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EEC COMMISSION HAILS RESURGENCE IN COMMUNITY

But Seventh Annual Report Warns "Economic Situation May Deteriorate Perilously"

THE EEC COMMISSION'S Seventh Annual Report, issued in June, viewed 1963-64 as a year of unexpected progress for the Community, but warns of threatening economic trouble.

The report predicted further deterioration of the economic situation during 1964 unless anti-inflationary action is strengthened in various Community countries.

"At this time in 1963," the Commission said, "people thought that the year ahead would be, at best, one of convalescence for the Community—but in practice it proved to be one of vigorous progress . . . achieved because our six countries and their peoples are deeply attached to Community construction, and this attachment has proved stronger than their political differences. Such success would not, however, have been possible without the Community institutions, whose permanency and independence permitted the Community to master the crisis."

Stable Institutions Insure Progress

The crisis—Britain's exclusion from membership in the Common Market—prompted the Commission to make the following statement in presenting its previous annual report: "The Treaties of Rome and Paris are not merely the expression of a policy. They have founded a new constitutional order, and it is in moments of crisis that the value of a permanent constitution, stable institutions and immutable rules are appreciated."

Confirming its prior statement, the Commission said, "continuity in the working of the institutions has been ensured, Treaty rules have been respected in all fields and the Community has realized new and spectacular progress."

Despite the progress, most marked in the fields of general economic policy and external relations, the Community's current economic situation faces serious difficulties for the first time since 1958, the report said.

"The economies of our countries, which for several years have shown similar trends of development, began in 1963 to diverge appreciably, the growth of the German economy contrasting with heavy inflationary pressure in Italy, France and the Netherlands," the Commission pointed out. "The Community today is in a state of grave disequilibrium, as is evident from price and trade trends, and the situation may well deteriorate perilously during

1964 if the decisions (taken by the Six to combat inflation) are not put firmly into effect and followed by additional energetic measures."

United Action Urged

However, the Commission said, "it is a sign of reinforcement in the Community that, faced with these problems, the member countries' first reaction has not been to withdraw into isolation, but seek the possibilities of Community action. . . . Any faltering in the determination of the member states primarily affected could have the most serious political as well as economic consequences for the entire Community. Although the Community has withstood more than one political crisis, it must for the first time surmount important economic difficulties, and its cohesion and ability to act as an economic unit will be judged on the manner in which this is done."

In spite of the priority imposed by problems of the anti-cyclical policy, the Commission will concentrate equally on a medium-term economic policy, the report said. Important preparatory studies have already been started with the aim of establishing in 1965 the first Community economic program which would operate until the transitional period's end in 1970.

The Commission will also continue to shape Community policies in other fields during the year, the report said. "It attaches particular importance to the fixing of a com-

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mon grain price level in the very near future—a decision which could be rapidly extended to other target or guide prices envisaged in the various agricultural regulations,” the report said. “The methods proposed by the Commission (compensatory payments from Community funds and a Community plan to improve the living standards of the agricultural population) would insure farmers against a loss of income or other damages from the reduction of grain prices in some countries.”

Kennedy Round Called Main External Task

In external affairs, the conduct of the Kennedy Round trade negotiation will be the Community's first responsibility, the report said. “The negotiations will no doubt be long and the Commission must therefore guard against the dangers of undue haste and against the risks of disillusionment at the necessary slowness of the technical work.”

Progress in establishing a common commercial policy toward non-Community countries, the Commission said, “has not been satisfactory so far.” The Commission declared that even successful Community response to approaches from non-member countries was insufficient.

“It owes it to itself and to its trading partners to decide the broad lines of its commercial policy and to create the necessary instruments for its operation,” the report said.

The Commission also advocated rapid completion of the Community's customs union. The Commission said that it would not rule out reaching a customs union earlier than January 1, 1967, as presently scheduled for the completion of the Community's common external tariff. “It is about this same period (1966/67) that common prices for grains and . . . other agricultural produce should take effect, thus achieving freedom of trade in the entire Community in both the industrial and agricultural sectors,” the report said.

“Important for the internal progress of the Community, the completion of the customs union will contribute equally to the conduct of external relations,” the Commission said. “In particular, it would be a great advantage if the common external tariff could be fully applied as early as possible after conclusion of the Kennedy Round. In this way, tariff reductions agreed upon by the Community would become effective under the same conditions as those made by non-member countries. This is not the case at present, since alignment on the common external tariff is not yet complete, affecting at times the Community's bargaining position.”

Most Merger Problems Solved

Although virtually all the problems posed by the proposed merger of the Community Executives have been solved through discussions between representatives of the governments and Executives, the question of the composition of the single Executive remains open, the report said.

“Supported by the Parliament, the Commission has spoken strongly for as small an Executive as possible—limited to nine members. In the collegiate system provided by the Treaty, a small number of members is essential for efficiency.

“The unified Executive will be responsible for coal and steel and atomic energy questions as well the problems for which the EEC Commission has competence in other sectors of the economy. In addition, the unified Executive

will have special administrative tasks to discharge in the months following the merger.”

Enlarging the unified Executive from nine to 14 or 15 members would not lessen the pressure of business, the Commission said. “On the contrary, it would make the functioning of the Executive more cumbersome, weaken its cohesion and diminish its authority, and by this fact, not only endanger the advantages expected from the merger but compromise the subsequent development of economic integration. . . . The Commission believes that the composition of the single Executive must be decided only on consideration of efficiency and the smooth working of the Community institutions.”

The Commission also said that “the immediate consequence of effective economic integration clearly poses the problem of extending integration to several other spheres of national activity, including foreign affairs and defense.” “Economic integration does not dictate the time of decision (on political union) but requires that it must be made sooner or later,” the report said. “If the economic precedent does not impose any particular institutional framework for a Community with wider powers, it offers at least the example of a successful experiment.”

Association Agreement Becomes Effective

The Convention of Association between the European Economic Community and associated African and Malagasy states, signed at Yaoundé July 20, 1963, became effective on June 1.

Italy was the last Community country to ratify the five-year agreement which will remain in force until May 31, 1967. One year before this date, however, the Contracting Parties will examine the provisions which could extend the duration of the agreement.

The Decision of the Association of Overseas Countries and Territories with the European Economic Community also went into effect on June 1.

By this Decision, the EEC Council of Ministers established a system of association with Saint Pierre and Miquelon, the Comoro Archipelago, the French Somali Coast, New Caledonia and dependencies, the Wallis and Futuna Islands, French Polynesia, the French Antarctic Territories and Surinam. The Decision will also apply to the Dutch West Indies after ratification.

Community Opens New York Information Office

A new office of the European Community Information Service opened July 1 in New York City.

The address is 2207 Commerce Building, 155 East 44th Street, Zone 17, telephone: MUrray Hill 2-0458.

The office, operating as a branch of the Washington office, will maintain a library of Community documents and be equipped to answer inquiries from United Nations missions, the press, public and private organizations concerning the Community.

A copy of this material is filed with the Department of Justice, where, under the Foreign Agents Registration Act of 1938, as amended, the required registration statement of the Information Office, European Community, 808 Farragut Building, Washington, D.C., as an agent of the European Economic Community, Brussels, the European Atomic Energy Community, Brussels, and the European Coal and Steel Community, Luxembourg, is available for public inspection. Registration does not indicate approval of the contents of this material by the United States Government.

EEC COUNCIL CONTINUES GRAIN PRICE DEBATE

Six Set Next Year's Price Level But Delay Adoption of Common Price

THE COMMON CEREAL PRICE is expected to dominate EEC Council of Ministers meetings scheduled for July.

The possible association of Austria with the Community is also scheduled to be discussed in July, in addition to questions of social policy.

During June, the Council made considerable progress on matters concerning the Community's relations with non-member countries, but postponed until December 15 fixing of a single grain price for the 1966/67 marketing year.

The Council authorized the EEC Commission to begin conversations with Spain on "economic problems posed by the development of the Common Market" and to open negotiations with Nigeria for an association agreement involving reciprocal trade rights and obligation. The discussions with Nigerian government representatives are scheduled to start in mid-July.

Germany Opposes Cereal Plan

The cereal price, a key factor under the Community's variable levy system in determining the amount of domestic production and imports of a number of farm commodities, has been a topic of debate in the Community for a number of months. The price proposal of the EEC Commission, accepted by Belgium, France, Italy, Luxembourg and the Netherlands, has not been adopted because of the opposition of the Federal Republic of Germany. The German government, which seeks a higher price level, would have to adjust its domestic cereal price level substantially downward under the Commission proposal.

On June 3, the Council decided to maintain last year's upper and lower target price limits for cereal for the 1964/65 market year and deferred until December 15 decision on a single grain price to be effective the 1966/67 marketing season.

The price range for soft wheat will remain from \$89.43 to \$118.92 per metric ton. The price ranges for barley are \$72.17 to \$103.07 a ton and \$67.71 to \$108.17 a ton for rye. The lower price limit for maize will stay at \$65.60 a ton.

EEC Commission President Walter Hallstein addressed a letter, on June 4, to each of the foreign ministers of the EEC member governments, urging strongly that the Six reconsider their decision postponing agreement on the common Community cereal price. The Commission letter declared that the postponement "jeopardizes the whole Kennedy Round."

Commission Takes Initiative

The following letter was addressed by the EEC Commission to the foreign ministers of the six member governments on June 4.

"Mr. Minister:

"The Commission of the European Economic Community feels impelled to inform your government of its grave concern at the decision taken by the EEC Council of Ministers on 3 June 1964 concerning cereal prices.

"1. The postponement until 15 December next of the decision on the alignment of prices runs counter to the commitments accepted by the Council on a number of occasions, notably during the discussions of 23 December last. No pledge was given, and there is no certainty that the appointed date of 15 December will be adhered to, any more than several others in the past. There is also reason to believe that this delay will render the adoption of the decisions more difficult.

"2. To put back by six months or more the decision on farm prices will undermine the work of building the common agricultural policy, of which this decision is a vital part.

"3. This postponement jeopardizes the whole Kennedy Round. The failure to fix cereal prices will rapidly bring to a halt the work of the agricultural committee (of GATT), since there is at present no prospect of finding another basis for the negotiations. Moreover, as several delegations at Geneva hoped that negotiations on agricultural products might go on concurrently with those on industrial products, the lack of a decision on the part of the EEC will cause a general slowdown and possibly the collapse of the whole negotiations.

"4. The Commission is seriously alarmed at such a situation, for which the European Economic Community will certainly be held to blame because it has been dilatory in taking, or possibly incapable of taking, the decisions which it has itself foreshadowed and which lie at the root of the policy agreed upon by the Council. It has explicitly drawn the attention of the Council, in the course of the discussions, to these grave repercussions.

"5. Consequently, for the reasons, both internal and external, set out above, the Commission urgently requests your government to reconsider its whole position in order to render possible, before the summer recess, a new deliberation by the Council and the adoption of the indispensable Community decisions.

"Please accept, Mr. Minister, the assurance of my high consideration.

"WALTER HALLSTEIN,
"President of the Commission"



Walter Hallstein
President,
EEC Commission

KENNEDY ROUND AGRICULTURE HEATS UP

U.S., European Farm Groups Agree and Disagree on Negotiating Positions

THE PROPOSED TREATMENT OF AGRICULTURE in the Kennedy Round trade negotiation has prompted resolutions and response from major European and American farm groups.

The International Federation of Agricultural Producers (IFAP) outlined five basic considerations for the negotiation to increase agricultural trade in a statement of the Joint North America/European Meeting May 6 in Washington.

The IFAP is an association of farmers' organizations in 32 Western countries. The three major United States farm organizations active as IFAP members are the National Grange, the National Farmers Union, and National Council of Farmers Cooperatives. Representing European IFAP member organizations at the joint meeting were farm leaders from England, France, Ireland, Norway and the Netherlands.

The statement said:

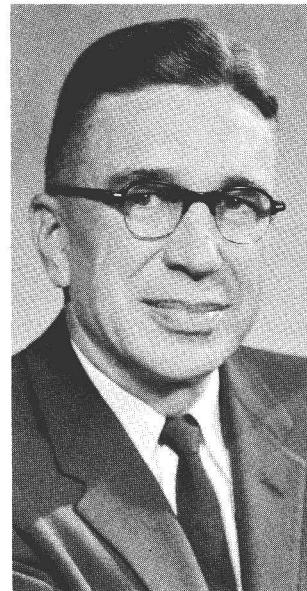
- "At the forthcoming GATT negotiations, the agricultural exporting countries will be seeking 'concessions' on agricultural products analogous to those obtained for industrial products. Since tariffs are a comparatively unimportant element in the support policies adopted by governments in the agricultural sector, the same rules (especially the proposed across-the-board tariff cuts) as are applied to industry cannot in general be applied to agriculture. A special approach will be required.
- "If the negotiations are to be successful in the agricultural sector they must start from the basis that the governments cannot 'negotiate' their responsibility to ensure that the incomes of their farm populations bear fair relationship and trend with those in other sectors and that the elimination of serious modification of existing agricultural support measures is not feasible. Governments will therefore be seeking to reconcile the need for income support for agricultural producers and their desire to develop international trade in agricultural products.
- "Towards this end, the most promising approach will be to examine the position on a commodity-by-commodity basis and to devise—as long advocated by IFAP—commodity arrangements or agreements, as appropriate, for individual commodities or groups of commodities.
- "In whatever proposals are made, there must be a basis for reciprocity regarding both obligations and benefits. Thus to the extent that exporting countries are ready to ensure that their production is retained at a level broadly in line with outlets and that prices on world markets will remain at reasonable levels, importing countries must be prepared to make their fair contribution to the establishment of a sound balance on world markets.
- "Governments must at all times remain conscious of the fact that trade among North American and European countries is only part of world trade and that recent experiences have shown that great opportunities exist for expanding agricultural exports, commercial as well as concessional, to countries outside the North Atlantic area."

Europe, U.S. Define Views

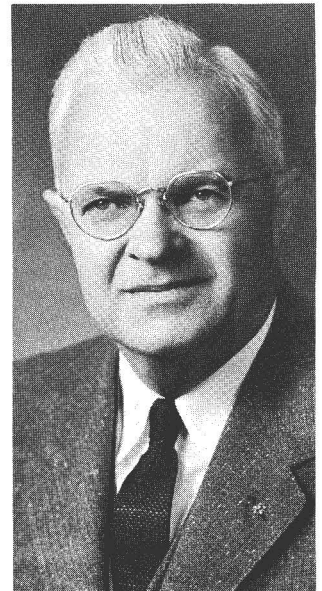
In addition to the five main points, the North American

and European delegations defined their respective positions as follows:

"North American producers, on their part, stress that the efficiency and export traditions of their agriculture entitle them to a share in the growth of European demand and that this is essential for a reasonable improvement in North American farm income. In pressing for more regional specialization which would give North American low-cost grain production, in particular, greater opportunities to satisfy the growing needs of European countries, especially for quality wheat and feed grains, they do not ignore the aspirations of European farmers. But North American producers do feel that recognition of the concept of regional specialization represents a valid long-term international economic policy position.



Charles Shuman
AFBF President



Herschel Newsom
National Grange Master and
IFAP President

"European producers believe that there is a strong case for a progressive expansion of European production in many sectors, a necessary condition for the indispensable improvement of their incomes. They stress, in particular, that European agricultural production which is intensive in character obtains very high average yields; that economic, technical, social, and political imperatives result from the high density of population in European countries; and that agricultural trade between European and North American countries is strongly unbalanced to the advantage of the latter."

Farm Bureau Against Access Guarantees

On May 25, American Farm Bureau Federation President Charles Shuman presented his organization's views in a letter to Christian A. Herter, President Johnson's special representative for trade negotiations.

Here is the text of Mr. Shuman's letter, as reprinted from the June 8 issue of the American Farm Bureau Federation Newsletter.

"Dear Governor Herter:

"As you know, the American Farm Bureau Federation has been, and is, very much interested in policies which lead to expanding foreign trade—not only for agricultural products but for all items which the United States can produce and export at a profit.

"Farm Bureau was in the forefront in getting the Trade Expansion Act of 1962 approved by the Congress. We believe we succeeded in our efforts to strengthen the Administration's original proposal so that our negotiators would have adequate authority to negotiate new international trade agreements that can provide the economic climate for expanding trade on a mutually advantageous basis.

"Frankly, we are alarmed at the negotiating position the U.S. is taking with respect to some agricultural products. We have conviction that the approach being taken is a blueprint for defeat—not a strategy for victory at the negotiating table.

U.S. Proposal Cited

"Specifically, note that the Secretary of Agriculture in a release dated May 5, 1964, outlined the U.S. position as follows:

"1. Where zero duty bindings exist, they should be retained. Cotton and soybeans are examples.

"2. Where protection exists through fixed tariffs, as much as possible these should be lowered. Fresh and processed fruits are examples.

"3. For items protected by a combination of measures, such as poultry and rice, access to markets and a share in growth in such markets should be given outside suppliers. Wherever non-tariff barriers exist, they should be removed or lowered. Devices such as the variable levy should be made subject to negotiation.

"4. Another group—grains, meat, and possibly dairy products—lend themselves to consideration of worldwide commodity arrangements would include the basic concept of market sharing. As examples: The United States is sharing its beef market with Australia, New Zealand, and Ireland under recent arrangements; the United States is sharing its grain market with the U.K., Canada, Australia, and Argentina under recent agreements."

"We agree with, and have previously urged, the first two positions. We believe the fourth position, and portions of the third are inconsistent with the first two and unfairly discriminate against the commodities involved.

Farm Bureau Objects to 'Fair Share'

"The whole concept of politically determining 'fair shares' is repugnant to those who believe in the market system; however, over and above our objections to this approach as a matter of principle, we do not believe that any arrangement which relies on guarantees of quantitative access with so-called growth formulas will be of any benefit to American agriculture for the following reasons, among others:

"1. No government can live politically with a commitment to import unneeded supplies of a commodity for which the country has a government support program.

"2. Any negotiated guarantee quantity is likely to be so small as to be of little or no benefit to the United States.

"3. The Common Market countries cannot afford to enter into meaningful agreements that would guarantee imports of specified quantities of designated commodities, for example, from the United States. To do this would undermine the basis for their common agricultural policy since this policy is keyed to the concept of a free flow of trade within the EEC. Quantitative guarantees to 'outside' countries would force the adoption of individual country quotas as between the six countries of the EEC.

"The Common Market countries cannot be expected to enter into agreement with outside countries that would have such devastating consequences to their plans for trade among the six.

"Any negotiating strategy on the part of the U.S. government that does not take account of this situation is, in our opinion, destined to fail. U.S. farmers and ranchers cannot afford to have this happen.

New Method Suggested

"Instead of following a negotiating strategy so likely to fail, we strongly recommend that the United States negotiate for maximums on the variable levy fees currently applied to U.S. exports of grains, rice, meat, poultry, and dairy products. This should be done in the same manner as if the variable fees were tariffs. After all, variable fees—unless they are limited—can be a most restrictive device for blocking imports. We should insist also that all other nontariff trade restriction on these commodities be removed.

"The crux of our proposal is to get as low maximum fees as possible because this will determine the level of price supports in the EEC, which in turn will determine the amount of domestic production. We would be assured of a chance to export in years of short crops when the variable fee presumably would be reduced. We would have some opportunity to compete for markets. With variable fees limited the exporter would, at least, know the extent of the maximum trade restriction that would have to be overcome in order to compete for the market. This is not a perfect solution, but it holds far more prospect for the present and future negotiations than the impractical and unrealistic approach embodied in international commodity agreements or arrangements.

"Recent trade experience seems to confirm this view. Our exports of grain to the EEC in fiscal 1963—the first year of the application of the variable fees—totaled \$323 million—down about 20 per cent from the year before but almost as large as two years earlier and larger than the recent five-year average. Our exports of rice and poultry show about the same results. For fiscal 1964 through February, total exports of these commodities to the EEC improved and approximately equaled those for the comparable period of fiscal 1962, the year preceding the application of the variable levies.

"If the U.S. government presses for reasonable maximums on the variable fees and indicates a willingness to offer beneficial concessions, we believe our trade negotiators will be in a strong negotiating position and can conclude a trade agreement with the EEC that will promote and protect the best long-term interests of American agriculture.

"We stand ready to cooperate fully in efforts to achieve this objective."

(See story page 10.)

COMMUNITY WORKER MIGRATION FOLLOWS SUPPLY-DEMAND

EEC Policy Has Not Caused Mass Movements Of Cheap Labor, Report Finds

THE COMMUNITY'S POLICY of freeing the movement of workers between member countries has not caused new patterns of labor migration or mass movements of 'cheap labor' to northern Community countries, according to a report recently released by the International Catholic Migration Committee.

Italy is the only Community country supplying a significant body of migrant labor and its economic expansion has reduced the flow of workers to northern countries during the past few years, the report said. The majority of Italian emigrants journey to Switzerland rather than other Community countries.

One Million Workers Migrate Yearly

Approximately one million workers normally migrate each year from southern to northern European countries, the report said. Part of the worker movement is accounted for by seasonal migration and part by permanent emigrants. The report does not count workers, living close to international frontiers, who work in neighboring countries.

Six main sources of emigrant labor exist in Europe—Italy, Spain, Portugal, Greece, Turkey and Yugoslavia. Six other European countries absorb the bulk of the emigration flow—Germany, France, Belgium, the Netherlands, Switzerland, and the United Kingdom, the report said.

Until 1961, Italians represented over half of the labor migration. However, the proportion has fallen steadily since then, the report said, from 54 per cent in 1961 to 42 per cent in 1963. In France and Germany, the number of Italian immigrants is rapidly declining and only in Switzerland do they account for more than half of the total immigration (73 per cent in 1963). The receiving countries of the Community are now absorbing more Spanish, Portuguese, Greek, Turkish and Yugoslav workers in total than Italian workers.

The number of Spanish workers moving to northern European countries is increasing. In the six main receiving countries, the proportion of Spanish immigrants rose from 19 per cent of the total foreign labor force in 1961 to 24 per cent in 1963. Recently, Spanish workers represented two-thirds of the total influx of foreign labor in France. Greek workers, who tend to settle mainly in Germany, form about 6 per cent of the migrant labor force in northern Europe.

Germany has attracted approximately 28,000 Turkish workers accounting for 7.4 per cent of its foreign labor

and Belgium contains about 6,000 or 22.1 per cent. Portuguese workers in France now total 27,000 or 12.5 per cent of all immigrant labor. Migration of Yugoslav workers fluctuates considerably with political climate, the report said. In 1963, Yugoslavs numbered 23,000 in the six main receiving countries and 27,000 in 1962.

Switzerland Favorite Country

Switzerland, possessing over one-third of the total immigrant labor, remains the most popular destination for emigrants from southern European countries, the report



said. Germany, as second preference, receives about 400,000 workers a year, while France provides a second home for about 20 per cent of the total immigrant population. Britain's share is about 5 per cent (with a tendency to decline) while Belgium and Holland each receive about 2 per cent.

Estimating the total immigrant labor force in the receiving countries at any one time presents greater problems than calculating the annual influx, the report said. Although entry is strictly controlled in all countries, departures are not often officially recorded. In addition, workers may become citizens of their host country losing their status as immigrants.

However, approximately 2.5 million Spanish, Italian, Portuguese, Greek, Turkish and Yugoslavian immigrants

The Pattern of Migration in 1963

Receiving country	Italians	Spaniards	Portuguese	Greeks	Turks	Yugoslavs	Others	Total	Per Cent
Germany (F.R.)	134.9	51.7	0.2	58.0	27.9	19.4	85.4	377.5	35.1
France	21.1	144.9	27.1	—	—	2.0	21.7	216.8	20.1
Belgium	3.9	7.3	0.3	3.6	5.8	—	5.4	26.3	2.4
Netherlands	2.6	5.4	0.3	1.6	0.7	0.4	5.8	16.8	1.6
Switzerland	283.2	38.2	—	—	—	—	65.5	386.9	35.9
United Kingdom	6.6	9.3	1.1	0.6	—	0.5	34.4	52.5	4.9
Total	452.3	256.8	29.0	63.8	34.4	22.3	218.2	1076.8	100.0
Per cent	42.0	23.8	2.7	5.9	3.2	2.1	20.3	100.0	

can probably be found in the six northern receiving countries, the report estimates. The Committee also discovered a tendency for Spanish, Italian and Portuguese workers to settle mainly in France and Switzerland, while Greek, Turkish and Yugoslav workers seem to prefer Germany.

Counting Families Proves Difficult

A similar difficulty exists, the report said, in accurately assessing the number of migrant workers in northern Europe accompanied by their families. Nevertheless, the Committee estimates that between 1947 and 1963, nearly a million workers emigrated permanently from southern to northern European countries with 12 per cent bringing their families in tow or arranging for their arrival soon after reaching the new country.

The Committee explains the small percentage by the high proportion of emigrant bachelors who marry local girls after settling in the adopted countries. In France, however, 50 per cent of foreign workers admitted in 1961 and 1962 were already married. The percentage of married emigrants in Belgium was 57 per cent in 1961 and 68 per cent in 1962.

The approximate nature of statistics on the social situation of migrant workers, the report said, emphasizes the need for the 'host' countries to learn more about the living conditions of the foreign working population. This suggestion, the Committee said, applies particularly to the family circumstances of migrant workers, including the number of school age children who will be joining them or the provisions being made for their families remaining at home.

EUROPEAN UNIVERSITY EXPECTED TO BE A REALITY IN 1965

A EUROPEAN UNIVERSITY in Florence, Italy, should be a reality sometime next year.

Two groups of experts from member countries were instructed by the Intergovernmental Committee May 27 in Rome to begin drafting an international agreement creating the university and proposals for its operation. The working party for the draft agreement was scheduled to meet July 6-7 in Luxembourg.

The international agreement would provide for contributions to the university's budget from the member countries and outline the university's organizational structure. The university, as presently conceived, will be a two-year, post-graduate institution for research on European integration. It is expected to provide the following faculties: law, economics, political and social sciences, history and, possibly, sociology and mathematics. Approximately 300 students will be admitted during its first years of operation and enrollment will increase to 500 after three years. The university will employ approximately one professor per 10 students.

Idea Began Before Community

The process of establishing a European university has had an up-and-down history. The idea of a university providing European post-graduate education to supplement national universities was recognized prior to the creation of the European Community.

A pioneer in the study of European integration was the College of Europe at Bruges, founded after the Hague Conference in 1949. Other European post-graduate institutes operating on a smaller scale exist in Nancy, Strasbourg, Saarbruecken and Turin.

In 1957, a clause envisaging the creation of a European University was included in the Euratom Treaty by negotiators of the Six. The Treaty stipulates that "an institution at university level shall be set up." The European Parliament enthusiastically accepted the idea and urged early action. On October 14, 1959, the Euratom and EEC Councils of Ministers created an Interim Committee for the European University under the leadership of Etienne Hirsch, then Euratom Commission President.

The Committee composed a plan approved by academicians and governments of the six Community countries. The plan provided for a post-graduate university to be

established under the auspices of the European Community for cooperation between the member countries for the exchange of students; a joint approach to the problems of higher education; mutual recognition of diplomas; and the designation of a series of European institutes as centers for advanced study and research. The plan, scheduled for the Council of Ministers' approval July 1960, was unexpectedly vetoed by the French.

Plan Renewed In 1961

The project was revived later in the framework of political union discussions between the member countries early in 1961. As a result, the Bonn Declaration of July 18, 1961, affirming the determination of the Six for political union, also contained a declaration on cultural cooperation. The declaration provided for "the establishment by Italy of a European University in Florence, to the intellectual life and the financing of which the six governments will contribute." The project received limited acceptance from the European Parliament, which considered it second best to a university set up by the Community as such.

The project lost impetus during the period that followed, particularly after the breakdown of talks on political union in April 1962. However, in July 1963, the rector of the University of Florence called a meeting of academic leaders from all Community countries to revise the ideas, at which Italian Minister of Education Luigi Gui pledged his government's support for a European University.

In the autumn of 1963, the Italian government presented a bill to its Parliament containing concrete proposals for establishing the university at Florence and announced its intention to organize meetings of government representatives from the other Community countries. The nearing reality of the long-discussed university is the result of the preparatory progress achieved at the meetings in January, March and May 1964.

The European Parliament adopted a resolution March 1964 in Strasbourg congratulating the Italian government on its proposals for the university. However, the Parliament said that the university would remain a national rather than European project unless the Six agreed on common principles for its organization. The resolution also said that the university should have a democratic constitution which would ensure complete academic autonomy.

MONNET COMMITTEE PROPOSES NEW U.S.- COMMUNITY COOPERATION FOR ECONOMIC PROBLEM SOLVING

THE ACTION COMMITTEE FOR THE UNITED STATES OF EUROPE has proposed a Committee of Entente between the European Community and the United States for economic problem-solving and as a step toward Atlantic partnership.

The proposal is contained in an Action Committee policy declaration published June 1 in Bonn. It was the Committee's first such declaration since the suspension of Community-British negotiations in January 1963.

"The task of the Committee of Entente," the declaration said, "would be to prepare joint positions on problems as they call for action, thus making easier the decisions to be taken by the European institutions and the American government both in their mutual economic relations and in their respective negotiations with the rest of the world."

"The Community would be represented on a basis of parity with the United States," the report said.

Partnership Viewed As Necessary

The Action Committee, headed by Jean Monnet and representing non-Communist political and labor organizations of the European Community countries, declared that "partnership between united Europe and the United States is natural and necessary."

"Neither Europe nor America alone can solve the economic problems whose solution is essential to the development of their prosperity—competitive conditions in trade in industrial goods; the solution of the problems of agriculture; the balance of payments and stability of the international monetary system; policy with regard to developing countries," the report said.

"For Europe and America, it is essential to vanquish poverty and disease in the world," the declaration said. "At the same time, Europe and America need one another to create the conditions for lasting peace between the West and the Soviet Union, and thereby peace elsewhere. Europe and the United States must therefore act together; but in order that they may do so the relationship between them must be transformed.

"Hitherto, the relationship between America and Europe has been a relationship between the powerful United States of America and the separate countries of Europe. In political and military affairs, each of the European countries plays its part individually, and none approaches the weight of the United States of America.

"It is by continuing its progress toward unity that Europe can take on the burdens that participation in world's great decisions imposes, and gradually establish with the United States the equality that work in common requires. Such equality also requires that on both sides of the Atlantic the difficult effort be made to change the habits of mind engendered by the preponderance of the United States and the weakening of Europe as a result of division and wars."

Atlantic Partnership Defined

The Committee urged the European Community to reply to 1962-64 statements made by Atlantic leaders on the establishment of equal partnership. The Committee re-

peated in the declaration its 1962 definition of the future relationship between united Europe and the United States. "The partnership between America and united Europe must be a relationship of two separate but equally powerful entities, each bearing its share of common responsibilities in the world. . . . The partnership between Europe and the United States must not be merely economic. It is necessary that it should rapidly extend to the military and political spheres."

"United in the Common Market, our countries are beginning to establish a relationship of equals with the United States in the economic field," the Committee said. "Already, in the GATT, the European Community figures as a unit as important as the United States. Euratom has made it possible to collaborate on an equal footing with the United States in the peaceful uses of nuclear energy. . . . The institutional forms of equal partnership with the United States will necessarily evolve as Europe strengthens its unity and extends it to new fields. The union of Europe and equal partnership with America are two processes which reinforce each other and which must continue in parallel."

Joint Nuclear Policy Stressed

The Committee proposed a joint nuclear policy as an extension of United States-European partnership.

"The United States and Europe must not wait until Europe has achieved political and military unity before starting to deal with nuclear questions in common accord," the declaration said. "The United States and those countries of Europe which are ready to take part in joint efforts must begin to act without delay. It is not a matter of increasing nuclear forces, but of creating conditions which will gradually make it possible to eliminate them.

"It would be vain to believe, given the developments that have taken place since 1959 and given the present situation in the world, that Europe could participate in vitally important decisions without participating also in the necessary efforts, resources, and burdens. Europe must contribute not only to the conventional resources, but also to the nuclear resources of the West. The participation by Europe in the nuclear defense of the West, which has now become necessary, cannot be achieved by national means.

"That would only increase more and more, in a growing number of countries, the pressure for national nuclear forces; and in addition it would work against European integration by giving new life to notions which together we are trying to eradicate. . . .

"The political unification of Europe must greatly contribute to the strength and cohesion of the West. It will enable European countries to make a joint contribution, instead of national contributions, to the defense of the free world. They will thus be able to form an authority capable of controlling and administering the European contribution to joint defense."

MLF Broadening Asked

The Committee said that it would appraise the agreement under negotiation for a multi-lateral force according to

its fulfillment of the following conditions:

- “One of the essential objectives of the West’s political action must be to reach an agreement with the Soviet Union on the controlled reduction of nuclear armaments.
- “The statute of this organization (MLF) must be capable of being adapted to changes in the needs of the Atlantic Alliance and in technology, as well as to the further progress of European unification and to real progress in nuclear disarmament.
- “Equal partnership between united Europe and the United States should include a European organization in close association with that of the United States of America, and to this end those European countries that set up the necessary joint institutions should be able to decide to transform their national participation into joint participation.
- “In that case a Treaty should be concluded between united Europe and the United States to organize their joint action as regards resources at their disposal, without affecting existing international agreements.”



Jean Monnet, President,
Action Committee for the
United States of Europe

The declaration also stressed the development of peaceful coexistence between the West and the Soviet Union through successive agreements and the reunification of Germany in the European Community.

“The achievement of European unity and the establishment of equal partnership between Europe and America are of vital interest not only to the European countries, but also to the United States and the Soviet Union,” the Committee said. “No nation’s fate must be in the balance, and a clear option uniting the whole of the West is the best guarantee of peace, as much for the East as for the West.”

German Unity Required for Peace

“But in the heart of Europe today, Germany is divided. The participation of the German Federal Republic in the European Community and the West has already given the Germans a future shared with the other peoples of Europe. The reuniting of the Germans in the European Community in the making is an essential condition for peace.

“To deal with this situation by exclusively peaceful means, and to meet the preoccupations of the USSR and the West an arrangement of true coexistence must gradually be brought about between the USSR on the one hand and Europe and the United States on the other. For what

would be the value for the USSR of any arrangement which did not include the United States and Europe at the same time? What would be this arrangement, so decisive for the European situation, if Europe did not seek it together with the United States?

“It is too early to determine the shape of the future arrangement. But one thing is already clear: if it were to appear that the West were divided, insecurity would dominate the relations between East and West, the prospect of agreement would vanish, and mistrust and the process of mutual precautions would lead to fresh conflicts. . . . The Action Committee declares itself in favor of enlarging, by means of realistic projects, the bases of relations with the nations of Eastern Europe.”

Enlarged Community Supported

The Committee said that it also supported a European Community open to all democratic countries of Europe, particularly Great Britain. Membership, the declaration said, “must be extended to all other democratic countries of Europe which accept the rules, institutions, and aims of the Community, and in particular to those who have already asked to join the Common Market—Great Britain, Denmark, Norway, and Ireland.” The Community should also establish special forms of cooperation with other democratic countries, particularly Austria, Sweden, and Switzerland, who have requested such arrangements, the Committee said.

“The Committee reaffirms its conviction that Great Britain is part of Europe and that a new opportunity must be found for her entry into the European Community. It is equally convinced that Great Britain can only enter with the same rights and the same obligations as the other countries.”

In its declaration, the Committee paid tribute to the effectiveness by which the Community institutions are fulfilling their responsibilities. “During recent months, these institutions have in particular made it possible to reach important agreements whereby the common agricultural policy can be established, and set up the necessary machinery for joint action against inflation and for economic growth,” the declaration said.

The Committee urged the following measures to ensure economic integration:

- “That the (EEC) Commission maintain constant liaison with business, professional and trade-union representatives . . . and that these be associated with the bodies set up by the Community’s institutions. . . .
- “That the machinery set up to combat inflation rapidly produce concrete results and that the governments accord it their indispensable collaboration.
- “That the Commission and the Council (of Ministers) ensure the achievement of the Rome Treaty’s objectives in the social field.
- “That the Community institutions establish common policies for energy and foreign trade.”

The Committee also urged the EEC Commission and Council to pursue policies which stimulate and assist firms to adapt their size to that of the Common Market “by ensuring the application of the cartel regulations in order to promote competition in the Common Market; by taking

the steps which are necessary for the creation of a true European capital market.”

Stronger Institutions Suggested

“To strengthen the existing institutions and make them more democratic,” the Committee endorsed:

- “The proposed fusion, as already agreed by the six governments, of the High Authority and the Common Market and Euratom Commissions into a single European Commission . . . that . . . must take into account the accomplishment of the specific tasks of the present institutions.
- “The increase of the power of the European Parliament in the budgetary field, requested by the Parliament itself and proposed by the Dutch and German governments.
- “The proposals made by the Italian government on broadly similar lines to that of the European Parliament, for the election of half the members of the European Parliament by direct suffrage, the other half continuing to be chosen by the national Parliament, and the total number of members being doubled. . . .

“The Committee also proposes as regards the President

of the new Commission, that the Council of Ministers of the European Community, after consulting the presidents of the political groups in the European Parliament, should propose a candidate for the latter’s ratification.

“Within our nations,” the declaration said, “we have established institutions which enable the citizens of the same country to debate their problems and to find solutions for them which then become law for all, the application of which is ensured by other institutions. We no longer permit the relations between citizens to be governed by notions of force, supremacy, or domination.

“To establish these same conditions among the peoples of Europe, there is no other way to apply to them the same methods that we all apply within our national frontiers—to adopt common rules which our nations and their citizens pledge themselves to follow, and to set up common institutions to ensure their application. Thus Europeans, while each remains profoundly attached to his nation, will together have the feeling that they belong to the same community, the affairs of which they will administer according to the democratic principles which govern the life of their nations.”

United States Farm Exports to Community Rise 27 Per Cent

United States agricultural exports to the Community rose nearly 27 per cent from July 1963 to January 1964 compared to a year earlier (from \$613 million to \$777 million), according to U.S. Department of Agriculture statistics.

To show the overall change in agricultural exports, the Department of Agriculture separated products into two groups: commodities subject to a variable levy upon entering the Common Market such as grains, eggs, and poultry; and products dependent on fixed duties such as fruit, vegetables and rice.

United States exports subject to Community variable levies increased 28 per cent during July 1963 to January 1964, rising from \$205 million to \$262 million compared to the same period in 1962-63. United States exports of non-variable levy products rose \$107 million or 26 per cent over the year before, from \$409 million to \$516 million.

Most of the increase in exports of commodities subject

to variable levies resulted from large advances in wheat and feed grains, and smaller gains for pork (except variety meats) and ready-to-cook turkeys. Exports of other poultry products except hatching eggs were below the level of 1961-62, as in 1962-63.

Finished cotton accounted for over half of the gain in exports of products subject to fixed Community duties, according to Department of Agriculture statistics. Cotton exports were relatively low a year ago due to larger Community production and smaller consumption.

(The first Community agricultural policies became effective August 1, 1962 for grains, pork, eggs, poultry, fruit, vegetables and wines—products protected by either variable levies or fixed import duties. The broad outlines of common policies for rice, beef, veal and dairy products have been adopted. Detailed regulations for these sectors are scheduled to begin operation later in 1964.)

EEC Commission Grants Second ‘Negative Clearance’

The EEC Commission granted June 2 in Brussels the first “negative clearance” (from antitrust action) involving a United States firm (the Bendix Corporation).

The clearance was given to a business agreement between Bendix and the Mertens and Straet firm in Brussels on grounds that the arrangement does not restrict competition in the Common Market.

Under EEC anti-cartel regulation No. 17, firms doing business in the Common Market request from the EEC Commission a negative clearance for new and existing business agreements.

Under its agreement, Mertens and Straet will sell brakes, servo-brakes and accessories manufactured by Bendix. The agreement does not provide for either limitation of the marketing area or an exclusive dealership obligation. Consequently, the Commission ruled that the agreement does not enter under jurisdiction of Article 85 of the Rome

Treaty (rules governing competition applied to enterprises).

The agreement also gives Bendix the right to designate additional distributors of its products in Belgium and sell directly to customers. Mertens and Straet, independent dealers, will maintain adequate stocks and offer satisfactory guarantees and service for the Bendix products. The firm may also deal with Bendix’s competitors.

The Bendix-Mertens and Straet agreement is the second negative clearance granted by the EEC Commission. In its first decision March 23, the Commission established a precedent for exclusive dealership agreements between Community firms and companies in non-member countries by granting a negative clearance to the French firm, Grosfillex, for an exclusive dealership arrangement with the Swiss firm, Fillistorf. Approximately 36,000 agreements are presently registered under the Community’s antitrust regulations.

ECSC FINANCES RESEARCH TO CLEAN COMMUNITY'S AIR

U.S. Joins In European Conference on Air Pollution

GROWING PUBLIC CONSCIOUSNESS of the dangers of air pollution and stiffer legal provisions in the six member countries has stimulated ECSC High Authority research on the problem of cleaning the Community's air.

Air pollution, a long-time problem for industrial cities such as Los Angeles and Pittsburgh, has become an increasing concern to the Community and other European countries. European and United States experts were scheduled to seek a common means of attacking the plague of industrial cities at the first European Conference on Air Pollution June 24 to July 1 in Strasbourg.

Inhabitants of industrial cities often live and work in an atmosphere containing up to five times as much dust as persons residing in other towns. The monthly deposit of dirt in an industrial town in the Community can reach 30 grams per square meter as opposed to 6 grams in other towns and 3 grams in coastal and mountain resorts.

The amount of dust in the atmosphere inside steelworks can be six times more than that of industrial towns and the deposit of dirt nearly seven times greater—up to 200 grams per square meter. The heavy deposit of dirt, which can seriously effect health and living conditions, is a chronic problem in the steel industry—one of the worst offenders in dust and grit production.

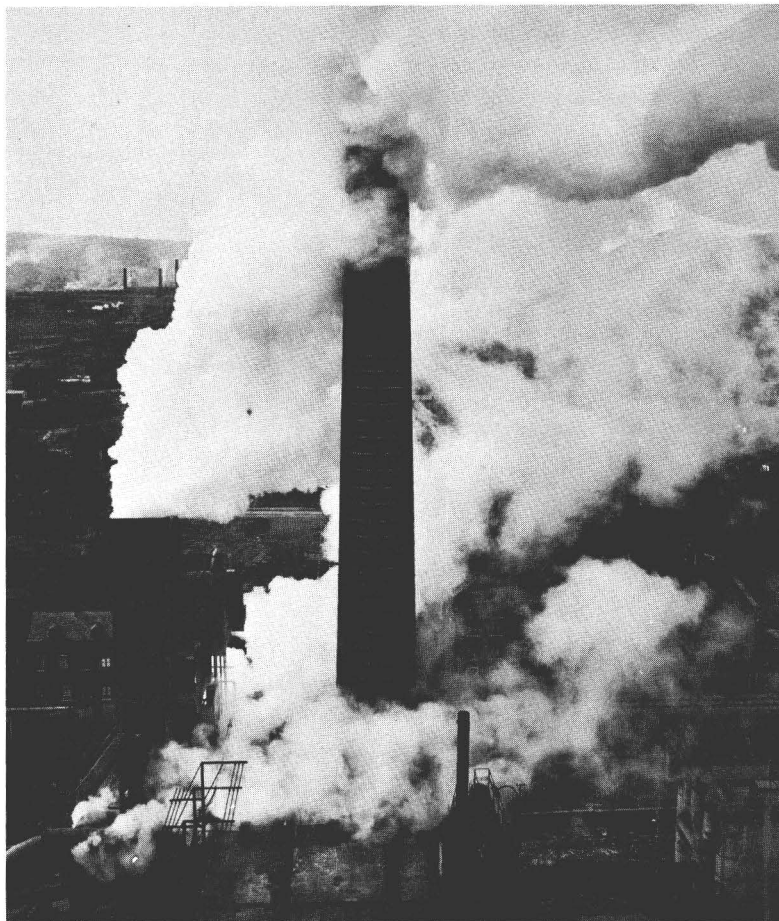
Air Becomes Political

Air pollution has also entered the political arena with the launching in recent years of major campaigns in most Community countries to extend clean air provisions and it played an important part in the last provincial elections in North Rhine-Westphalia. New legislation has been introduced in most of the six Community countries, requiring citizens to use only certain kinds of fuel and heating appliances.

The 1952 London smog, resulting directly or indirectly in an estimated 4000 deaths, is the worst example of the effects of air pollution. During three days, the carbon dioxide content of the air was one part per million and the atmosphere contained 5 milligrams of floating dust per cubic meter. In Paris during February 1959, the air held one part carbon dioxide per million and one milligram of dust per cubic meter. However, no particular increase in deaths resulted.

Maximum rates and conditions governing the creation of smoke or other pollution are fixed in France. Under a 1961 law, penalties of up to \$21,000 or six months imprisonment can be imposed on persons who do not obey instructions to modify their installations within a minimum period.

In Germany, approval for new installations must be obtained from the proper authorities according to a recent law. The conditions set by the authorities for reducing air pollution can be revised at regular intervals following criteria established by the German Engineers' Union, a professional technical organization. Other Community countries do not have as rigid controls for air pollution but approval for new installations is being required more frequently.



Problems studied have included health protection for steel workers, and reduction of dust in iron ore transport and in the preparation of charges for blast furnaces—often one of the largest causes of dust. Increasing attention is now being paid to the problem of fumes, known as 'red smoke', which escape from opened oxygen converters.

Funds provided by the High Authority have already helped produce two major cleaning installations: a dust extraction device, using a damping agent, for Usinor's new Dunkirk works, and an electric dry filter developed by Mannesmann. However, many problems remain to be solved in perfecting existing devices or introducing new ones. In particular, the cost of new installations must be cut and their size reduced so that they can be used by older steel works, where space is often restricted.

New Projects Studied

Three new projects to meet these conditions are currently being examined. They will take about two years to complete. The first project, an electro-filter, will permit a major reduction in overall size of equipment. The second dust extraction device, based on the same principle as the Usinor installation, will be adapted to Thomas converters. Its compact size will enable fitting many of these converters with dust extractors even where space is limited. The third

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EUROPE SEEKS TO HALT 'BRAIN-DRAIN' TO UNITED STATES

Wide-Scope Thinking, Projects Urged to Hold Community Scientists

by **LOUIS ARMAND,**

*former Euratom Commission
President and member of the
Academie Francaise*



THE STEADY MIGRATION of European scientists to the United States—the so-called “brain drain”—is more a matter of career opportunities than relative salary levels. In America, scientists are provided with facilities which allow them to work more effectively than in Europe.

Persuading European scientists to remain in Europe is therefore quite simple in theory, at least: Provide scientists with the proper working conditions. When European scientists find that the proper equipment, the proper laboratories, and perhaps, most important, the right direction are available in European research centers, they will choose them in preference to American centers. Then, Europe will once again be among the leaders of scientific and technical progress.

Horizons Must Be Widened

What are the right conditions? First, the research organizations must be adapted to the world of the 1960's—a world of wide horizons. The European Atomic Energy Community, for example, provides an atmosphere conducive to the best efforts of modern scientists by coordinating atomic research on a Community basis and by sponsoring a world-wide network of scientific contacts. This does not mean that only industrial giants or vast international organizations can hope to attract today's top scientific minds; the average American firm has less than 400 employees.

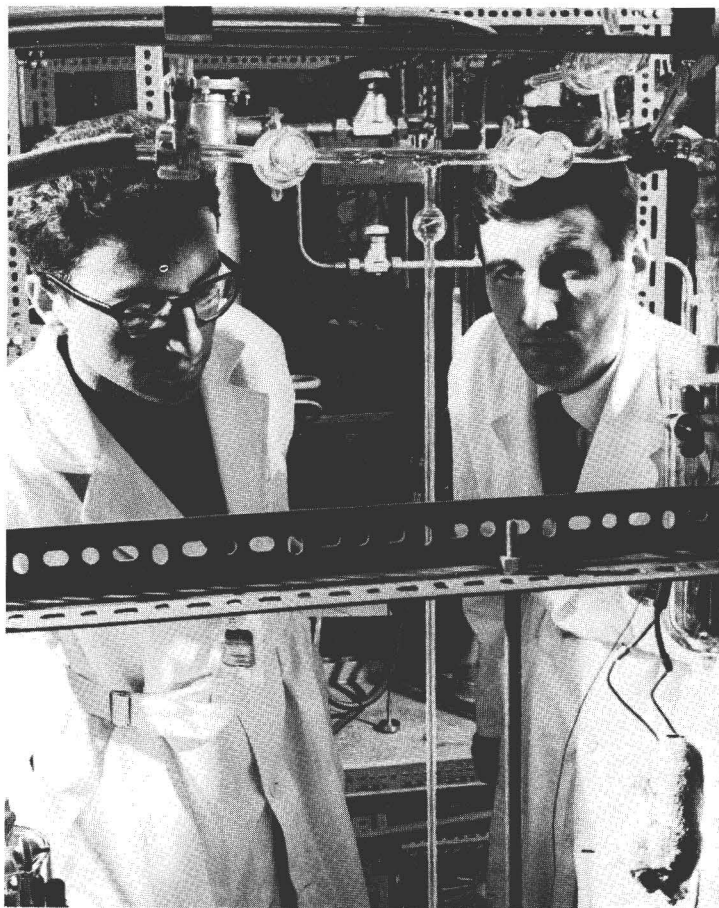
However, administrators in either industrial management or research institutes, must be prepared not only to provide their scientists with the best possible tools—whether they have one man or a hundred in the laboratories—but also to widen their geographical horizons, however specialized their interests. They must give their scientists a sense of purpose in an expanding world.

To give our scientists a sense of purpose, all levels of society, particularly our national or Community political leaders must become more aware of the civilization's aims and ideals. We must tell our scientists: “Gentlemen, you are capable of doing many things, much more than in the past, but don't try to do everything. Let us—society—tell you what interests us most.” If science were given this kind of lead, some of the problems which face us as a civilization might be solved more effectively and more quickly than we had previously imagined possible. In the past, only the military has known how to organize science effectively. Think what we might achieve, if past efforts to devise new means of destruction and death could be

organized with the same enthusiasm and efficiency to solve the problems of peace.

Community Offers Hope

If science needs wide horizons and is only waiting for society's lead, how should society proceed? Obviously, a danger of confusion and wasted effort exists if science is pushed in too many directions by national governments. However, the European Community, with its steadily increasing economic integration and vast market of 175 million consumers, at last offers hope of the new horizons provided it progresses fast enough.



I realize that national governments find it painfully difficult to surrender powers to which they have become accustomed and to transfer traditional responsibilities to a supranational body. This is understandable to a certain extent. But in new fields, where they have no entrenched or traditional interests, governments could, from the start, place supervisory powers into the hands of a body organized on a scale understood by modern science—an international scale.

Atomic research, for example, is an entirely new field, in which governments have few vested interests, at least,

Guest authors and speakers cited in *European Community* express their own views and are presented to enlarge the forum of Atlantic opinion.

in peaceful applications. It is conceivable that the governments of the Six might not want to occupy themselves with the technicalities of atomic regulations, particularly in the field of safety rules which need international supervision and may let atomic research and atomic law become a Community responsibility.

Drug regulations provide another example. The pharmaceutical industry, both in research and in manufacturing, needs a wide international market. But how much progress will it be able to make in the face of drug regulations which vary from country to country? By putting the necessary powers of guidance and control into the hands of an international body, national governments have nothing to lose and society has everything to gain.

Public Recognizes Need for Science

The necessity for science to become an international, rather than an exclusively national concern seems to have been recognized already by the man-in-the-street. The recent public opinion poll conducted by "Readers Digest" magazine in the Community countries and Great Britain showed that 64 per cent of the interviewees favored scientific research organized on an international level. The same

proportion also favored the mutual recognition of scientists' qualifications among European countries—another essential condition for scientists to work effectively in the modern world. All that is required now, it seems, is for governments to catch up with public opinion.

I could draw a parallel here between science and the law, which also has to evolve, and is indeed evolving, to meet the needs of the emerging new Europe. In this field also, the unification of Europe provides a splendid opportunity for the needed changes.

One measure of social progress is the degree to which man has been freed from tasks unacceptably painful, degrading, or too time consuming for him to think about his cultural development. Social progress depends on technical progress. The formal abolition of serfdom and slavery were accomplished by the flourish of a pen and a few speeches, but before those gestures could have meaning, science had worked long and hard to develop machines which were capable of replacing human muscle.

Through the unification of Europe, we can advance faster than before. The building of a united Europe gives us a wonderful opportunity for rejuvenation in all fields. Our task is to see that we use it to the fullest.

Euratom Council To Debate Research Program Revisions

The Euratom Council of Ministers was scheduled to discuss June 25 Commission proposals for revising its Second Five-Year Research Program (1963-1967) to meet rising costs in the Community.

The proposals prompted by higher costs particularly in building and equipping research establishments provide the following:

- Increasing the original \$449 million budget approximately 10 per cent.
- Including the SORA pulsed-source reactor for reactor physics experiments probably at Ispra.
- Establishing a fundamental physics research team at Ispra and a European Institute for Science and Nuclear Techniques at Saclay, France.
- Reducing present allotments proven oversufficient for some areas of research.

Plans for the SORA, the physics research team and the European Institute, advanced when the Five-Year Program was prepared in June, 1962, have now reached maturity justifying their inclusion in the new proposals.

The proposals have been discussed by the Consultative Committee for Nuclear Research, which assists the Euratom Council, and by the Community Scientific and Technical Committee. In light of the proposed revisions, several member governments submitted memoranda to the Commission concerning Community nuclear research.

The French government said in its memorandum that Community research should be concentrated on advanced reactor types such as Orgel, fast reactors, and in the longer term, controlled thermonuclear fusion. The memorandum also said that too much effort is devoted to "proved" enriched-uranium, water-cooled reactors and that certain

"non-nuclear" activities such as biological research and automatic translation research should be dropped from the program.

Many of the French observations notably the main objectives of the reactor research coincided with the Commission's views, the Euratom administrative body said. However, the Commission also said, that "proved reactors such as water and gas-cooled reactors absorb only 7 per cent of the research funds." The Commission also said that power producing industries determined the types of power reactors to be built in the member countries.

(The Rome Treaty defines the Commission's task as follows: "to give concrete aid to the Community's nuclear industry to enable it to undertake adequate studies on the different reactor types, in such a way as to avoid prejudging the choice, which is the responsibility of electricity producers.")

Commission To Study Occupational Training

The EEC Commission will conduct a symposium November 16 to 20 in Brussels to compare occupational training experiences of the member countries as a prelude to a common Community training policy.

The symposium will study measures to expand and improve the training of teaching staff needed urgently in most Community countries. Participants will also examine ways to harmonize both technical and pedagogical training in member countries of teachers for the less developed regions of the Community and the developing countries.

The adaptation of training programs and methods to new technical, economic and social requirements arising from the establishment of the Common Market will also be considered.

HIGH AUTHORITY PRESIDENT AFFIRMS SUPRANATIONAL STAND

Del Bo Proposes Major Steel Producers Level Their Protection

PRESIDENT DINO DEL BO of the European Coal and Steel Community's High Authority reiterated June 17 in Strasbourg his call for an increase in the European Community's supranational powers (over the six member governments).

The High Authority will soon present a report on its use of supranational powers over the past 12 years, President Del Bo disclosed during a European Parliament debate on the High Authority's annual report.

"At the request of the Parliament, the High Authority is drawing up a document to inform the Parliament and European public opinion . . . of the political significance of the High Authority's work over the last 12 years and the way in which it has exercised its supranational powers," President Del Bo said.

"The document will also indicate how the new single executive (of the European Common Market, European Coal and Steel Community and European Atomic Energy Community) to be created would have to wield supranational power. We fully support the demand that the merger of the Communities should produce an increase, and not a reduction, in the powers of the Community, and that the supranational powers of the High Authority should not be abandoned but, on the contrary, extended to other sectors."

U.S., Europe Competition Stressed

President Del Bo called for an increase in the size of European industry as a means of reaching United States-European competitive equilibrium. "The widening of the European Economic Community into the Atlantic community is inevitable for both economic and political reasons," he said, "and a certain degree of equality must be attained for fair competition to take place between Community firms and American firms."

"For this," he said, "Community firms will necessarily have to increase their size considerably. . . . Mergers, however, must not permit firms to achieve a dominant position in that competition has to be maintained which will guarantee a fair distribution of wealth."

President Del Bo also pledged to increase High Authority loan assistance to firms for plant modernization.

He again proposed a general leveling and equalizing of world steel protection in the Kennedy Round trade negotiation. President Del Bo made his original proposal June 12 at a joint meeting of the Council of Europe's Consultative Assembly and the European Parliament.

At that time, he said that trade inequalities existed not only because of disparities in tariff protection but also because of non-tariff obstacles such as anti-dumping procedures, calculation of customs values and other measures.

Moderate Tariffs Urged

"The High Authority wants a leveling out of the tariffs of the chief producing countries to moderate rates and an improvement in the situation involving non-tariff obstacles. Conversations are at present underway with the member states of the Community to draw up a common position," President Del Bo said.

He gave the three following reasons for the Coal and Steel Community's concern over the world steel market:

"The first is a question of principle since the ECSC Treaty emphasized the outward-looking nature of the Community and laid down that the needs of non-member countries must be taken into account while ensuring regular supplies to the Common Market.

"The second reason is the advanced action taken by the Community . . . in lowering its tariffs unilaterally as the Treaty came into force. The harmonized tariff . . . was very much lower than the arithmetical average of the member states' tariffs.

"The third reason is the ECSC's dependence on world trade and the fact that its iron and steel imports were rapidly rising while its exports were declining. Iron ore imports have . . . increased 160 per cent since 1954 and at 33 million metric tons or \$400 million represent 2 per cent of the value of all Community imports. Steel imports have risen from 650,000 metric tons in 1954 to 4 million metric tons in 1963, an amount equal to that of the United States. Steel exports on the other hand have risen more slowly.

"As for coal, the Community produced 12 per cent of world output but has nonetheless imported increasing quantities of coal so that over the past 10 years the excess of imports over exports has been about \$2.5 billion."

Steel Tariff Rise Explained

Concerning the January temporary increase in the Community's countries' steel tariffs, President Del Bo said that "care had been taken to consult non-member countries before putting it into application and to provide for tariff quotas to help maintain the tradition flow of trade."

"The recent experiences of the Community have confirmed to the High Authority the belief that present difficulties are caused by major structural changes in world steel," President Del Bo said. "A major improvement would result if the GATT negotiations were to succeed in obtaining a reduction of the existing difference in the levels of steel protection between the chief producing countries."

EIB To Aid Europe's Underdeveloped Regions

The European Investment Bank (EIB) will loan over \$33 million for investment projects scheduled mainly for the underdeveloped regions of Italy and France under three agreements concluded in May.

The Italian State Railways will receive \$25 million over 10 years to extend and modernize the Italian railway network. Over \$5 million will be provided over 12 years for five industrial projects in Southern Italy and one in Sardinia employing 1,130 workers.

The Bank will also loan \$3.04 million for 13 years for construction of a precision-engineering works at Monoir-de-Bretagne in Brittany. The factory will employ 650 persons, mainly workers laid off by the reorganization of the Chantier de l'Atlantique. The project will cost \$11.72 million.

EEC Commission Proposes Additional Capital Movements Freedom

The EEC Council of Ministers is considering a third set of proposals to free capital movements.

The proposals submitted by the Commission April 23 would remove national restrictions from transactions in stocks and shares on member countries' stock exchanges. Restrictions would also be abolished in acquiring foreign stocks by investment trusts in Community countries, where these stocks offer the same security as stock issued in the trust's own country.

The first directive freeing the movement of capital within the Community, approved by the Council May 1960, unconditionally freed capital movement for direct investments, personal-capital movement, and movement related to short or medium-term commercial transactions, and dealings in securities quoted on stock exchanges. A series of other capital movements were conditionally freed, notably those related to capital issues, medium and long-term loans, and financial credits.

On April 22, 1963, the second directive took effect and supplemented the early proposal by ensuring complete and unconditional freedom of movement for money connected with stock exchange transactions. Member governments' former powers to restrict the buying and selling of foreign stocks and shares by their nations were withdrawn, abolishing one of the obstacles to short-term capital movements. Community citizens taking up residence in another member country were allowed complete freedom for capital transactions.

The directive also contained provisions to free all financial transfers connected with the supply of services within the Community and special liberalizing measures concerned with the transfer of frozen accounts, patent fees, and author's royalties.

Euratom, OECD Sign Agreement For Computer Program Library

A computer program library will be established in Euratom's Scientific Information Processing Center (CETIS) at the Ispra Joint Research Center under an agreement signed June 17 in Brussels between the European Atomic Energy Community and the European Nuclear Energy Agency (ENEA) of the Organization for Economic Cooperation and Development (OECD).

The ENEA library functions will include collection, editing and diffusion of nuclear computing programs from European and United States laboratories. The library will operate in close liaison with similar libraries in the United States, particularly the American Nuclear Society's code library at the Argonne National Laboratory.

Under the agreement, Euratom will provide the library premises, general services and computing facilities. The agreement will be effective until June 30, 1967 and can be extended by mutual agreement.

The establishment of the library will make possible better communications between the originators and the users of programs and a more efficient and economical use of the numerous expensive computers which are available in Europe for atomic energy calculations.

Euratom, Britain Explore Research Cooperation

Possible cooperation between Great Britain and the European Atomic Energy Community in fast reactor research was examined by the United Kingdom-Euratom Continuing Committee at its fifth meeting in London June 22.

The Committee noted that satisfactory exchanges were developing in both industrial and economic basic research and stressed further exchanges at the technical level.

The United Kingdom representatives expressed the hope that the proposed 1965 fusion of the Euratom Commission with the ECSC High Authority and EEC Commission would not interrupt the Committee's work. The Euratom participants said that it was their understanding that the institutional changes envisaged in the fusion of the Community Executives would not affect the future activity of the Committee.

The meeting was conducted under chairmanship of Sir Edward Boyle, British minister of state for education and science. The European Atomic Energy Community was represented by Commission President Pierre Chatenet and Commissioner Paul De Groot.

POLLUTION *continued from page 11*

project offers the possibility of preserving for later use residual gases given off by the converters.

The cost of these installations is very high. The High Authority is likely to contribute \$1.8 million or half the cost for the three projects. Efforts are being made to recover some of the expense by utilizing both the heat of the fumes and the collected dust for other purposes. The number of dust extractors installed will depend on the amount of cost involved.

Progress Creates Problems

Recent technical advances in steel production have caused the industry additional problems. The temperatures in LD converters, using pure oxygen, and in Thomas Converters, using oxygen-enriched air, are much higher than in ordinary Siemens-Martin processes. The dust and particles in the fumes given off by the new processes are finer and more numerous. When a 40-ton Thomas converter working with oxygen-enriched air is opened, the temperature of the fumes can reach over 2000°C. The converter can also give off as much as 10,000 cubic meters of fumes per minute containing particles as small as those in tobacco.

Since the traditional methods of dust extraction cannot rid the fumes of such minute particles, the fight against air pollution becomes an economic problem. Steel companies are forced to choose whether to spend vast sums on research or abandon plans for installing modern steel converting processes in consideration of their long-term competitive position.

The European Coal and Steel Community High Authority began in 1957 to help finance a series of research programs for the prevention of air pollution in the coal and steel industries. Under its first program, approximately \$1.5 million was allotted—two-thirds to coal research and about \$450,000 to steel studies. Since 1957, the Community has invested a total of over \$2 million in steel industry research. These credits cover from 30 to 90 per cent of the total cost of the various pure and applied research projects presently underway in the Community.

PUBLICATIONS AVAILABLE

TOWARDS POLITICAL UNION, Political Committee of the European Parliament, January 1964, 80 pages . \$.60
A selection of key documents on political union covering the period November 1959 through June 1962 with a foreword by Mr. Emilio Battista.

MONTHLY BULLETIN OF EUROPEAN DOCUMENTATION, European Parliament, Luxembourg.

Published in English for the first time.

Sample copies free of charge.

Part I of the bulletin contains summaries and quotations from articles on the development of European integration. Part II summarizes the work of the national parliaments. Annual subscription . . \$3.00; Single copies . . \$.30

LA POLITIQUE DE LA HAUTE AUTORITÉ EN MATIÈRE D'ENTENTES ET DE CONCENTRATIONS, Bulletin of the European Coal and Steel Community, No. 47, High Authority, Luxembourg, April 20, 1964, 65 pages \$.60

PUBLICATIONS OF THE EUROPEAN COMMUNITIES: CATALOGUE, Central Sales Office for Publications of the European Communities, Luxembourg, March 1964, 56 pages free

SUMMARY OF THE SEVENTH GENERAL REPORT OF THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY (April 1963-March 1964), Official Spokesman of the EEC Commission, Brussels, May 1964, 21 pages (mimeographed) free

ADDRESS BY PROF. DR. WALTER HALLSTEIN, PRESIDENT OF THE EEC COMMISSION, PRESENTING THE SEVENTH GENERAL REPORT TO THE EUROPEAN PARLIAMENT, Strasbourg, June 18, 1964, 27 pages (mimeographed) free

THE MEANING OF ASSOCIATION: AFRICAN-EUROPEAN PARTNERSHIP IN PRACTICE, European Community Information Service, April 1964, 4 pages free
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Lectures by Dr. Hans-Broder Krohn, Director, Agricultural Economics, EEC Commission, delivered April 23 and 24, 1964, at Kansas State University, Manhattan, Kansas, 22 pages (mimeographed) . . free

ECONOMIC DEVELOPMENT PROSPECTS IN THE EEC FROM 1960 TO 1970, Commission of the EEC, Brussels, 1962, 85 pages \$3.00

between 80 and 100 cases," the message said. The Union urged that the EEC Commission take the following steps:

- Decide quickly which types of exclusive dealership contracts are incompatible with the Rome Treaty and clear those contracts which are compatible.
- Act against the abuse of dominant positions by immediately using the Community's anti-cartel legislative procedure for receiving complaints.
- Act against firms which have concluded agreements adversely affecting the operation of the Common Market even if all the companies are located in one Community country.

The Union said that limited staff was an insufficient reason for the lack of progress in this field. However, the letter said, if the Commission could not perform its tasks for this reason, it should ask member governments to increase its staff. (The Commission has requested the Council of Ministers to provide additional staff members to help sift the 36,000 agreements registered under the Community's antitrust regulations.)



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Consumers Union Demands Antitrust Action

"The Community's antitrust legislation will remain a dead letter unless the Commission decides very shortly on a comparatively large number of specific cases," the European Community's Consumers' Union said in a recent letter to the EEC Commission.

"Decisions must be taken during the current year on