative means that they believe in life, not in death. They believe in a social democracy and a decentralized, non-violent community of regions. The EEC must be self-critical and must do everything possible to secure true democratic European institutions. The economy in the European Community must also be democratized and codetermination should be the guiding principle in all spheres of daily life. Women in Europe are already thinking of "independent green lists" for the European direct elections, whereby they can show their support for a policy that takes account of the planet Earth and which gives women in the transnational ecology movement in Europe a chance to be partners in building a loving, non-violent, gentle Europe — not a military atomic super-power Europe.

In legend, Europa was a woman. In reality, European women must make the future of Europe feminine and leave behind the age of masculine materialism. □ P.K.K.

# Danish industry and the European Community

by Finn BREITENSTEIN (\*)

For industry, the customs union plays almost the same role as the agricultural policy has played for agriculture in the EEC. Danish industry as a whole has welcomed the disappearance of customs duties between member states; applied for industrial goods from 1 July 1977, this made itself felt in a higher rate of growth in intra-community trade, or at least it has done in the last two years compared with trade towards the rest of the world. This is in spite of the effects of the oil crisis which, in this field as in others, have changed so many of the pre-1973 trends.



Another feature of the EEC which has served as a very important and positive element to industry has been the "snake"—the currency arrangement which has tied the Danish krone to the German mark and thus formed a firm basis for export and import contracts with other countries. It is generally accepted in Danish industry and commerce that, without this arrangement, devaluation brought about by inflation and unemployment would have been much more serious.

This in no way indicates full satisfaction with conditions as they are. In a statement following a Commission report on the customs union, Danish industry expressed its opinion that there is still a lot to be done before the national industrial markets are integrated into one big common market for industrial goods, although important steps in this direction have been taken.

Danish industry considers it useful that border controls should be made easier and less time-consuming than is now the case and has therefore welcomed the idea that customs control during 1978 should be more of a book-keeping exercise at the factory gate, instead of involving inspection of the goods themselves at the border. This coincides with the fact that control for VAT already takes place on a test-case basis.

Danish industry is fully aware of the strength that membership of the EEC customs union has given to the country's negotiating position and looks forward to the completion of the Tokyo round negotiations as a safeguard for further development of international trade. In this connection it is also worth noting that the definitions of origin and customs value have ensured a satisfactory development in mutual trade with former EFTA partners; furthermore, the customs union has formed a good basis for trade with developing countries, allowing industrialization of these countries.

However, it cannot be overlooked that the benefits of the snake are less than they would have been had the three

big member states outside the snake been in it. Danish industry was fully behind the Danish Prime Minister when, at the recent meeting of the European Council, he expressed himself in favour of a strengthening of monetary cooperation in the Community.

## Sector views

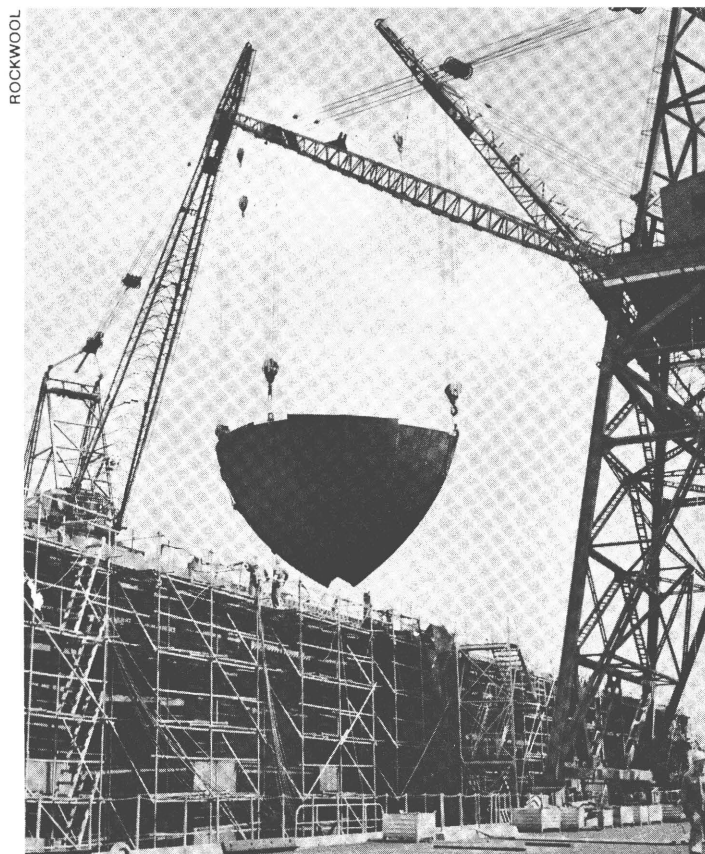
Against this general background there are noticeable nuances in the attitudes of various industrial sectors, particularly concerning the features of the EEC that have a special significance to the sector in question.

The highest degree of satisfaction apparently exists in the food-processing sector of Danish industry, because the agricultural policy has brought about reasonable and stable prices for the producers of primary foodstuffs for the home market, as well as the export markets which equally benefit the food industry (which comprises one fifth of Danish industry). The effect of this spreads widely into the sectors producing agricultural machinery and equipment, in which Danish industry is probably better equipped than most.

The least satisfaction will probably be found in sectors like the textile and clothing industry where the almost complete opening-up for goods from developing countries, particularly after the economic recession, has swamped EEC markets (often at prices regarded as dumping) to such an extent that half or more of the workers traditionally employed in these industries have been sent into what, for most of them, looks like eternal unemployment. Although this state of affairs belies, in practise, all statements of protectionism in the

### Danish shipbuilders have held out against lame duck policies

*"This somewhat heroic attitude may gain increasing support at Community level"*



ROCKWOOL

(\*) Of the Federation of Danish Industries.



*Sanish steel - basic to the rest of industry but facing difficult times*

EEC, it does present a series of real problems which have proved extremely difficult to solve nationally as well as at Community level.

Similarly, shipbuilders have been in dire straits. It should be noted, however, that Danish shipbuilders have all along been staunch supporters of policies which would in the end lead to a viable shipbuilding industry. The industry has therefore strongly opposed unlimited state support that would preserve the present overcapacity and prevent the industry from ever returning to what could be termed normal conditions. There are signs that this somewhat heroic attitude may gain increasing support at Community level, perhaps because there is a growing realization among member governments that state support beyond certain limits can only lead to poverty.

Also the steel industry, the paper industry and a few others face difficult times, but as a rule the engineering industry, the chemical industry, the electronics industry, and turn-key operators transversing sector borderlines and containing a high element of know-how, still hold their own. (Denmark has a considerable surplus on import and export of technological and managerial methods).

## The future

Danish industry holds the opinion that economic and monetary cooperation should be extended and the Federation of Danish Industries has therefore recommended that during the first half of 1978, when Denmark is chairing the Council of Ministers and the main committees of the EEC, the Commission should be asked to make a full list of support arrangements in the member countries to make it possible to implement harmonization preventing distortion of competition, which might—if a stop is not put to it—eventually destroy the Common Market. At the same time it was recommended to put a new effort into stamping out technical barriers to trade among member states. Finally, efforts should be made once again to create common energy policies, since they are basic to any real progress towards a

renewed increase in wealth in Europe and the rest of the world.

## Direct elections to the European Parliament

The widespread disillusionment in the Danish population as regards the economic events in the past four years is reflected in a negative attitude to the Community among the majority of Danish voters. In this climate, the popular movement against Danish membership is organizing a campaign to turn the election of Danish members of the European Parliament into a second referendum for or against membership. Industry is greatly concerned lest this campaign result in a significant number of Danish members of the Parliament whose main purpose in seeking election has been to obstruct development in the Community. On the other hand, it is to be hoped that the involvement with the European issues which the election campaign will entail, will give the Danish people a more profound knowledge of the problems that face the Community and the possibilities of meeting the challenges of economic policy and energy supply through Community action. This involvement could lead to a more positive assessment of the Community than at present and a positive appraisal of the role of the Community. Industry is generally in favour of budgetary powers being extended to the parliamentary assembly.

On the other hand, direct elections to the European Parliament will in itself hardly be enough to change the attitude in the Danish population, although the attention of the mass media makes the European Parliament an important source of information for the layman concerning European matters. This problem can only be solved in the longer run, when a greater number of politicians and officials, through their own efforts, have reached a personal understanding of the benefits of European cooperation, and when education about European matters in all schools in member countries, from primary schools to commercial high schools and universities, has raised the general level of understanding of the positive benefits of European cooperation. □ F.B.

# What the Dutch trade unions want from the EEC

by Johan van RENS

The Dutch trade union movement has never questioned the principle of European integration or the validity of efforts to help attain that goal. On the contrary, the movement has always adopted a loyal attitude, and integration has been taken into account in policy and has also been the subject of certain demands.

After the Second World War the endeavour to establish internal and external security and bring about economic recovery played an important role in the efforts to achieve European unity. These factors gave considerable impetus to the quest for integration in the early years after the war. The main emphasis quickly came to be placed on economic integration. The setting up of NATO and the failure of political integration (European Political Community) and of the defence community (European Defence Community) strengthened the economic aspect. The setting up of the European Communities, and in particular the European Economic Community, was of great importance in this context. The trade union movement has up to now proved a whole-hearted supporter of European integration. Its importance is acknowledged in Article 5 (3) of the FNV's statutes: "The Federation supports the endeavour to develop the

European Communities into a Federation which is open to all democratic European States."

There are many reasons for this positive attitude. The considerations of peace and internal and external security already referred to remain valid. The Community market is of vital importance to a small country like the Netherlands. A large number of problems such as unemployment, inflation, uncontrolled power in the hands of transnational corporations and policies which are not sufficiently adjusted to the developing countries' requirements cannot be tackled effectively at national level.

The European Community offers a legal framework within which binding regulations can be laid down. The consolidation of its supranational nature offers people and their organizations opportunities to become directly involved in policy-making and enables them to influence and control developments which have consequences for them but extend beyond national frontiers. In the face of the increasing grimness and internationalization of capitalism this last consideration is of great importance.

It is indeed impossible to change structures in a small country without taking the neighbouring countries into account. To put it more strongly, far-reaching changes to these structures can be made only in an international context.

Given the size of the European Community, its supranational character and the fact that a world order is still a long way off, there is really no good alternative to the Community. It may also be argued that in a future world order cooperation between regional units will be vital. It is the supranational aspect which carries the greatest weight. If the cooperation were merely intergovernmental the negotiations between governments would be removed from parliamentary democratic control. The employees' organizations could then influence policy only through the national government.

On the other hand it must be admitted that there are negative aspects to the course followed up to now. Although much of what is provided for in the Community treaties has been attained, the inadequate institutional structure, the lack of transparency and democracy in the decision-making process and also the rather technocratic approach to European integration leave much to be desired.

Furthermore, the vocation of the common market through the removal of barriers does not appear to have been sufficiently counterbalanced by properly developed Community instruments and policy designed to prevent or counteract economic, social, sectoral and regional imbalances. The liberalizing integration has been largely successful, but very little headway is being made with the regulating integration. The answer to today's problems, above all the problems of unemployment, is not to do away with the first form of integration (that would mean jumping from the frying-pan into the fire) but to continue to strive valiantly for an effective approach to the problems in a European context.

The following problem areas will be elucidated in greater detail below: economic integration, sectoral and regional policy, social policy and worker participation, the enlargement of the Community and external relations.

## Economic integration

The internal coordination of economic policy, with the prospect of economic integration in the future, is desirable

### Johan van Rens

Member  
of Policy Staff,  
FNV  
International  
Affairs



The "Federatie Nederlandse Vakbeweging (FNV)" (Dutch Trade Union Federation) is a trade union organization which was started on 1 January 1976 and comprises the "Nederlands Verbond van Vakverenigingen (NVV)" (Dutch Trades Union Congress) and the "Nederlands Katholiek Vakverbond (NKV)" (Dutch Catholic Trade Union Association). The FNV is by far the largest trade union organization in the Netherlands and represents almost 1.2 million workers.

At European level the NVV and the NKV are members of the European Trade Union Confederation (ETUC). At world level the NVV and NKV are members of the ICFTU and the NKV is a member of the WCL.

Almost all activities are conducted in conjunction with the FNV, which is based in Amsterdam (address: Plein 40-45 nr. 1, Postbus 8456, Amsterdam-Slotermeer).

in view of the ever-increasing dependency of the member states. Objectives regarding employment, inflation, the use of profits to create jobs and a just international distribution of prosperity are no longer effectively attainable at national level and require ever-increasing Community coordination. If it is to be effective, social and economic policy must become increasingly selective and must form part of medium-term planning. At the same time one of the prerequisites for a progressive policy is the democratization of social and economic activity.

Instruments such as control over transnationals and measures to bring investments into line with social and economic objectives can be used successfully only in a Community context. The objectives and instruments call for economic integration and movement towards economic and monetary union, thus placing further limitations upon the member states' remaining autonomy.

Monetary policy will have to be largely centralized, while national budgetary policy will be subject to Community control. In the macro-economic, social, sectoral and regional spheres concrete European medium-term objectives should be fixed for gauging short-term developments and a set of instruments should be created so that adjustments can effectively be made in various areas. In all this a balance must be sought between the need to centralize the decision-making process in some areas and the desire to make the structure of the European Community as decentralized as possible.

## Sectoral and regional policy

The European Trade Union Confederation (ETUC) has already called on several occasions for a selective growth policy within the Community. An attempt is now being made in the Netherlands to forge a policy which is no longer

based on the objective of general economic growth but on that of selective growth. However, if it is attempted to make this switch by granting financial incentives to firms and purely on the basis of national policy, there may be consequences that are clearly not intended.

Without European coordination a selective growth policy of this kind can lead to over-capacity in certain sectors, to strong competition in support measures which produce hardly any extra employment and to the dilution of measures to stimulate the economies of the very poorest regions in the Community. European coordination does not mean, however, that national policy can be taken up lock, stock and barrel into a European policy, but it is true that where such coordination does take place, a more effective policy will result.

The policy on sectoral structure must, in the framework of a coherent Community industrial policy, be extended to all major industries and be closely linked to regional policy. It is necessary to gain a proper insight into the various sectors and there should be structures and instruments which can successfully adjust and reorientate production. In the interest of obtaining a clearer picture the obligation to give notice of investments in the ECSC context should in the short term be extended to all major industries in the Community. In order to provide a broad basis for the medium-term programming already called for, the efficiency of the joint committees should be increased and their number raised to cover all important industries. The European Commission should play an important role in the sectoral consultations.

## Social policy and worker participation

The trade union movement has for a long time supported the idea of giving European social policy its own individual

*Workers' demonstration in the Netherlands*



JOH. DE HAAS

place alongside economic policy and not treating it, as implied by the Treaty of Rome, as an offshoot of economic policy. In recent years, however, the need has increasingly been felt for a coherent social and economic policy. The social policy should be integrated into the economic policy, and a number of desiderata in this connection have already been enumerated above.

When the European social action programme (1974-76) was drawn up, too little account was taken of other fields and too much emphasis was placed on independent, albeit praiseworthy, operations. Not enough was done to link the programme with considerations of economic order, economic policy and total development.

In the immediate future the effort to reduce unemployment in the Community (at present affecting about 6 million people) must take first place. Not only the number but also the quality of jobs is of great importance. The need to "humanize" work is gradually becoming recognized but must be given more emphasis.

Secondly, it is important that employees and their organizations should assert their democratic rights, influence and control at the various levels (i.e. at the centre and in the individual industries and firms). This has already begun at sectoral level. At Community level the first stage should be to transform the Standing Committee on Employment into a body for general social and economic coordination between the Council, the Commission and European employers' and employees' organizations. Moreover, the position of the Economic and Social Committee as the central advisory body in the Community's institutional structure should be strengthened and its structure should be adjusted so that employers and employees are equally represented and provision can be made for appointing deputy members. Within firms there are various forms of worker participation in the member states. Attempts to work out formulas similar in form and of equal value have failed so far.

The ETUC's action programme (1976-79) contains a number of demands in this connection, such as the introduction of the European company, prior checks on mergers, employee representation on the board and the establishment of an information and advisory body at the highest level of a multinational.

## The enlargement of the Community

The Community should be open to the accession of other democratic countries. The FNV considers the accession of Spain, Greece and Portugal to the Community desirable, as this will provide a contribution towards democracy in the applicant countries—a contribution which the Community is obliged to make out of solidarity with those countries. Although the problems that will be created by the regional and sectoral imbalances in an enlarged Community will not differ fundamentally from the problems in the present Community, enlargement will nevertheless place further strain on the Community's economic and social cohesion, which is already not too solid. In order, therefore, to enable the entire enlargement operation to be carried out successfully, the transfer of extensive financial resources from richer to poorer regions and also an appropriate transitional period will be required. The way the financial resources are used should be geared directly to the desired social and economic development in the member states. The extensive aid programme should form an accompaniment and a basis for predetermined transitional rules designed to enable the applicant countries to reach a reasonable level of economic development and thereby ensure that the transitional period is completed satisfactorily.



*European unity still means little to most workers*

In addition the institutions need to be substantially strengthened and filled out and the Community decision-making process needs to be made more flexible.

## External relations

The substantial degree to which the Community (and the Netherlands in particular) is dependent on world trade and on raw material supplies from external sources means that it certainly cannot afford to adopt a protectionist attitude. It is therefore decidedly necessary to adopt a constructive stance in the current negotiations, which will have a crucial influence on international economic relations. These negotiations must result vis-à-vis the other industrialized countries in reciprocal concessions. In policy towards the developing countries more account should be taken of their level of development by gradually reducing the non-reciprocal preferential treatment accorded to the richer developing countries or by demanding certain quid pro quos from them. This selective approach is designed to benefit solidarity with the poorer developing countries, but it must not cut across the developing countries' mutual solidarity. In economic relations as a whole the developing countries have justifiable expectations of the European Community, and since a Community development cooperation policy can be more effective than a national policy in many ways, it is necessary to coordinate and harmonize at Community level the individual member states' efforts in this sphere.

Moreover, Community policy should press even more strongly for greater internationalization of development



policy. The true value of the Lomé Convention can only materialize if the European Community is prepared to participate constructively in development cooperation in a world context.

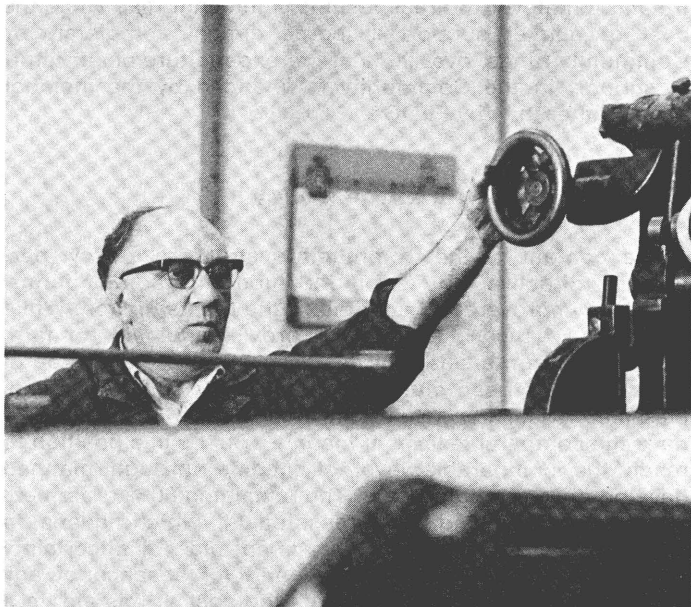
Without neglecting the world aspect of development cooperation, the European trade union movement has from the outset shown great interest in the conclusion of and participation in the Lomé Convention. This is born out by the ETUC action programme adopted in 1976. Although the desire to see a special Economic and Social Committee set up was not fulfilled in the Convention, the latter does contain a number of starting points for the participation of social and economic groups, in particular the Community and ACP trade union movement. Even better use must be made of the opportunities offered.

## Conclusion

In view of the above considerations and problems, it will be necessary to strengthen the European institutions, extend powers to cover those areas where an effective national policy is not possible or difficult to achieve, and bring about a fundamental democratization of the Europe decision-making procedure so that the true balance of political power can be expressed and the decisions can thus acquire their necessary legitimacy. Democracy must serve as a basis for the establishment of society with all its facets and as a system which determines the shape of social and economic developments. The supranational framework of the European Community offers possibilities here which are increased by active participation on the part of the trade union movement. At the same time this framework will again give the European trade union movement new impetus and must offer means of achieving greater involvement in the decision-making process.

The European trade union movement has for this purpose an organization whose strength is constantly increasing: the European Trade Union Confederation. Over the next few years the FNV will also continue to press for European integration to be actively pursued. Only within the Community framework can there be appropriate social and economic guidance. The creation of a true Community social and economic policy resulting in economic and monetary union is, however, acceptable and attainable only if the European decision-making process is strengthened and made more

*Making machine parts for the industrial society*



RONALD SWEERING



JOH. DE HAAS

*FNV building in Amsterdam — "the union is behind us, we shall not be moved"*

democratic. Besides steps to guarantee the basic laws, democratization is, moreover, the only condition laid down by the trade union movement for the transfer of powers to the European authorities.

To achieve more extensive democratization the Council should in future take decisions by majority vote, as provided for in the Community treaties. The Commission's powers of execution and control should be extended and its political role strengthened by giving the Parliament a decisive vote on the structure of the Commission. Also, after the direct elections the Parliament's budgetary powers should be extended and it should at the same time be given legislative powers in all spheres of Community policy. This transfer of powers and the granting of supplementary powers to the Community should in the first instance be directed towards the following areas of policy (apart from those spheres over which the Community already has jurisdiction): economic and monetary policy, social policy and the democratization of social and economic activities, policy on sectoral structure (including investment control), regional policy, environment policy, energy policy, policy on technological development and development cooperation policy.

Let it be said in conclusion that one of the trade union movement's chief aims is the democratization of the administrative and social process. The furtherance of democracy, which implies greater involvement on the part of the trade union movement, is a key argument for further extending European integration. This democratization process will enable people in Europe to determine their own future and at the same time to work for prosperity and well-being throughout the world. □ J.v.R.

# The Irish farmers' view of the EEC

by Paddy LANE(\*)

The Irish electorate voted overwhelmingly in favour of joining the European Community in 1972. The advantage for Irish agriculture in terms of higher prices and increased market access was probably the largest single factor influencing the Irish voters' decision. Ireland has now completed its five year transition period to full Community membership and this is an appropriate time, therefore, to review the impact of Community membership on Irish agriculture to date. This article also provides the opportunity of expressing the views of Irish farmers on the agricultural policy of the Community, based on the experience of the past five years, together with some views on the development and evolution of the Community for the coming years.

## Higher and more stable prices

Accession to the Community at the beginning of 1973 marked a transition from relatively low and fluctuating farm prices to higher and more stable prices for the commodities covered by the Common Agricultural Policy. For the 10 years preceding Community membership, agricultural prices in Ireland increased at an average annual rate of about 6%. Since accession to the Community the annual rate of price increase to Irish farmers has been approximately 22%. There were three components in this price increase: (a) the transitional adjustments to the EEC price levels, (b) the annual EEC price increases and (c) price increases arising from a number of changes in the representative rate of the Irish green pound. On the farm input side, however, accession to the Community was accompanied by rapid increase in farmers' costs of production. For the 10-year period preceding 1973, the annual rate of price increase of the main farm inputs, feedingstuffs, fertilisers, and seeds was 3.7%. Since accession, however, the annual increase has been about 23%. It must be pointed out, of course, that this increase had its origin in the oil crisis and in the rapid increase in raw material costs which followed; accession to the Community could not be held responsible for the rapid inflation in farm inputs in the 1973/74 period.

To summarize the main developments during our transition period, Irish agriculture moved very rapidly from a low prices/low cost production to a high prices/high cost production. In effect the ratio between prices and costs in Irish agriculture in 1977 is not very different from the ratio which applied in 1972.

Some sectors of Irish agriculture have benefited more than others from Community membership and this is reflected by the changing composition of agricultural production between 1972 and 1977. In June 1977, total cattle numbers were 11% higher than their 1972 level. The volume of creamery milk sold off farms in 1977 was 30% higher than in 1972. This increase in milk production has arisen mostly from higher output per cow rather than from increased cow numbers. In the absence of a common policy for sheepmeat,

sheep numbers have fallen by 17% between 1972 and 1977. Pig production has been subjected to the cyclical nature of production in the Community and total pig numbers in June 1977 were 20% lower than their level in 1972. In the case of cereals, wheat acreage has fallen by about 30% between 1972 and 1977 but barley acreage has increased during the same period by about 15%.

## Some particular problems

The impact of Community membership on Irish farmers have been experienced largely through the price mechanism and while the overall trend in prices has been satisfactory some particular problems which have arisen during the transition period must be pointed out. Firstly, the degree to which market prices could differ from institutional prices was not foreseen until the cattle crisis which occurred in 1974 and early 1975. The responsibility for this major set-back must be shared between the EEC Commission, for its poor management of the Community beef market, and the Irish government, for allowing agricultural growth to take place in an unbalanced and unplanned fashion. The second major factor which increased farmers' apprehension about the Community was the agri-monetary problem which at times during the transition period unduly depressed prices expressed in national currency and allowed the imposition of very substantial MCA taxes on Irish farm exports. Thirdly, the failure of the Community to make progress towards common policies for sheepmeat and potatoes was a source of particular disappointment to farmers involved in the production of these. We are happy to see that progress has been made in tackling all these problems in recent times.

It is the policy areas other than price and market policy which have proved to be the greatest source of disappointment to Irish farmers. The policies to promote greater efficiency of production and accelerated structural reform, found in the three socio-structural directives of 1972, appear not to have been pursued with the same zeal by the Community as has the price policy. This may arise from the fact that agriculture in many member countries is already operating at a high degree of productivity and that the farm structural problems in these countries are much less than in Ireland. Whatever the reasons it is significant that, while the cost of market support is borne almost completely by Community funds, over 90% of the expenditure on structural support in the Community is financed by the member states rather than by FEOGA.

## EEC farm modernization policy

The content of the Community's structural policy, particularly directive 159/72 on the modernization of farms, could be improved and adapted to the Irish situation. While the basis of the scheme is the provision of aid for farm development on a selective basis, in practice the degree of selectivity has been much too great. Only 20% of farmers classified under the scheme in Ireland have been found to have the comparable level of income or to be in a position to reach the comparable level of income through planned development over four years. The remaining 80% of farmers have been classified as "transitional", which means in practice: (a) lower levels of investment aid, (b) uncertainty about the continuity of this aid and (c) absence of any contribution from FEOGA towards the cost of this aid. In a

(\*) President of the Irish Farmers' Association (IFA).



**Paddy Lane**

*Proposing improvements to the Common Agricultural Policy*

country such as Ireland, where 10% of the work force are unemployed and where agriculture is still at a very low level of development, the Farm Modernization Scheme needs to be adapted to promote development of a much wider band of farms. This objective could be achieved either by introducing a "predevelopment scheme" along the lines proposed by IFA in 1976, or alternatively by paying the maximum level of development aid to all farmers who undertake planned development of their farms.

Community agricultural policy is of course changing on an ongoing basis and IFA, on behalf of Irish farmers, recognizes its responsibility in proposing improvements to the Common Agricultural Policy and in reacting to proposals which are considered not in the best interest of Irish farmers. Apart from the need for a more flexible and aggressive socio-structural policy, there are a number of other improvements which are required in the operation of the CAP. On the question of the management of the Community commodity markets, past developments indicate the importance of good projections and early warning systems to ensure that potential problems can be tackled at the very early stages. The Community market with the greatest problem at the moment is the milk market, and in our view this problem is best solved by a prudent price policy together with measures to promote consumption. The co-responsibility levy will not, in our opinion, provide the answer to the problem.

Agriculture in the Community cannot be isolated from developments in the other economic sectors. The disparities in the inflation rates in the EEC countries distort competition between their farmers. Over-concentration of resources in the developed economic regions of the Community gives rise to a low rate of industrial job creation in peripheral regions such as the west of Ireland. We note that there has been little discussion on the long-term objective of economic and monetary union in recent times. Furthermore, the regional policy of the Community has not been adequate to

counteract the basic regional differences within the Community. The absence of progress in the broad policy areas makes the operation of the CAP very difficult and many of the problems which have arisen in the implementation of the CAP during the past few years have their origin outside agriculture.

### **Substantial advantages in the EEC**

The advantages of Community membership to Ireland are very substantial and we are convinced that the Irish people continue to be strongly in favour of full membership. However, despite the fact that Ireland has been a member of the Community for the past five years, the Community and its institutions are still seen as being remote from the Irish people. There appears to be a lack of understanding amongst people generally of the role of the different institutions, the Commission, Council of Ministers, European Parliament, Economic and Social Committee. People appear to have little knowledge of the decision-making process or of the methods of influencing these decisions. At the same time, decisions which are taken in Brussels and are seen to be against the national interest have the effect of causing apprehension about the Community and about our role in the Community. The question of a common fisheries policy is a case in point. The direct elections to the European Parliament should help to provide the ordinary voter with a greater feeling of involvement in Community decision-making. Direct elections should also make the members of the Parliament more conscious of public feeling on the issues before the Parliament.

The Irish Farmers' Association favours any developments which increase the degree of democratization of Europe and we will be supporting the concept of direct elections during the coming months. □ P.L.

## The future of European agriculture

by Rudolf SCHNEIDER(\*)

The European Community is the successor to conflict among the peoples of Europe over the ages. This bloody strife reached its ultimate climax in the Second World War. After it the statesmen in power—Robert Schuman of France, Alcide De Gasperi of Italy and Konrad Adenauer of Germany—recognized that such conflict should finally be a thing of the past.

German farmers have for political reasons welcomed this unification of Europe from the beginning. Only a few years after the end of the fighting it was the farmers' associations which sought European solidarity across the frontiers. They supported the efforts of the politicians because they knew that peace can be made secure only through solidarity and that economic prosperity can arise only where there is a lasting peace. The German Farmers' Association recognized from the beginning that a large economic area afforded new opportunities for putting technology to use, for extending markets and thereby for increasing incomes and prosperity.

Great difficulties and fears attended the birth of the common market in agriculture. The systems for protecting farmers' incomes and promoting agriculture differed from one country to another. Structure and production were geared to national requirements. There were considerable differences in prices, particularly for the key product, namely cereals. And agricultural administrations pursued different goals.

Even within the German Farmers' Association opinions differed as to the possibilities and ways of bringing this Europe together. German farmers were especially fearful of the huge reserves of productive capacity in France. They were similarly fearful of the efficient market organization of the Dutch farmers and the favoured position of Italian agriculture in growing special products such as fruit, vegetables and wine. The President of the German Farmers' Association, Edmund Rehwinkel, was responsible at the time for originating the image that the German government was pushing the farmers out into the cold of the EEC.

Most of those fears never materialized. Farmers in Germany felt challenged by the competition. Family holdings with their great adaptability and the will-to-work of the family members proved their worth in this battle. Production techniques were revolutionized. The number of people engaged in agriculture has fallen by half in the past 15 years alone, the number of farms has decreased, while total production has been increased by 30%. Yields per animal have improved enormously.

All this was not accomplished without adjustment difficulties in families and farms. Today the EEC is suffering from the fact that the other areas of policy have not made the same progress as the common market in agriculture. Such areas are in particular economic and monetary policy,



*German farmers' early fears about the EEC proved unfounded*

transport policy, social policy, harmonization of legislation, and environment protection policy. This is having its effect on competition, which goes on principally on the markets of the densely populated areas of Europe. A considerable share of these markets is in the Federal Republic of Germany, and another in the United Kingdom and northern Italy.

Today, a break-up of the common market and a return to national agricultural markets and arrangements without major losses for the economies of every country are now out of the question. On the other side of the coin, it is apparent that the rising young citizens of Europe, who did not themselves experience the Second World War, have come all too much to take what has been achieved for granted. Criticism and discontent, together with a want of courage, today threaten to poison our common Europe.

The German farmers are hoping that fresh stimuli for the future of Europe will be produced by the first joint European elections. No-one expects, however, that elections alone are sufficient to overcome the difficulties. What is decisive is the will to get on with one another. In Europe, as in a marriage, only the will of the partners to get on with one another despite all the difficulties and differences of opinion ultimately decides whether or not the partners can live together happily in satisfying companionship. Such determination constantly needs further impetus, joint efforts and initiatives. A European election involving democratic activity across the political boundaries still existing in Europe could provide such an impetus.

The success of the European Community should not be a matter of indifference to the many associated countries or to the ACP states. Certainly, every group in Europe will work for the interests of its members—and, let it be said, that is also the duty of the European farmers' associations. Conflict with the interests of others cannot be denied, but this conflict must be resolved in Europe as in the world at large. The German Farmers' Association is prepared to do its fair share in trying to solve the problems. □ R.S.

(\*) Dr Schneider is Secretary-General of the DBV, the German Farmers' Association.

## Euro-Barometer <sup>(1)</sup>

The Commission has just published the findings of the latest six-monthly "Euro-Barometer" opinion poll carried out in the nine Community countries towards the end of last year.

Results show that attitudes on the whole have changed very little since the previous poll earlier in the year (April/May).

**1. Seven in 10 (72% of those interviewed) were in favour of direct elections to the European Parliament.** Support is strongest in Italy (79%), Luxembourg (76%) and Ireland (74%). Denmark comes bottom of the table with 29% still "against"; however, even here the idea is becoming more popular and votes in favour were up from 44% to 54%.

**2. Despite this fairly widespread support for the principle of direct elections only one in two interviewees viewed the elections as "an event with important consequences which is certain to make Europe more politically unified";** one in three considered it "an unimportant event" and one in five did not reply.

Likewise, **one in two of those interviewed said that he/she would "certainly" turn out to vote.**

Italy and the Netherlands attach the greatest importance to the elections; the same two countries also boast the highest number of "definite" voters. But in Denmark too the trend is becoming increasingly positive with the passing of time.

**3. The general attitude towards the Community and the "Common Market" remains for the most part favourable:** 56% regarded it as "a good thing" and 14% as "a bad thing".

The Dutch (74%), the Luxemburgers (73%) and the Italians (70%) are top of the supporters' table. The positive attitude also predominates in Denmark but only just (37% as against 33%), while in the United Kingdom the situation is reversed (35% as against 37%).

Views on the longer-term effect of a further ten to fifteen years of Community membership are more favourable, particularly in the United Kingdom, where 48% of interviewees felt that the "Common Market" was "a good thing" for the future of their country; only 26% thought otherwise.

**4. For the first time a question was asked on the possible membership of Greece, Portugal and Spain.** Between three and four in every ten interviewed felt that it would be "a good thing": Greece (32%), Portugal (33%) and Spain (39%).

Support for the new members was strongest in Germany and Italy, while Denmark expressed most reservations.

Euro-Barometer also included a number of questions on the "general mood of the European public".

• **54% of those interviewed felt that living conditions would improve over the next five years.** The Irish (73%) were the most optimistic followed by the British (65%) and the Germans (57%). The optimists were also in the majority in the Netherlands but only just.

• **The risk of an increase in social tensions leading to civil disorder within the next ten years was considered stronger than the risk of a third world war:** 24% felt that a world war was more likely to break out than not, while 54% foresaw the possibility of civil disorder; fears on the latter score are more widespread in Italy and the Netherlands than elsewhere.

• **The degree of satisfaction with "the way democracy works" has varied very little over the last six months.** Satisfaction is most prevalent among the Germans (78%), while the Italians come bottom of the table (19%). However, discontent in Italy would seem to be on the wane since the previous poll.

• **Public opinion with regard to ecologist movements is overwhelmingly favourable in all countries:** on average 78% of those interviewed rated them highly as against 13% who did not. By contrast feminist movements were rated much less highly by men and women alike: 46% had a good opinion of them and 38% a poor opinion. There was little significant difference between the reactions of the two sexes(2).

Feelings towards ecologists are particularly warm in Denmark, while the Irish tend to be hostile or indifferent.

Analysis shows that the significance of the image of ecologist movements probably varies from one country to the next, and possibly even within the same country. Generally speaking the higher the level of education the more favourable the attitude, particularly among women. By contrast, the political leanings of the pro-ecologists are not necessarily more to the left than to the right of centre. It would seem that sympathizers come partly from the ranks of those who tend to be satisfied with the way in which democracy works but are anxious to improve the quality of life, and partly from the ranks of those who, by virtue of their possibly more demanding ideology, can identify with the underlying philosophy and become committed to a socio-political ideal different from the norm.

(1) An opinion poll carried out for the Information Directorate of the European Commission by special advisor Jacques-René Rabier.

(2) Findings, analyses and comments relating to feminist movements will be dealt with in a future publication.

Table 1

**OPINIONS ON GREECE, PORTUGAL AND SPAIN JOINING THE EEC**  
(October-November 1977)

(in %)

	B	DK	D	F	IRL	I	L	N	UK	EEC (1)
<b>1. Greece</b>										
— Good thing	30	21	41	23	37	42	30	26	23	32
— Bad thing	13	26	9	17	14	13	16	27	20	15
— Neither good nor bad	20	28	30	34	22	25	27	26	34	30
Don't know	37	25	20	26	27	20	27	21	23	23
<b>Total</b>	100	100	100	100	100	100	100	100	100	100
<b>2. Portugal</b>										
— Good thing	29	20	40	25	38	43	31	30	27	33
— Bad thing	15	26	11	21	14	12	15	26	21	17
— Neither good nor bad	20	28	28	31	22	25	28	24	30	28
Don't know	36	26	21	23	26	20	26	20	22	22
<b>Total</b>	100	100	100	100	100	100	100	100	100	100
<b>3. Spain</b>										
— Good thing	33	22	48	33	42	43	35	35	31	39
— Bad thing	15	26	8	20	14	14	13	24	22	16
— Neither good nor bad	18	28	27	27	20	24	27	22	27	25
Don't know	34	24	17	20	24	19	25	19	20	20
<b>Total</b>	100	100	100	100	100	100	100	100	100	100

(1) Weighted average.

Table 2

**FOR OR AGAINST DIRECT ELECTIONS  
TO THE EUROPEAN PARLIAMENT**  
(EEC overall)

(in %)

	September 1973	May 1975	Oct.-Nov. 1975	May 1976	November 1976	April-May 1977	Oct.-Nov. 1977
Completely for	24	27	25	28	31	34	37
To some extent for	30	36	39	34	38	38	35
To some extent against	12	9	10	11	8	8	8
Completely against	11	9	8	10	6	5	5
Don't know	23	19	18	17	17	15	15
<b>Total</b>	100	100	100	100	100	100	100

Table 3

**FOR OR AGAINST DIRECT ELECTIONS  
TO THE EUROPEAN PARLIAMENT: MEMBER STATES**  
(October-November 1977)

(in %)

	B	DK	D	F	IRL	I	L	N	UK	EEC (1)
Completely for	33	27	28	34	49	45	42	44	42	37
To some extent for	30	27	45	36	25	34	34	33	27	35
(Total "for")	63	54	73	70	74	79	76	77	69	72
To some extent against	8	14	8	8	6	7	11	6	9	8
Completely against	4	15	3	6	5	2	3	4	9	5
(Total "against")	12	29	11	14	11	9	14	10	18	13
Don't know	25	17	16	16	15	12	10	13	13	5
Total	100	100	100	100	100	100	100	100	100	100

(1) Weighted average.

Table 4

**DO YOU THINK BELONGING TO THE EEC  
IS A GOOD THING OR A BAD THING FOR YOUR COUNTRY?**  
(October-November 1977)

(in %)

	B	DK	D	F	IRL	I	L	N	UK	EEC (1)
<b>1. Now</b>										
— Good thing	60	37	59	57	59	70	73	74	35	56
— Bad thing	5	33	7	9	19	5	3	5	37	14
— Neither good nor bad	19	24	24	28	19	18	17	16	23	23
Don't know	16	6	10	6	3	7	7	5	5	7
Total	100	100	100	100	100	100	100	100	100	100
<b>2. In 10-15 years time</b>										
— Good thing	59	34	58	58	64	72	73	75	48	59
— Bad thing	5	30	7	6	15	5	4	4	26	11
— Neither good nor bad	17	13	21	22	12	16	11	15	14	18
Don't know	19	23	14	14	9	7	12	6	12	12
Total	100	100	100	100	100	100	100	100	100	100

(1) Weighted average.

## Books: "L'Europe interdite"<sup>(1)</sup>

by Jean-François DENIAU



Jean François Deniau

For more than six centuries, from Dante to Jean Monnet, Europeans have discussed the unity of Europe without ever managing to achieve it. After 20 years of the Common Market, what has become of this eternal new idea? What can and what should Europe mean, concretely, to each of us?

To the nationalists, Europe is an inadmissible abandonment of sovereignty. To the indifferent it is an idle dream. To the big companies, an element of strategy. To the citizens of each country, a vague hope, a special reason for disquiet or an incomprehensible piece of machinery.

Jean-François Deniau, one of the authors of the Treaty of Rome and a former member of the Commission of the European Communities, explains the reasons for failure and for continuing with the venture. He stresses the limitations of the Monnet system, suggesting that a customs union does not automatically generate political unity, and of the Gaullist vision of a Franco-German Europe excluding the United Kingdom and defying the United States.

The past is discussed with a clarity which makes it easily accessible and the author includes a certain number of humorous anecdotes.

"In the early stages (these were the Val-Duchesse negotiations on drafting the Treaty of Rome), a British civil servant attended the work session, Britain having been invited to participate. However, its dignified representative only ever opened his mouth to insert his pipe until one day, at last, to the surprise of all concerned, he asked to speak. He gave the following farewell speech:

'Mr Chairman, Gentlemen,

I sincerely wish to thank you for your hospitality and to tell you that it will be ceasing as from today. I am in fact returning to London. I am a serious-minded civil servant and I do not like wasting my time and not earning the modest sum my government is paying me. I have followed your work with interest and sympathy. I must tell you that the future treaty you are talking about and responsible for drafting:

- (a) has no chance of being concluded;
- (b) if it is concluded, has no chance of being ratified;
- (c) if it is ratified, has no chance of being applied.

N.B. If it was, it would be totally unacceptable to Great Britain. It mentions agriculture, which we do not like, customs duties, which we take exception to, and institutions, which appal us.

Mr Chairman, Gentlemen, goodbye and good luck.'

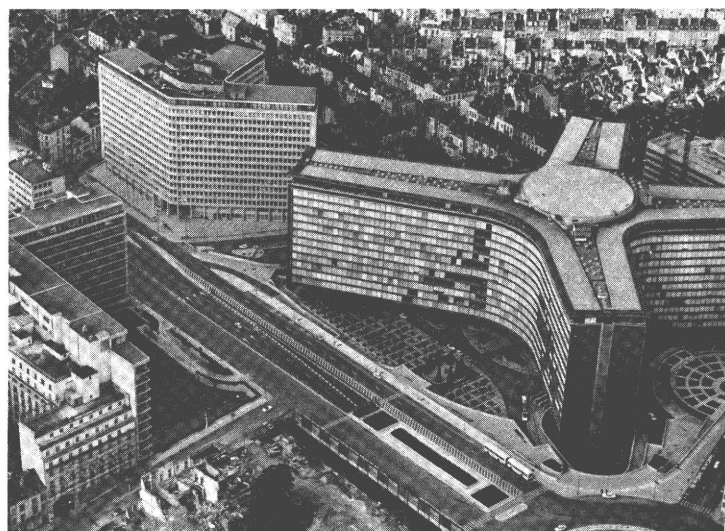
Jean-François Deniau also explains why the first 10 years of the Common Market were successful ones. "One of the virtues of the Common Market, at least as important as the extension of trade possibilities, has doubtless been the time limits it imposes—precise obligations at precise dates. Then there is the fact that people believed in it. Many economic operators took it seriously, made the necessary effort,

particularly in France, and anticipated the results, all of which encouraged its overall chance of success."

The author also finds the right words to denounce what he calls the Greek temptation, referring to Horace's lines on conquered Greece having conquered its fierce conqueror. "Political power, artistic creation and intellectual influence go hand in hand with economic wealth and military force. The subtle charm of decadence may produce some vague ephemera, but moral poverty soon leads to poverty plain and simple in all fields. Everything holds together in growth as in servitude. There can be no question of a Europe that is independent from only an economic, only a military, only a political or only a cultural point of view. The Americans must be told this and the people of Europe must be made to understand."

This is why, in a new approach, the author explains why a "different Europe" should stretch "from Brest to Brest-Litovsk." He proposes to revise the Treaty of Rome, to change the present "misalliance" with the Americans and to pay less attention to the construction of Europe and more to the Europeans themselves. "It is by feeling useful that we will feel different and that a common consciousness will emerge, with a common sense of responsibility." □

*The Brussels headquarters of the EEC. The Commission is housed in the cross-shaped Berlaymont building and the Council of Ministers in the arrow shaped Charlemagne building*



(1) "L'Europe interdite" ("Forbidden Europe") is published by Editions du Seuil, Paris (322 pp. 45 FF).



## INTERMEDIATE TECHNOLOGY

# An experimental solar oven for the Sahel

Wood is the main source of energy in industry and the household in the Sahel today. Every citizen of Ouagadougou, in Upper Volta, uses an average of 875 kg of firewood (2.5 m<sup>3</sup>) and every villager as much as 1750 kg every year and the two brick-yards in N'Djamena in Chad consume 25 t of wood per day (or 9000 t per year).

Forests are disappearing as a result and this is one **obvious cause of desertification**(1). It is not unusual to have to go as far as 50 km outside the towns to collect firewood and the present price of wood means that most families in N'Djamena can only afford to eat one hot meal a day. The energy requirements of the craftsmen, the brickmakers, potters, blacksmiths, bakers and and so on, are constantly on the increase.

Urgent measures must be taken to counter this dramatic loss of wood. Wood production must be stepped up by safeguarding the existing forests and planting more trees; this is an onerous solution, but an essential one in the long term. And alternative sources of energy must be found wherever possible.

### Birth of a project

In 1974, with this idea in mind, Father Patrice Jullien de Pommerol, a Jesuit missionary at Abéché in Chad, built a solar oven for the villagers.

He found, as did many of those who tried similar experiments, that the constraints of the stove and the strength of tradition meant that the device could not be brought into general use in the immediate future. However, the smiths and potters were curious and this led Father Jullien to believe that the first stage of familiarizing Sahelians with the use of solar energy should be to devise equipment for craftsmen so they could stop using wood for fires which were, in any case, inefficient.

The idea was taken up by two of the missionary's friends, François Hameury and Thierry Salomon, students of engineering at the Ecole Catholique d'Arts et Métiers (ECAM), a college in Lyon, France.

ECAM was impressed and agreed to allow them to develop the idea as their end-of-course project.

"Secours Catholique", a non-governmental aid organization(2), was then asked to finance a theoretical study followed by the construction of a prototype.

### Aim of the project

This was to find out how solar energy could be used by craftsmen, particularly brickmakers and potters, in the Sahel.

Research was aimed at obtaining temperatures of about 900° C, an area which had so far been overlooked because it did not seem to be a paying proposition in the developing countries.

"Secours Catholique" was thus remaining faithful to its policy of helping the Third World by taking over the investigation of a hitherto unexplored field of technology that was highly promising for craftsmen in the developing countries.

Before embarking on an industrial scale kiln which would handle 1500 kg of articles of baked clay per day, it was decided to build a medium-power prototype in France. The experiments carried out with this prototype would enable valid conclusions to be drawn for industrial units.

### An 11 kW prototype

This prototype, intended for a brickworks, was built at ECAM in Lyon. It was small, but powerful enough for other, equally interesting, uses.

It was designed to meet a number of requirements:

- simplicity of operation and use;
- minimal costs;
- a maximum oven temperature of 1000° C;
- enough power to bake 50 kg of clay per day;
- operation and maintenance within the scope of a small workshop and reduction to a minimum of parts and materials not available locally.

The following technological solutions were chosen in the light of the theoretical study:

#### — Concentration

In the Sahel and the Sudan, the sun gives off 0.8 to 1 kW per m<sup>2</sup> for between 2200 and 3400 hours per year.

The supply of energy per unit area is therefore low and must be concentrated if high temperatures are to be obtained.

#### — Fixing the focus

Since the source of solar energy appears to move, all or part of the collecting device must follow the sun's path because, in a kiln for relatively heavy materials, like brick, the masses and volumes involved mean that the focus must be fixed.

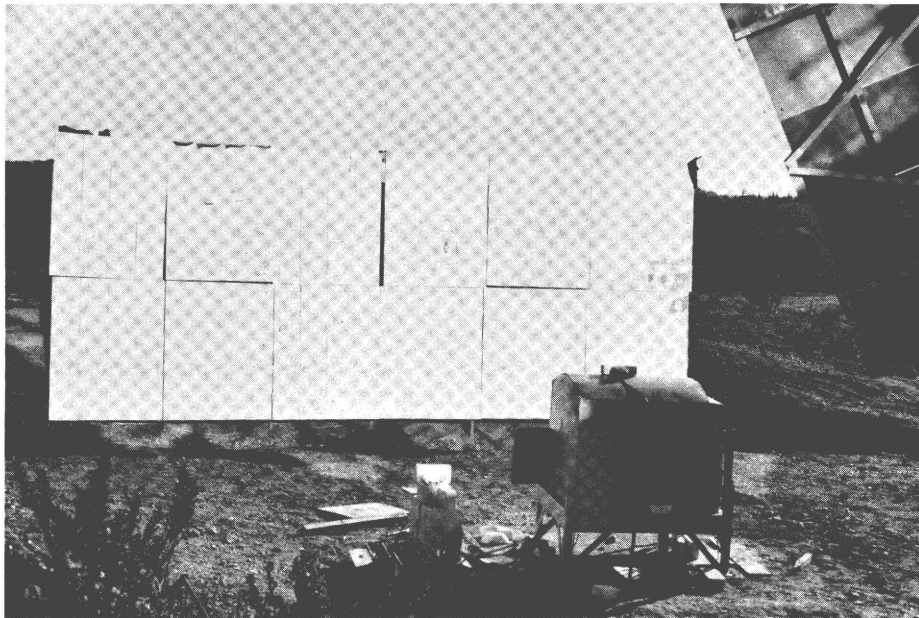
#### — Fixing the concentrator

The kiln door must be as small as possible so as to reduce loss of heat. A mobile concentrator would reflect too dispersed an image on to the focus for the requisite power to be obtained and a fixed concentrator must therefore be used to intercept a mass of parallel rays reflected in a constant direction by flat, moveable mirrors called heliostats. The concentrator on the prototype contains 240 simple focusing mirrors. The total surface is 22 m<sup>2</sup>.

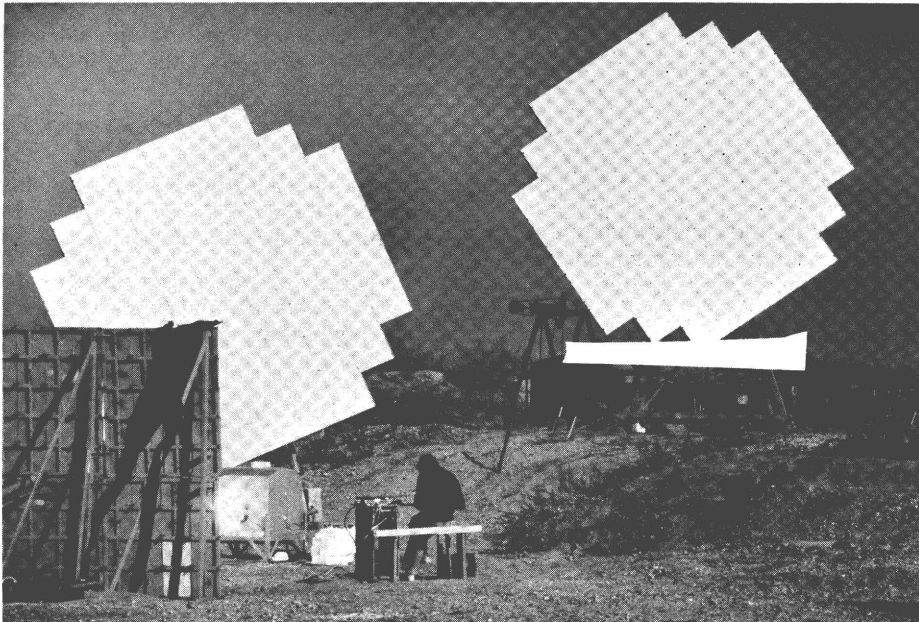
#### — Mounting the mirrors

The two 17.25 m<sup>2</sup> heliostats move around two axes. One axis is parallel

(1) See *Courier* No 47 on desertification.



*View of the concentrator, formed of 240 elementary mirrors, which focuses the sunbeams on the cooking oven (foreground)*



*The oven undergoing trials: the two collectors reflect the sun into the concentrator, which focuses the heat on the oven*

to the pole and rotates at a uniform 15° per hour. The other is a perpendicular axis which is regulated every day.

This system, where the heliostats are simplified to a maximum, is very well suited to countries in the lower latitudes.

#### — Choice of control

In order to reduce heat loss, a certain amount of precision is required and the heliostats are controlled by a rudimentary electronic system. The mechanical power is supplied by a device involving a descending weight which is wound up by hand every day.

#### First results

The prototype was set up at the air/naval base at Nîmes-Garons, on a site provided by the national defence authorities.

No special tools were needed for installation (which began in June 1974) and even an untrained person could regulate the mirrors adequately.

In mid-September 1977, testing began on heating an oven and measurements were taken at the focus. These measurements immediately showed that similar or better results than anticipated could be achieved in the subtropics.

#### Possible uses

Solar ovens like the prototype have many uses. They fall into three main categories:

— **The working of iron.** All structural processing such as quenching, hardening and tempering and various high temperature processes (e.g. forging).

— **The working of light alloys and aluminium.** For example, a solar foundry for the production of craftsman-made articles of recycled metal.

— **Kiln.** Many materials can be worked or produced in the temperature zone around the oven. For example:

- glass-blowing and moulding using recycled glass;
- the manufacture of terracotta pottery, tiles, ducts, rough cast brick, etc.;
- the manufacture of quick-lime and cement from limestone and clay.

#### — Vapour production for

- (i) cooking food—pressure cooking, sterilization, canning, roasting, etc.;
- (ii) heat moulding of plastics;
- (iii) transformation to mechanical energy.

#### Guidelines of the study

The aims to be pursued as from January 1978 have been defined in the light of the equipment produced and results so far. They are threefold:

- tropicalization of the heating device, i.e. protecting and adapting it to subtropical countries and difficult climatic conditions;

- installation of a device in one such country, near a university or major educational centre so that research can be continued into the various applications of the prototype and its use as a back-up aid training and an introduction to solar techniques;

- the study and realization of various potential uses (smithy, aluminium foundry, etc) of the focus of heat. □

**For further information, write to:**

**Secours Catholique  
106 Rue du Bac  
75341 - Paris  
FRANCE**

**(Don't worry, they speak English)**

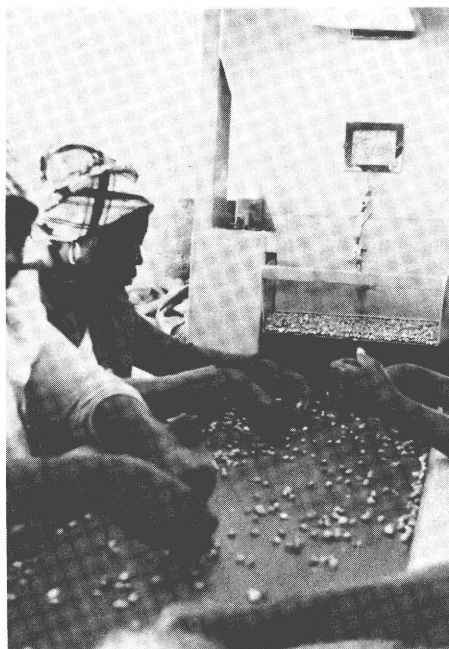
## The African Groundnut Council

The Gambia, Mali, Niger, Nigeria, Senegal and Sudan, six of Africa's main groundnut producers, combined in 1964 to set up the African Groundnut Council, based in Lagos.

The organization aims to promote the production and marketing of groundnuts and the exchange of technology and information that will improve the quality of their product.

At the end of 1977, the AGC moved its European Office from Geneva, where it had been since 1969, to Brussels, where it is nearer the EEC Commission and the ACP Secretariat. The AGC countries export about 90% of their production to the EEC. Since the Lomé Convention, they have all been members of the ACP group and they therefore all benefit from the special Lomé system of trade relations. In addition, groundnuts and groundnut products are covered by Stabex.

Also the end of 1977 the Council was granted 3 million EUA from the EDF to improve the quality and processing of groundnuts and groundnut products and to boost sales in Europe.



Hand-picked selected nuts



Ebraima Manneh

European director of the AGC

### A versatile product

The groundnut is not a true nut but a pod, or legume, of the pea and bean family, which has the peculiar habit of ripening its fruit, the familiar peanut, underground. It originated in South America and is now cultivated in the tropics and sub-tropics of Asia, America and Africa. Groundnuts, which are left to ripen for four to five months, are harvested annually. The shelled product, containing almost 50% vegetable oil and 30% protein, is highly nutritious.

There are three categories of groundnut products:

— Hand-picked selected nuts (HPS), sold for instance, as salted peanuts and to make peanut butter and confectionery.

— Fair average quality (FAQ), oil grains which are pressed or ground to make groundnut oil for margarine, frying and so on.

— Oil cake, i.e. what is left after grinding. This is used as animal feed.

### Groundnuts as a cash crop

The AGC is the world's biggest exporter of groundnuts. Its member countries consume little of their production themselves and they tend to be very dependent on export earnings from groundnuts and oil. Local consumption in the other big producers, like India and the US, is very high.

The importance of groundnuts, sometimes the only crop, to the AGC economies clearly emerges from the percentage of GNP the product represents (1976): Gambia 50%; Senegal 30%; Mali 26%; Niger 23%; Sudan 7%; Nigeria less than 1%.

The AGC's European director, Ebraima Manneh of the Gambia, described some of the differences in groundnut production between the Council's member countries.

Total AGC groundnut exports are divided as follows: 50% nuts, 30% oil, 20% oil cake. However, there is considerable variation in the export policies of the individual countries. In Senegal, for example, the whole harvest is pressed locally and then exported as unprocessed oil (except in years, like 1976, when production outstrips pressing capacity). Mr Manneh said Sudan hopes to do the same in the fairly near future, since this will bring down its HPS and FAQ exports (which now represent about 50%), as they do in the Gambia, Mali and Nigeria. Nigeria produced more than one million tonnes in the 60's but has suffered a spectacular drop in exports since, to the point where it has had to import groundnut products to satisfy local demand. Mr

### AGC exports (tonnes)

	1975	1976
<b>Groundnuts(1) (shells)</b>		
— world exports	854 000	1 000 000
— AGC exports	266 300	496 000
— % AGC	30 %	50 %
<b>Groundnut oil(2)</b>		
— world exports	346 000	480 000
— AGC exports	258 200	267 300
— % AGC	75 %	56 %

(1) HPS & FAQ pressed in the importing country.

(2) AGC countries so far only export unprocessed oil which is refined and bottled in the importing country.

Manneh stressed that the Nigerian government firmly intends to right this situation so as to produce enough for home requirements as well.

### **AGC promotion and marketing**

Four European countries, three of them in the EEC, have so far taken 70-80% of AGC exports. These countries are France, the UK, Germany and Switzerland, traditional buyers with trade links going back over many years and with very stable, very high groundnut oil consumption (France particularly).

However, groundnut oil, which is of high quality, is relatively dearer than other oils. Palm oil, for example, is a quarter to a third cheaper. But groundnut oil has various advantages: its high fat and protein content, good rate of acidity, suitability for prolonged storage, high rate of re-use for frying, and so on.

The drought in the Sahel brought down AGC production by almost one third in 1972/73. The world market was upset as a result, the AGC having involuntarily provoked a considerable shortage although it had previously had no problem selling all its products four or five months after the harvest.

Mr Manneh said: "The Council's buyers began to use other oils, particularly in the industrial sector, and they altered their ingredients to exclude groundnut oil. They also questioned the reliability of our deliveries, since further drought could not be ruled out. The producers of other oils quite naturally took advantage of the situation and made considerable investments to improve their product, which was of lower quality and therefore cheaper. They were also in a position to meet demand."

Once production went up again ("in 1977 we produced more than before the disaster of 72/73"), the market had to be cornered again. The AGC therefore launched, with considerable success, a sales promotion campaign, primarily concerned with groundnut oil, since there are not really any substitutes for peanuts sold for eating.

The aim was twofold, as Mr Manneh explained. "First we wanted to mark our entry onto the market in a reliable, lasting manner. Second, we wanted to confirm the quality of our product which was at least as good, if not better than the pre-72/73 product because of all the work we had put into quality control and research. We are happy to say that these aims have been largely achieved."



*Seed nuts are planted either by hand or mechanically, in rows six to nine inches apart. The crop is weeded during the growing period*

The idea was to get new users (particularly in countries other than France) to see the quality of groundnut oil. The campaign, begun in 1976, will be continued and extended to other countries of the EEC as well as to Spain and Portugal. It will be financed with part of the 3 million EUA granted to the AGC for a regional project under the Lomé Convention.

"If financing is assured, we hope, in 1978, to extend the promotion scheme to the rest of the EEC and to Spain and Portugal, two other traditional buyers," Mr Manneh went on. "The buyers must also realize that if there is another drought, as is the case in the Gambia, Senegal and Niger at the moment, the AGC is in a position to make up any shortfall by calling on other countries, like Sudan, where production has soared. This latter country has just broken all AGC production records."

Since the Lomé Convention, which removed the trade barriers between all its members, the AGC has been able to meet the demands of any EEC country by calling on any AGC country. Naturally, there are traditional trade links based on mutual confidence between, for example, Senegal and France and the Gambia and the UK, and here the AGC has a role to play as regards guaranteeing the smooth implementation of agreements between any new partners.

The countries belonging to the AGC have different systems of marketing and price fixing and their producers' incomes therefore differ. "Some producers (as in Senegal and the Gambia) sell through governmental or semi-governmental organizations which fix the price paid to the producer and others (in Sudan, for example) sell direct to private firms."



*This modern harvester lifts the bushes, strips the nuts from the haulms and bags them*

## An agro-industry based on groundnuts?

"We have always had the idea of establishing our own, properly integrated agro-industrial sector, but this would demand high investments", Mr Manneh said. "We are very pleased to be able to count on the EEC, our partner in the Lomé Convention, which has provided us with considerable financial means to continue our trade promotion campaign and to finance feasibility studies for the animal feed production units which will enable us, later on, to use our oil cake locally for the fairly large herds of cattle we have in some of our member countries. But we have no real plans to build our own groundnut industry, right down to bottling, in the near future. Our processing at the moment is confined to pressing, after which we sell the unprocessed oil, but most of our countries still just sell kernels for pressing and processing in Europe."

Even if the AGC does establish its own refined oil industry, in view of the relatively small population of the Council countries as a whole local consumption will never be able to absorb total production and the AGC will always need its traditional outlets.

## The fight against aflatoxin

Any article on groundnuts must mention aflatoxin. Some types of mould (*Aspergillus flavus*) produce toxic, carcinogenic metabolites. These were first traced in 1960 in groundnut oil cakes from Brazil and since then research into the ways of countering aflatoxin, which is also found for example in maize and rice, has gone a long way. The AGC has made remarkable progress in this field and is continuing its work with EEC help. A third series of schemes, also financed as part of the 3 million EUA project, includes the setting up of aflatoxin control units, the training of laboratory staff and the establishment of two pilot oil cake detoxification units. These units, of an initial capacity of 150 t per day, will be sited in Senegal and Sudan.

"By combining these new measures with our own efforts, we hope to be able to completely overcome the aflatoxin problem in the coming years or at least ensure the improvement of our product, which, from this point of view, is already more acceptable than some of those from other groundnut producing areas," Mr Manneh said.



*Up, up and away for export — 90% of AGC groundnuts go to the EEC*

## The transport problems of landlocked countries

There are other African and ACP countries which produce groundnuts but which do not yet belong to the AGC, in spite of the fact that membership is open to any groundnut-producing country in the OAU. This is often because these countries (Cameroon, Upper Volta and Malawi, for example) are not very interested or because they have particular patterns of production. Malawi, for instance, produces almost nothing but HPS but since the AGC puts the accent on FAQ and on oil, it saw little point in becoming a member.

One of the aims of the AGC is to set up a compensation fund for landlocked or semi-landlocked countries (Mali, Niger and the Gambia). The Economic Commission for Africa has looked into this problem and Mr Manneh let it be



*Some groundnuts are left in the shell but more often the kernels are removed and either crushed for oil or feedcake or selected as edible*

understood that the project could be put into operation soon.

Transport sometimes poses serious problems. Mali and Niger are landlocked and this means they have both problems of preservation during transport and higher prices. Countries like the Gambia have no regular merchant shipping service, although Nigerian ports tend to have too many merchant vessels. Here again the AGC will act as a coordinator, seeking the best ways and means of exporting the products from all member countries.

## No cartel for groundnuts

As prices tend to be fixed independently of the AGC and its individual members (the world market, with speculation on inevitable rises and falls, dictates the price of exports to Europe), the AGC does not look upon itself as an OPEC-type cartel. Not all the producing countries are members. Some of the African countries mentioned above and certain major producers which consume much of their own production (the US, India, Brazil, etc.) have never organized themselves and it is therefore impossible to exert full control over the world market.

Mr Manneh said, "if we were united, we could set up buffer stocks and control the market to ensure stable prices and, therefore, stable earnings. But, even within the AGC, it is not always easy, in spite of the very good general feeling of understanding, to achieve total harmonization of marketing policies because of the special situations and sales patterns that are so well established."

There are fairly recent plans to set up an African oil producers' organization combining all the oil-producing countries of the OAU. In spite of competition between different products within the countries themselves or between different countries, there is, Mr Manneh emphasized, "a possibility of establishing cooperation so as to better control the forces which are now outside our scope but which do have considerable influence on our production and, above all, on our marketing."

Finally, Mr Manneh added, "if you consider that the ACP countries control almost 70% of world oilseed production, it would perhaps be a good idea to seek a starting-point in their existing organization. This would of course pose problems, since all these products are basically competitive and it would be easy to compare this sort of association with one combining pigs and poultry to make ham omelettes! But there are many fields, like transport or the exchange of scientific information and so on, where we really could cooperate." □ R.D.B.

The new port of Mogadishu was inaugurated on 20 October 1977. Present at the ceremony were the President of the Democratic Republic of Somalia, General Mohamed Siad Barre, several ministers and high-ranking officials, Mr T. Rasschaert, EEC Commission delegate and Mr Cacho, representative of the World Bank.

Mohamed Hawadle Madar, Minister for Public Works, opened the proceedings with a brief description of the new port. He emphasized that the work had been financed via a grant from the Community, a special IDA loan and Somalia's own resources.

President Siad Barre, in a short speech, thanked those who had provided the financing as well as the firms which had helped build the new port. He spoke of the value of cooperation between nations, stressing that collaboration, mutual help and solidarity all contribute to the progress of mankind.

The short ceremony ended with a tour of the port.

The aim of the project, to which the EEC (3rd EDF) and IDA made equal contributions, was to build a deep-water port at Mogadishu to replace the old port which even small ships were unable to use.

The work carried out on the basis of the financing proposal signed on 22 December 1972 comprised:

- the construction of a 750 m breakwater;
- the construction of two wharfs (depth of water 10 m);
- the construction of a banana quay (depth of water 8.5 m)
- the construction of a cattle quay (8.5 m);
- the installation of an apron;
- the construction of three 5000 m<sup>2</sup> sheds;
- the construction of administrative buildings;
- the purchase of a tug;
- technical assistance to help the administration with works supervision and the provision of management experts for the port authorities.

By a later decision, the IDA and the Somali government financed the construction of:

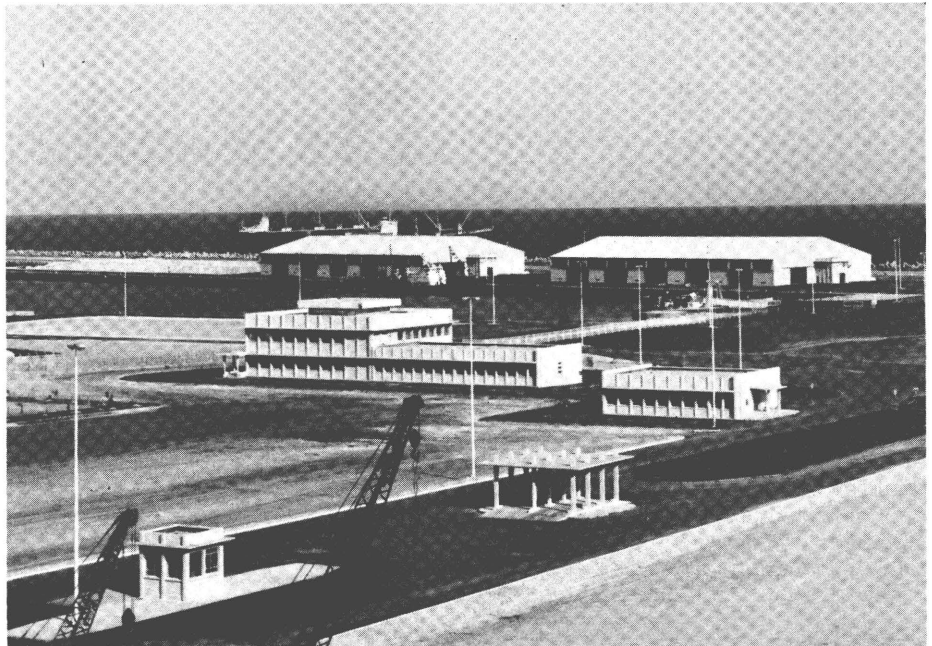
- an additional 180 m of breakwater;
- a third quay.

The work took 54 months to complete.

Total cost of the project, including the extension, was SoSh 24000000 (34300000 EUA). □

## SOMALIA

# Inauguration of the port of Mogadishu



*The new port of Mogadishu*

*President Siad Barre inaugurates the new port*



# The "Courier" Dossiers from 1976 to 1978

No 36	Page	Page	No 39	Page	
<b>Fifteen years of the EDF</b>		Some examples of EDF-backed projects:	<b>Industrial cooperation and the ACP firm</b>		
— From the implementing Convention to the Lomé Convention	21	— Upper-Volta: the Ouagadougou coldstorage abattoir	54	The African firm and its environment	32
— EDF features and procedures	30	— Ivory Coast: The Maraoué ranch	55		
— The EDF Committee — twelve years' work	38	— Congo: The Niari ranch		<b>Some examples</b>	
— The policy of the EDF	40	— Mali: EDF aid for animal husbandry	56	Senegal: the opening and management of firms by Africans	33
— The main investments in each of the AASM and OCT	40			Zaire: enterprise and a "liberal economy"	34
Benin	46	<b>No 38</b>		Upper Volta: the manufacturing industry	36
Burundi	47			The transfer of technology from industrial to developing countries	38
Cameroon	48	<b>Tourism in the ACP</b>		UNCTAD IV resolutions on the transfer of technology	40
Central African Rep.	49	Tourism: some international aspects	15	Industrial cooperation, the European Community and its member states	42
Chad	50	WTO: — Interview with Secretary-General Robert Lonati	21	EDF encouragement for local firms	46
Congo	51	— The tourist trade in Africa and the Caribbean	24	The EIB and industrial cooperation	47
Gabon	52	The Caribbean: Too many rooms to let — a Caribbean Tourist Centre study	27	Industrial cooperation under the Lomé Convention: the role of the Centre for industrial development	48
Ivory Coast	53	A tourist policy and a tourist image for the ACP countries	29		
Madagascar	54	"The Golden Hordes"	31	<b>The viewpoints of four European industrialists:</b>	
Mali	55			— Bernard Moureau (Paris)	48
Mauritania	56	<b>The organisation of tourism in the ACP</b>		— Michael Caine (London)	52
Mauritius	57	The ACP countries at the ITB (International Tourist Exchange) in Berlin	32	— Jakob Esser (Cologne)	55
Niger	58	Tourism — a factor of global development: Gilbert Trigano of the Club Méditerranée gives his point of view	33	— K. Fibbe (Rotterdam)	57
Rwanda	59	Airlines and tourist travel: one handicap — prices	36	Your next factory in the Third World?	61
Senegal	60			The statutes of the CID	62
Somalia	61				
Togo	62			<b>No 40</b>	
Upper Volta	63			<b>Tropical forestry</b>	
Zaire	64			Domesticating the forest: interview with Dr. K. King, FAO Assistant Director-General of forestry	34
OCT (Overseas countries and territories)	65			African wood in world trade	38
				Marketing African wood	41
<b>No 37</b>				The OAB (organisation of African woodexporting countries)	45
<b>Animal husbandry</b>				Improved forest productivity by the evaluation and conservation of genetic resources	45
Is there a future for animal husbandry in the developing countries?	20	<b>Some examples</b>		Tropical forestry and the CTFT	47
The West African herds after the drought	23	Jamaica	37	Pulp and paper from the tropics	50
Animal traction and Sudano-Sahel stock-raising	31	Kenya	39	ACP timber under Stabex	55
Stock-raising in Burundi and the uplands of central Africa	35	Timbuktu (Mali)	42	EEC-ACP cooperation in the forestry sector	55
Intensive cattle-feeding in Kenya	38	Zaire	42	Market prospects	59
The French Institute for Tropical Stock-raising and Veterinary Medicine	42	Ivory Coast	43		
Cattle-raising and the EDF in the Central African Republic	46			<b>Community schemes</b>	
EEC animal husbandry projects	48	Community aid to tourist development	44	The ACP tourist trade: training in Europe and some socio-cultural problems	48
Commission commentary	51	Promoting the tourist trade	52		





## BOOKS

Renaat VAN ELSLANDE. — *La Belgique et le Tiers Monde (Belgium and the Third World)* — Editions Oyez — 21, rue Defacqz, 1050 Brussels — 1977 — 211 pages.

(Also published in Dutch by the "Nederlandsche Boekhandel" — Antwerp/Amsterdam).

Development cooperation "will dominate the last quarter of the 20th century and has become, as Mr Van Elslande sees it, "one of the key pieces of all foreign policies". This book, sensitizing public opinion, is an expression of the author's own ideas on trends in relations between rich and poor countries(1).

It comes at a good time since, in this period of inflation and economic crisis, the industrialized countries are all too often faced with a problem of conscience as to the fitness of development cooperation. But as Renaat Van Elslande confirms in the first part of the book, the time of aid pure—or charity—is behind us. Just as fundamental justice between rich and poor is vital, "enlightened self-interest" is also a natural part of the situation of interdependence between developed and developing countries.

In the second part of the book, Mr Van Elslande discusses five different aspects of development: raw materials, industrialization, food and agriculture, employment and development, and disarmament. This section is the main platform for his ideas on the development of the various problems with a view to one day achieving the restructuring of the world economic order. Other, less important but more technical aspects, like Third World debts and the transfer of technology, will perhaps be dealt with in a later work.

Mr Van Elslande goes on to outline the main aims and guidelines of Belgium's development policy. Without going into detail or any profound analyses of this policy, he places it in its multilateral (UN and EEC) and bilateral setting.

He then moves on to the problem of public opinion on development. Although he admits that the information offered the general public has never been adequate or detailed enough, he still has faith in the wisdom of public opinion which he sees as ultimately able to form the sort of rational judgment of development that can grasp what is essential and what is not.

As EEC development commissioner Cheysson also stresses in his foreword, "the writings of this Belgian

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politician quite naturally reflect and explain Belgium's traditionally and fundamentally open attitude". Belgium's geographical position and size, its level of industrialization and its dependence on external trade mean that it is imperative to adopt the open-mindedness that Mr Van Elslande displays in this book. Here, the former founder of an association for the study of the international division of labour once again states his conviction that, if politicians are willing and public opinion lends its support, Belgium and the Third World can establish just and equitable links in a restructured world.

(1) Renaat Van Elslande (Belgian Christian Democrat) has a long political career behind him. He was Minister for Foreign Affairs and Development Cooperation in the first Tindemans government and is now Minister for Justice in the second, Henri Simonet having taken over Foreign Affairs and Lucien Outers Development Cooperation, now a Ministry in its own right.

ooo

Karl.KUJATH. — *Bibliography on European integration with annotations* — Preface by Walter Hallstein — Edited by Institut für Europäische Politik, Bonn — 777 pages — 150 DM — 1977

This bibliography:

— contains a critical selection of about 7000 books and periodical articles published in various languages;

— considers all aspects of European integration and takes account of the institutions, fields of activity and policies of the European Communities and

the other European organizations (Council of Europe, Benelux, EFTA, OECD, UN Economic Commission for Europe, Nordic cooperation, European organizations for transport and postal administration, nuclear energy and space research, Atlantic Community, NATO, European security, WEU, COM-ECON, Warsaw Pact);

— lists publications edited by the European organizations;

— gives comments added to numerous titles.

Introduction, guide for the user and detailed classification in three languages.

Index of personal names.

The bibliography enables all those who are concerned with European questions in the fields of politics, economics, law, science, education and public relations to gain a quick and comprehensive survey of the most important publications on European integration.

ooo

**Collection of the Agreements concluded by the EEC** — Office for Official Publications of the European Communities, boîte 1003 Luxembourg — 1978

The Council and the Commission have jointly issued a "Collection of the Agreements concluded by the European Communities", which reflects the scale and diversity of the Communities' external relations. The first of the five basic volumes has just been published and the other four will be coming out in the course of the year. Together they will cover all agreements in force at the end of 1975 (about 7000 pages). There will be annual updating supplements.

The collection contains both bilateral agreements with third countries and international organizations and multilateral agreements (90 and 10 respectively in the basic work).

**THE COURIER**  
EUROPEAN COMMUNITY —  
AFRICA - CARIBBEAN - PACIFIC

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of the European Communities

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Circulation:  
Nico Becquart (ext. 6367)

**Back cover: The "founding fathers" of the European Community: top (left): Konrad Adenauer (Federal Germany) and Robert Schuman (France); (right): Jean Monnet (France). Middle (left to right): Alcide De Gasperi (Italy); J.W. Beyen (Netherlands) and Paul-Henri Spaak (Belgium). Below (l. to r.): Adenauer, De Gasperi, Schuman, Stikkes and Joseph Bech (Luxembourg).**

