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## 'INITIATIVE 1964' SPEEDS TIMETABLE FOR CUSTOMS UNION

### EEC Commission Submits Proposals To Six As Spur To Community Action

THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY presented on October 2 in Brussels to the six member states a proposal to hasten the removal of intra-Community trade barriers and the completion of the common external tariff.

Dubbed "Initiative '64," the Community's executive branch proposal would revise the timetable for establishing the common external tariff so as to come into effect on January 1, 1966, a year earlier than planned. At the same time, the size of internal tariff cuts would be increased and all internal tariffs on industrial goods abolished by January 1, 1967.

#### Commission Expresses Concern

The initiative was offered to stimulate Community decision-making which, the Commission pointed out, had been lagging recently in major areas. "The Commission," the communication said, "while not wishing to dramatize the present *malaise*, is certainly inclined to take it seriously. The Commission believes that it can be transformed into a driving force for further European progress.

"The Commission, therefore warns against making the further advance of economic integration dependent on the fulfillment of certain demands (such as executive fusion). . . . A policy of this kind is dangerous, since its effect on what is immediately necessary—the completion of the Communities—is negative and delaying. It can all too easily become a pretext for putting off necessary decisions."

The Commission's initiative contained the following proposals:

- Establishing the common external tariff on January 1, 1966.
- Speeding internal tariff cuts to complete the customs union by January 1, 1967.
- Abolishing indirect obstacles to intra-Community trade, particularly all controls at internal frontiers.
- Adopting a proposal for the progressive introduction of a monetary union.
- Intensifying work in the social field.

The Commission proposed that the Six's existing tariffs on imports from the rest of the world be replaced by a

single external tariff on January 1, 1966, instead of January 1, 1967 as planned. The Community's external tariff levels are based on the arithmetical average of the national tariffs existing on January 1, 1957. To date, 60 per cent of the differences between the national tariffs and the common external tariff have been eliminated putting the Community two and a half years ahead of the schedule provided by the Rome Treaty.

#### Customs Cuts To Be Enlarged

The initiative also provides that customs duties on industrial goods be cut in three stages. On January 1, 1965, member states would cut duties to achieve a 15 per cent reduction in the customs receipts. Customs duties would be reduced for each product by at least 10 per cent of the basic duty in force on January 1, 1957. Member states would make a similar cut on January 1, 1966. Any remaining customs duties would be abolished on January 1, 1967. Customs duties for agricultural products would be eliminated by January 1, 1968.

Tariffs between Community countries on manufactured goods have been cut by 60 per cent since the Common Market began in 1958. Tariffs on non-liberalized agricultural products have been reduced 45 per cent.

The Commission will also submit, possibly before January 1, 1966 proposals concerning definition of origin and customs values, anti-dumping and compensatory duties, common arrangements for processing traffic, the unifica-

#### IN THIS ISSUE

page	
2	Council Sets Exceptions List Schedule
4	Marjolin Urges Stiffer Anti-Inflationary Action
5	Investment In ECSC Industries Doubled Since 1954
6	Workers Win Better Pay, More Social Benefits
7	Social Security Problems Reviewed
8	Adoption of Transport Quota Predicted
9	Open European Legal System Urged
10	European Associations Exert Pressure
11	Dragon Reactor Becomes 'Critical'
12	European Leaders View Community's Future Shape

tion of national provisions on free entry on economic grounds, and bonded warehouse and free ports. The Commission will also propose a procedure for operating Community tariff quotas and rules for the uniform application of the common external tariff.

The aim of these proposals, the Commission said, is the free movement of goods between member states, beginning 1967. "The free movement of industrial goods will be obtained by the elimination of intra-Community duties," the Commission said. "For a large proportion of agricultural products, it is the introduction—which in any case can no longer be deferred—of the common cereals price which will permit this free movement."

The Commission pointed out the elimination of customs duties should carry with it the abolition of indirect obstacles to the free movement of goods, particularly all controls at internal frontiers. "Not only do these controls prevent the establishment of a true common market," the communication read, "but they also tend to obscure from the citizens of Europe the political significance of the undertaking embarked on by the six member states. As long as travelers have to pass through customs controls at frontier crossing points between the member states and trucks have to queue for customs clearance, the citizens of the Community will continue to feel that there has been no decisive change."

### Other Steps Needed For Customs Union

The Commission will submit to the Council a resolution to abolish by January 1, 1970, at the latest, all frontier controls on trade in goods between member states. The Commission also requested the Council to introduce, before the complete customs union is established, commercial policy measures enabling the elimination of safeguard clause procedures. The Council was also urged to adopt

the Commission's directive on the harmonization of turnover taxes.

After consulting with the monetary committee, the Commission will also submit without delay to the Council proposals for the progressive introduction of a monetary union. "The aim of the Community," the communiqué read, "is not merely to expand trade between the member states, it implies merging the six markets in a single internal market and the establishment of an economic union. It, therefore, appears indispensable to adapt the monetary policy of the Six to the degree of integration already attained in other fields."

### Stronger Social Action Sought

Two lines of action were urged by the Commission in the field of social policy. The Commission reminded the member states that the European Social Fund (a joint group for the retraining and relocation of workers) should not be merely an organization for refunding member states' expenditures on retraining programs, but should encourage the various countries to initiate programs and carry out experiments.

The Commission also pointed out the need to intensify close collaboration between the member states in the social field to coordinate improvements in the Community's living and working conditions. "Such coordination upwards," the Commission said, "would facilitate the attainment of economic union inasmuch as differences between national systems create disparities which affect the terms of competition or set up obstacles to trade."

'Initiative 1964' was presented October 12 to the EEC Council of Ministers by Common Market President Walter Hallstein. The Commission will submit soon for Council adoption formal proposals along the lines of the initiative.

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## COUNCIL SETS SCHEDULE FOR KENNEDY ROUND EXCEPTIONS LIST

### Association Talks To Begin with Kenya, Uganda, and Tanganyika

THE EEC COUNCIL OF MINISTERS is scheduled to begin final discussions November 11 in Brussels on the Community's list of products to be exempted from the Kennedy Round tariff negotiation to resume five days later.

On October 13, the Council adopted a timetable for completing the exceptions list. The timetable is divided into two stages of discussions—technical and political. The procedure for adopting the exceptions list is as follows:

#### Technical stage—

- Final decision by the Commission on October 14.
- Communication of the Commission's decision to the member state governments on October 15.
- Discussions by the Committee of the Rome Treaty Article III (a special committee appointed by the Council to assist the Commission in tariff negotiations) on October 26 and 30.

#### Political stage—

- Discussion by the Permanent Representatives (of the

six member states to the Community) in Brussels on November 2.

- Discussion by the Council of Ministers on November 11.

The Committee adopted the exceptions list on schedule and sent the list to the national capitals of the Community countries. The Community's exceptions list for the Kennedy Round will be submitted on November 16 to the contracting parties of the General Agreement on Tariffs and Trade (GATT).

### East African Trade Talks To Begin

The Council also gave the Commission a mandate to open formal negotiations with Uganda, Kenya, and Tanganyika for association with the Common Market. The mandate is identical to that under which the Commission is negotiating with Nigeria.

The East African countries applied in the fall of 1963 for a 'special' association (available to African countries other than the present 18 associates under an

## ECSC Council Of Ministers To Define Kennedy Round Position

The Council of Ministers of the European Coal and Steel Community is scheduled October 26 in Luxembourg to adopt a Community position for the Kennedy Round tariff negotiation to resume November 16.

The Community will present its proposals October 31 in Geneva to the members of the General Agreement on Tariffs and Trade (GATT). At that time, the Community is expected to propose a very slight cut in its existing steel tariff on grounds that the tariff is lower than that of its major competitors due to unilateral reductions of 1958.

The ministers have decided that the steel tariffs of major producing countries should be harmonized at a low level but have not reached a common position on coal. Germany is the only member country to levy duties on coal imports. The other five Community countries have zero coal tariffs.

April 1963 declaration of the Council). Like Nigeria, the East African countries seek free access to Community markets for their major exports but are not asking for economic aid.

Exploratory talks between the Commission and a joint delegation from the three East African countries took place in January 1964. The first round of formal negotiations with Nigeria ended in July and a new series of talks began October 19.

## EEC-Austria Relations Examined

The foreign ministers also discussed opening formal negotiations on Austria's request for association with the Community. The member states, unanimously in favor of a solution to Austria's trade problems with the Community, must still agree on the terms for Austria's future relationship with the Common Market. Germany, France, and Luxembourg support the Commission's view that Austria should be granted an arrangement involving full economic union. The other member states, however, wish to consider alternative plans. The Council referred the question back to the Permanent Representatives for additional examination.

## 'Initiative '64' Presented

Professor Walter Hallstein, President of the EEC Commission, presented to the Council the executive branch's "Initiative '64" for speeding the completion of the customs union. (See story page 1). The Council instructed the Permanent Representatives to study the initiative along with the German proposal for a 25 per cent cut in the common external tariff.

The German government requested that the 'Schmu-ecker Plan,' proposed by Germany's economic minister in January, be considered at the same time as the initiative.

On September 18, the Council again postponed final

decision on the merger of the three Community executives but reached provisional agreement on one of three major problems.

The Council decided, subject to reservations of the Dutch government, that the merged executive should be composed initially of 14 members—three each from France, Germany, and Italy, two each from the Netherlands and Belgium, and one from Luxembourg. The number of members would be reduced to nine at the time of fusing the three Communities, scheduled to occur two years after the merger of the executives or, at the latest, by December 31, 1967.

The decision represents a compromise between the member states favoring an executive limited to nine members for reasons of efficiency and those supporting a permanent membership of fourteen. The final solution will depend, however, on agreement between the member state governments on two outstanding problems—the seat of the executive and the powers of the European Parliament.

The Luxembourg government again requested that the sessions of the European Parliament be held in the Grand Duchy as compensation for the High Authority's future move to Brussels to join the other two executive bodies. The Parliament's administrative services are presently located in Luxembourg but its seven or eight annual sessions are held in Strasbourg. The Luxembourg government pointed out its political interest in maintaining the Grand Duchy as a center of European unification.

The ministers instructed the Community's Permanent Representatives in Brussels to examine the problem of adequate compensation for Luxembourg. The third problem connected with the merger, strengthening the European Parliament, was not discussed.

## Long-Term Credits Discussed

The Council considered the Community countries' policies concerning long-term credits for trade with Eastern Europe. The ministers reaffirmed a prior decision to hold mutual consultations if, on any occasion, a Community country wished to take exception to the Berne Convention. Under the Berne Convention, Community countries agreed to limit their credit grants to Eastern Europe to a maximum of five years.

## European Congress To Explore New Steel Uses

Eight hundred architects, scientists, industrialists, and government representatives will participate in the first European Congress on "Progress In Steel Construction Work" October 28-30 in Luxembourg.

The Congress, organized on the initiative of the High Authority of the European Coal and Steel Community, will investigate new markets and uses for steel and new methods of production. Study groups will discuss bridges and elevated roads, roadway accessories, structural steel framework, prefabrication of building components and standard building, preparation of building plans and building-site organization.

ECSC High Authority President Dino Del Bo and High Authority member Fritz Hellwig will address the participants.

# MARJOLIN URGES STIFFER ANTI-INFLATIONARY ACTION BY SIX

ROBERT MARJOLIN, Vice President of the Commission of the European Economic Community, urged September 23 in Strasbourg stronger anti-inflationary action by member states to restore the internal and external economic balance of the Common Market.

Vice President Marjolin made his appeal to the European Parliament in a review of anti-inflationary measures taken by the member states in accordance with the April 14 recommendations of the EEC Council of Ministers.

He emphasized the need for the Six to pursue stabilization action in the coming months since the targets fixed for 1964 have not yet been attained in most of the member countries. "Any premature relaxation of effort," he said, "might well aggravate the situation."

## Long-Range Policies Needed

However, Mr. Marjolin said that any vigorous short-term economic policy must be strengthened by long-range measures such as an incomes policy and a policy for coordinating economic infrastructure in the Community. He pointed out that some countries find the fight against inflation particularly difficult because it seems to halt or delay urgently needed reforms such as distributing income equally, advancing the standard of living, applying an active regional policy, or reshaping an unequal tax system.

"That is why," he said, "we have come back time and again to the need for an anti-inflationary policy energetic enough to be short in duration, so that we shall not make permanent policy of what should be a short-term operation."

Vice President Marjolin announced that he would discuss a program for developing the European economy over the 1966-1970 period in his January speech to the European Parliament (an annual address on the economic state of the Community).

Vice President Marjolin compared recent economic developments with the Community's status at the beginning of 1964. "Output is still fine, external trade has improved, but prices and especially costs are still a problem," he said.

"The latest estimates of the Commission's staff," he said, "indicate higher economic growth in real terms than forecast earlier in the year. In 1964, the increase in the Community gross product will be nearer 5.5 per cent than the expected 4.5 per cent. Industrial production is likely to gain by 7 per cent rather than by 6 per cent. Throughout the Community with the exception of Italy, the gross national product will outstrip forecasts in 1964 particularly in Germany."

## Internal Trade Improved

Vice President Marjolin said that trade between member states has developed on more balanced lines due to anti-inflationary measures. "In the first place, the growth rate of French and Italian imports from other Community countries has declined. Secondly, the German export boom, which had been a grave threat to its internal balance, has lost vigor. This means that the process of contagion by which inflation has been spreading from country to country has weakened, and is bound to benefit the internal stability of the entire Community."



Robert Marjolin

Mr. Marjolin pointed out that costs and price trends are not as encouraging. "The situation is still satisfactory in Germany and has improved in France, despite the continuing sharp cost rise. However, prices and costs are still rising too fast in Luxembourg. Signs of inflation have become more distinct in Belgium. In the Netherlands, progress in restoring internal and external balance is still not satisfactory.

"The situation in Italy is still very complicated with inflationary trends and deflationary symptoms," Mr. Marjolin said. "Investment must be stimulated while keeping the growth of consumption expenditure as low as possible, and avoiding heavier unemployment and any resumption of the upward price movement. In view of a difficult political situation, the Commission felt that the Italian government was doing all it could to restore economic stability."

## U.S.-Euratom Officials Affirm Continuing Nuclear Cooperation

Dr. Glenn T. Seaborg, U. S. Atomic Energy Commission Chairman, and Pierre Chatenet, President of the Commission of the European Atomic Energy Community, affirmed September 11 in Brussels continuing cooperation between the United States and Euratom in the nuclear energy field.

United States-Euratom cooperation in the peaceful uses of atomic energy dates back to 1958 under a far-reaching agreement for joint programs in nuclear power, related research and development, and supply of fissile materials. Since that time, the cooperation has been enlarged through the 1960 Additional Agreement, as amended. Under this agreement, additional cooperative programs have been carried out. On May 27, 1964, the United States Atomic Energy Commission and Euratom signed a 10-year agreement to exchange information on the development of fast reactors and for the supply of United States plutonium and enriched uranium to the Community.

The following areas of the U. S.-Euratom agreement were discussed at the meeting: the joint U. S.-Euratom research and development program, cooperation on fast reactors, and the supply by the United States of special nuclear materials to the Community. Current problems in the nuclear field and results of the Geneva Conference on the peaceful uses of nuclear energy were also explored.

Participating in the meeting were: Ambassador John W. Tuthill, head of the U. S. Mission to the European Communities, officials of the U. S. Mission and U. S. Atomic Energy Commission, and the members of the Euratom Commission.

# INVESTMENT IN ECSC INDUSTRIES DOUBLED SINCE 1954

## But Survey Reports New Planned Projects Reach Lowest Level In 10 Years

CAPITAL EXPENDITURE by the Community coal, iron-ore and steel industries reached a record high in 1963, according to the European Coal and Steel Community's recently-published investment report for 1964.

Investment rose to \$1.8 billion in 1963, a \$160 million increase over the year before. The new investment peak is almost double the 1954 figure of \$933 million bringing total ECSC industries' investment over a 10-year period (1954-1964) to \$12.6 billion, the report said.

The High Authority estimates a slowdown in new investment during 1964 and 1965. The total value of planned new projects notified to the High Authority in 1963 was the lowest for 10 years and about \$1.75 billion less than in 1960.

### Investment In ECSC Industries

\$'000,000	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	Forecast	
											1964	1965
Coal	445	408	405	471	469	406	371	385	381	327	334	266
Iron-ore	30	31	44	50	41	40	43	52	49	33	29	21
Steel	453	524	570	708	644	587	775	1123	1228	1458	1238	684
Total	933	971	1023	1231	1159	1038	1195	1564	1664	1827	1611	979

Investment in the Community coal industry has been declining since 1954 in relation to expenditure by other ECSC industries, particularly steel. In 1963, coal investment accounted for 18 per cent of the ECSC industries' total expenditure compared with 48 per cent 10 years earlier. Coal investment was also lower in absolute terms than in previous years and fell from \$381 million in 1962 to \$327 million in 1963. However, the amount of expenditure for coal extraction remains substantially the same over the two years at \$220 million.

Investment has declined in other branches of the coal industry such as coking plants, the report said. The decline reflects a slackening of Community coal output from 237 million metric tons in 1952 to 223 million metric tons in

1963—an average decrease of 6 per cent annually. The High Authority expects the extraction capacity reached in 1963 (243 million metric tons) to be reduced to 241 million metric tons in 1967. Despite numerous pit closures and work week reductions, the report said that production in the remaining mines is keeping the Community potential output from falling too rapidly.

### Iron-Ore Expenditure Down

Capital expenditure in the Community iron-ore industry in 1963 represented 2 per cent of total investment in the ECSC industries. For the first time since 1956, investment dropped below \$40 million—to \$33 million. Estimates for the years ahead indicate a steady decline, the report said.

From 1952 to 1961, Community production of crude ore increased progressively from 65 million metric tons to 96 million metric tons, at an annual rate of 4.4 per cent. Production dropped from 96 million metric tons in 1961, to 92 million in 1962 and 80 million in 1963 due to increased overseas imports and mine closures. All the Community's orefields are affected, the report said. Although the Lorraine is expected to suffer less than other areas and to increase its share of total Community iron-ore production from 68 per cent in 1963 to 72 per cent in 1967.

The value of new capital installations completed in 1963 in the Community iron and steel industry reached the record level of \$1.5 billion, a 19 per cent increase over 1962. Iron and steel firms invested approximately \$20 per metric ton of steel produced, more than twice the specific expenditure for the period up to 1959.

Pig-iron production is falling below forecast rates, the report said. The amount of pig-iron required to produce a metric ton of crude steel is being constantly reduced due to the rapid introduction of oxygen convertors. Nearly

*(continued on page 15)*



# COMMUNITY WORKERS WIN BETTER PAY, MORE SOCIAL BENEFITS

## Increase Partially Offset By Purchasing Power Decline

THE RELATIVE PROSPERITY of Community workers improved during 1963 but at the cost of increasing inflationary pressures, according to the EEC Commission's Seventh Annual Survey of Social Developments in the Community.

The workers gained higher incomes and better working conditions, although purchasing power declined and actually assumed disturbing proportions in various countries, the report said.

The report was presented October 15 to the EEC Council of Ministers by Lionello Levi Sandri, Vice President of the EEC Commission.

"There is no doubt that the mounting pace of industrial wages largely helped to aggravate the inflationary pressure evident in 1962, although in the majority of cases, wage rises were not reflected in industrial prices themselves, or only slightly so." However, the report commented, increased wages often receive all the blame for inflationary problems because of inadequate or non-existent information in member countries on other forms of income.

The report, published in August, also indicated that wage increases once begun spread to all industries without respect for production. The benefits of an industry's increased productivity, the Commission said, should not go only to its workers and management, but be passed on, at least partly, to consumers through lower prices. Otherwise, the report said, inflationary pressures are merely increased and income gains tend immediately to be swallowed up by higher prices.

### Wages Outpace Prices

Wage and salary increases in the Community during 1963 moved faster than price rises, the report pointed out. Incomes increased faster than the year before in all Community countries except Germany and the Netherlands. In all Community countries, the gross income of wage-earners formed a larger part of the national income due to steep wage increases.

### % Wages and Salaries of Gross National Income

	1959	1962	1963
Belgium	56.6	58.5	59.5
France	59.5	60.7	62.4
Germany	60.2	63.9	64.8
Italy	51.7	54.6	57.5
Netherlands	56.7	61.4	62.4

The percentage changes shown above partly reflect the growing proportion of active wage-earners in the Community. Salaried workers in the Community rose from 69 per cent in 1958 to 73.2 per cent last year. The proportion of self-employed persons declined from 31 per cent in 1958 to 26.8 per cent in 1963.

The financial gains of Community workers in 1963 resulted from an increase in both negotiated wages and actual earnings. Negotiated wages rose in all member countries. Minimum wages secured by collective agreements in Germany, Belgium and the Netherlands increased by an average of 6 to 7 per cent. In Italy, negotiated wages rose by an average of 15 per cent between the end of 1962 and the end of 1963. In comparison, the cost of living from 1962 to 1963 rose by 2.1 per cent in Belgium; 2.9 per cent in Luxembourg; 3.1 per cent in Germany; 4.2 per cent in the Netherlands; 4.8 per cent in France; and 7.5 per cent in Italy.

Actual earning outpaced negotiated wages in all member countries because of the continuing labor shortage. Italy recorded the largest increase in hourly earnings (18 per cent) and Germany showed the least. In some countries, the large wage increases were accompanied by substantial improvements in other working conditions with the result that total labor costs of firms increased relatively more than workers' hourly earnings.

### Working Hours Increase

The shortening of working hours did not continue in 1963, the report said. Frequently, the general shortage of labor led to longer hours. In 1963, the working week was reduced in Germany and, to a certain extent, in Italy. In Belgium and the Netherlands, it remained more or less unchanged in relation to 1962.

The population of the Community on January 1, 1964 stood at 177.3 million, an increase of 2 million over January 1, 1963. Net immigration from non-member countries accounted for one-third of the population increase. The working population (including unemployed) rose by 500,000 persons to 72.8 million over 1962. The immigration of workers from non-Community countries was again responsible for a large part of the increase.

The number of employed persons in the Community rose from 71.2 million in 1962 to 71.7 million in 1963, and increase of 500,000 persons. The near-stability of the employment level in relation to the previous year, the Commission said, shows that maximum employment has been reached almost everywhere in the Community except Italy. In Italy, an appreciable volume of unskilled workers are unemployed in certain country regions.



Demand for labor exceeded supply in almost all sectors and at all levels in most of the Community, the report said. The shortage of skilled workers was again particularly severe. The Commission continued its efforts to improve the employment situation through industrial decentralization, accelerated training courses for adults, and recruiting foreign labor.

### Collective Bargaining Prevails

Workers and employers in all Community countries met with government representatives more or less regularly during 1963. According to the Commission, the planning of a common medium-term economic policy has created a greater willingness of labor and management to compare their views on optimum economic expansion and distribution of income. These meetings between both sides of industry do not herald a fundamental change in labor relations, the report said. Both employers and employees still recognize and defend independent collective bargaining.

Community employees benefited from improvements in social security during 1963. A number of important measures were taken by the member states last year. They were: new regulations for workman's compensation in Germany and Italy; new regulations for workman's compensation and disability insurance in Belgium; new proposals for old-age pensions in Luxembourg and for disability insurance in the Netherlands; and the extension of non-contributory allowances and health insurance for the aged in France.

Social security was extended to new areas last year through the provision of health insurance for the aged in France and of medical care for pensioned craftsmen in Italy. These countries have also increased their efforts to attain equality in social security provisions between industrial and agricultural workers.

Levels of family allowances still vary appreciably from one Community country to another, the report said, although increases made in the Netherlands and Germany in late 1963 and early 1964 have narrowed the gap. Several Community countries have amended their industrial safety and health regulations in sectors being studied by the Commission for harmonizing national legislation such as buildings and public works, agriculture, and industrial machinery.

### Vocational Training Strengthened

Member states also seemed to be shaping their policies toward a common vocational training program by intensifying their efforts to broaden both general education and vocational training, the report said. Community countries are either enforcing or planning legislation to raise the minimum age at which students can leave school. However, the Commission said that the extension of compulsory schooling by one or two years poses serious problems, especially in France, Germany and Italy. These countries are suffering an acute shortage of teaching staff and school buildings. *(continued on page 15)*

## Commission Vice President Reviews EEC Social Security Problems

Lionello Levi Sandri, Vice President of the Common Market Commission, said October 19 in Washington that social security provisions and needs in the Community countries must be reappraised.

Mr. Levi Sandri addressed the fifteenth General Assembly of the International Social Security Association. He urged that social security in Europe be extended to all population groups especially the farming community. He pointed out that the Commission is also concerned with co-ordinating national plans to ensure full social security advantages to migrant workers.

The Commission Vice President cited six examples of social security improvements made by the member states in 1964. They are:

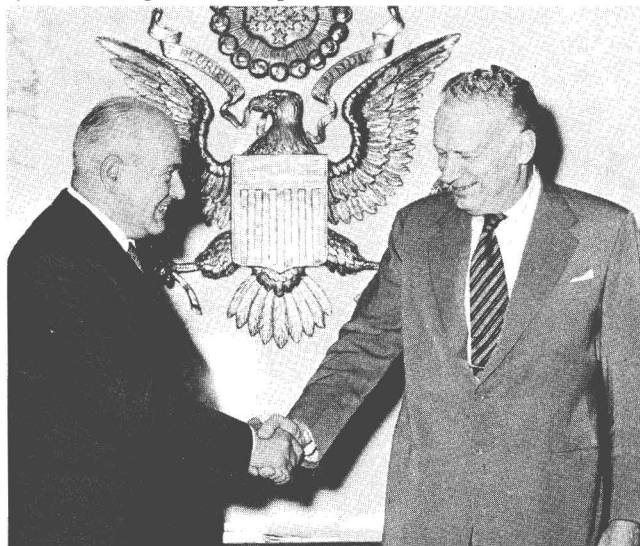
- Old-age insurance and family benefit provisions in France. Financial reports are being drafted on sickness insurance and long-term social security.
- Belgium's social security provisions for the self-employed and salaried workers.
- New proposals for reforming old-age pension insurance for self-employed and salaried workers in Luxembourg.
- The Italian National Council for the Economy and Labor's study on reforming social security and harmonizing disability, old-age and dependents' insurance.
- Preparatory work in Germany for reshaping regulations on occupational diseases and industrial accidents.
- Studies in the Netherlands to introduce insurance covering prolonged disability regardless of origin.

Vice President Levi Sandri was in the United States

September 25 to October 5 to study federal administration of social welfare. In Washington, he met with George Ball, Under Secretary of State; Ivan Nestingen, Under Secretary of the Department of Health, Education and Welfare; William Tyler, Assistant Secretary of State for European Affairs; George Weaver, Assistant Secretary of Labor for International Affairs; George Delaney, Special Assistant to the Secretary of State for Labor Affairs; and Jay Lovestone, Director of International Affairs, AFL-CIO.

Vice President Levi Sandri was accompanied by Lamberto Lambert, his executive assistant, and Leo Crijns, Chief of Labor Problems Division of the EEC Directorate of Social Affairs.

*Lionello Levi Sandri, Vice President of the Common Market Commission, discussed Atlantic affairs with Under Secretary of State George Ball during a recent visit to the United States.*



# EEC COMMISSIONER PREDICTS ADOPTION OF TRANSPORT QUOTA

## Schaus Defines Common Transport Policy During U.S. Visit

LAMBERT SCHAUS, member of the Commission of the European Economic Community, told newsmen September 21 in Washington that the Council of Ministers may adopt before January an important road haulage provision of the proposed transportation policy.

The transportation policy is scheduled for Council discussion October 20 and again in December.

Mr. Schaus said that he expects the Council to adopt the provision for a Community quota for road haulage to replace bilateral quotas now existing between member states. The Community quota will determine the amount of all Community goods to be transported by carriers of each member country. Member states presently limit truck traffic by bilateral quotas to keep rates above certain levels. Truck traffic will probably increase under a Community quota, he said.

The quota would not only regulate traffic, Mr. Schaus said, but would also control the amount of goods transported between member states. A transportation board would also have to be created to fix the Community quota and distribute it among the member countries.

### January Forecast For Quota Operation

The Common Market Commissioner pointed out that the quota has been discussed by the Council for several months and will probably begin in January. Under the Commission proposal, the quota would be introduced gradually so that by the end of the transition period all transport between member states would operate under Community licenses issued within the quota limits.

The Community quota system for road haulage is one of the main provisions of the transportation policy. Other provisions listed by Mr. Schaus are as follows:

- Harmonizing certain conditions (taxation, insurance, and social legislation) affecting competition in road, rail and inland waterway transport.
- Establishing a rate bracket system for goods transported by road, rail and inland waterway.
- Coordination of investments.

Another provision would unify licensing procedures for road haulage.

The proposed policy aims to increase competition between the three modes of transport, the Commissioner said. "In the past, transport policy has been dominated by railway policy. However, the member states agreed this summer to abolish all discriminatory rail freight rates

based on nationality," he said.

Under the first policy provision (harmonizing conditions of competition), each mode of transport would be expected to bear its own costs, Mr. Schaus said. "A study of costs is now in progress," he pointed out.

"The publication of rates is also being discussed," Mr. Schaus said. "Transport rates are presently published in some Community countries. However, the Commission proposes a rate bracket system of upper and lower levels so that competition will thrive."

### Air Union Talks Watched

Mr. Schaus said that air and ocean transport cannot be excluded from a general transport policy and special provisions will eventually have to be made. "The Commission has not participated in the talks between the Six for an "air union" but has watched the negotiation closely," he said. "Conceivably, an air union might require a common air freight policy."

The Common Market Commissioner was in the United States September 4-24 to study the regulation of transport by the federal and state governments. In Washington, he met with George Ball, Under Secretary of State; William Tyler, Assistant Secretary of State for European Affairs; Clarence D. Martin, Jr., Under Secretary of Commerce for Transportation; Paul Rand Dixon, Chairman, Federal Trade Commission; Alan S. Boyd, Chairman, Civil Aeronautics Board; Rear Admiral John Harllee, Chairman, Federal Maritime Commission; and Abe McGregor Goff, Chairman, Interstate Commerce Commission.

Prior to his Washington visit, Mr. Schaus conferred with officials concerned with transportation, agriculture and Atlantic affairs in New York, Boston, Detroit, Chicago, San Francisco, and Knoxville. He was accompanied by Lucien Kraus, his executive assistant; Günter Krauss, Director of the EEC's Transport Market Organization; and Jacques Dousset, assistant to the Director-General for Transport.

### High Authority Predicts Drop In Coal Demand

Community demand for coal is expected to reach 66.4 million metric tons in the fourth quarter of 1964 compared with 68.9 million metric tons in the corresponding quarter of 1963, according to the High Authority of the European Coal and Steel Community.

Community mines will produce an estimated 58.7 million metric tons of coal in that period (approximately the output recorded for the last quarter of 1963.) Imports will reach approximately 8.1 million metric tons as compared to 9.2 million. Pit-head stocks are likely to amount to 17 million metric tons at the end of 1964 as against 10.8 million metric tons at the end of 1963.

Total Community demand for coke will remain approximately the same at 17.3 million metric tons. An increase in steel industry needs will offset a fall in coke sales for domestic heating, the High Authority said.



Lambert Schaus  
Commissioner  
European Economic Community



# High Authority Member Urges European Legal System Open To Other Countries

JOHANNES LINTHORST HOMAN, member of the High Authority of the European Coal and Steel Community, told members of the Washington Foreign Law Society October 7 that a Community legal system must serve a Europe wider than the Common Market.

"The three treaties for European integration are, and must remain, instrumental for shaping future European law," he said. "The European legal system must encompass a larger Europe than the Six; must be a stone in the building of Atlantic communities; and must serve as a model for other regional organizations."

Mr. Linthorst Homan pointed out that trade regulation is essential for the transition from a commercial approach of international cooperation to a system of common law. At present, he said, some difficulties exist due to the different nature of the three treaties.

"The treaty of the European Coal and Steel Community is a 'program treaty,'" he said, "giving precise rules for direct application by the High Authority. The treaty of the European Economic Community is a 'framework treaty' of broad outlines which need elaboration by the Community institutions before they can be brought into practice."

## High Authority Develops Case Law

"This means that the general policy of the High Authority is gradually formed through a long list of decisions in individual cases (case law)," he said. The list of decisions, taken during the 13 years of the Coal and Steel Community's existence, has shaped a general policy for cartels and mergers."

Mr. Linthorst Homan said that the competition policy will form a chapter in the general survey of ECSC policy (1952-1964), requested in June by the European Parliament. "It is to prepare this report that we are now visiting the United States where experience in this field is wider and deep," he said. "The general survey from 1952 to 1964 can then serve for the merger of the three Communities."

Mr. Linthorst Homan also expressed interest in the development of the coal and steel market in the United States. "The ECSC system," he said, "requires prior au-



*Johannes Linthorst Homan, Member, ECSC High Authority*

thorization for cartels and mergers in the field of coal and steel . . . In each individual case, the High Authority must have a clear idea about the sometimes conflicting data of the optimum technical size of an enterprise and the point where larger production units would hamper economic competition in the 'relevant market' (market in which enterprises operate or are exposed to effective or potential competition)."

Mr. Linthorst Homan visited in the United States from September 28 to October 9. He met with United Nations officials and Bar Association members in New York City during the first week of his visit. In Washington, he conferred with the following government officials: Under Secretary of State George W. Ball; Governor Christian A. Herter, the President's Special Representative for Trade Negotiations; Assistant Attorney General William H. Orrick; Thomas G. Wyman, Acting Assistant Secretary of Commerce for Domestic and International Business, and J. Robert Schaetzel, Deputy Assistant Secretary of State for European Affairs.

Accompanying Mr. Linthorst Homan was Dr. J. Petrick, Director for economic competition of the European Coal and Steel Community.

## EEC Commission Prohibits Exclusive Dealership Agreement

THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY announced September 25 in Brussels that an exclusive dealership agreement between two Community firms (Grundig Sales Company of Germany and Consten of Paris) is in violation of the Common Market "anti-trust" policies.

This was the Commission's first decision to prohibit such an arrangement in the course of its review of Community cartels. The agreement granted Consten sole selling rights by prohibiting Grundig dealers in other countries from exporting the German company's products to France. The agreement also discouraged other French companies from importing Grundig products by allowing Consten the use of a special trade-mark.

The Commission ruled that the agreement violated Common Market anti-trust policy by restraining the business

activity of Grundig and Consten and of firms outside the agreement. The arrangement was also found to restrict trade between member states and limit customer purchasing choice.

Exclusive dealership agreements are subject to action under the cartel provisions of the EEC Treaty (Article 85) and must be notified to the Commission in accordance with the anti-trust regulation No. 17. The Commission has granted to date three "negative clearances" (from anti-trust action) to exclusive dealership arrangements between Community firms and companies in non-member countries (Nicolas Frères and Vitapro Ltd., Grosfillex and Fillistorf, and Mertens and Straet and Bendix). In a fourth case, Community pottery producers modified a collective system of exclusive dealerships upon Commission recommendation.

# EUROPEAN ASSOCIATIONS EXERT PRESSURE IN BRUSSELS

## Pressure Groups Score Small Victories But Few Political Gains

by PAUL LEWIS, *London Financial Times Correspondent*

A CLUSTER OF PRESSURE GROUPS surrounds the Common Market Commission in Brussels.

The extent of these lobbies is indicated in a 500-page guidebook published by the EEC Commission. Selling for approximately \$2, the guide contains some 140 groups representing every conceivable activity, from sewing machine manufacturers to soda pop makers, including among the other guardians of minority tastes in the Community, the "Comité Européen du Thé".

The official position of these groups is puzzling. In the early days of the Common Market, contact between Commission officials and professional organizations was viewed with suspicion by some member governments.

It has been in the Commission's interest to grant the organizations the semi-official recognition which they now enjoy. The pressure groups supply technical information which the Commission might otherwise find difficult or impossible to gather. For example, in preparing the Community's exceptions list for the Kennedy Round trade negotiations, the Commission dealt with the Union des Industries de la Communauté Européenne (UNICE), which represents the industrial federations of the Six at the European level.

### Associations Underscore Commission's Role

In addition, the pressure groups are a testimony to the Commission's authority and to the commercial efficacy of the Common Market. In the guidebook, the Commission says that "the number and activity of these groups is clear proof that the economic circles have recognized the reality of the Common Market."

Three of the 140 organizations listed in the guide stand out in size and responsibility. UNICE, the central organization for the six national industrial federations of the Community, has spacious offices in the rue Ravenstein within shouting distance of the Council of Ministers. An older building, only five-minutes walk from the Common Market's headquarters in the Avenue de la Joyeuse Entree, houses COPA (the Comité des organisations professionnelles agricoles of the Six). COPA groups representatives of virtually every farming activity in the Community. Its rather shabby offices always seem full of studious economists lost in the realms of grain pricing. Finally, near the end of rue Royale, the Common Market Secretariat of the International Confederation of Free Trade Unions (ICFTU) resides.

Informal contacts with the Commission are most valued by the organizations. The three large associations have frequent meetings with the Commission staff at all levels and their permanent officials are well-known at Commission headquarters. Last year, for example, their staffs participated in an estimated minimum of 65 meetings with the Commission—more than one a week. Since these encounters are informal, their influence on the Common Market's executive body is diffuse and unchartable.

The system also works in reverse. The Commission values these groups as lines of communication with indus-

try and labor at the national level. Through them, ideas can be disseminated among specialist audiences. In this way, the Commission may be able to influence those seeking to influence it. Concrete evidence of this process is hard to find. However, the Commission appeared happy to see the large consumers of Italian sulphur press their government to accept the modernization proposed for the uneconomical Italian sulphur-producing industry.

### Success Comes in Small Issues

Although pressure groups in Brussels thrive on personal contact with Commission staff in specialized technical matters, they are least effective in questions containing political implications. The groups' largest failures have resulted in the Commission's most far-reaching policy decisions. COPA, for example, severely criticized the Commission's grain policy without noticeable effect.

The Free Trade Unions association has also been unsuccessful to date in obtaining the special consideration it requested in the formation of a Community economic policy and in acceptance of their economic planning ideas. As representatives of 12 million Community workers, the trade unionists in Brussels can obviously afford to be more vocal than other pressure groups. Recently, they have become more militant, threatening to withdraw their strong support for economic integration in the Community unless the workers' interests are given greater consideration.

The industrial association's (UNICE) failures are harder to pinpoint, possibly because its members interests are involved in many aspects of the Rome Treaty, which are not fully operative, such as external trade, anti-trust and transportation policies. However, they do not welcome the slow progress of the Community's anti-trust policy. Their present policy is sit back in silence, although they would eventually like anti-trust policy work to parallel the work on external trade policy.

The pressure groups also attempt in varying degrees to influence the European Parliament and the Council of Ministers. UNICE has few dealings with the Parliament, possibly because its membership of industrial sympathizers is limited. COPA and the Free Trade Unions, on the other hand, are much more interested in the Parliament, in which farming and labor are well represented.

### Ministers Approached At Home

As the Community's decision-making body on major policy matters, the Council of Ministers is naturally important to the various pressure groups. The associations' relations with the Council are complex, mainly because the ministers are more often in their national capitals than in Brussels. The organizations generally prefer to approach the ministers at home, guised as national petitioners, rather than work through the Council's permanent secretariat in Brussels.

At the present stage of the Community's development,

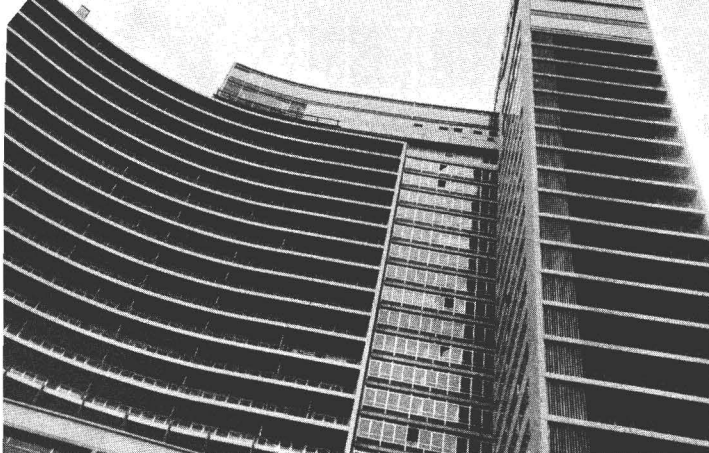
Guest authors and speakers cited in *European Community* express their own views and are presented to enlarge the forum of Atlantic opinion.

## Paper Positions Are Diluted

Although the latter bodies have permanent secretariats, their governing boards consist of national organization heads so that formal decisions are likely to be diluted by compromise. Their paper positions are often no more than protests against actual decisions (COPA's document on grain policy) or relatively minor contributions to debates whose implications stretch far beyond their terms of reference (UNICE's paper on the Kennedy Round and Community transport policy).

The difficulties experienced by these organizations in reaching a compromise position between national interests was illustrated recently. When UNICE was consulted by the Commission on the Community's exceptions list for the Kennedy Round, it merely suggested its members' total demands, which covered 50 per cent of the Community foreign trade. The Commission was left to drastically prune the list, while national industrial groups busily tried to persuade their governments not to accept deletions in the Council of Ministers meeting.

Brussels' pressure groups are powerful when a question can be solved informally. Their influence is not likely to be greatly enhanced until the process of economic integration smooths out national rivalries making it easier for each sector of economic activity to adopt a genuine Community viewpoint.



*Centre Rogier: This modern office building located near the Common Market headquarters in Brussels houses several European associations.*

pressure on national governments remains probably the most effective means of exerting influence on major issues. Although this process complicates organizing interests at the Community level, in practice, Brussels pressure groups must reconcile contrary national interests to arrive at a common position on any major question. Consolidating such views may not be a serious problem for smaller specialized organizations, but it can present major difficulties for comprehensive groupings like COPA and UNICE.

## Dragon Reactor Begins 'Critical' Operation in Winfrith, England

The Dragon reactor at Winfrith, Dorset, England, became 'critical' on August 23 by achieving a self-sustaining fuel chain reaction.

The reactor, a project of the OECD European Nuclear Energy Agency, is the first reactor of its kind in the world to reach the critical stage. The European Atomic Energy Community is contributing 46 per cent of the reactor's cost and associated research on behalf of the six Community countries. It has also provided approximately 30 scientists from the Euratom staff to augment the 12-nation research team. Other countries cooperating in the Dragon agreement, besides the Six, are Austria, Denmark, Norway, Sweden, Switzerland, and the United Kingdom.

The Dragon project is an advanced version of the gas-cooled reactors presently operating under the United Kingdom's power reactor program. Unlike the other reactors, the Dragon reactor is cooled by helium instead of carbon dioxide gas enabling operation at higher temperatures of up to 750° centigrade rather than the 450° centigrade temperature of most conventional gas-cooled reactors. The Dragon, like the conventional reactors, uses graphite as a moderator, but as part of the fuel element instead of surrounding the reactor core. Enriched uranium (U-235) is used to fuel the Dragon, a departure from the normal use of natural uranium in conventional reactors.

In a few months, the uranium will be mixed with thorium. Thorium, which is plentiful and cheap, can be converted by irradiation in the fissile material uranium 233. It will be used to supplement the expensive U-235 and should substantially reduce fuel costs. The high proportion of thorium to be used in relation to uranium constitutes an additional stage in the experiment.

Dragon is presently undergoing low-power tests. It will begin full power operation early in 1965. Equipment and plant for the project have been supplied by contractors in most of the 12 contracting countries.

The Dragon reactor is the larger of two gas-reactor projects involving Euratom. Parallel research is being conducted under an association contract, concluded in May 1964 with the German Jülich center, on a 'pebble-bed' reactor.

*Dragon Reactor: These women are members of the international staff of the O.E.C.D. project at the United Kingdom Atomic Energy Authority Establishment, Winfrith, Dorset, England.*



# EUROPEAN LEADERS VIEW COMMUNITY'S FUTURE SHAPE

"It now seems an opportune time to appoint, for a three to five-year term, a political committee of 'three wise men' from the Community countries to draw up a definite plan for the political future of Europe. Even if Europe is not to be strictly supernational, it must have a planned and precise structure. . . . The British Conservatives seems to be in trouble and the Labor party says it is just not interested. If the British do not want to do anything about the matter, that alters everything. I think that the Six must now push forward."—PAUL-HENRI SPAAK, *Belgian Foreign Minister*, September 10, 1964.



Paul-Henri Spaak



Dr. Gerhard Schroeder

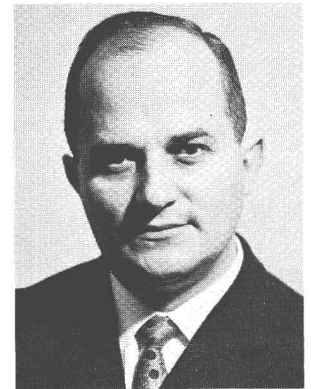
"Germany will make new proposals on European political union after the British election. We are not actually waiting for the British, but rather we are waiting for the British situation to clear. It would be foolish to publish concrete proposals now, when there is a chance that the British attitude toward Europe might change."—GERMAN FOREIGN MINISTER GERHARD SCHROEDER, *September 21, 1964*.

"The British insist that they should participate in any discussion on European political unification, and they argue that if this question is decided without them, we shall all finish up with as many intractable problems as when they tried to join the Common Market after it had been established . . . The British have . . . legitimate political interests on the Continent. They were one of the victorious nations, one of the Big Four, and they maintain an army on the Continent as part of the NATO forces, including troops in Berlin. So, the claim that these political matters can be discussed without the British is scarcely tenable, and to do so would also be unfair. . . . Personally, I believe that we have the choice between doing nothing—with the long-term risks which that entails—and finding a compromise between those who want a *Europe nationale* or a *Europe des Etats* and those who, like me . . . want a European Community. I think that such a compromise could be reached if we can all agree on the merger of the three Executives and the three Communities, direct elections to the European Parliament and the strengthening of its powers, and the extension of the single Community's terms of reference to new fields in the economic and monetary sphere, and to cultural affairs. This would show that the Community method, far from being threatened with ex-

inction, is in fact still very much alive. But it would be reasonable to pay in exchange a certain price to those who, in all good faith, believe in another form of European unification, and to agree with them that in fields beyond the Community's competence (such as defense and foreign affairs, including such questions as East-West relations and Berlin) policy should be decided on a national basis at meetings of heads of governments and foreign ministers, perhaps aided by a political secretariat charged with developing appropriate institutions."—COMMISSIONER JEAN REY, *European Economic Community*, June 17, 1964.



Jean Rey



Rainer Barzel

"Germany is not asked to choose between Paris and Washington. Her policy remains one of friendship with the United States, France, and other countries. There has been no question of Germany forming an exclusive union with France. In the eyes of the German government, the Franco-German Treaty is a sufficient institutional link for the two countries' direct relationship. Within the Community, the German government believes that the merger of the three Executives is necessary for the consolidation of European unity. It favors giving wider powers to the European Parliament, and suggests that the heads of Community governments should meet occasionally in the Council of Ministers. In the field of defense, the German government believes that the multilateral nuclear force will bring Germany and the United States still closer together, and that cooperation with France in technology and weapon development should be extended. Freedom for all Germans to manage their own affairs remains the object of West German policy. The government intends to await a western initiative in this sphere."—RAINER BARZEL, *Interim Chairman of the Bundestag's Christian Democrat group*, July 23, 1964.

"The Netherlands is in favor of European unification, but not merely economic unification, nor confined just to the Common Market. . . . The Atlantic defense system remains indispensable as an assurance of our liberty and as a guarantee of world peace. We must ensure that Atlantic cooperation and European integration are pursued in close harmony. During the coming year, the Dutch government will, with the same vigor as before, continue its efforts to enlarge the European Community and to strengthen its

structure and institutions. We believe that the powers of the European Parliament should certainly be increased. In many spheres of the Community's activity, coordinated and common policies are being adopted, for all the differing attitudes and interests of the member countries."—QUEEN JULIANA OF THE NETHERLANDS, *September 15, 1964.*



*H.M. Queen Juliana*



*President Charles de Gaulle*

"We have seen a number of people, many of them responsible and sincere men, advocating a form of European political unity which would be by no means independent . . . but which would be an implausible structure bound, as much in the political, as in the military and economic fields, to an Atlantic system—which really means an American one—and therefore subordinate to United States leadership. This structure, described as federal, would have as its foundations, on the one hand, a council of elders with the appurtenances of a state, dubbed 'the executive,' and a parliament with no national foundations, dubbed 'the legislature.' No doubt each of these two bodies would be fitted out with appropriate procedures—consultations for the court of elders and debates for the parliament. But what is certain is that neither of them would be able to do what, in fact, one would really not want them to do—make policy. For, though policy-making must obviously take note of debates and consultations, it is of a quite different nature from either. Policy making is a form of action. It is the sum of decisions taken, the things done, risks accepted—and all with the support of the nation. Only the governments of nations can be competent and responsible in this way. And though it is certainly not impossible to dream of the day when the peoples of our Continent form a European government, it would be ridiculous to act as if that day had already arrived."—PRESIDENT CHARLES DE GAULLE, *July 24, 1964.*

"Luxembourg's policy will continue to be based on Atlantic solidarity and wider cooperation between an integrated Europe and the New World. In Europe, Luxembourg favors faster integration of the economies of the Six within the framework of the three Communities. The achievements already made on the basis of the supranational principle are an invaluable heritage for a united Europe, and Luxembourg has no intention of abandoning the principles on which integration has so far taken place. The Luxembourg government is ready to agree with the changes which must be made in the three Communities as a result of the proposed merger of the Executives, pro-

vided that there is no compromise on further integration and that the powers of the European Parliament are strengthened. The government is in favor of other countries' joining the Community, so long as this does not slow down the process of integration."—PIERRE WERNER, *Luxembourg Prime Minister, July 23, 1964.*



*Pierre Werner*



*René Mayer*

"The British have a perfect right to consider that a European political community which excludes them is not really European at all. . . I respect the British. They are my friends. I respect them a great deal because I fought two wars alongside them, and I admired them then. I still admire them still, but I am not prepared to wait for them. . . . When, in 1949, I had the honor to propose before the National Assembly that France should join the Atlantic Pact (NATO), I said that without the Atlantic Pact there could be no united Europe. Today, I am absolutely convinced that if a politically united Europe does not come into being within the next five years (when the 20-year term of the Atlantic Treaty will have elapsed) we shall be in very great difficulties. . . . If Europe falls into disarray, we could then be faced with the situation predicted by the American economist, W. W. Rostow, that the Alliance would collapse, and that some European countries would become Russian satellites and others, American satellites. I am not so pessimistic as Rostow, but I am aware of the same danger. Therefore, I think that we must become more strongly European and strive to achieve political unity as soon as possible. I am convinced that without a politically unified Europe, the Atlantic Alliance cannot survive."—RENÉ MAYER, *former French Prime Minister and former ECSC High Authority President, June 17, 1964.*

## EEC, Netherlands Antilles Become Associated

The Netherlands Antilles became officially associated with the Common Market October 1 upon final ratification by the Six of a 1962 amendment to the Rome Treaty.

The amendment, adopted by the EEC Council of Ministers November 13, 1962, allowed overseas countries and territories having special relations with the Netherlands or France to become associated with the Community. The Dutch West Indies will receive \$70 million for social and economic investments from the European Development Fund and the European Investment Bank until May 31, 1969. The islands will also gain preferential treatment for refined petroleum products.

# EUROPE MUST DECIDE COMPETITIVE ROLE

by Michel Drancourt

*Editor of *Entreprise*, French Weekly Business Magazine*

EUROPE MUST DECIDE whether it wants to adopt the "American way of life."

The possibility has merits. Industrial civilization in the United States has produced the richest and most powerful nation in the world. Its principle merit lies in providing for the well-being of the masses. In Europe, we sometimes refer with disdain to "gadget mania," but even if America suffers from over-abundance, her people enjoy an average standard of living that most Europeans envy.

Could an integrated Europe become anything other than a carbon copy of American society? Can we evolve a European form of industrial civilization as economically viable as America's but having its own individual character?

## Government Aid Needed

Basic to any industrial society as is its system of production. We live in an era of large corporations. They transform technical innovations into products and determine not only our income but our kind of life. Companies, however, need governments to guarantee their own progress. For example, the costs of research, particularly for military purposes, are borne largely by public funds. We are acutely aware of this dependence in France where public service has always been more highly regarded than industry. A clever and energetic young Frenchman's ambition is usually to become an "Inspecteur des Finances." In the United States, his counterpart is more likely to aspire to the position of a corporation lawyer. This is one of the reasons why economic progress in France has resulted as much from government action as from the initiative of private companies.

Most of France's European partners are more attached to the American concept of the economic and social order than to the French system of flexible planning. After all, the American system inspired the post-war reconstruction and expansion in Europe, particularly in Germany. Nevertheless, if these countries were to choose the French idea of flexible planning to build a social form different from American "consumption civilization," the venture would still depend on Europe's major industrial and commercial enterprises.

The United States has at least 150 major companies operating on a far-reaching international plane. These giants average five times larger than the leading British or German companies in their respective fields and about 10 times larger than their French equivalents. While Europe was divided into small, separate, national markets, these American giants rarely found it profitable to devote much effort to securing European markets. However, some companies acquired key positions in such fields as motors, electronics, household equipment and food processing. Now that the European market is growing to a size appropriate to their scale of operations, many large American corporations are becoming increasingly interested.

The proportion of European industrial capital owned by American companies is already significant in important sectors such as pharmaceuticals and electronics. These hold-



ings will certainly expand in the future. The logic of the Common Market demands modernization of the existing industrial structure and an increased production scale. European companies will be greatly tempted to meet this situation by agreements with transatlantic partners who will contribute the technical know-how and funds needed to operate in a very large market. However, more than the American companies' physical presence must be considered. Granting patents and licenses to European firms also increases the American firms' foothold in the European market.

To speak of an American conquest would be exaggerating. The problem becomes one of deep penetration as a result of running the European economy on American lines—a process which the establishment of the Common Market could help intensify and accelerate. Assuming we want to avoid the "Americanization" of Europe, what method do we use when the entire western world adheres to the principle of competition in trade, and has adopted economic laws facilitating the activities of large companies?

First, we cannot turn back the clock. If a European country tried to reduce American influence through legal discrimination against United States capital, it would lose the benefits of this capital such as know-how and employment. The country would also be obliged to purchase the same finished products from another part of the Continent. These products would probably be produced with American financial or technical backing.

## Europe Must Accept Large Market

Similarly, it would be lunacy for a Europe country to re-erect the old nationalistic trade barriers—tantamount to quitting the Common Market. Europe is no longer free to accept or to reject being in a large market. Large markets are now the norm in the modern world. Either we join in technological progress unlimited to the frontiers of the traditional nation state or we refuse to accept the economies of scale and are condemned to slower economic growth.

A more profitable course would be to strengthen European business through additional mergers between European firms across national frontiers, a rare occurrence at the moment. This might prompt an appeal to the state.

However, American influence would be just as intense even if a significant number of French, Italian and German enterprises were publicly-owned or aided by the state. A French nationalized electronics industry, for example, could neither dispense with all American patents nor be assured of additional overseas outlets.

In the absence of a European political framework, with its own government and common laws, the individual economies of Europe are largely unable to control the flow of American capital. To build a Europe different from the United States, the Community countries must first really desire it and European unity must become a practical reality.

In the immediate future, if it is found to be really necessary, we could perhaps check the inflow of American capital. At the same time, we might encourage intra-European agreements between firms leading to the formation of giant companies on a purely European basis. Finally, we might lay down a general economic program to guide firms toward economic planning or programming. Failing action along these lines, the process now underway is likely to continue and intensify, and role of the Common Market will have been mainly to herald an American-style affluence for Europe.

The paradox is that the very people who most fear the "Americanization" of Europe are often the same people moved by an outdated nationalism. They talk at length about not becoming "Americanized." However, in refusing to let Europe acquire the proportions and form needed to ensure real independence in the modern world, they condemn themselves to ultimate submission to the very system they reject. The way to independence for the countries of Europe lies, in fact, through a United States of Europe.

## European Bibliography Is Now Available

A European Bibliography of European integration has recently been published.

"European Bibliography," compiled by L. L. Paklons, Librarian of the College of Europe, contains lists of pamphlets, articles and books on European unification. The book is based on the contents of the College of Europe's library, one of the most comprehensive in this field. Titles are listed in the original languages.

The book is available in French and English from De Tempel publishing company, Tempelhof, Bruges, Belgium. It is part of the series Cahiers de Bruges.

## Correction

Professor Riccardo Monaco, recently appointed judge of the European Court of Justice, was pictured incorrectly on page 3 of the August-September 1964 issue of the European Community bulletin. The photograph attributed to Professor Monaco actually showed Senator Jacques Baumel, Secretary-General of the Union for the New Republic Party in France.



## Community Workers Win Better Pay, More Social Benefits

(continued from page 7)

The number of industrial apprentices is rising in all countries except Italy and the governments are trying to supplement the practical training with courses in theoretical subjects. Among the major concerns of the member countries are up-grading and training teaching staffs and instructors, and the use of new teaching methods.

## Housing Problems Persist

The number of low-cost houses and apartments continued to decline in relation to the total number of dwellings constructed in the Community during 1963 (exceeding for the first time 1,400,000 units). Germany continued to lead Community housing construction with 570,000 units and Italy followed with nearly 400,000.

A persistent rise in the prices of building land and construction costs caused higher house prices and frequently delayed building programs. The Commission noted that the anti-inflationary measures may retard housing programs.

Community countries are continuing to abolish rent control. France and Germany are freeing rents while providing financial assistance to tenants unable to afford the higher prices. Most member countries are also widening their housing policies to include town and country planning and land development. They are also attempting to solve the housing problem for migrant workers.

## Investment in ECSC Industries Doubled Since 1954

(continued from page 5)

70 per cent of total investment in crude steel production in 1963 went into oxygen converters, bringing their potential output up to 9 per cent of total Community production capacity.

The High Authority forecasts that total Community steel capacity in 1967 will reach 98.5 million metric tons (at 96 per cent utilization), a slightly lower level than previously estimated. Of this total, over 25 per cent should come from oxygen converters, the report said.

Investment in rolled steel production in 1963 amounted to 49 per cent of total capital outlay in the iron and steel industries. The proportion of Community steel being rolled in continuous or semi-continuous mills now stands at 56 per cent.

Proposed investment in the steel industry was only \$130 million in 1963 compared with \$1.8 billion in 1960 and \$1.4 billion in 1961, the report pointed out. In the first half of 1964, planned new expenditure picked up with the steel market's improvement and totalled \$433 million.

New investment in the Community steel industry is heavily concentrated in a few regions, the report said. For example, actual capital expenditure in Italy in 1963 was slightly higher than in Germany, which produces three times as much steel. In addition, 80 per cent of the value of new investment projects notified to the High Authority in the first half of 1964 were concentrated in the Lorraine area and Italy.

The High Authority has expanded its investment program to help the Community coal, iron-ore and steel industries. In the first six months of 1964, the High Authority raised \$95 million to help finance investment projects in these industries.

## PUBLICATIONS AVAILABLE

EUROPE'S ECONOMIC COMMUNITY—ITS INDUSTRIAL STRENGTH, European Community Information Service, Brussels, 1964, 50 pages . . . . . free

A survey of eight of the Community's key industries. Illustrated brochure with an insert showing the organization of the EEC Commission.

REPORT ON THE HIGH AUTHORITY'S POLICY CONCERNING CARTELS AND CONCENTRATIONS, High Authority of the European Coal and Steel Community, April 20, 1964, 42 pages . . . . . \$ .60

SEVENTH GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITY, Euratom Commission, Brussels, March 1964, 2 volumes of 110 and 211 pages . . . . . \$3.00

Report on Euratom's activities for the period March 1963-February 1964.

FOREIGN TRADE STATISTICS: ANALYTICAL TABLES, Imports January-December 1963, Statistical Office of the European Communities, Brussels, August 1964, 422 pages . . . . . \$3.00

Contains:

- Summary of EEC imports by area and 4-digit commodity group.
- Imports by commodity (5-digit groups), broken down by country of origin.
- Imports by country of origin, broken down by commodity (3-digit groups).

*Published in a single French-German edition.*

FOREIGN TRADE STATISTICS: ASSOCIATED OVERSEAS AREAS, imports and exports, January-December 1963, Statistical Office of the European Communities, Brussels, September 1964, 223 pages . . . . . \$14.00\*

\* Annual subscription which includes January-March, January-June, and January-September volumes in addition to the annual number. This series contains:

- Imports of each associate broken down by commodity and by origin.
- Exports of each associate broken down by commodity and by destination.

*Published in a single French-German edition*

1964 INITIATIVE (Communication by the Commission to the Council and the Member Governments), Official Spokesman of the EEC, Brussels, October 1964, 5 pages (mimeographed) . . . . . free

A summary of the "Hallstein Plan" for further implementation of the Commission's Action Plan.

BULLETIN DE LA COMMUNAUTÉ EUROPÉENNE DU CHARBON ET DE L'ACIER, No. 50, High Authority of the ECSC, Luxembourg, 1964, 91 pages . . . . . \$ .60

Activities of the ECSC from February 1964 through July 1964.

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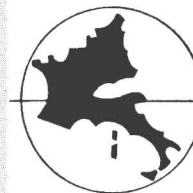
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