SEPTEMBER 1967 No. 105

european community

COMMON MARKET • COAL AND STEEL COMMUNITY • EURATOM

CONTENTS

The views expressed by contributors do not necessarily reflect the policies of the European Community.

"STATE MONOPOLY" arouses American suspicions. The phrase sounds alien and threatening to free competition and the American way of life. Somehow it doesn't apply to some American states' sole right to sell liquor. It belongs in an esoteric treatise on the socialist state.

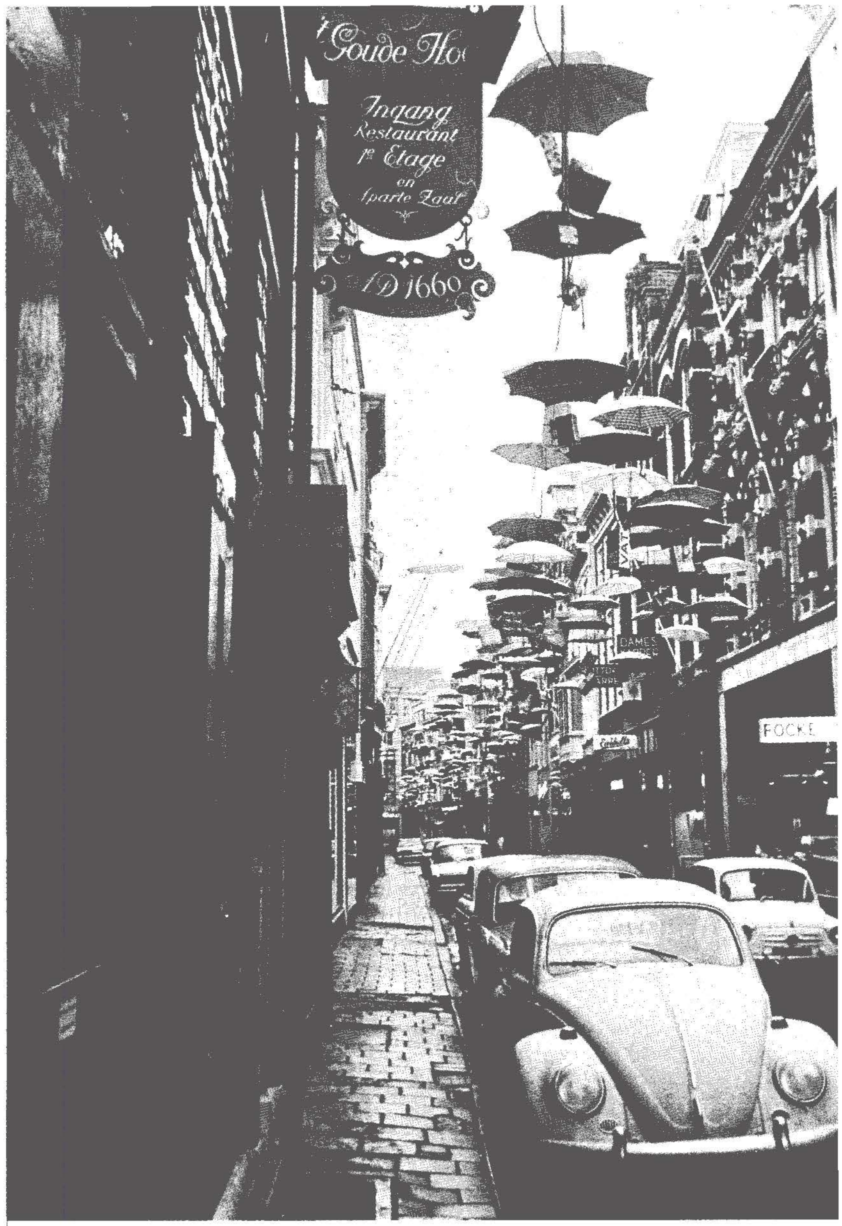
Like the United States, the Community also has state monopolies. In this issue *Jean Lecerf,* reporter for the Parisian newspaper "Le Figaro," identifies and discusses the most important state monopolies inside the Community. *Guido Colonna,* member of the European Commission, reviews the Community's trade with the East European state-trading countries. In another article, he relates state monopolies to every Common Market citizen's prerogative of buying the best product available for his money, at prices shaped by competition. Mr. Colonna's articles clearly differentiate the effects of state monopolies on domestic and international trade.

Community News reports on the Commission's proposals for tobacco, the European chemical industry's reaction to the Kennedy Round agreement, and the work of the new Council of Ministers of the European Communities. The Book Review column is devoted to new works on European integration.

EUROPEAN COMMUNITY is published monthly in English, French, Italian, German, and Dutch by the offices of the European Community Information Service. Subscriptions can be obtained from the European Community Information Service.

Washington, D.C.: 808 Farragut Building, 20006
New York, N.Y.: 155 East 44th Street, 10017
London: 23 Chesham Street, SW1
Paris: 61, rue des Belles-Feuilles
Rome: Via Poli 29
Bonn: Zitelmannstrasse 11
The Hague: Alexander Gogelweg 22
Brussels: 244, rue de la Loi
Luxembourg: 18, rue Aldringer
Geneva: 72, rue de Lausanne

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 European Community Information Office, 808 Farragut Building, Washington, D. C. 20006, 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. The European Community Information Office is the publisher of this material. Registration does not indicate approval of the contents of this material by the United States Government.



The European Community's free competition principles apply to state monopolies as well as private business. The member countries' railroads, government owned and operated since their beginnings, are one of several industries now trying to apply cost-accounting principles of private business to their operations.

Free Competition vs. State Monopolies

FREE COMPETITION has been one of the European Community's primary instruments of integration from the beginning. Its role in expanding national markets and gradually fusing them has steadily grown in importance, gradually divesting the Common Market members of the traditional instruments for influencing trade between them. However, a wide variety of factors based on traditional national divisions still prevent, restrict, or distort true competition. Sometimes the state itself, by acting as an *entrepreneur* can exert the same limiting effects on trade and competition as do quotas, tariffs, and other traditional measures of restraint. In particular, the state can give its own public enterprises an edge over their private competitors, through soft loans, special transport rates, and other "preferential" or "discriminatory" treatment.

The Common Market Treaty tells the member states to make any necessary adjustments in their trading monopolies to eliminate all discrimination between public and private undertakings by 1970. It also provides that the same rules governing cartels and state aids apply to public ventures. Complying with these provisions is one of the immediate tasks facing the Community. The difficult, often delicate problems it poses will not be solved overnight, but initial successes have been achieved.

State Monopolies and Freedom of Choice

by GUIDO COLONNA DI PALIANO

THE CREATION OF A TRUE COMMON MARKET has become the European Community's most urgent task now that the important decisions on the customs union and the common agricultural policy have been made. While the abolition of customs duties and quotas in intra-Community trade is important, many other obstacles and barriers remain to be removed.

National trading monopolies pose a particularly important and difficult problem for the final creation of a common market. At present, these monopolies are outside the ordinary rules of the Rome Treaty on the movement of goods.

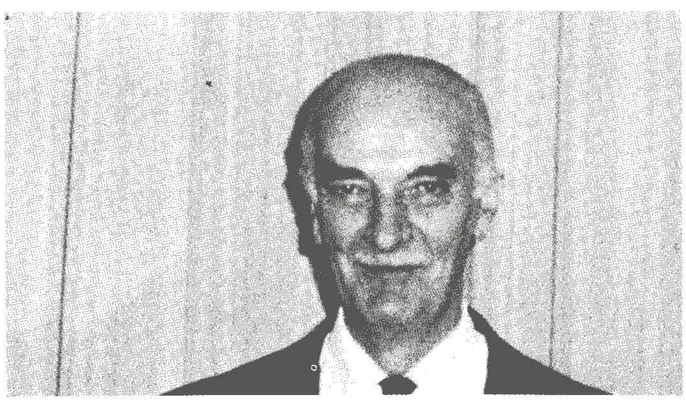
Article 37 of the Treaty requires that discrimination resulting from monopolies be abolished, but it gives no indication of what is to become of them after January 1, 1970—the date set for completion of the Common Market.

The Treaty's silence on the subject has led to controversy which remains unresolved. One side espouses the theory that monopolies, like quantitative restrictions, should be abolished outright. The other contends that they should just be reorganized in such a way as to eliminate discrimination against competing products.

The decision to advance the date for the free movement of goods to July 1, 1968, has revived protests from those who feel the existence of such monopoly systems unfairly discriminate against them. Under the threat of recourse to safeguard measures, heavy pressure is being put on the Commission to follow Article 37 strictly. The Commission so far has tried to treat each monopoly separately and find individual solutions for each case.

Varying Importance of Monopolies

Not all national monopolies are equally important to the state operating them. Many were created under circumstances which have since changed. In these cases, hopefully, the states will allow themselves to be persuaded to abolish the monopolies of their own free will. Here, Italy has set a good example by abolishing the banana monopoly. Other monopolies, however, involve economic, social, and political interests of the first magnitude. This is the case with tobacco products in Italy and France, crude oil and oil products manufactured in France, and alcohol manufactured in France and in Germany. State-operated trading or manufacturing monopolies have naturally engendered resentment among the states excluded from the markets subject to monopoly.



Mr. Colonna, member of the European Communities Commission with special responsibility for industrial affairs, explains some of the difficulties state monopolies pose for the establishment of the Common Market

In the case of tobacco, the Commission adopted a pragmatic approach. In a study of the problems involved, it examined:

- the necessity of guaranteeing a fair return to growers currently unable to compete
- the difficulties of rationalizing tobacco growing or switching to other crops when circumstances are particularly unfavorable and current costs too high for the market
- the importance to the member states of tobacco tax revenues, and
- discrimination in the intra-Community tobacco trade arising not only from monopolies but also from the diversity and particular incidence of some tax systems.

The Commission hopes the study will produce a number of balanced and coherent proposals. It also hopes that the problem of discrimination arising from monopolies will be solved by the removal of those basic factors cited by the governments to justify monopolies.

Italy took an important step in the right direction when, in accordance with a Commission recommendation, it amended provisions on the Italian selling price of imported and home-produced manufactured tobacco. Now the cost of the home product, the price of the foreign product, and tax, as well as the industry's profits, can be separately determined in the selling price. There is talk of making the industry more competitive. This open policy holds promise that Italy will be able to align its position with the Treaty. In compensation, Italy would then benefit from an extension of the Community's responsibility, under the common agricultural policy, to home producers of raw tobacco.

The French Oil Marketing System

The Commission is dealing with the French oil-product marketing system, which resembles a state trading monopoly, in a way similar to its handling of tobacco. In the case of oil-marketing, the Commission is seeking a solution through a common policy on hydrocarbons. However, the difficulties inherent in the continuing lack of a Community policy on all forms of energy and a common trade policy stand in the way of progress. Despite the difficulties, the Commission will do its best to implement the Treaty on this delicate matter. Without rapid progress in this field there is indeed a risk of a chain of reprisals and the rapid and chaotic proliferation of discriminatory systems.

In this connection, I might mention the safeguard clause, Article 226 of the Common Market Treaty. This clause which authorizes a state to suspend the regulations on free movement of goods for a set time and a specified product will no longer apply after the end of the transition period on January 1, 1970. States which have recourse to this clause should therefore not consider it a protectionist instrument but as a reprieve to solve special problems of adaptation to the Common Market. In fact, many of these problems should already have been solved. It would in any case be very dangerous for the Community to become accustomed to maintaining escape mechanisms indefinitely. Such a tendency could only gain momentum and definitely impair the development and working of the Common Market as a whole.

The Public Sector in the Community

by JEAN LECERF

*State-owned companies and industries are an essential part of the European Community's economy. They are responsible for 25 per cent of all productive investment, 10 per cent of industrial and commercial employment, and 9 per cent of total sales turnover. The public sectors of the Six show striking similarities. For example, public transportation and telecommunications enterprises make up more than 50 per cent of all six Community countries' public sectors, while public commerce and industry account for an insignificant percentage of the total. Another similarity is the important role of public enterprises in the financial and energy sectors.**

In this article, Jean Lecerf who reports on the European economic scene for the French daily Le Figaro *analyzes the importance of state-owned companies and industries and their development.*

STATE-OWNED BUSINESS undertakings play a special part in the Community. Whereas a general idea behind the Treaty of Rome is to promote normal competition, the main aim of state enterprises is to render an essential service (not necessarily at a profit). While the Common Market's competition rules tend to frown on subsidies, whether direct or concealed, undertakings linked to the state frequently receive special treatment in the form of capital grants or other advantages, possibly to compensate them for selling their services at artificially low, "public service" prices.

An Important Sector

With 4.5 million employees, investments of $10 billion, and annual turnover of more than $33 billion, public enterprises in the Community are impressive in their size, weight, and influence. Employment, welfare, and the expansion of the Community economy depend on them.

The European Public Enterprise Center's assessment of the economic importance of the public sector in the Community countries found that, of the Six, Italy had the highest proportion of workers employed in this sector: 11.6 per cent of its industrial and commercial employees, or 950,000 people. In France public sector companies employ 11 per cent of the labor force or 1.4 million. They employ 1.8 million people in Germany, 8.7 per cent of the labor force; 177,000 in Belgium, 8 per cent of the labor force; 242,000 in the Netherlands, 8 per cent of the labor force, and 6,000 people in Luxembourg, 6 per cent of the labor force.

Within the public sector, state industries, as such, employ relatively few employees: slightly more than 2 per cent in Germany and France; 6 per cent in Italy; none in Belgium; and 1.3 per cent in the Netherlands. In commerce, too, the public sector is negligible. On the other hand, public undertakings account for a large percentage of persons employed in the financial sectors (banks and insurance for example): 34 per cent in Germnay; 38 per cent in France; 37 per cent in Italy; and 12 per cent in Belgium.

Comparative estimates of productivity are notoriously difficult to make. But possibly a comparison of figures for turnover-per-employee give some indication of productivity. French public undertakings would seem to be the most productive at $8,300 per employee, Italy follows with $6,900 per employee, Germany $6,600, Belgium $5,100, and the Netherlands $4,130. The crucial role of the public sector, however, becomes clearer in relation to total turnover and total productive investment:

Country	*Per cent of total company turnover*	*Per cent of total productive investment*
Germany	7.2	18.1
Belgium	4.5	13.5
France	10.0	33.5
Netherlands	8.7	21.0
Italy	8.1	28.0
Luxembourg	3.7	26.0

* *Findings of the European Public Enterprise Center Study for the European Economic Community Commission, January 25, 1967, Brussels, to be published in French by* Dunod, *Paris.*

In Community countries, airlines and railroads are public enterprises. Telephone service, also state-owned, is operated by the same government agencies that handle the mails.

Unplanned Transfer of Control to State

Despite their economic importance, few Community countries have deliberately attempted to create an entire public sector or to intervene in the private sector with the intention of completely controlling it. Yet, over the years, often because of a succession of wars and crises, the state has gradually acquired control over a substantial part of the economy. In some cases, tax considerations gave rise to state monopolies, such as those for tobacco in Italy and France. Again, during the 19th century, certain public services, such as postal and telegraph services, transport, and government printing works were transformed into state-commercial undertakings. The state gradually realized that official administrative methods were not suitable for them and that these concerns had to be managed on more business-like lines.

Doctrines of common ownership are another factor, particularly in Germany, Belgium, and the Netherlands. They have led local authorities to take over a wide range of business activities. For a long time French courts, citing the law of March 1791 on the freedom of commerce and industry, frowned on the creation of publicly owned businesses. Only in 1926 was state intervention authorized—provided that it was in the public interest and necessary to overcome the failings of private enterprise.

States also created or developed government-owned enterprises to stimulate the economy in times of difficulty. During the 1930 crisis, banks were established to provide credit and pump public capital into businesses in areas affecting national interests. Examples of this include: French aircraft-construction and shipping companies, Italy's Institute for Industrial Reconstruction (IRI) on which the country's public sector hinges, and the German state groups in steel, mechanical-engineering, and shipbuilding.

Some public enterprises resulted directly from nationalization. Buying out former shareholders or confiscating their property was the outcome of a more systematic policy based on the idea that essential factors of production had to be taken out of private hands and entrusted to the state. Nationalization is, however, fairly rare. In 1946 France took over the mines, plants, banks, Air France, and the Renault automotive works. Italy nationalized electricity in 1963. In Germany and Italy, this political doctrine led to a limited extension of the public sector, but Germany in the early 1960's carried out the reverse process to some degree.

Occasionally governments also created state-owned companies and institutes to promote regional development and exploit natural resources, especially in Italy and France. There are also some international state-controlled companies which render important services. These are constituted under the law of a single country, but their shares are held by states or state bodies from several countries. Examples are the Luxembourg railways and *Eurocontol* (European Organization for the Safety of Air Navigation).

Three Main Types of Public Venture

Today there are three main types of public undertaking in the Community: state and local-authority bodies, publicly owned industrial and commercial firms, and semi-public companies.

State and local-authority bodies, though unincorporated, publish their own accounts. Some, created by being detached from the state or local authorities, are managed by rules which are primarily administrative. The postal and telecommunications services, railroads, state printing works, explosives and oil monopolies, and coin and metal minting belong to this category.

French chambers of commerce, savings banks, national agricultural credit funds; the Belgian telegraph and telephone department and airways administration, and other administrative bodies pursue economic activities. The local authorities often control public utilities—gas, water, electricity, transport—and services such as funeral arrangements, housing, and slaughter-houses.

Publicly owned industrial and commercial firms (funds, institutes, corporations, or national enterprises) are entirely state owned. However, their activities and management resemble those of private companies and they are subject to private law. The authorities appoint their managers. Usually the board of directors is composed of senior officials and a large proportion of outside experts, including politicians, members of labor unions, and representatives of consumers. The competent minister often delegates his supervisory powers to a government auditor, and the audit office examines the accounts of these concerns, or sometimes, as in France, a special committee audits their accounts.

Because the state owns all share capital in these undertakings and takes the profits remaining after deduction of reserves, they can only issue debentures and can acquire holdings in other firms only with the permission of the supervisory authority. They are liable to the same taxes as private companies, and their accounting procedures must comply with normal commercial practice. Theoretically, their employees are not civil servants. In Germany and the three Benelux countries, the provincial and local authorities often own insurance companies and savings banks. This can lead to complex situations, because a specific local law governs such public undertakings.

Semi-public companies are most often limited companies (*sociétés anonymes*) or limited liability companies (*sociétés à responsabilité limitée*). Only by right of their shareholdings can the public authorities intervene in their management, but the authorities may hold as much as 99 per cent of the companies' shares, as in the case of France's *Sud-Aviation*. Finding out who actually controls any one company is often difficult, and varying concepts of national company law make it impossible to make meaningful comparisons of the various undertakings and their different administrative and legal status.

In Germany, state holdings come within the responsibilities of the Treasury. In Italy, the Ministry of State Shareholdings decides when and where the state should intervene by acquiring shares. The policy is carried out largely by IRI, which the Ministry controls. IRI itself controls specialized holding companies in different sectors, such as Finsider (steel), Finmeccanica (engineering), Fincantieri (shipbuilding) and Finmare (shipping). These holding companies and the private sector jointly own the capital of the operating companies (e.g. Italsider and Alfa Romeo).

Trade Routes to the East

by GUIDO COLONNA DI PALIANO

In the past few years, The European Community's trade with Eastern Europe has been growing more rapidly than its overall foreign trade. Mr. Colonna, member of the European Communities Commission with special responsibility for industrial affairs, examines some of the difficulties and potentialities of expanding trade between the Six and the East European state-trading countries.

TRADE BETWEEN THE SIX and the members of the East European Council for Mutual Economic Assistance (COMECON) amounted to about $3 billion in 1965, an increase of 129 per cent over the 1958 level. This trend was further accentuated in 1965 and 1966 which saw 16 per cent increases each year over the preceding year. In comparison, the Community's total foreign trade showed increases of only 9 per cent in 1965 and 1966. However, trade with the Eastern countries still represents only a small fraction of the Community's total trade—between 5.3 per cent and 5.5 per cent over the last five years.

For the East, trade with the West has been of greater importance. In 1964, for instance, trade with the European Community constituted 6 per cent of the Soviet Union's total and 12 per cent of Hungary's. By and large, however, trade with the West is still, in percentage terms, of marginal importance to the Eastern countries and depends greatly on the availability in the East of the means to pay for purchases.

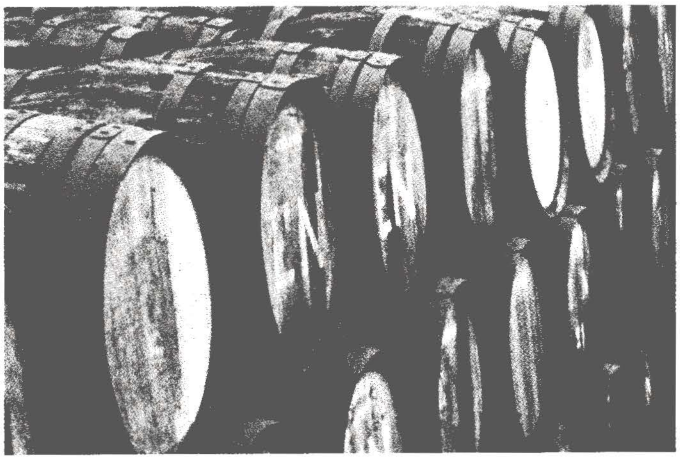
Problems for the East

Eastern countries have now seen their traditional role as suppliers to the West of certain essential raw materials and basic goods substantially reduced. This is true for grains, meat, and

cattle because of successive bad harvests, poor productive organization, increased internal consumption in the East, and the rapid expansion of production in Western Europe, particularly in the Community, as well as the unification of the six Community members' domestic markets. It is equally true for coal, which must now compete in Western markets more and more with oil and natural gas and cheap American coal, while Western demand for oil, timber and certain metals tends to remain stable.

Thus, further development of trade with the East is conditioned on an effort by the Eastern countries to improve their productivity in agriculture and to develop industrial production competitive with the highly sophisticated products to which the West is now accustomed.

The East must also adopt modern methods of marketing. There are indications that this can be done. The establishment



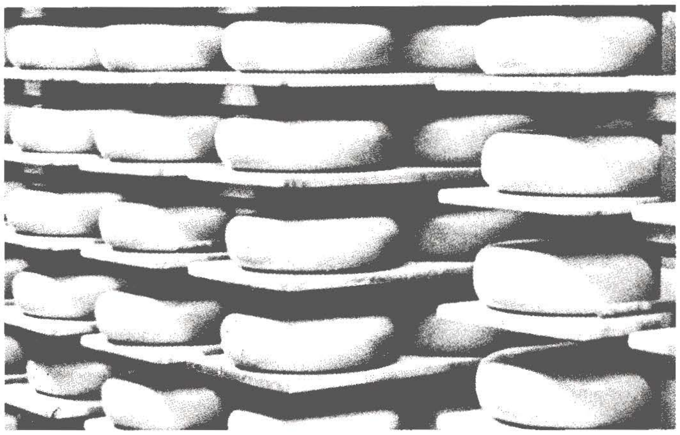
by the Community of a common agricultural policy is not adversely affecting the export trade of our Eastern neighbors. Whenever goods have been offered at fair prices and in competitive quality, trade has flourished. Thus Polish exports of pork to the Community went up by $5 million in 1964 to $14 million, and other Eastern countries similarly improved their positions. On the industrial plane, Community chemical imports from the East in 1964 went up 20 per cent and imports of machinery and transport equipment 19 per cent over the previous year.

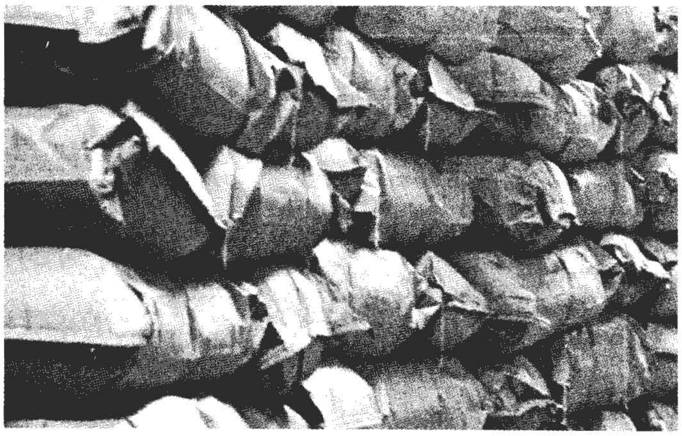
The development of trade with the East depends in the short run on a liberal import policy in the West and on a reasonably liberal Western credit policy in support of its exports, in particular capital goods. In the long run it depends on the willingness and capability of the Eastern economies to attract Western demand in order to balance Eastern demands for Western goods.

Free Trade and Community Countries

Britain, one of the first Western countries to promote trade with the East, concluded in 1959 while the Cold War was still on, a five-year agreement with Soviet Russia. This extended the open general license system, which is equivalent to the liberalization of imports, to Russian goods.

France has now abolished import restrictions on 817 tariff classifications, out of the 1,097 in the common external tariff, with regard to all East European countries except the German Soviet Zone. The Federal Republic of Germany has liberalized





650 classifications for imports from Poland, Rumania, Czechoslovakia, and Hungary. The Benelux countries have freed 1,024 classifications for imports from all Eastern countries. Italy has remained more conservative: only 200 import classifications have been liberalized for all Eastern countries with the exception of the Soviet Zone, while 150 additional classifications have been liberalized for imports from certain Eastern countries only.

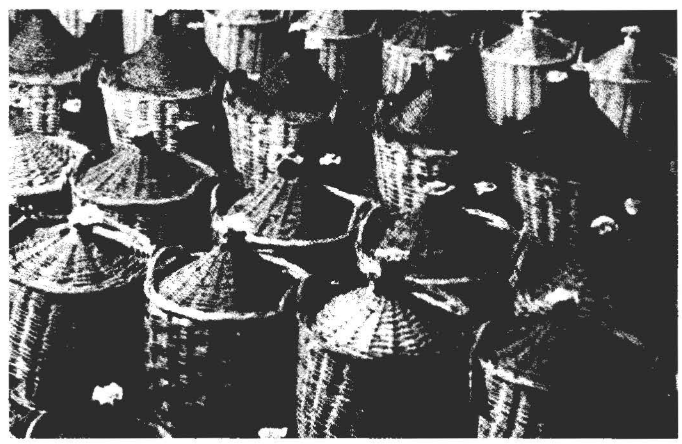
Whenever trade remains subject to import restrictions, it is regulated within the framework of bilateral agreements between the Community countries and Eastern Europe. Although the general trend in current Western policies for imports from the East is towards greater liberalism, there are considerable differences between the Western countries—even within the Community—both as to the extent of the liberalization and the nature of the safeguard process.

There have also been important developments in Western export credit policy, and here too Britain has played a leading role. More recently there has been a series of important decisions taken by governments and industries in the Community. FIAT has agreed to supply Soviet Russia with an automobile factory worth $300 million under state-guaranteed export credits of up to eight and one-half years. Renault has made a similar agreement with Soviet Russia, although for a smaller amount. Olivetti-General Electric is to supply $65 million-worth of electronic equipment and plant for factories manufacturing computers and typewriters. Similar agreements are being contemplated by West German firms or by German and French firms in joint ventures.

Problems for the West

However, there are certain technical difficulties which arise in connection with trade between countries with different economic systems. The origin of the problem is that prices in free economies and in state-managed economies are not formed in the same way and do not mean the same thing. In free economies, prices result from free competition between producers and from the cost of the factors of production. In state-directed economies, prices are fixed by the authorities according to the convenience of their overall policies; and this applies both to the products and to the factors of production. As a result, goods offered by state-trading countries for export can be priced irrespective of their cost, and in state-managed economies there are no real internal prices with which export prices can be compared to detect dumping practices.

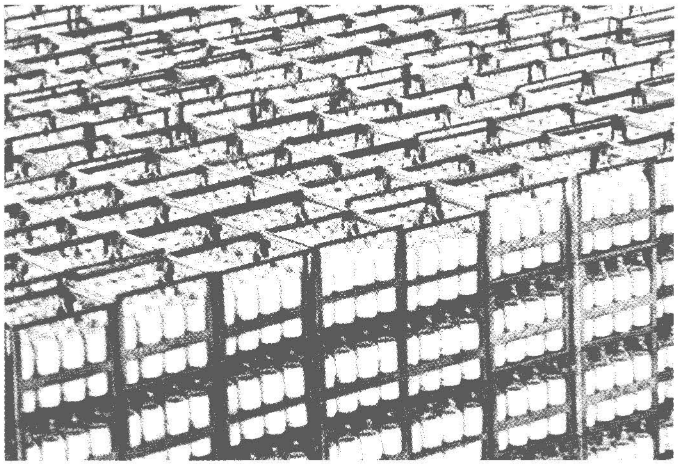
Because of the risk that Eastern countries might offer goods at prices with which their own producers could not possibly compete, Western countries, including the members of the European Community, have had to resort to special measures for protecting themselves whenever imports were liberalized, and even when imports were subject to quotas. In general, Western countries have reserved the right to re-establish quantitative restrictions on any product, or to stop imports altogether, whenever import prices threatened to disrupt their domestic production. Other Western countries have been more lenient. Community members' attitudes range between the two extremes and these differences entail a serious risk for the Common Market.



Wanted: A Common Trade Policy

On July 1, 1968, the Community's customs union will be completed. From that date on almost all industrial and agricultural goods will be traded within the Community without customs duties or levies or quota restrictions. This free movement will apply not only to goods produced in the Community but also to goods imported into any member country of the Community from the outside, provided that the duty of the common external tariff or the levy prescribed by the regulations of the common agricultural policy has been paid.

The Rome Treaty does stipulate that member countries harmonize their export-credit policies, but this obligation does



not apply until the end of the transition period, on December 31, 1969. Thus a potential conflict has arisen between the rapid establishment of the Common Market, which will come into existence one and one-half years in advance of the schedule foreseen by the Treaty, and the freedom of action which member countries have retained in their trade policy.

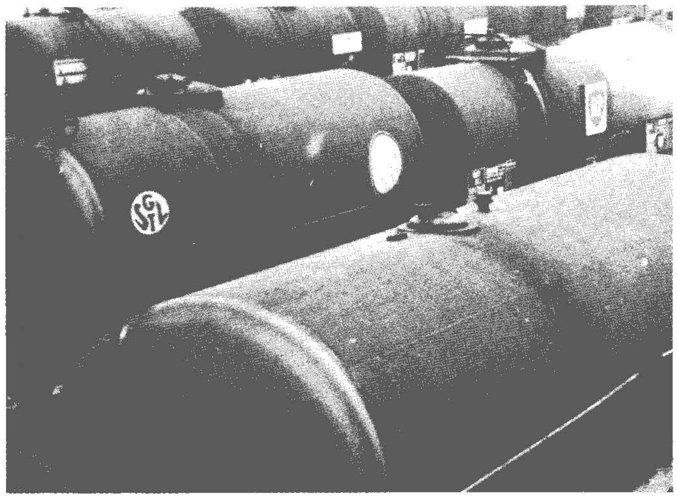
The Treaty also contains rules according to which any member country can protect itself against trade policy decisions taken by another member country which may have harmful effects on its own market. This means that in certain cases one country can re-establish import restrictions towards other member countries.

Take, for instance, the Community members' recent liberalization measures for imports from Eastern countries. France excluded most agricultural and textile products from its otherwise generous concessions. The Germans, on the other hand, loosened restraints on imports from the East most markedly in the chemical, engineering, and electro-technical sectors, while Italy, in practice, liberalized only imports of raw materials of essential importance to her economy. If member countries often adopted defensive measures to protect themselves from one-another's trade policies, the very foundation of the Common Market would be shaken. The same applies when, with the degree of liberalization at the same level, safeguards are different and enforced with differing severity by the various member countries.

If, in export credit policy, the member countries were to align themselves indiscriminately on the most generous Western country, the result would be a progressive deterioration of the conditions under which the Community could secure export outlets. Its bargaining position would deteriorate, weakened by excessive liberalism and the lack of a harmonized response.

Most Eastern export prices have recently been reasonable by Western standards so that safeguards have seldom been applied. This is perhaps because our Eastern neighbors are introducing the concepts of profit and productivity into their economic planning, and because they want to secure lasting access to Western markets.

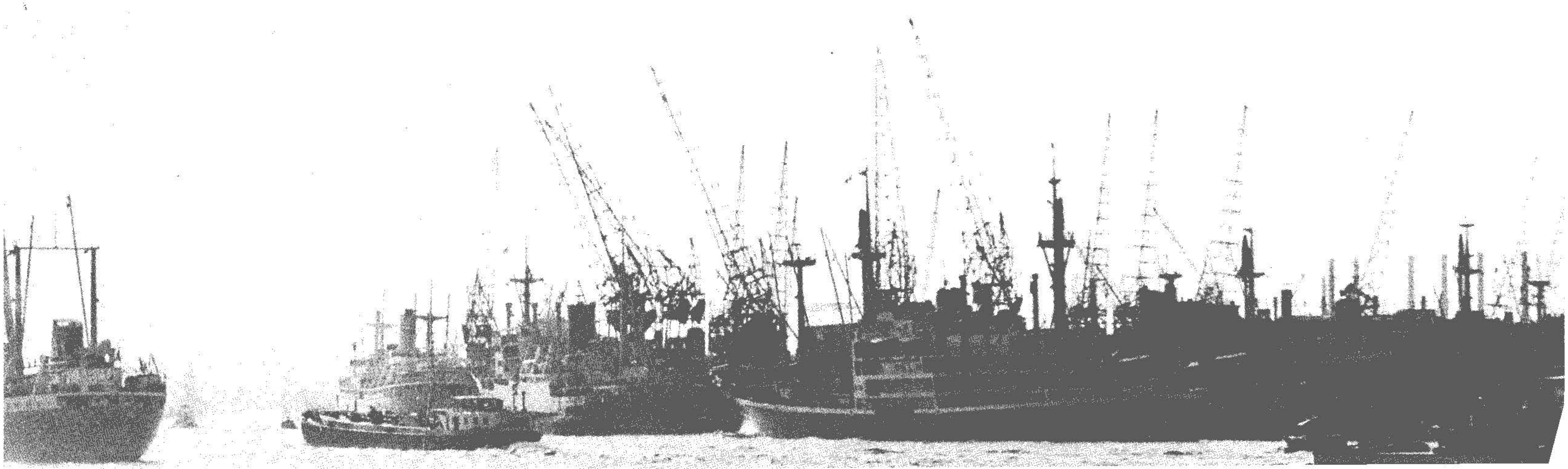
Nonetheless, as long as the Eastern economies are subject to state direction, a problem of adequate safeguards remains and is, therefore, a problem of trade policy harmonization in the Community countries. The European Community believes



in the development of international trade in any direction, but it must first secure the stability of the Common Market and achieve the economic union of its members.

The Eastern countries should recognize this necessity and renounce their political objections to negotiating with the Community as a unit, for the rapid growth in trade between the Community and Eastern Europe since 1958 shows that there is a potential convergence of economic and commercial interests on both sides.

Adapted from a lecture at John Hopkins University Center, Bologna, Italy, on February 13, 1967.



COMMUNITY NEWS

Gaetano Martino (1901-1967)

PROFESSOR GAETANO MARTINO, who as Italy's Foreign Minister in 1954-57 was one of the principal architects of the European Community, died on July 21 in Rome at the age of 66.

Prof. Martino was associated with the European Parliament for more than ten years. He was first appointed to membership in the Community's parliamentary body in 1957 when it was known as the Common Assembly of the European Coal and Steel Community. He was twice elected president of the European Parliament, in March 1962 and 1963.

When the European Defense Community failed in 1954 and the West European Union was born, Prof. Martino made a major contribution to resolving the serious crisis in the new body by calling a summit meeting of the Foregn Ministers, without aides, which succeeded in overcoming the differences. Shortly afterwards he persuaded the six Foreign Ministers of the ECSC member countries to meet in Messina, the city of his birth, on June 1 and 2, 1955. From that historic meeting came the European Common Market and Euratom, and two years later, on March 25, 1957, Prof. Martino and President Antonio Segni signed the Rome Treaties for Italy.

At the time of his death, Prof. Martino was president of the Italian Liberal Party and, as one of Italy's outstanding neurophysiologists, rector of the University of Rome.

NEW COUNCIL APPROVES COMMISSION'S ECONOMIC GUIDELINES FOR SECOND HALF OF 1967

The Council of the European Communities held its first meeting on July 3 and approved the Commission's guidelines to the member states for balanced economic growth during the second half of 1967.

The single Council assumed its duties on July 1, replacing the Councils of Ministers of the European Atomic Energy Community, the European Coal and Steel Community, and the European Economic Community. Its first five meetings (July 3, 10 and 11, and two on July 24 and 25) were devoted to economic affairs, external relations, agriculture, and nuclear energy policy.

Investment Encouraged

The Council endorsed the policy recommendations the Commission had made in view of the "slowed down growth" and rising unemployment throughout the Community. The Commission's recommendations urged some member countries to place more stress on "new expansionary measures" rather than to concentrate solely on maintaining cost and price stability. This recommendation was addressed to Belgium and France, but especially to the Federal Republic of Germany where total production has leveled off and industrial production has shown a "fairly appreciable drop."

Care must be taken, the member states were warned, that efforts to stimulate expansion do not trigger a further reheating of the economy. Expansionary measures should center on investments, not consumption. They were explicitly advised against pursuing expansionary wage policies. Further reductions of interest rates, the Commission advised, would be appropriate for member countries with sluggish domestic economies and balance of payments surpluses. Belgium, Italy, and the Netherlands were urged to increase their efforts to reorganize their public spending.

Talks with Spain Approved

The Council gave the European Commission a mandate to open the "first stage" of formal negotiations with Spain on its application for association. This first stage of negotiations, the Council said, was to find out whether an agreement is possible on the basis of principles laid down in the mandate: to determine the general framework of an agreement and the possible content of a first stage in both the industrial and agricultural fields.

The Council also discussed the membership applications of the United Kingdom, Ireland, and Denmark but postponed further examination of the enlargement of the Community until it had received the Commission's opinion, as provided by the Treaties of Rome and Paris.

Milk, Wheat, Rice Market Decisions

The Council, July 11, adopted a regulation laying down price measures for Germany on certain milk products during the 1967/68 marketing year. The regulation provides for the reduction of government aid for milk-delivered-to-dairies and for the discontinuance of specific aids for production of certain cheeses. The reduction of aids, which came into effect July 17, will be compensated for by a corresponding increase in the threshold prices on specific milk and cheese products.

A decision extending the time limits of the quality wheat agreements with the United States and Canada was also adopted on July 11. For the United States the time limit will be extended to June 30, 1968, 12 months beyond the expiration of the World Agreement on Cereals.

On July 25, the Council adopted the regulation on the common organization of the market for rice which comes into force on September 1. This organization will consist of price and trading systems which resemble those for the grain market (see *European Community* No. 104). Each year the Council will fix target and intervention prices before August 1. These will be subject to monthly increases spread out over all or part of the marketing year in order to take into account, among other things, storage costs and the need for disposal of stocks in accordance with market requirements.

Directives on the Right of Establishment

Three directives concerning farming leases and the right to join cooperatives were approved by the Council July 25. They grant Community nationals in another member state the right to move from one farm to another and guarantee that the laws of the state will be applied to them on the same basis as to nationals of that state.

Euratom's Research Program Modified

The Council on July 25 also adopted a decision involving further modification of the European Atomic Energy Community's Second Research and Training Program. It enables continuation of work undertaken through association contracts in the field of fast reactors. As a result of the decision, $455,000 were allocated for implementing the research and training program. At the same time the Council approved Euratom's 1967 research and investment budget (see *European Community* No. 104).

SPAIN: UNIONS WARN REY

Harm G. Buiter, Secretary General of the European Trade Union Secretariat, has said the free trade union movement in the Community would oppose any Community agreement to give preferential treatment to Spain under its present regime.

In a letter to Jean Rey, President of the European Commission, Mr. Buiter expressed concern at the Council's mandate to the Commission to negotiate such an agreement. Without political concessions, Mr. Buiter said, Commercial preferences should not be granted to a country whose regime contradicts the letter and the spirit of the Community and which violates trade union rights.

FIRST DIRECTIVE PASSED TO PROTECT PUBLIC FROM DANGEROUS SUBSTANCES

The European Economic Community's Council of Ministers has adopted the first directive to harmonize Community members' laws and regulations on the classification, labeling, and packaging of dangerous substances.

The directive, which has not yet been published in the Community's Official Gazette, was adopted on June 5. It enters into force 30 months after publication.

To protect the health of people whose professions require them to handle dangerous substances, and to achieve free movement for those products within the Community, the directive:

- defines dangerous substances and preparations and the nature of the danger involved
- classifies them according to the degree and nature of the risk they present
- gives general rules on their packaging and labeling
- specifies the warning symbols to appear on the package and the wording of the cautionary instructions with the package.

DOES SMALL SIZE MEAN BETTER RESEARCH?

Small and medium-sized firms often surpass large companies at inventing and research, though handicapped in marketing, management, and raising capital. This conclusion emerges from a report by Prof. M. Woitrin of the Catholic University of Louvain, *Survey of the Situation of Small and Medium-sized Industrial Firms in the ECC countries. Studies—Competition Series, No. 4.* The survey suggests four ways in which the Community's small and medium-sized firms can be strengthened: aid in financing, improved management training, aid in adapting to keener competition, and specialization.

DAC NOTES DROP IN DEVELOPMENT AID IN 1966

The developing countries, needing ever larger injections of investment capital, received $400 million less in 1966 from member countries of the Development Assistance Committee than they did in 1965. These countries provide 90 per cent of all development aid. Private and official capital outflows from DAC member countries to the developing nations amounted to $9.9 billion in 1966, compared with the $10.3 billion total of 1965. The Committee's annual report, released in Paris on July 20, shows that from 1965 to 1966 private capital outflows decreased by $600 million and more than offset the $230 million increase in official outflows.

The Development Assistance Committee was formed in 1960 to give the main suppliers of development aid a place to exchange their experiences on common problems. In 1961 the DAC was incorporated as a special committee within the Organization for Economic Cooperation and Development (OECD). The members of DAC are: Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, Sweden, the United Kingdom, the United States, and the European Commission. (Luxembourg is the only member of the European Community which does not belong to the DAC.)

Official Flows Increase

DAC Chairman Williard L. Thorp, presenting the annual report, praised the smaller donor governments for contributing a steadily greater part of total official development aid, and suggested that three of the "big Four" might improve their performances.

Britain, France, the Federal Republic of Germany, and the United States supplied 84 per cent of all net government assistance during 1966, as the table below indicates. Of the four, only the United Kingdom supplied more official assistance in 1966 than in earlier years, Mr. Thorp said. He discounted balance-of-payments considerations as an excusing factor. These imbalances had arisen, he said, largely as a result of the relations between the major donors and other developed countries, and although their national incomes had expanded steadily, their aid disbursements had decreased, both in actual volume and as a proportion of national income. The United Nations Conference on Trade and Development had set the aid goal of the sixties at 1 per cent of national income.

By contrast the governments of Austria, Canada, Denmark, Japan, the Netherlands, and Sweden have doubled their contributions in the past three years. "Although they all started from relatively low levels, such a rate of increase is not merely an administrative achievement, but a demonstration of effective policy decisions," the Chairman said.

The report noted an improvement since 1965 in the terms of development loans extended by the DAC members. Interest rates averaged 3.1 per cent and the average maturity was 23 years in 1966. Grants continued to constitute 60 per cent of the DAC governments' total commitments. Nevertheless, the developing countries' external indebtedness, which amounted to nearly $40 billion at the end of 1965, rose by "at least another $4 billion" during the year, the report estimated.

Private Direct Investments Bring "Know-How"

Private direct investments and export credits were estimated at $3.4 billion for 1966, or a third of the total capital outflow. Because private investments transfer experience, management, and technology, Mr. Thorp stressed the need for more action and imagination in seeking private investment opportunities in the developing countries. "We must demonstrate in our assistance programs that public and private resources can complement one another," he said.

GOVERNMENT AND PRIVATE DEVELOPMENT AID

(in millions of dollars)

	Government		*Private*		*Total*	
	1965	1966	1965	1966	1965	1966
Belgium	112.4	92.1	119.5	96.9	231.9	182.6
France	752.2	721.1	567.7	568.7	1,319.9	1,289.8
Germany	471.6	490.0	255.2	248.2	726.8	738.2
Italy	92.7	117.8	177.8	509.7	270.5	627.5
The Netherlands	59.6	95.4	169.2	160.2	228.8	255.6
EEC Total	**1,488.5**	**1,516.4**	**1,289.4**	**1,583.7**	**2,777.9**	**3,093.7**
UK	480.6	501.4	517.1	(472.0)*	997.7	973.4
US	3,626.8	3,634.0	1,872.8	(979.0)*	5,499.6	4,613.0
Other DAC Members	607.3	909.8	396.0	391.4	1,003.4	1,192.2
DAC Total	**6,203.2**	**6,561.6**	**4,075.3**	**3,426.1**	**10,278.6**	**9,872.3**

* estimated

SUPPORT VOICED FOR KENNEDY ROUND CHEMICALS AGREEMENT

The European chemical industry expressed its satisfaction with the "overall" chemicals section of the Kennedy Round agreement of June 30, while U.S. officials explained to Congress the mutual advantages provided major chemical traders by the accord.

The European chemical industry formally approved the agreement in a statement issued July 10 in Zurich, Switzerland, by CEFIC (*Centre Européen des Fédérations de l'Industrie Chimique*). CEFIC is composed of the national chemical associations of Austria, Belgium, Denmark, the Federal Republic of Germany, Finland, France, Italy, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom. "The European chemical industry welcomes the overall agreement," CEFIC stated, "despite the large concessions it has made. The mutual advantages to the chemical industries both of Europe and the United States will be of the greatest imporance worldwide."

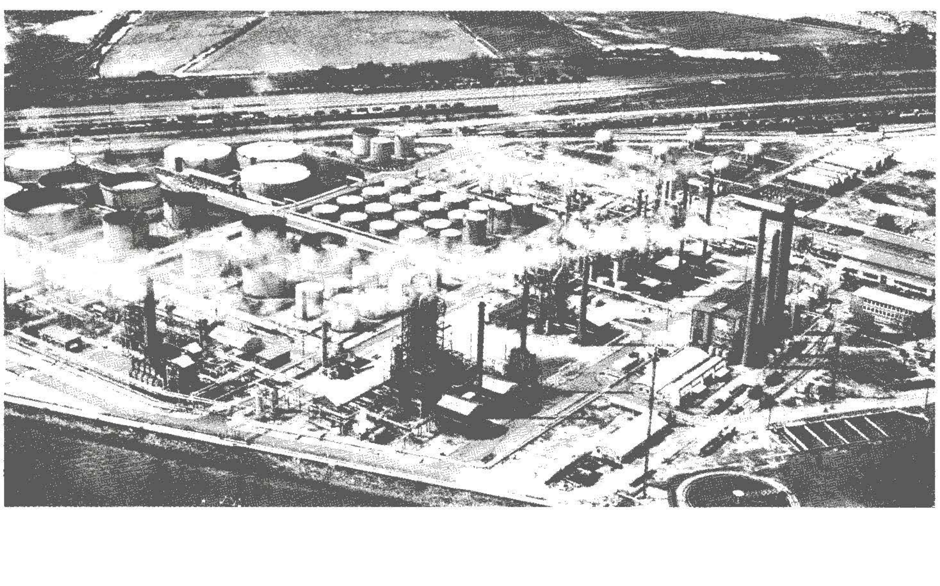
U.S. Special Representative for Trade Negotiations William M. Roth also expressed satisfaction with the agreement in testimony before a subcommittee of the Joint Economic Committee on July 11 and a subcommittee of the House Education and Labor Committee on July 26. "The agreement affords very significant new export opportunities into rapidly expanding markets in Europe," Ambassador Roth said at the July 26 hearing.

Despite the American concessions, the CEFIC statement said, some European chemical exports to the United States will be subject to higher duties than will American chemical exports to Europe. After the reductions take effect, the U.S. tariff on dyestuffs, for example, will stand at 30 per cent, compared with Great Britain's 15 per cent rate, and the European Economic Community's 10 per cent rate. The U.S. will also apply the relatively high rates of 25 per cent, 26 per cent, and 27 per cent to imported sulfonamides. If the U.S. eliminates the American-selling-price (ASP) system of evaluating tariffs on certain chemicals, European duties in "most of the chemical sector will be much lower that the equivalent American duties, especially in the case of products important in international trade," CEFIC stated.

ASP provides for the calculation of import duties not on the actual selling-price of the import but on the cost of an equivalent amount of the product at domestic prices at the time of importation. Concerning benzenoids, one of the products subject to ASP, the CEFIC said that during 1964, the base year for the Kennedy Round negotiations, U.S. benzenoid imports amounted "only to one-sixth of one per cent of American production." The new tariffs on benzenoids, according to Ambassador Roth, will still provide "a sufficient level of tariff protection" for the American industry and "one well above that of the other major chemical producing countries."

Nevertheless, the European chemical industry, now purchasing four times more chemicals from the United States than it sells there, supported the advantages that would result from the "overall agreement." The CEFIC statement concluded: "The implementation of the undertaking made by the United States in Geneva is an indispensable step in the development of the relationship between America and Europe."

"The mutual advantages to the chemical industries both of Europe and the United States will be of the greatest importance worldwide," CEFIC stated. Aerial view of the port of Hamburg harbor and plant operated by the German associate of the British Petroleum Co., Ltd. Photo: Courtesy British Petroleum Co., Ltd., London



AID TO SHIPBUILDERS UPHELD

The Netherlands Government's financial aid to help shipbuilding is compatible with the Rome Treaty provisions, the Commission has stated in a reply to a written parliamentary question.

The aid consists of reductions in interest payments. The Commission does not object, mainly because the aid is being granted for short periods and is related to shipyard reorganization. The price of ships built with this aid will not be reduced by more than 10 per cent, the figure stipulated by the European Economic Community Council directive of April 1965.

ECSC STUDY RELATES WORLD STEEL INVESTMENT PLANS TO CAPACITY

The first part of a worldwide survey of the steel industry's investment plans and their effects on capacity has been published by the European Coal and Steel Community. It summarizes the main trends in the world steel market and analyzes the development of the steel industry in each ECSC member country.

A complementary study, on steel consumption outside the Community and the development of world trade in steel, is planned for publication before the end of the year or early in 1968.

STEEL ORDERS ROSE 17% IN JUNE

The Community's steel industry received orders for 5,900,000 metric tons of steel products in June, a 17 per cent rise over May. Intra-Community orders made up 1,100,000 tons of this total, orders from non-member countries amounted to 1,300,000 tons, and domestic orders made up the balance.

Although orders for the first half of 1967 were almost as high as for the same period of 1966, their composition changed considerably. Domestic orders fell and orders from non-member countries rose appreciably. Intra-Community orders remained stable.

METALWORKERS OPPOSE PRESENT INCOMES POLICIES

The governments of the six European Community members are following unfair incomes policies, the metalworkers' free trade union federation told the Commission on July 18. The metalworkers' statement accused the governments of acting to curb rises in wages but of ignoring prices and property. This policy could lead to a more unjust distribution of the wealth, continued price rises, and threats to full employment, it said.

COMMUNITY WORKING ON INCOMES POLICY PROPOSALS

Proposals for a Community incomes policy are being prepared by a working group under the Medium-term Economic Policy Committee.

The Commission said in reply to a written parliamentary question that the working group was also preparing a report on the Community members' current policies on earned and unearned incomes.

In formulating draft policies and programs, the Commission considers the opinions of trade unions, businessmen, and social organizations in the Community. Upon the completion of proposals, the Commission seeks the opinions of the European Parliament and the Community's Economic and Social Committee, as required by the Common Market Treaty.

COAL STOCKS DROP

Community coal stocks fell by 569,000 metric tons to 35,320,000 tons during May, as the result of the Community's efforts to bring output into line with depressed demand. Stocks were reduced by 499,000 tons in Germany, 77,000 tons in the Netherlands, 10,000 tons in Belgium and 4,000 tons in Italy.

Although coke stocks also shrank in May by 99,000 tons, they still total 7,240,000 tons, nearly 1,900,000 tons higher than the May 1966 level.

The number of coal faceworkers in the Community dropped by 5,000 during May, leaving a total of 327,000. Since May 1966, 52,000 miners have left the industry. In conjunction with member governments, the Commission has recently decided on financial help for some 3,700 workers affected by total or partial closures of steel and coal installations in Germany and the Netherlands.

TOBACCO MARKET ORGANIZATION PROPOSALS COMPLETED

Plans to complete the organization of the Community tobacco market are now before the European Communities Council of Ministers.

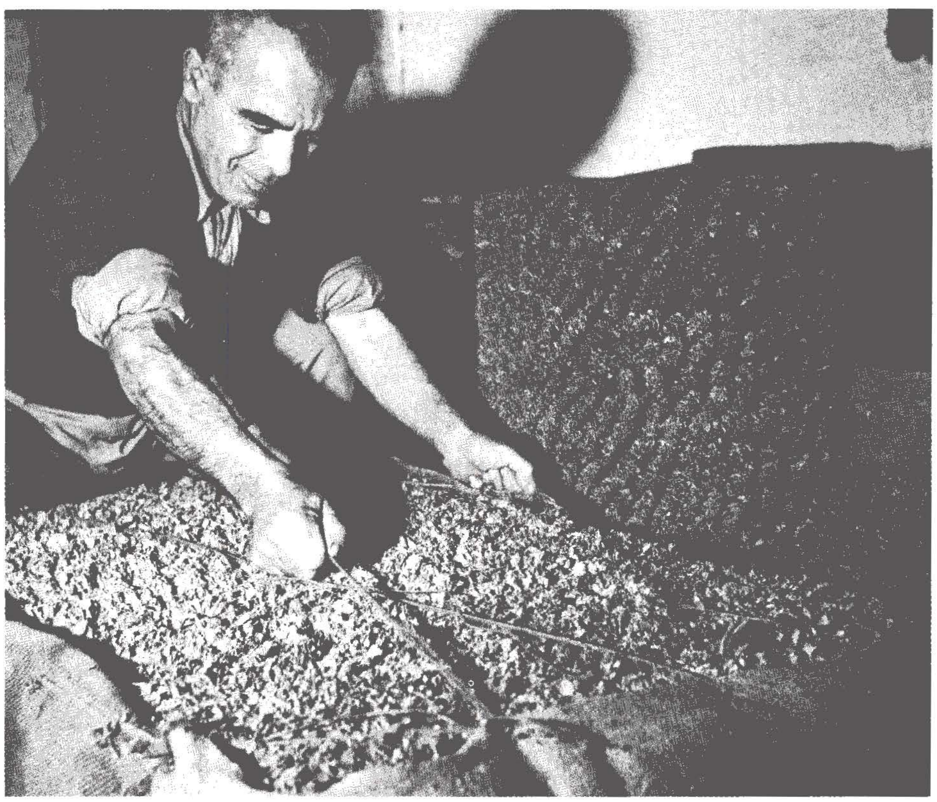
Late in June, the European Economic Community Commission sent its final proposals to the Council. The first proposal, made last spring, would give tobacco growers within the Community guarantees that, when necessary, intervention agencies would buy all tobacco grown at prices agreed by the Council, process it, and resell it at certain minimum prices. The European Agricultural Fund would finance these operations. State monopolies' exclusive cultivation or trading rights and other provisions to support the market would be abolished (see p. 4). Imports from non-member countries would be subject to the common external tariff (with additional safeguards if necessary). Raw tobacco imports from associated countries and overseas territories would be admitted to the Community at preferential rates.

Intra-Community trade in tobacco products is now limited, largely because of differences in the member countries' levels and systems of excise duties. Therefore, the Commission proposes that on July 1, 1968, the member states introduce a harmonized excise system, neutral in its effect on competition. Duty would be levied on the retail price of the product (including the import duty for products from countries outside the Community). After January 1, 1970, duty would consist of a fixed minimum and an additional amount varying with the price of the product involved. Each member state would remain free to set its own rates of duty.

In Italy and France, the main Community producers of raw tobacco, state monopolies control the purchase and sale of both raw and manufactured products. To establish a real common market in tobacco products, the Commission believes that these monopolies must be modified. By July 1, 1968, therefore, the Commission proposes that France and Italy make the necessary arrangements to:

- allow the free import of any make and quality of tobacco products from other member countries
- make sure that the distribution and the systems for establishing prices do not discriminate between domestic and other Community products
- eliminate the fiscal role of the monopolies
- ensure that other Community manufacturers of tobacco enjoy the same rights to advertise as the national brands. (Italy does not permit any tobacco advertising.)

By January 1, 1970, during the second stage of modifying the monopolies, tobacco products made in other Community countries would be sold in France and Italy without having to pass through the state distribution services. (Other Community producers would be free to establish their own sales outlets and maintain their own stocks.) Retailers would be guaranteed their independence from the state and would be free to obtain supplies from non-monopoly sources.



Almost 80 per cent of the raw tobacco processed in Community countries each year comes from outside the Community. The United States, Greece, and Turkey are important suppliers for the Community.

ECONOMY TO PICK UP LATE IN 1967

The European Commission's second quarterly economic report for 1967 suggests that economic growth in the Community will probably pick up as the year advances. Internal demand will provide the main stimulus.

The survey, released in August, was drafted before the impact of the Middle East crisis could be assessed. The Commission expects the Community economy to feel the effects of the crisis for several months, however.

During the first quarter of 1967 and into late spring, the Community's growth continued to slow down as the rise in internal demand began to flatten. Unemployment rose in all countries but Italy where it decreased, even though numerous workers returned home to seek jobs.

The Commission expected the economy to expand more briskly later this year with the revival of construction and new stock-building. It did not expect any further deflation of private consumer expenditure.

EEC COMMISSION PROPOSES $672-MILLION PLAN TO REVAMP COMMUNITY'S FARM STRUCTURE

A $672-million plan to improve the Community's argicultural structure was proposed in June by the Commission of the European Economic Community. The plan, now before the European Council of Ministers, covers the three-year period ending December 31, 1969. According to the proposal, the Community farm fund (FEOGA) would make available:

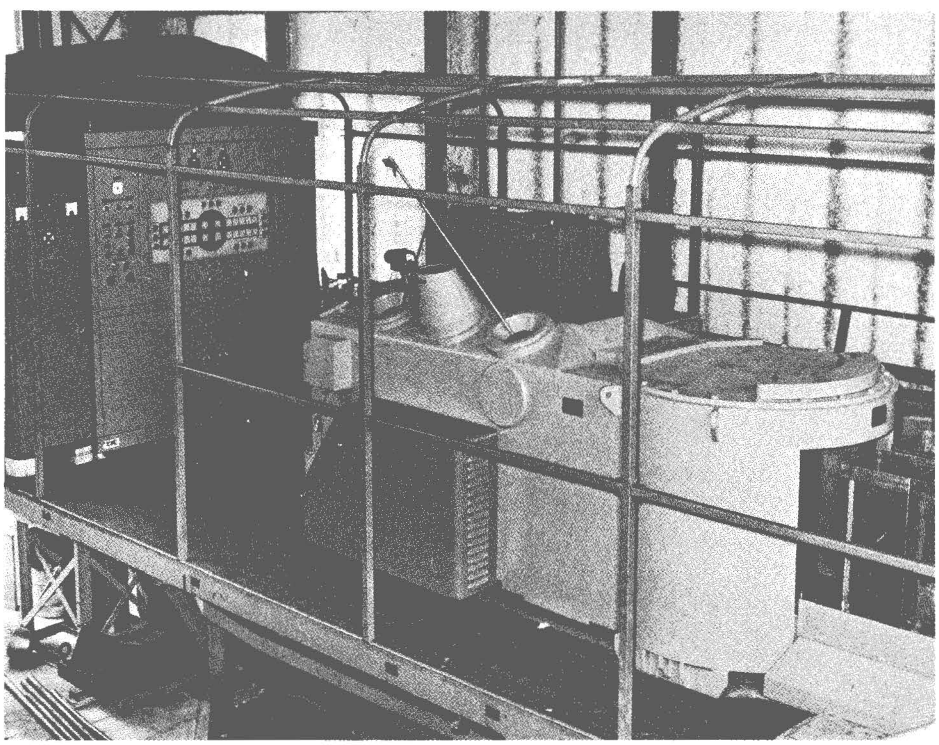
- $130 million for development of backward farming regions
- $100 million for improvement of quality and distribution in the dairy industry
- $90 million for improvement in the meat sector
- $80 million for fruit and vegetable marketing
- $70 million to encourage better use of farm labor
- $50 million each for irrigation, drainage, and olive oil production
- $40 million for the production of better wines
- $12 million to foster the use of marginal farm land for forestry.

Only projects in these categories would be eligible for this aid. The Community would finance up to 25 per cent of the total investment necessary for most programs from the proceeds of agricultural levies; the balance would be contributed to FEOGA by the member governments according to a prefixed percentage of the amount.

"IRMA" HITS THE ROAD

"Irma," the world's largest mobile irradiator, has started a six-month, 6,600-mile tour of the Community to show manufacturers how irradiation techniques can improve their manufacturing processes.

The tour, organized by the European Atomic Energy Community's Eurisotop Bureau, began on June 15 at Wageningen, the Netherlands, where "Irma" was used to irradiate strawberries and other perishable foods to enhance their keeping qualities. During the tour, "Irma" will also demonstrate irradiation applications to chemical pharmaceutical manufacturers and other prospective users.



COMMUNITY TO REDUCE DUTIES ON IRAN'S EXPORTS

Iranian wool carpets, silk carpets, and raisins will enter the Community at lower duties as the result of a request made by the joint committee established under the 1963 trade agreement between Iran and the Community. At a joint committee meeting in Teheran on July 10-15, the Community members agreed to reduce the common external tariff level more rapidly for these important Iranian exports. Iran will also benefit from all concessions made by the Community in the Kennedy Round of trade negotiations under the General Agreement on Tariffs and Trade.

The trade agreement betwen the Government of Iran and the Community expires on December 1, 1967. Following an exchange of letters with the Iranian Government, the agreement was extended for one year beyond the original expiration date by a decision of the Council of Ministers of the European Economic Community on October 14, 1966.

TWO NEW JUDGES APPOINTED TO HIGH COURT, LUXEMBOURG

Joseph Mertens de Wilmars of Belgium and Pierre Pescatore of Luxembourg have been appointed judges of the Court of Justice, Luxembourg, the European Community's "Supreme Court."

Born in 1912, Mr. Mertens de Wilmars has practiced law in Antwerp since 1935, specializing in administrative law and European law. He was a member of the Belgian Chamber of Representatives from 1952-62 and has belonged to the Belgian Council of the European Movement since 1950.

Mr. Pescatore, a Minister Plenipotentiary, was born in 1919 and entered the Luxembourg diplomatic service in 1946. At the University of Liège, Mr. Pescatore has lectured in the Faculty of Laws since 1951, has held the chair of European Community Law since 1965, and was a co-founder of the Institute of European Legal Studies.

EUROPEAN PARLIAMENT APPROVES RESULTS OF ROME SUMMIT

The European Parliament gave its approval on June 21 to the results of the Summit of the Six in Rome.

In a resolution introduced by Edoardo Martino (Christian Democrat-Italy), appointed later in the month as one of the Italian members of the merged Commission, the Parliament approved the decisions reached in Rome for:

- the implementation of the Merger Treaty
- the start of procedures for negotiations with Britain
- a move towards closer political cooperation between the Six
- the revival of the idea of forming a European University.

Mr. Martino also stressed, however, the need for progress to strengthen the institutional structure of the Community, particularly by recognizing the role and functions of the Parliament. The six Foreign Ministers, he suggested, should meet regularly to seek common positions and to prepare effective action, especially with respect to world affairs. He also urged speedy and vigorous pursuit of negotiations with Britain and other democratic countries seeking Community membership.

In the debate which followed Mr. Martino's opening speech, Hans Furler (Germany), for the Christian Democrat group, gave qualified approval to the outcome of the Rome meeting. Fernand Dehousse (Belgium), speaking for the Socialists, was more pessimistic. The fact that Dr. Hallstein had not been permitted to speak at the meeting was inexcusable, he said, but worst of all was the fact that the final communiqué issued by the Six mentioned neither the Commission nor the European Parliament—the two Community institutions which were most supranational in character. However, Jean de Lipkowski, for the European Democratic Union (Gaullists), said that he was encouraged by the "political revival" in Rome.

RECENT BOOKS ON COMMUNITY TOPICS

EUROPEAN COMMUNITY periodically lists books dealing with Community and Atlantic topics. This presentation does not indicate approval or recommendation of the publications.

Foreign Trade and Economic Growth in Italy. By Robert M. Stern, Frederick A. Praeger, Inc., New York, 1967. 216 pages, Tables and Bibliography.

This study, part of the Praeger "Special Studies in International Economics and Development," analyzes the major aspects of Italy's postwar growth in terms of its foreign trade.

The author examines recent attempts to incorporate exports into formal models of growth. He then identifies the manufacturing industries which have been important in Italy's foreign trade, drawing attention to some of the economic characteristics they have displayed in their postwar development. Stern also evaluates the composition, distribution, and competitiveness of Italy's foreign trade in the framework of its overall economic structure.

The author concludes that Italy's postwar economic growth until 1963, which was stimulated importantly by its export trade, may go down in history as a truly remarkable performance, but one that may not necessarily be repeated.

Federalism and Supranational Organizations: Patterns for New Legal Structures. By Peter Hay, University of Illinois Press, Urbana, 1966. 308 pages, Bibliography and Index.

Profesor Hay examines the three European Communities, especially the European Economic Community, as models of new regional organizations which are instituting new legal techniques by their "supranational" lawmaking.

The author discusses a number of theoretical questions and practical problems connected with the legal relationships of these supranational organizations to their member states. The first part of the book consists of a critique of various theories regarding the nature of the European Communities as a form of federal or international organization, sets out their institutional formation, and reviews the law that they have developed. The book's second part studies the constitutional problems the United States might face if it were to participate in such supranational organizations and similarly examines the adjustments currently being made by the Federal Republic of Germany in its constitutional law as a result of its membership in the Community.

Besides instituting new legal techniques, the author finds, such organizations are becoming a source of international law themselves and can play an important role in formulating new value goals for the entire international community.

Atlantic Economic Cooperation: The Case of the OECD. By Henry G. Aubrey, for the Council on Foreign Relations by Frederick A. Praeger, Inc., New York, 1967. 188 pages, Index.

This book focuses on the problems and potential of the Organization for Economic Cooperation and Development, providing an overall picture of its role to date and an assessment of its future.

The author discusses the targets of the OECD and examines the organization in terms of the problems that the industrial countries of the West, together with Japan, must face jointly. Dr. Aubrey holds that the OECD is particularly useful as a forum for the exchange of information on bilateral foreign aid efforts and capital movements, and for the liberalization of invisible-trade transactions. He points out that, while difficult to measure, the accomplishments of the OECD can be seen in such areas as the coordination of broad economic policies which are normally hard to achieve.

European Unification in the Sixties. By Miriam Camps, McGraw-Hill Book Co., New York, 1966. 257 pages, Index and Bibliography.

A volume in the series "The Atlantic Policy Studies" which consists of works concerning the future of the Atlantic Community, this book discusses the European Community during the second stage of its development. Two crises dominate this period, according to the authors: General de Gaulle's veto of British membership in January 1963 and France's decision to withdraw from NATO in 1966.

On short-term speculation, the author feels that the Community will emerge from the second crises with its economic development relatively unaltered but with no progress made towards a political-defense union. In the longer term, however, she sees potential progress, but only upon a change in the French Government, British accession to the Community, and continued, though modified, cooperation with the United States.

PUBLICATIONS AVAILABLE

LA CONJONCTURE ENERGETIQUE DANS LA COMMUNAUTE. *Bulletin de la Communauté Européenne du Charbon et de l'Acier,* No. 67, High Authority of the ECSC, Luxembourg, 151 pp. . . . . $ .60

Report on the energy situation in 1966 with projections for 1967. Also contains comparative studies of energy production and utilization in the Community and the United Kingdom and on the consumption of energy for domestic heating.

CHRONOLOGIE ANNEES 1950-1966. *Bulletin de la Communauté Européenne du Charbon et de l'Acier,* No. 68, High Authority of the ECSC, Luxembourg, 79 pp. . . . . $ .60

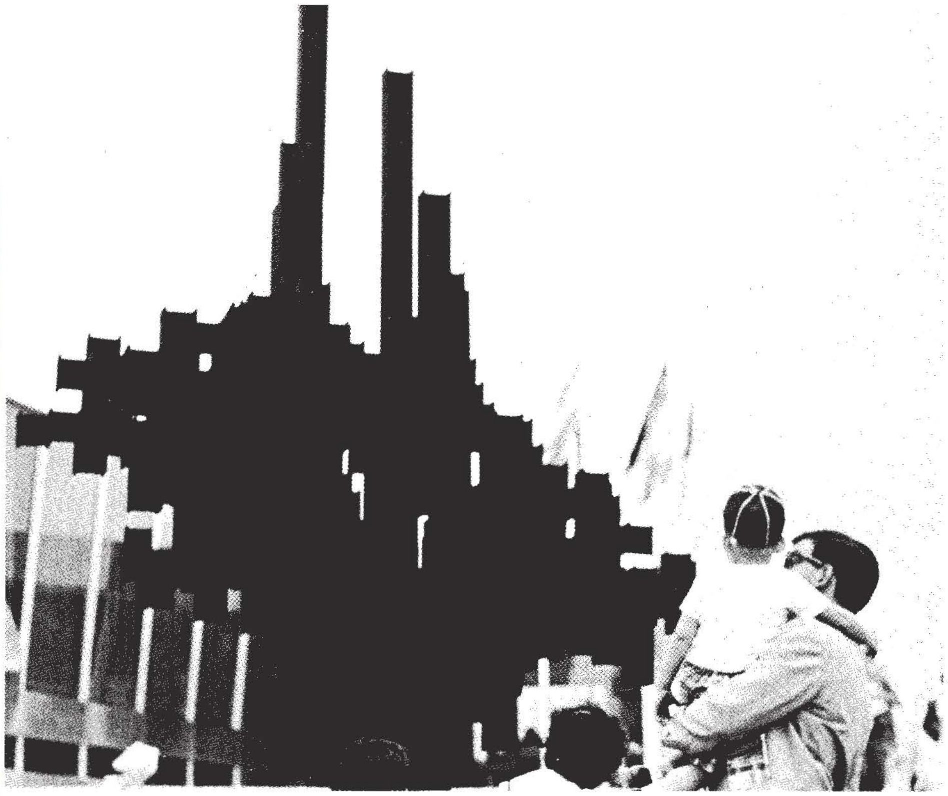
FINANCIAL REPORT FOR THE YEAR 1966, High Authority of the ECSC, Luxembourg, 32 pp. . . . . free

LA POLITIQUE SCIENTIFIQUE EN EUROPE. European Community Information Service, Brussels, June 1967, 54 pp. . . . . free

A bibliography on the science policy of selected European countries and international organizations.

THE DEVELOPMENT OF A EUROPEAN CAPITAL MARKET. EEC Commission, Brussels, November 1966, 382 pp. $4.00

A report prepared by a group of independent experts under the chairmanship of Prof. C. Segré. Relates the problem of developing a European capital market to the goals stated in the Treaty of Rome and concentrates on the conditions in which a European capital market could be created, the obstacles to be overcome, and the probable implications of such a market.



Grande Construction *by the Dutch sculptor and painter André Volten stands at the entrance of the European Community Pavilion at EXPO '67 Montreal. The T- and H-shaped forms in the composition, cast in bronze, recall the iron and steel products of the industrial age and the first European Community, for coal and steel.*

AIDES APPORTEES AUX AGRICULTEURS MIGRANTS DANS LES PAYS DE LA CEE. *Série agriculture,* No. 22, EEC Commission, Brussels, 1966, 91 pp. $2.40

Inventory of aid to migrant Community farmers. The foreword and text also relate the migration to the Council's timetable for achieving freedom of establishment in agriculture and to the directives adopted in this field so far.

ENQUETE SUR LA SITUATION DES PETITES ET MOYENNES ENTREPRISES DANS LES PAYS DE LA CEE. *Série concurrence,* No. 4, EEC Commission, Brussels, 1966, 108 pp. $3.60

This report discusses problems arising from the dimensions of small and medium-sized firms, their function in the economy, and possible EEC policy towards them.

LE MARCHE DES OLEAGINEUX TROPICAUX DANS LES ETATS MEMBRES DE LA CEE. *Série développement de l'outre-mer,* No. 4, EEC Commission, Brussels, 1966, 203 pp. $12.00

This survey analyzes recent trends in Community markets for groundnuts, copra, palm kernels, and palm oil. It studies in detail the competition facing these products from other oleaginous products and the changes in trade and industry caused by the adoption of a common organization of the market in oils and fats.

european community

Information Service
Washington Office: Farragut Building, Washington, D.C. 20006

Return Requested