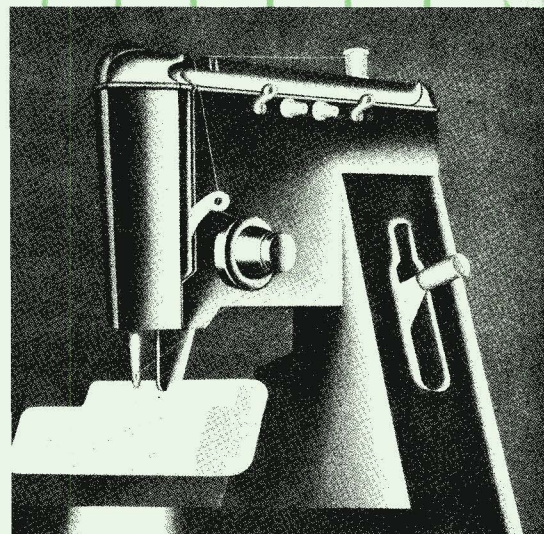


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# *europaean community*

COMMON MARKET • COAL AND STEEL COMMUNITY • EURATOM



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

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COVER: Sculpture by Pablo Picasso in Chicago Commissioned by the City of Chicago and oil painting, *Intriguing Woman*, by German painter Konrad Klaphek (Julien Levy collection, Bridgewater, Connecticut). Rehearsal of the European Communities Chorus and Orchestra, Jean Jakus conducting.



On September 19, 1946, Winston Churchill delivered his now famous address at the University of Zurich, stressing the urgent need for reconciliation between France and Germany and for the construction of a new Europe: "We must recreate the European family in a regional structure called, it may be, the United States of Europe."

## The Road to Independence

TWENTY YEARS AGO, Winston Churchill's Zurich speech launched the powerful movement of public opinion that has been the source of the great economic and political initiatives to integrate the continent of Europe. Where do we stand after these twenty years?

Enormous progress has been made, and we should not allow our present disappointments, our current impatience to blind us to it. The reconciliation of the peoples of Western Europe is now a matter of fact. European institutions have been established. To mention only what concerns the Communities: the common agricultural policy and industrial customs unions have been completed, and work is being done on economic union. Steady progress is being made in tax harmonization, transport policy, social policy, and competition policy.

Many other activities disprove the assertion that the Europe of the Communities is paralyzed. The Community's association agreements with a number of European countries, the success of the Kennedy Round, its negotiations with Morocco, Tunisia, and Yugoslavia, and the forthcoming renewal of the Yaoundé Convention all show that the Community is continuing its activities abroad without any slackening of pace. Yet all this progress, however substantial, falls short of the pressing needs of our times.

Europe ought to be united, but it remains divided. Despite all hopes, progress toward enlargement of the Communities has not yet resumed. Europe ought to be strong, but it still has no economic or monetary policy fit for this Continent. Europe ought to speak with authority and with one voice in world politics, but it has not yet made any serious progress toward political union. Europe ought to fulfill its duties to the developing countries more boldly and generously, but it has not yet established a common policy towards those countries.

Too many purely national trends are still in evidence. Too many fiscal, legal, and technical anomalies still bedevil our Continent. Europe has not yet attained its proper stature, and it is still living too much in the settings and habits of yesterday when today, more than ever before, Community solutions

ought to take precedence. This Congress should be the occasion for a thorough self-examination to measure the further efforts we must make and to give new impetus to the movement for European unification. Europe's road to independence and strength lies in unity.

Europe has not the military, industrial, technological, and financial power of the United States. Only in two fields is our Community already, without any enlargement, equal to the United States: trade and agriculture. In both, Europe is integrated, expresses itself with one voice, and thus can speak and deal with the United States as one equal with another. In unity, I repeat, lies Europe's road to independence.

Strengthening Europe means strengthening its institutions. Of all the great European organizations, only the Community has been able to build common policies. The same men who could not do it in the setting of other European organizations have succeeded in the Community framework. The Community's institutional machinery has made it possible. Europe's road to independence lies in the strengthening of its institutions.

The present crisis makes it quite plain that the paralyzing and out-dated veto system must be ended. Vetos, and the equally harmful counter-vetos they provoke, do not answer the needs of a living and dynamic Community.

Whenever the member states have the power to make decisions by majority vote, they must have the courage to do so—and to bow with good grace to the resulting decisions. On the other hand, whenever decisions must be unanimous, they have the right to disagree, but afterwards they must not just agree to differ but must take each other's opinions into account and work together unremittingly until they have found compromises. Give and take is inevitable in community life. Our generation, not the next, must strive to resolve these problems.

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JEAN REY, *President of the European Communities Commission, Excerpts from Address to the European Movement Congress, The Hague, The Netherlands, November 8, 1968*

# Jean Monnet on His 80th Birthday



JEAN MONNET observed his eightieth birthday at his home near Paris on November ninth.

"I am not," he told a reporter on the eve of his birthday, "a man of the past. I am concerned with where I am going, not where I have been." Nevertheless, old friends who helped him celebrate his anniversary and hundreds of friends throughout the world who sent greetings could not help but look back upon the extraordinary achievements of an extraordinary man.

"I have never had a job I didn't ask for," Monnet once said candidly. Putting it another way, he went after and got the tough assignments—most of them of his own creation—generally to help nations meet crises and challenges, use their resources, and, above all, plan for the future.

His influence on men and events for more than a half century has scarcely diminished since 1914 when, at the age of 26, he stepped forward from an obscure French Ministry of Commerce post and offered a practical plan for France and Britain to pool their resources in the strife against Germany. He organized then the activities of the Allied Executive Committee which ensured the shipment and allocation of scarce supplies from the United States and Canada.

In 1919, he became Deputy Secretary General of the League of Nations, a job he held for four years and then intermittently, during the 20's and 30's, returning to the League to assist in reforming the economic and financial affairs of some of its member nations, including the Republic of China. He still found time in those years to recoup the war-ravaged fortunes of his family's firm in Cognac and to make and lose a fortune on Wall Street.

Monnet's early adventures in the United States and Canada from the age of 18 as a brandy salesman for his father helped him escape the rigors of higher learning in France. One old friend, himself a Frenchman, once remarked wryly: "Jean's genius may in part be due to the rewards of never having had a formal French education." It is doubtful whether Monnet's tough mind would have suffered in Cartesian bondage, but he has credited his early experiences in Canada and the United States at the turn of the century and during the twenties in New York with profoundly shaping his attitudes.

In 1939, war clouds over Europe sent Monnet back to his old role of bringing nations together for common purposes. Again, they were France and Britain. He became chief of the Anglo-French Committee for Coordinating the War Effort, an adviser to Winston Churchill, and in 1940 persuaded Churchill in a radio broadcast to declare for Franco-British Union. Later he went on to Washington as Churchill's personal envoy, serv-

ing as chief of the Anglo-American Supply Mission. There he conceived the idea of lend-lease and coined Franklin D. Roosevelt's war cry: "We must be the great arsenal of democracy."

During the war years in London, Washington, and North Africa, Monnet was planning for peace. His voice was persuasive in allied planning councils for the post-war world and in the early 40's he was already talking about a community of European nations.

Immediately after hostilities, Monnet was back home urging a modernization and reconstruction plan for France to rebuild its ravaged economy. In 1947, he took over the reins of the "Plan", now a permanent government agency and remained until his next step into the future with the "Schuman Plan."

His plan to unite the coal and steel economies of former enemies, France and Germany, along with other European nations met with success in six nations, and in 1952 he became the President of the executive branch of the European Coal and Steel Community.

The defeat of the European Defense Community Treaty in 1954 and with it, the fading of hopes for a European political community, spurred Monnet to step down from his post in Luxembourg and return to Paris where he could act more freely as catalyst and gadfly for European unity. He formed in November 1955 the Action Committee for the United States of Europe. With the Committee and its membership, comprising leaders of all of the political parties and trade unions of the Community countries except the Communists and ultra-right wing movements, he sought to muster Europe-wide political strength to spur practical moves toward economic and eventual political integration.

Monnet's Action Committee has been a success if measured only by the passage through six European Parliaments of the treaties creating the Common Market and Euratom. Its continuing vitality is attested by the Committee's recent invitation to and acceptance by British political parties to join the grouping.

Jean Monnet is already planning ahead for British membership in the Common Market despite current and continuing objections by President de Gaulle. He remains quietly convinced that Britain not only should, but will become a member because the logic of the present European situation permits no alternative and that even the French administration will come to realize the reality of the situation and thus their own interests in U.K. membership.

The "father of Europe," as Monnet is sometimes referred to in newspapers, has often been viewed as an impractical idealist and doctrinaire in his views. Actually, distant disciples, impatient with the pace at which Europe is being shaped, are often to blame for doctrinaire utterances and fantasy blueprints. One American journalist came close to the mark some years ago when he said of Monnet, with a touch of reverence: "He combines the realism of a Tammany politician with the idealism and patience of St. Francis."

Monnet's own reverence is to men and their institutions. His unswerving belief is in the ability of men to shape their institutions so that they are relevant to their needs. He has said: "rules and institutions do not change men's natures, but they do bring about a change in their behavior toward one another. This is the lesson which civilization has taught us."

# Rekindling the European Spirit: the European Parliament's Task

by ALAIN POHER

THE COMMON ASSEMBLY created by the Paris Treaty gave the European Coal and Steel Community a democratic character and answered the hopes of many champions of the European cause for a rapid move towards common political institutions. It may have been feared that this Assembly would at times be overly zealous and interfere too much in the complicated management problems that the beginnings of the new common markets for coal and steel raised.

However, the Assembly's task was limited by the Paris Treaty to reviewing the ECSC High Authority's activities of the previous year. Admittedly, if we found the report unsatisfactory, we had the right to dismiss those responsible for it: a substantial right, and it showed that at least some of our powers were real. Though this sword of Damocles dangled each year over the High Authority's head, it was unlikely we would cut the threat suspending it, and we have never done so. We also had the right of censure, which gave us a chance to exert political influence, though it proved difficult to do so in practice.

The Common Assembly did, however, wield influence and carried out its work enthusiastically. I and the other veterans of this epic period in European parliamentary history still recall, at times a little nostalgically, those early years when it seemed so much easier to progress in leaps and bounds. We then had a great advantage—the feeling that we were doing pioneer work. The Coal and Steel Community was still a brand-new venture.

## High Hopes

Our conviction that the building of Europe was proceeding rapidly and on a broad front was not weakened by the breakdown of the European Defense Community or the ineffectiveness of the Assembly's attempts to draw up a plan for a political community at the request of the Ministers. In June 1955, the Messina conference revived the prospects of an enlargement of the Community and excited the hopes of all Europeans. Out of it grew the European Economic Community and the Atomic Energy Community.

The Common Assembly was proud to be associated with such a vast undertaking and eagerly discussed the new challenges it saw ahead. Ideas came fast and furiously, and there seemed to be no doubt they would be put into practice. The members of European parliaments were able to discuss the vast transformation that was being prepared and realized that their debates could influence the establishment of the new communities. Strengthened by this experience, we came together again, in increased numbers, at the first session of the European Parliament, in March 1958. We discovered for ourselves new powers and new tasks that gave our activities a somewhat different style.

*Alain Poher, President of the European Parliament, was elected President of the French Senate on October 3. Mr. Poher received 135 votes, Pierre Garet, a Conservative Independent, received 107 votes, and a Communist received 22. Mr. Poher is a leading member of the Democratic Center party which succeeded the Popular Republican Movement (MRP), a Christian Democratic group. Under French law, the President of the Senate succeeds the President of the Republic if he dies or retires and holds the office until new elections are held.*

Unlike the Paris Treaty, the Rome Treaties did not work by integrating individual sectors. Instead, they set in motion an extensive process that would alter every member state's economy and society. The Treaties could not fully describe this process and, in many cases, merely created a framework into which Community legislation would gradually be fitted. The European Parliament's participation in writing this legislation was all the more necessary, since the changes initiated would directly affect the life of every citizen. It was thus more important than ever for a European assembly to reflect the main currents of opinion and to ensure that the voice of the people would be heard in Strasbourg.

## Humanizing the Technical

In an undertaking liable to become the preserve of specialists, economists and officials, the European Parliament's task was to project as far as possible, the political vision that brings the most intricate technical problems down to the human level.

The task entrusted to us was not an easy one; at times we too bogged down in technicalities. But we tried hard, and the volume of parliamentary work steadily increased. Each year the number of reports, motions for resolution, and parliamentary questions increases. Though these documents have often been useful and there has been heavy demand for some of them, we have no intention of becoming a machine for churning out documents, excellent though many of them may be.

It is more important what results our influence has obtained. There would be no point in counting the number or measuring the length of amendments in the texts submitted to us and accepted by the Council of Ministers. That would throw little light on our true performance. Even in the type of work described, for the sake of convenience, as legislative (although no Community decision bears the name of law), we have achieved far more than a comparative study of texts would disclose. The foremost feature of our activities remains the frequent, if not constant, contact with the executive Commission. This dialogue puts our views before the Commission, which often takes them into account, even at the drafting stage, in the regulations it submits to the Council of Ministers.



## Preoccupied with Agriculture

We have made the Parliament's voice heard clearly on many important issues and have been listened to. Our activities could not, of course, be deployed with the same intensity and impact in every field. We have discovered certain fields especially favored by Parliament's intervention, even though I and a number of other members of Parliament feel we have given European agriculture perhaps a little too much attention. In any case, our preoccupation with agriculture has been useful as it resulted in our devoting closer attention to individual matters, to the effects of our decisions at family and local levels.

Parliament is also proud of its work in connection with the 17 African states and Madagascar associated with the Community by the Yaoundé Convention. Parliament urged the six governments of the Community to take a more active interest in contacts with these countries. The Parliamentary conference between their parliaments and our own was created, in a sense, in Strasbourg.

Although we have done useful work, caution and circumstances alike have perhaps induced us to take too narrow a view. At times, we have been caught in the snare of specialization and succumbed to the temptation, so common these days, of playing the technical experts. The experts, the specialists, can, after all, make themselves heard in many ways. They can avail themselves of Community bodies in which their needs and problems are explicitly discussed. The Economic and Social Committee and the ECSC Consultative Committee (see *European Community* No. 117, page 9) have discharged, and continue to discharge, this task commendably.

However, as a political institution, the Parliament must constantly put every problem—no matter how technical it may be—back in its general context and study its political background and effects. It may have been difficult to do this during the early years, when our chief concern was carrying out to the letter the duty imposed on us by the Treaty—furnishing opinions. Some mischievous spirits have alleged that the authors of the

Treaties deliberately set a trap to drown the Parliament in unduly technical details. I do not think so. With the delicate institutional balance established in the new Communities, it is doubtful whether tasks of a radically different kind could have been assigned to the Parliament.

No important economic problem can be discussed any longer except in the light of political consideration. The Community's external trade relations cannot be discussed in any context but international politics. If we want to serve as a forum in which the flow of ideas from all the political groupings in the Community can find expression—and this, after all, is the purpose of parliaments—we can never run away from far-ranging debate whenever the occasion demands it.

No rule, no principle can stop us from doing this. Parliamentary discussion is free. To confine the scope of our debates to specific problems for which rules are laid down in the Treaties would be to carry timidity too far. In this respect, too, we have made some progress, but we could go further.

However, we cannot faithfully reflect the major trends of political opinion unless we conform to the true principles of representation which are not always easy to apply. At present the European Parliament can do no more than reflect the characteristics of the national parliaments that appoint its members. Our political authority could be seriously impaired if this reflection were not faithful enough. We hope that the national parliaments will take steps to facilitate the speedy appointment of members of the European Parliament.

We should also increase our contacts with the outside world. We uphold the principle of an outward Community, one that above all understands others' viewpoints. For such a Community, the free exchange of ideas is essential. An encouraging example was the initiative shown recently by one of our committees in receiving parliamentary members from a large country anxious for closer links with the Community. Our Parliament could usefully repeat the experiment, increase such contacts, and occasionally extend them to plenary sessions, to



which so far only spokesmen of the other Community institutions have been admitted.

### Direct Elections

The large number of special sessions and debates that lead us to meet so often in different cities may one day bring back to the forefront of our attention the plan for electing members of the European Parliament by direct universal suffrage. Direct elections would not, of course, solve all our problems. They are not a cure-all, and organizing them would undoubtedly raise still more difficulties. All the same, to disregard the course plotted by the Rome Treaties in this respect, and to avoid all discussion of it at government level, shows disdain for the guidelines drawn by the founders of the European Community.

Should the members of the European Parliament, therefore, immerse themselves in routine work which is now discredited, renounce the grand ambitions once cherished by the Common Assembly and give national or local issues precedence over their European activities? I do not think so. Everything is still possible, even though we no longer have a path neatly traced out

before us, even though the governments and the large political parties in our countries cannot—or will not—resume work on the splendid highway that was being built towards an economically and politically united Europe.

We shall not be able to complete the project on our own. But no one, after all, can prevent us from working on it, from going ahead with plans and improving them, suggesting new ideas, rekindling the imagination and bracing the resolve of those who have grown tired of waiting. We members of Parliament must not be afraid to step out of the role that others have perhaps gotten too used to seeing us play.

The future of the Community is our foremost concern. It is up to us, therefore, to breathe new life into ideas, to win acceptance for them from other institutions as well as from the political parties and the governments of our countries. Members of the European Parliament remain, until further notice, members of the national parliaments. They should, then capitalize on their dual mandates by bringing to the work they do in their national parliaments and institutions the same European spirit that presides over our councils in Strasbourg.

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## Nothing Has Changed, Or Has It?

by HANS HERBERT GÖTZ

*Mr. Götz, who writes for the German paper Frankfurter Allgemeine Zeitung, gives a journalist's view of the European Parliament that provides a sharp contrast to Mr. Poher's optimism. He finds that members of the Parliament are in a dispirited, pessimistic mood and questions the organization's future role.*

NOTHING HAS CHANGED in the European Parliament. Groups of school-children armed with pamphlets explaining how the Community works listen to the debates. A Member of Parliament from southern Germany looks after a group of women from his constituency. Three Alsatian waitresses serve black coffee in the restaurant. At the main post office "Europa" postage stamps find a steady demand. The telex spits out mountains of paper on the subjects under debate: harmonizing technical standards for crystal glass, the situation in Czechoslovakia, proposals for a common fisheries policy, potatoes, inland waterways, technology, association with the African States.

Has nothing really changed? Or did the latest conferences in Brussels and Bonn mark the beginning of a new, gloomy phase in the history of European unification? Was the July 1 completion of customs union and the common agricultural market perhaps the zenith in the development that began in summer 1948, and is the work of unification now wilting? Is it even wrecked?

These are the questions that disillusioned members of the European Parliament are soberly asking themselves. They argue about whether the present crisis is the most serious the Common Market has known, or whether the 1965-66 crisis was even more dangerous, as Commission President Jean Rey has suggested. The majority believe that the Community now faces a fatal threat, from within.

The road on which so much progress was made now appears to be blocked, enormous boulders bar the way, the Community stagnates. Depressed as never before, Members of Parliament describe the situation in military terms: "We are surrounded. We musn't let the troops find out. Somehow, we'll get out." If it has repeatedly been asserted in the past that the Community has reached the point of no return, today the opposite view is heard: "What has been achieved can also be destroyed."

Soon, the Community will again face difficult decisions, and once again they will concern its agricultural policy. Shaking the pillars of the common farm-finance system endangers the Common Market, but it is an everyday question. Apart from this everyday problem and the difficulties it poses for each member state, it is now clearer than ever that the crisis in the Community is concerned with external relations and security. But crises evolve, and their course can be guided.

The Community is now withdrawing into its winter quarters to continue work on its customs union, common farm policy, competition policy, links with the associated states, and many other questions. Its winter quarters are firmly built and the Community can hold out there for sometime. But outside, the world moves on, as the events in Czechoslovakia have shown dramatically. Europe has not answered the appeals that have come in from so many sides. All that can be heard is a confusion of disputing voices, whereas Europe should be speaking with a firm clear voice. What else has to happen after Prague to strengthen the call of unity? That is what people at Strasbourg were wondering. Does it mean that everything the great old Europeans and the Members of the European Parliament have worked for over twenty years was unreal, only an illusion? Are we going to bequeath a heap of broken bits and pieces to the next generation? Such are the questions.

The Members of Parliament shrug their shoulders. "Our halt is prolonged," they say. "We must endure the three to four year drought." The session in Strasbourg was over. Much has changed in the European Parliament since this summer.



# Gaullism: Cult o

by BRUCE GRAHAM

*Mr. Graham, a Reader in Politics at Sussex University, England, examines French President Charles de Gaulle's rise to power and years in office to discover whether they have resulted in a political party. This is the fourth article in a series on political parties in the European Community. European Community No. 115 contains the first three, on the Socialists, the Christian Democrats, and the Liberals.*

"GAULLISM," in the language of French politics, denotes the acceptance of General Charles de Gaulle as the unquestioned leader of the French people and reasoned approval of the Fifth French Republic as a political regime.

The crisis following the Algerian insurrection brought Charles de Gaulle back to power in 1958, with a broad, diffuse base of public support and a general program. Some Frenchmen believed he was the only leader with sufficient moral authority to settle the Algerian problem without destroying the French state in the process. Others endorsed him because they knew his term in office would be characterized by a strong executive and the relegation of Parliament and political parties to a subordinate status.

The referendum of September 28, 1958, showed the strength of the Gaullist movement when 80 per cent of the voters approved the new constitution. The political party Union for the New Republic (UNR), (now called the Union of Democrats For the Republic) was formed to support Gaullist candidates in the general elections of November 23 and 30, 1958. The Union won 17.6 per cent of the votes on the first ballot and secured 206 of the 576 seats in the new National Assembly.

De Gaulle was elected first President of the Fifth Republic in December 1958 and Michel Debré became his first Prime Minister. He faced the problem of transforming the UNR from a parliamentary expression of the Gaullist movement into a disciplined and responsible party of government. The Debré government's parliamentary support depended on an alliance between the UNR, the Independent Republicans (Conservatives), and the Christian Democrats MRP (Popular Republican Movement). Although the new constitution and the exceptional authority vested in de Gaulle to deal with the Algerian war and its political consequences considerably reduced the power of the French Parliament under the Fifth Republic, the Debré ministry still had to count on the National Assembly's and the Senate's consistent support for its economic and social policies. UNR deputies generally accepted obligations to support the government in this situation, although several of party's leaders broke ranks and were either excluded, as was Jacques Soustelle, or obliged to resign, as did Léon Delbecque.

## Change of Prime Ministers

Events in 1962, however, assured the UNR's survival; de Gaulle demonstrated that even though the Algerian war was over, he commanded sufficient support to hold the opposition parties within bounds. Some of his advisers had suggested that he hold elections immediately after the Evian Agreements signed on March 18, which gave Algeria its independence and ended the war. Instead, de Gaulle decided on a change of prime ministers, replacing Michel Debré with Georges Pompidou, who took office on April 15, 1962. The following month Pompidou's MRP ministers resigned over a statement de Gaulle had made at his

PHOTO: Courtesy of the French Embassy Press and Information Division, New York, N.Y.



# Political Party?

May 14 press conference. "The only possible Europe was one composed of states," he said, presumably implying that the integration process of the European Economic Community had to be controlled and limited.

Faced with increasing parliamentary opposition, de Gaulle decided to seek amendment of Articles 6 and 7 of the 1958 Constitution, so that the President of the Republic would be elected by universal suffrage, rather than by the electoral college. This action provoked the opposition parties to move a vote of censure against the Pompidou government. The motion carried on October 5, receiving 280 votes out of 480, but de Gaulle refused to accept the resignation of the government and dissolved the National Assembly. His proposed constitutional amendments were approved by referendum and, in the elections of November 18 and 25, 1962, the UNR was returned to power with an absolute majority of seats in the Assembly, based on a first ballot vote of 31.9 per cent.

As Jean Charlot has pointed out,<sup>1</sup> this electoral victory greatly increased the confidence of the UNR's ordinary deputies and its provincial militants. Dissension, a characteristic of UNR internal politics in 1961, now disappeared, and the party concentrated on developing coherent economic and social policies. With an increase of grass roots recruiting, the party's membership reached a total of 86,000 by 1963. It was becoming an established party.

## The Gaullists and Europe

Speculation proved unfounded that de Gaulle might use the economic "safeguard clause" to limit France's obligations under the Common Market Treaty. The French President accepted those commitments made by the Fourth Republic, and maintained an active French participation in the construction of the Community's economic framework. The French Government played an active part in negotiations for the Council of Ministers' decision in January 1962 setting a timetable for the introduction of the common market in agricultural produce. However, France was more cautious on questions concerning the means of political integration. De Gaulle, though prepared to consider increasing the Council of Ministers' powers over economic affairs, took the view that the Six were associated within a confederation, and that sovereignty should remain with the individual member states.

He was not prepared to sanction the admission of Great Britain to Community membership, and preliminary negotiations ended after the French "veto" of 1963. At his press conference on January 14, de Gaulle contrasted the common interests which bound the Six together with the special interests Great Britain would have imported into the Community. Stressing the importance for the Six of the agreements which were leading to a common agricultural market, he asked whether the British would be prepared to disband the system of Commonwealth preferences, their own agricultural protection, and their arrangements with members of the European Free Trade Association. Nearly five years later, in a press conference on November 27, 1967, he again expressed reservations about British suitability for Community membership; and, since the Council meeting of December 18-19, 1968, there has been a deadlock over the second British application for entry, again largely because of French reservations.

## The Gaullists in Strasbourg

The UNR's association with de Gaulle's cautious policy towards the political integration of the European Community has troubled the party's relations with the MRP and the French Socialists, both more pan-European, less nationalist in outlook, and less concerned about the possibility that the Community may produce a "supra-nationality."

The UNR's relations with parties outside France remain limited, though both the MRP and the Socialists have established contacts with similar parties in other member states. This aloofness has led to an interesting situation in the European Parliament in Strasbourg. The French Socialists and representatives of the Dutch, German, Italian, Belgian, and Luxembourg left-wing parties belong to the coherent Socialist group, and the MRP deputies belong to the equally representative Christian Democratic group. The UNR representatives sit with the Liberal group, a heterogeneous combination of delegations that lacks the consensus of the Socialist and Christian Democrat groups. After the French veto on British entry in 1963, the 15 Gaullist representatives found themselves isolated even within the Liberal group. They tried to form a fourth group, the European Democratic Union, but fell two members short for recognition as a formal parliamentary group. After a change in the Parliament's rules, they were later recognized as a separate group.

## The Gaullists in the Mid-sixties

The results of the first presidential election held under the amended constitution on December 5 and 19, 1965, did nothing to boost the Gaullist morale. De Gaulle failed to gain an absolute majority on the first ballot, securing 44.64 per cent of the votes cast. His two nearest rivals, François Mitterrand, representing the Federation of the Democratic and Socialist left (FGDS) and Jean Lecanuet, representing a center alliance, won 31.72 per cent and 15.57 per cent, respectively. Although de Gaulle triumphed on the second ballot, with 55.19 per cent of the votes compared with Mitterrand's 44.80 per cent, the relative narrowness of his victory created some uncertainty in the ranks of the UNR.

Then, cabinet changes approved by de Gaulle early in 1966 indirectly increased the autonomy of one of the government's Parliamentary groups, the Independent Republicans. When their leader, Valéry Giscard d'Estaing, who had been finance minister for several years, was replaced in January 1966 by Michel Debré, Giscard d'Estaing promptly encouraged his group to stand back from the UNR and to insist on special requirements in terms of seats and support in the legislative elections of March 1967.

Differences within the UNR itself became more apparent. The party's left-wing faction, the Democratic Union for Labor (UDT) asserted that its leadership should recognize that UNR membership was by no means homogeneous. One UDT militant argued in the Parisian newspaper *Le Monde*, on February 16, 1966: "Formed hastily in 1958 to stand up to the older parties, the UNR asserted itself as the essential expression of Gaullism. Although it appeared to be a monolithic party, it reflected but a splinter group in the last resort; it did not and could not represent the whole of Gaullism in 1962. It does not represent the whole of Gaullism in 1966."

The UDR and other Gaullist groups favored not only a decentralized party structure, but also flexible electoral arrangements at the local level, so that Gaullists of all shades of opinion and Independent Republicans could try their luck on the first ballot and make common cause on the second. However, faced with the possibility of a tight electoral alliance between the Communists and the FGDS, the Gaullists had no alternative but to insist on a single government candidate in each constituency, even before the first ballot. This was the strategy adopted for the 1967 elections.

The various factions in the party were brought together in the Action Committee for the Fifth Republic, formed on May 11, 1966. For each constituency one majority candidate was nominated. The campaign for the March 5 and 12, 1967, elections was conducted with a technical concentration and centralization quite new to French politics. Even so, the election was close. The governmental group (including Independent Republicans) emerged with only 244 members in the 486-member National Assembly, and the Pompidou ministry found that in close parliamentary votes it had to woo unattached deputies.

With the elections behind them, however, UNR leadership could give various party factions greater latitude to express their points of view on matters of policy and party organization. As a result, the contrast was further emphasized between the Gaullists who think of Gaullism as a movement or moral crusade and those who wanted to identify the party with consistent social and economic policies, policies which would enable it to survive the General's departure from public life.

### Lille Conference

These and other problems of vital importance to the party were discussed at the conference of militants held at Lille on November 24-26, 1967. The ground had been prepared earlier in the year by changes in the party's secretariat. The former Secretary General, Jacques Baumel, had resigned in May and Pompidou himself, working with Roger Frey, one of the founders of the original party, had taken over the party's affairs. An executive committee of the Democratic Union for the Fifth Republic directed by Philippe Dechartre, endeavored to establish flexible links with as many sympathetic groups as possible and to make the party into a confederation rather than a federation.

The Lille conference, though intended primarily to take stock of these changes, proved to be an unexpectedly lively occasion. Roger Frey and Jacques Chaban-Delmas and other established leaders, had difficulty restraining the enthusiasm of a section of younger militants, who wanted the conference, rather than the proposed central committee, to select the secretary general. Finally, the conference:

- changed the party's name from UNR-UDT (first adopted in 1962) to Union of Democrats for the Fifth Republic
- adopted a revised party constitution which provided for a national conference at which the rank and file could express their views and a Central Committee to coordinate relations between the parliamentary group and the constituency organizations
- authorized the Central Committee to elect a small executive of 18 members, including a general secretary. Robert Poujade, a Gaullist militant from Dijon associated with the party

since its inception, was appointed to the post in January 1968.

The social character of the movement was changing. The party's new militants now included many people too young to have been associated with the Rally of the French People (RPF, the Gaullist party of the 1947-53 period) and many who had not been directly involved in the events of 1958. Their prime concern was to ensure that the party should provide them with more opportunities for discussing policy issues and for communicating with the party's parliamentary group and leadership.

Robert Poujade summed up the implications of these new attitudes when he stated, early in May 1968: "Gaullism is now established in political life, and just when some people are talking about what will happen after de Gaulle. We have overcome our old complex, the product of being in opposition for too long. We have overcome our crises which arose from the Algerian affair. We are in a period of expansion and we are determined to do what is necessary to maintain our majority position for a long time."<sup>2</sup>

Students' and workers' demonstrations occurred soon after this statement. There followed a period of prolonged negotiations with the trade unions and calls for order and stability, and finally the snap election of June 23 and 30, 1968. The election gave the Democratic Union of the Fifth Republic a total of 297 seats in the new Assembly, an overwhelming majority of the seats, even without counting the 63 seats won by the Independent Republicans. De Gaulle accepted the resignation of Prime Minister Georges Pompidou and appointed Maurice Couve de Murville in his place.

Despite the serious economic consequences of the May events, the French Government kept its Rome Treaty commitment to complete the customs union on July 1. France did take limited and temporary protective measures, in accordance with Community procedures, to safeguard its balance of payments (see *European Community* No. 115, page 3).

The effects of these recent events on the Gaullist movement cannot yet be clearly assessed. Much will depend on whether or not the French Government can maintain social order in coming months, restore economic activity to its former level, and, on whether or not the reform of the party's internal structure can be put into effect.

### GAULLIST VOTES SINCE 1958

<i>Election dates</i>	<i>First Ballot Votes</i>
November 23 and 30, 1958	17.6% UNR and other Gaullist groups
November 18 and 25, 1962	31.9% UNR only
March 5 and 12, 1967	37.8% 5th Republic, including Independent Republicans
June 23 and 30, 1968	43.7% UDR only

The French Ministry of the Interior did not separate the Fifth Republic and Independent Republican votes in their tabulation of the 1967 result, but the Independent Republicans probably contributed no more than 6 per cent.

<sup>1</sup> Jean Charlot. *L'UNR Étude du Pouvoir au sein d'un Parti Politique*. Armand Colin, Paris, 1966.

<sup>2</sup> *Le Monde*, May 12-13, 1968, p. 12.

# Cultural Exchanges: Third Pillar of Foreign Policy

by RICHARD SEYMOUR

*Governments since the nineteenth century have recognized the importance of promoting and controlling cultural activities to further their national policies. Cultural activity is also vital for the success of European unity. Mr. Seymour, a former official of the British Council and head of the Council's Commonwealth and European divisions, discusses the trends in European cultural cooperation.*

"ALLIANCES GAIN CONFEDERATES, trade policy gains business partners, and cultural policy wins friends." Recalling this maxim, German Foreign Minister Willy Brandt once remarked that foreign cultural policy has become one of the three pillars of modern foreign policy, on an equal footing with diplomacy in the narrower sense of the word and with trade policy.

Most European governments share this view. Their national cultural relations services try to

- encourage exchanges of individuals and groups for educational or informational purposes
- project a reasonable, but favorable, image of the country, its cultural past, and present trends of thought
- provide language training, since knowledge of a language is considered the key to understanding much about the country.

To a large extent knowledge spreads of its own accord: scientists need to know of the latest technological developments, visiting town councilors learn about local administration, and school orchestras on tour absorb impressions of family life in a foreign country. However, many activities need financial help from the government and the assistance of skilled professional staff, who, like switchboard operators, put people in touch with people and minds with minds. As the head of the French cultural service wrote twenty years ago, it is the permanent duty of the state to encourage initiative and respect freedom. However, the largest projects can be undertaken only at government level.

## Government Involves Itself in Culture

The organization needed for these ends began to grow around the end of the 19th century. It grew on the French model, for the French were the pioneers. They set up "institutes" to reach adults and pupils in other countries: French *lycées* abroad were intended mainly to provide a French education for foreign children; German schools abroad were originally to serve German communities living in foreign countries. Societies such as *Alliance Française* or the Italian Dante Alighieri Society, however, tried to reach other nationalities. All these organizations still flourish, but the term "culture" now covers a wider range of subjects and propaganda methods have grown more flexible.

The minister of foreign affairs usually controls a government's cultural activities. The ministry of education plays a more or less important role, according to the custom of the country. The Germans, with no federal education ministry, divide the work between a number of separate agencies, such as the *Deutscher Akademischer Austauschdienst* (DAAD) for scholarships and university matters, and the *Goethe Institut* for language-teaching centers.

The British have their own method—the British Council, an independent public authority, government-financed, but organized like a partnership between the fund-providing state and the various national interests whose representatives make up the majority of its governing body. Twenty years have passed since Archibald MacLeish wrote: "It is largely in consequence of the activities of the British Council that no literate European will ever again refer to the English as a nation of shopkeepers."

The national cultural services of the European nations are

*Jean-Louis Barrault and Madeleine Renaud leaving Paris for a two-month tour of the United States and Canada. PHOTO: Courtesy of the French Cultural Services, New York, N.Y.*





*Students at the Free University of Brussels. Young people are a prime target for "exchanging culture." PHOTO: Courtesy of the Belgian Information Service, New York, N.Y.*

usually tied together in pairs by a series of bilateral agreements between governments providing for cooperation over the whole field of cultural relations under the supervision of a "mixed commission," which represents both sides and meets at regular intervals. The education ministries of Belgium and the Netherlands have played an important part in developing cultural cooperation in Europe. Multilateral cooperation is provided through the Council for Cultural Cooperation of the Council of Europe, and at world level through the United Nations Educational, Social, and Cultural Organization (UNESCO).

#### **"Trade Follows the Book"**

Most national cultural services do not limit their activities to Europe but rather operate world-wide, subject to the financial or policy restrictions of individual states. Cultural policy and aid policy toward developing countries are closely related. Together, these programs involve sizeable sums of public money, more than \$2.4 billion a year for each of the most active countries. Naturally, governments are not entirely altruistic. Cultural cooperation wins friends and friendship stimulates exports: "Trade follows the book."

Understanding a country's habits and traditions fosters an understanding of the reasons for policy, if not agreement with it. So, it is reasonable to ensure that both the "giving" and the "receiving" country benefit from a project. Nevertheless, there has been a good measure of idealism. Much British expenditure has been devoted to the Asian and African countries of the Commonwealth, partly to ensure them a good start on independence and partly in the belief that the Commonwealth is a multiracial grouping that can set an example to the world. The French have their special interests in French-speaking Africa, but also seek to preserve the cultural influence of France over the world at large. All Western Europe benefits from these activities. The work of the European cultural services in the developing countries is interdependent.

Cultural interchange between countries of similar development, interests and traditions—between the European countries—is a mosaic of small projects and activities that represent the multiplicity and diversity of those interests. The list of undertakings is a long one and in its bits and pieces, rather dull. Among others, there is the language work in the insti-



Theater and music have been the most popular areas of cultural exchange. In 1967, the *Visitation*, by the German composer Gunther Schuller, was performed at the Lincoln Center Festival in New York. PHOTO: Courtesy of the German Information Center, New York, N.Y.

tutes and, of more importance, in universities, training colleges, and schools. Visitors of all kinds come, sometimes to expound, more often to learn. They may be on post-graduate scholarships (big countries award many hundreds annually) or perhaps on two-week trips to a laboratory or university hospital.

Partnerships between towns produce a regular stream of exchange visitors of all ages and classes. Some partnerships are three-cornered, as between Frankfurt, Birmingham, and Lyons. They are more highly developed between some countries than others, for the cost of long-distance travel can be a limiting factor. Artistic exchanges, such as visits of theater companies, orchestras, ballet companies, and art exhibitions also influence relations between countries.

#### **Young People: the Main Target**

Most European exchange activities involve young people. Western Europe has perhaps 200,000 foreign students, many of whom will later become leaders of professions and industries of Asia and Africa. It is generally young people who learn foreign languages, use libraries, and are most interested in new plays and modern art. The largest current youth program is the

de Gaulle-Adenauer youth exchanges between France and Germany (see *European Community* No. 113, page 13). National cultural services have to appeal to the young and critical mind.

Professionals working abroad on behalf of different countries pursue similar objectives by roughly similar methods. The basis of their work is bilateral, most of it involving movement of people or material between their country and another. It is a two-way traffic; and in the interest of efficiency, cooperation must be close between pairs of countries. Programs requiring cooperation between groups of countries usually have different objects, need rather different methods, and on the whole are best kept separate.

There is no doubt that this work of "exchanging culture" helps reduce misunderstandings, reduce prejudice, and promote knowledge. The closer countries move together politically or economically, the more, not the less, important is cultural work likely to become. Cultural exchanges are perhaps examples of the validity of Senator William J. Fulbright's proposition that the nation performs its essential function, not in its capacity as a power, but in its capacity as a society.

# Transport Investment

by **CASIMIR KATZ** *Mr. Katz is a German freelance writer*

*Increasingly heavy passenger and goods traffic and constant technical innovations are reshaping Europe's intricate transport network. The big question is whether or not governments will cooperate or compete with one another in planning and carrying out their programs. Gigantic amounts of capital are involved.*

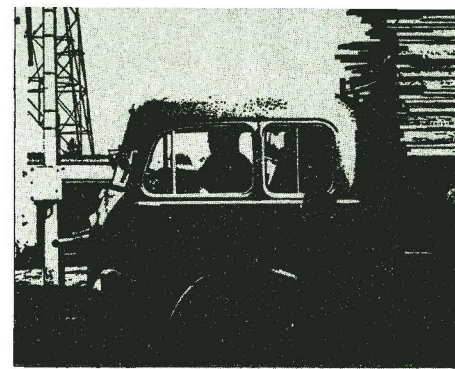
SINCE 1953, the number of motor vehicles in the six European Community countries has passed from six million to more than 40 million. More than three times as much traffic crosses intra-Community borders now as in 1958, when the Common Market Treaty came into force. It is not just the increase in traffic that causes headaches; new technology brings with it new problems.

New competitors, such as air freight, and pipelines for petroleum and petroleum products, have entered the transport market. Sea transport by containers will have far-reaching consequences for feeder transport. On railroads, steam locomotives have been extensively replaced by electric and diesel trains, and on inland waterways high-power "pushers" make it possible to transport large quantities of goods using few personnel. The steady rise in wages has encouraged the mechanization of loading operations. With the latest cranes, fork-lift trucks, and other conveyor aids, trucks that used to keep loading gangs of six to eight men busy half a day can now be loaded in minutes.

As the Community's population, per capita income, and consumption grow, transport and distribution problems will become more and more acute. Freight and passenger transport will become more crowded. Two-car families will become more common if the current trend persists towards the separation of place of residence and place of work. As incomes expand and vacations lengthen, the tide of travel will continue to swell. By 1980, people in the Community will own 80 million cars.

Traffic tie-ups will not, however, be limited to land. Giant airliners and supertankers of 200,000 and 500,000 tons will tax the ingenuity of the Community's transport planners.

If the transport industry hopes to keep up with these developments, it will have to make large investments. Only the closest cooperation will prevent misdirected and duplicated expenditures on, for example, harbor enlargement for mammoth tank-



ers, the construction of container terminals, or the extension of adjacent airports. It would be useless for railroads in one country to change to container or piggy-back transport unless neighboring countries' receiving and loading facilities can accommodate them. All European countries, in particular Austria and Switzerland, should participate in transport planning; it should not be limited to Community members.

## Railroads Losing Grip on Market

The railroads, once Europe's most important means of transport, have obtained only a small share of the growing volume of traffic. Their new business is much greater in Italy and France than in Germany, Belgium, or the Netherlands, where they have stood still or lost ground.

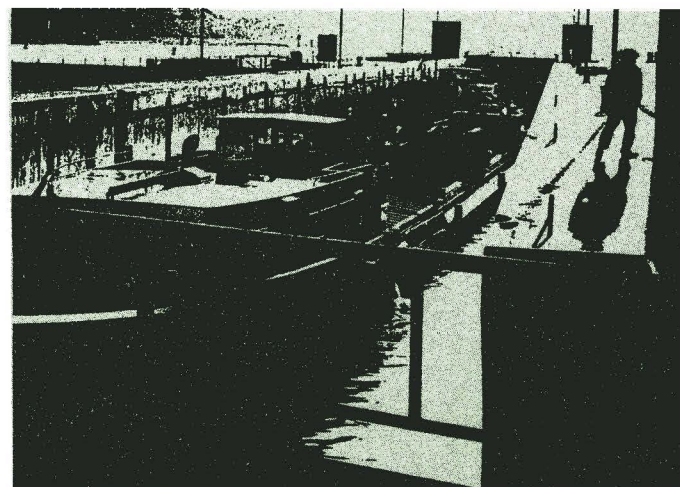
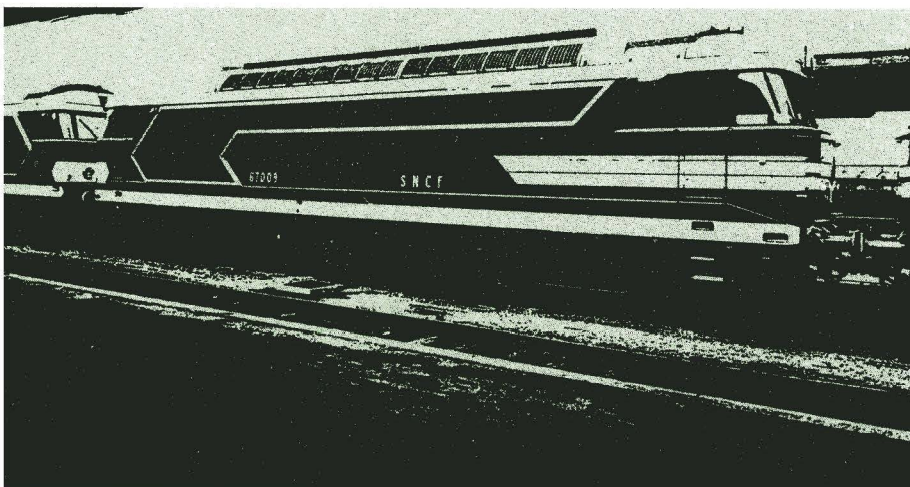
One reason for the railroad stagnation is that unlike trucks, trains cannot make 24-hour door-to-door deliveries of goods over distances of more than 600 miles and crossing frontiers. Furthermore, while all companies are connected to highway systems, they are not always convenient to the rail network. Piggy-back transport, which still has some kinks in it, is profitable only if the container can be quickly transferred from flatcars to trucks. Railroads must be able to carry not only conventional-sized containers, but also special units designed for liquid and bulk shipments, such as cement, soda, gravel, and sand.

## Road Transport: Missing Links

International road transport suffers from poor connections between countries. Highway systems were originally planned with only national needs in mind so that road density is lower in frontier areas than around major industrial centers. Border roads are often narrow, and traffic jams occur.

Few turnpikes span frontiers. For 25 years, the pre-war Munich-Salzburg Turnpike was the only one. Recently, however, turnpike hook-ups have been made between Germany and the Netherlands and Belgium. But there is still no turnpike connecting Amsterdam with Brussels and Paris, or Paris and Cologne. New bridges over the Upper Rhine are urgently needed and are already planned to improve the link-up between France and south-west Germany.

Highway density even varies within individual European



countries. In 1965, Germany had about 2,250 miles of superhighways while Italy had 1,150 miles. France, less densely populated than Italy or Germany, had 450 miles. There are about 460 miles of expressways in the Netherlands and 260 miles in Belgium. In the last few years, Italy has had the fastest growing superhighway system.

The Alps are the major problem for European road traffic, as for rail traffic. The construction of new road tunnels, like the St. Bernard, the Mont-Blanc, or the Felber-Tauern tunnels, has improved the situation; but eventually more all-season roads and superhighways will have to be laid to carry goods traffic across the Alps, even in winter. Work on the Brenner expressway and the road over the St. Bernard should be accelerated, though these two roads alone will not be able to handle the increased traffic, especially at peak periods. Nor will the construction of new passes and tunnels be adequate without extensions and improvements in feeder roads.

### Seaports for Big Bulk Carriers

With the European economy's growing dependence on imported raw materials, seaport activity has also increased. Between 1958 and 1965, inbound port traffic rose from 237.7 million metric tons to 422.8 million tons. Dutch ports showed the highest growth rate. Rotterdam, now the world's largest port, is getting ready to handle 300 million tons in 1980.

With the transition to even bigger ships for bulk goods—not only petroleum but also iron-ore, bauxite, and grain—harbor facilities must be extended too, at great expense. Channels have to be deepened, docks enlarged, and suitable loading gear made available so that giant ships can be emptied in a few hours. Finally, a giant port also requires an adequate road and rail networks. Considering the high cost of port extensions, it is only logical to try to coordinate individual investment projects. The same applies to the planned container ports: there would be no point in converting every existing port to these new methods of shipping.

### Inland Waterways Compete with Railroads

Inland waterway navigation and canal construction are currently causing controversy. Railroads, in particular, oppose any further extension of the inland waterway system.

The Community's inland waterways play a more important part in transporting freight than is generally realized. Since 1958 the volume of goods moved by inland waterways has increased by a third. In 1965, with a total of 85 billion ton-kilometers, it was half as great as the volume of rail traffic.

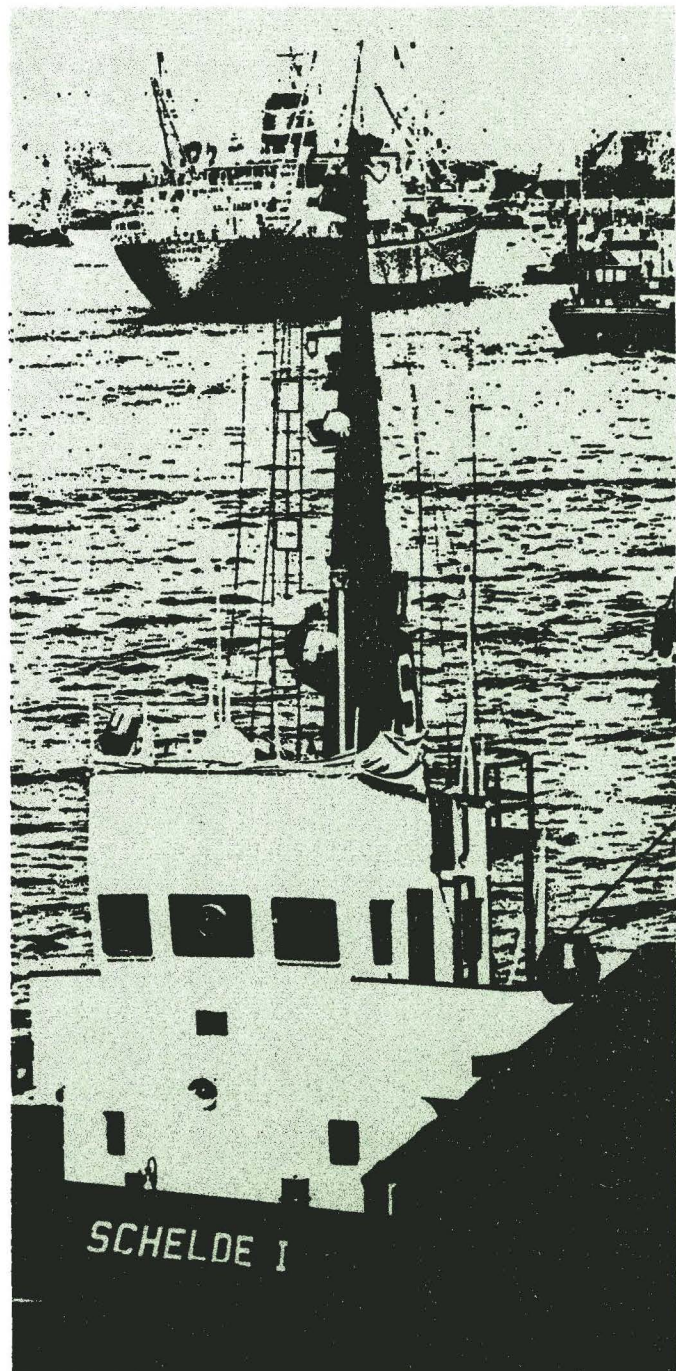
In any case, there is still a need for a joint European canal system, in particular to connect the French and German economies more closely. While the canalization of the Moselle has linked the Lorraine industrial region with the Ruhr, there are still no modern connections between the Rhine and the Rhone. Other important canal projects are the Rhine-Main-Danube canal, and a canal link between the Ruhr and the Hanseatic towns.

### Air Transport, the Luxurious Necessity

Airplanes, popular for mass passenger transport, is also becoming popular as a means of transporting high-value goods. Since 1957, the volume of air freight in the Community has

risen from 221 million ton-kilometers to 773 million ton-kilometers. Any further increase in air freight will however require heavy investments to enlarge airports and provide adequate feeder services. The most economical way could probably be to concentrate on expanding a few very large airports in the Community's densely-populated northeast between Paris, Amsterdam and Cologne.

The growing burden on road, rail, and inland waterways is being partly relieved by the newest means of transport—pipelines. The European pipeline network can now carry 180 million metric tons of fuel a year. Important joint European achievements in this field were the crossing of the Alps by the transalpine pipeline from Trieste to Ingolstadt and the Rotterdam-Rhine pipeline.



# COMMUNITY NEWS

## ALL PROPOSALS FOR ENLARGING THE COMMUNITY TO BE REVIEWED COUNCIL ALSO DEBATES AGRICULTURE, COMMUNITY BUDGET, COAL

All proposals made during the past year for enlarging the membership of the European Community will be reviewed it was decided at the Council of Ministers' latest foreign affairs meeting on November 4-5. At a press conference following the meeting, Council Chairman Giuseppe Medici described this agreement as a sign of progress in the enlargement debate, now a year old.

Since the last issue of *European Community*, the Council has met six times: on September 23-24, October 14-15, and October 29-30 to discuss agriculture; on October 29 to discuss budgetary and administrative matters, and on September 27 and November 4-5 to discuss foreign relations. The October meetings were held in Luxembourg; the others took place in Brussels.

### British Application Still on Agenda

At both meetings on foreign relations, the Council discussed the British, Irish, Danish, and Norwegian requests for membership in the Communities and the letter from the Swedish Government. A proposal from Germany on September 27 and one from France on November 4-5 to restore momentum to the European unity movement were also discussed.

Germany called upon its partners to make new initiatives for the unification of Europe. It asked them to start by acknowledging that enlargement and strengthening of the Community are inseparable issues. Its action program called for:

- measures to strengthen the bonds between the Community and the applicant countries with their eventual membership in mind. These measures should include commercial arrangements for agriculture as well as industrial goods to allow the candidates' economies to adapt to the Common Market.
- cooperation in the areas of science and technology
- participation by the candidates in certain internal negotiations of the Six (for the creation of a European form of company, for example)
- regularly scheduled contacts with the applicant countries
- increased political cooperation. A meeting should be organized between foreign affairs ministers of the applicant countries, the Community members' foreign affairs ministers, and the Commission.

At the end of its discussion, on November 5, the Council agreed to instruct the Committee of Permanent Representatives to study all proposals that have been made in connection with the four membership applications and the Swedish letter. It asked the



Council of Ministers meeting on foreign affairs, Brussels, November 4-5. Left to right: Jean Pierre Brunet, Director of Economic and Financial Affairs in the French Foreign Affairs Ministry; French Foreign Minister Michel Debré; Dutch Foreign Minister J. M. A. H. Luns; and J. M. Boegner, French Permanent Representative.

Committee to give particular attention to trade arrangements and cooperation in the area of technology. It was understood, the Council press release stated, that any proposals for cooperation in these fields with other interested European countries would also be examined in this manner.

The Council proceeded to examine the French proposal, which emphasized the need of strengthening the Community for consolidating the work accomplished in the past decade. France called for new efforts to complete: customs harmonization; transport policy; competition policy, particularly in the areas of concentration and agreements between enterprises; freeing of capital movements; and harmonization of taxes, particularly excise taxes. It urged Community members to eliminate all technical barriers to trade caused by the divergence of standards, to solve problems relating to industrial property and patents, to create a European form of company, and to establish a common policy for energy.

The Council noted that there was unanimous political will to strengthen the Community, then asked the Committee of Permanent Representatives, in cooperation with the Commission, to study the French Government's suggestions and to report back on them and the other delegations' suggestions.

### Other Countries Discussed

Other aspects of the Community's foreign relations treated during the two meetings devoted to this subject were the following:

- East Africa: The Council transmitted to the European Parliament the text of the

Arusha Agreement and annexed documents associating Kenya, Uganda, and Tanzania with the Community.

- Australia: The Council decided to conclude a renegotiation agreement with Australia under Article XXVII (5) of the General Agreement on Tariffs and Trade. The agreement modified or withdrew concessions made between the Community and Australia during the Kennedy Round.

- Switzerland: The Council adopted a regulation concluding an arrangement between the Community and Switzerland for the provisional maintenance of reduced customs duties on certain fabrics.

- Morocco: The Council adopted a supplement to the terms of reference given the Commission in July to allow negotiations to continue (*European Community* No. 116, page 13).

- Yugoslavia: After hearing the Commission's report on initial talks with Yugoslavia for a trade agreement, the Council noted that the Commission would soon submit proposals concerning the resumption of these negotiations early next year. In discussion, all Community members emphasized how important and desirable they believed it was to solve outstanding problems

- Iran: The Council agreed to extend the trade agreement between the Common Market and Iran for one year past its expiration date of November 30, 1968. This extension, which will be effected by an exchange of letters, will be the third such extension.

The Council also adopted a decision extending increased tariff preferences granted this year for handmade Iranian carpets.



- **Latin America:** The Council heard a statement by Italy on relations between the Common Market and Latin America and instructed the Committee of Permanent Representatives to examine the Italian memorandum and report back.

- **Osaka Exhibition:** The Council decided unanimously that the European Communities will participate in the Universal and International Exhibition in Osaka, Japan, in the summer of 1970. The Committee of Permanent Representatives was asked to see how much could be spent for this purpose.

#### Coal Problems Debated

Aid to the Community's coal industry and loans to encourage new industries to locate in former mining regions were discussed by the Council.

S.A. *Caterpillar Belgium* will receive a loan of \$7 million as a result of the "confirmatory opinion" rendered by the Council on October 15, under Article 56 of the Paris Treaty creating the European Coal and Steel Community. This article allows the ECSC High Authority, with the agreement of the Council of Ministers, to facilitate financing of projects to restore employment in coal and steel areas where technological change causes hardships for discharged workers.

Article 56 provided the basis for the High Authority's reconversion program of bringing new industries into these depressed communities. Since the merger of the Community executives in July 1967, the European Communities Commission has administered this program.

On September 24, the Council gave a confirmatory opinion under Article 55 of the Paris Treaty for financial aid that the Commission intended to grant. Seven research projects related to the coal industry will be financed. Research subjects include means of improving productivity, facilitating trans-

port, and solving technical problems connected with the use of coal as a fuel.

The Council took note of the Commission's report on the Community's energy situation, which will be published in final version before the end of the year. On the basis of a memorandum from the Commission, the Council gave the necessary consultation on the member states' financial aid to the coal industry for 1968.

#### Employment and Labor

A number of the Council's recent decisions affect people working in the Community. The Council adopted directives and transitional measures to secure the right of establishment and freedom to provide services in:

- self-employed retail trade activities
- self-employed activities in the food and beverage industries
- self-employed "personal service" activities (restaurants, cafés, taverns, and other drink-

ing and eating places, and hotels, rooming houses, camps, and other lodging places)

The council also adopted directives to:

- secure the right of establishment in self-employed occupations in film distribution
- abolish residence and movement restrictions of member states' workers and their families within the Community.

#### Numerous Agriculture Decisions

Numerous decisions were made by the Council related to the welter of technicalities involved in the administration of the common agricultural policy:

- **Pork:** the Council adopted a regulation setting prices and quality standards for slaughtered pigs in the period November 1, 1968-October 31, 1969.

The Council noted the Commission's intention of submitting a comprehensive report soon on the common market organization for pork and of making any proposals that seem appropriate.



Left to right: Rolf Lahr; Willy Brandt; J. van der Meulen, Permanent Representative of Belgium; and Hans-Georg Sachs, German Permanent Representative.

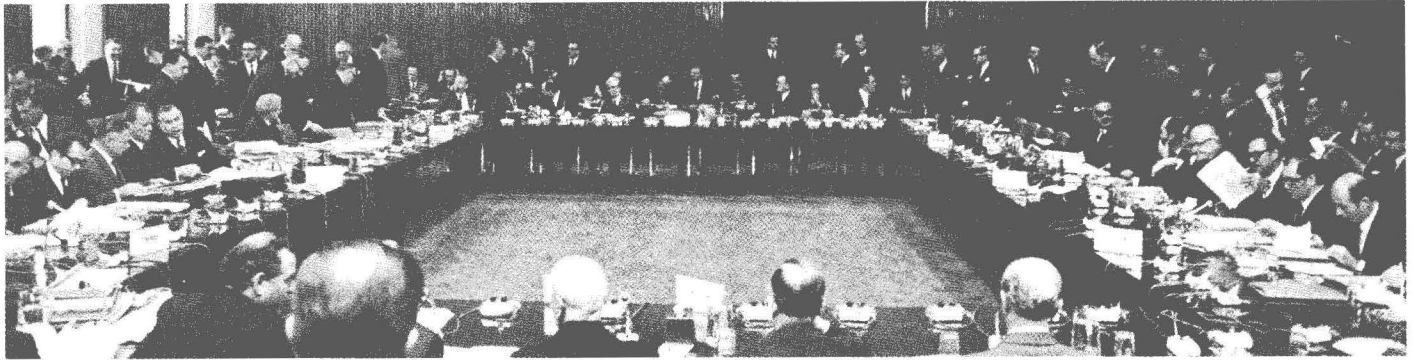


Left to right: J. M. Boegner; Rolf Lahr, Secretary of State in the German Foreign Ministry; Michel Debré, and German Foreign Minister Willy Brandt.

- **Fats and oils:** the Council adopted regulations setting olive oil prices for the 1968/69 marketing year and extending the regulation granting temporary aid to olive oil producers until October 31, 1969.

- **Dairy:** the Council had an exchange of views on possible means of disposing of the Community's butter surplus which now exceeds 250,000 long tons (see *European Community* No. 113, page 15). The possibilities under consideration include: supplying butter to the food industry, needy consumers, and developing countries, marketing it as a cattle-feed additive, and furnishing concentrated butter to consumers.

On a proposal by the commission, the Council noted its agreement to authorize Belgium to grant aid to producers of whole milk powder until the end of the 1968/69 milk year. The aid will amount to \$2.85 per 100



General view of the November 4-5 Council of Ministers meeting.

kg. of milk powder with a 26 per cent fat content.

To offset severe difficulties on the Gouda, Gruyère, and Comté cheese market, the Council noted the Commission's declaration of intention to authorize Belgium and France to continue the subsidies to private stockers that were in effect before July 29, 1968. At the same time, the Council asked the Commission to report before December 31, 1968, on the market for these cheeses, possibly making appropriate proposals.

- Fruits and vegetables: the Council adopted a regulation setting cauliflower prices for the period November 1-December 31, 1968.
- Eggs: the Council adopted a regulation setting marketing standards for eggs by quality and weight, and packing and marking requirements. Markings are to include the date of packaging and, for imports, the country of origin.
- Starches: the Council agreed to consult the European Parliament concerning a proposed regulation amending the tariff description of starches imported from the associated African countries and overseas territories.
- Sugar: on October 29, the Council noted its agreement on a regulation proposed by the Commission concerning financing of the common market in sugar through December 31, 1969.

The regulation adds to levies for the purpose of calculating the member states' contributions to the European Agricultural Guidance and Guarantee Fund, the following: contributions by sugar manufacturers to the storage costs financed by the EAGGF; contributions levied on production above 105 per cent but below 135 per cent of internal marketing quotas, and levies on sugar market in excess of the maximum quota of 135 per cent. Ninety per cent of these receipts will be credited to the member states in calculating their contributions to the EAGGF.

After December 31, 1969, monies from these three sources will accrue to the Community, according to a resolution on which the Council noted its agreement. The Italian delegation's agreement was given *ad ref-*

*erendum.*

- EAGGF: By a regulation approved on October 15, the EAGGF was authorized to assist Italy in financing expenditures incurred in connection with special measures concerning imports of feed grains.

At all Council meetings on agriculture, the proposed regulation concerning assistance from the Guidance Section of the Fund, which finances structural changes, was discussed, but no decision was made in view of the Commission's plans to make extensive proposals for agricultural reform. The Council did, nevertheless, agree to consult the European Parliament on the proposed regulation, and instructed its own Special Committee on Agriculture to report on the regulation after the Parliament renders its opinion.

#### Veterinary Committee Created

A Standing Veterinary Committee to supervise the enforcement of health regulations affecting live and slaughtered animal imports was created on October 15 by a decision of the Council. The Committee will consist of experts from the Community countries, under the chairmanship of a representative of the Commission. It will be empowered to examine, on its own initiative or at the request of a member state, any question within its jurisdiction, to be defined in a subsequent Council decision. The Council approved drafts of the texts on Committee procedures including emergency procedures for use in instances when one or more member countries close their borders to imported animals, for instance, because of a hoof and mouth disease epidemic. The procedural rules are temporary since the Council intends to make a final decision within the next 18 months.

#### Customs, Food Aid, Commercial Policy

Among other subjects discussed at the various Council meetings were:

- Food Aid: in September, the Council noted its agreement in principle to apportion among the grain importing and grain exporting member states the Community's commitments under the food aid agreements

made following the Kennedy Round (General Arrangements for Grain), at the November 4-5 meeting the Committee of Permanent Representatives reported on progress made in solving the relevant problems. The Council then asked the Committee to submit its conclusions at the next Council meeting for a decision.

- Customs harmonization: after a progress report on the harmonization of customs legislation by the Commission, the Council asked the Committee of Permanent Representatives to prepare for Council discussions in December. The Council adopted in the official languages of the Communities a regulation defining the customs territory of the European Economic Community.

- Tariffs: the Council adopted a regulation suspending the common customs tariff on sheep and lamb skin leather from November 8, 1968, to December 31, 1968.

- Commercial policy: the Council continued its examination of problems posed by the establishment of a common commercial policy and asked the Committee of Permanent Representatives to report on them at the next Council meeting in the light of guidelines that have been drawn.

- Budgets: at the Council's meeting of October 29, the Communities draft budget for 1969 was adopted and sent to the European Parliament for an opinion. The European Atomic Energy Community's supplementary research and investment budget for the current year was also adopted.

The Council is scheduled to meet November 25 and 26 on agriculture and on December 9 and 10 to discuss general matters. On November 28, the Council plans to meet in Brussels to discuss Euratom's future (see *European Community* No. 117, page 15). On November 7, the Committee on Science and Technology rendered the opinion on Euratom's proposed research program required by the Euratom Treaty. In general, the Committee approved the Commission's proposals and line of reasoning and also stressed the importance of biological and medical problems in the development of nuclear applications.

## PARLIAMENT MEETS: CONDEMNS CZECH OCCUPATION BARRE STRESSES CLOSER ECONOMIC COOPERATION

The European Parliament on October 1 unanimously condemned last August's occupation of Czechoslovakia by the Soviet Union and four other Warsaw Pact members: East Germany, Poland, Hungary, and Bulgaria.

In a resolution expressing its admiration for the pride and unity shown by the people of Czechoslovakia, the Parliament called for the withdrawal of the occupation troops and recognition of Czechoslovakia's political independence, and addressed "a new and pressing appeal to the (Community) member states' governments to overcome the obstacles that block the strengthening of the European Communities and the unification and security of Europe."

Opening the debate, the chairman of the Parliament's Political Committee, Mario Scelba (Italian-Christian Democrat), said it was not enough to express solidarity with Czechoslovakia, concrete initiatives were necessary. He urged in particular a closer political union of Europe; only in this way, Mr. Scelba said, could Europe make itself heard.

Speakers representing the Christian Democrats, Socialists, Liberals and Gaullists all joined in calling for a strengthening of the Community as an important first step to reaching a true *détente*. For the Gaullists, Michel Habib-Deloncle stated that while he agreed with this objective, he believed it should be reached by ensuring Western Europe's independence of the two world blocs.

In the first public statement by a Commission member on the Soviet occupation of Czechoslovakia, Edoardo Martino said that the Soviet use of force had dealt a blow to *détente*. For some ten years, the Soviet Union had seemed to be engaged in a policy of peaceful co-existence. The events of last August could not be considered as a mere incident on the road to *détente*, and one had to ask whether what had happened in Prague did not lead back to the cold war. Mr. Martino thought the West's response should not be merely negative, correcting a supposed strategic disequilibrium, but also positive, creating the conditions for a global negotiation with the East that might liquidate the remaining frictions of two European civil wars.

### Barre Outlines Commission's Aims

Commission Vice President Raymond Barre made a strong plea for closer coordination of member states' economic policies when he addressed the European Parliament on October 2.

He said he hoped the Six would show the political will needed to reinforce member states' economic, financial, and monetary

solidarity and the functioning of the Community economy.

After recalling that the framework for such cooperation already existed and that some degree of cohesion had already been accomplished, Mr. Barre announced that the Commission intended to act tenaciously along the following lines:

In the field of economic and financial policy it would seek to:

- improve methods of coordinating short-term economic policies and extend the range of preliminary consultations among member states
- improve the methods of relating national medium-term forecasts and examine their compatibility
- foster a large movement of capital in the Community.

In the field of monetary policy proper it would seek to:

- widen the field of preliminary consultations about harmonizing member states' monetary policies
- examine ways of eliminating the daily fluctuations allowed at present in the parity of member states' currencies in order to improve financial relations in the Six
- perfect the mutual assistance procedures laid down in the Rome Treaty, in the light of the monetary changes which have taken place since 1957 in the Community and internationally.

### Monetary Union

Creating a European monetary union, a European currency, and a European federal reserve system in which part or all of member states' reserves would be managed at Community level were undoubtedly desirable goals but their achievement was doubtful at the present stage of Community development.

Mr. Barre said it would first be necessary to have a European monetary body and this implied a European political authority, which would carry out policies, within the Community and internationally, designed to fulfil common aims.

"We are not yet there. The monetary domain has remained closely linked to the sovereignty of states, and they do not for the moment appear to be willing to renounce the prerogatives they exercise. . . . Although the Community has formed a customs union, it has hardly started on the road to an economic union. Nonetheless, there are steps in the monetary field that could be taken now and in the near future."

Vice President Barre said the coordination of member states' economic and monetary policies is increasingly necessary. For example, within the Community, the common agri-

cultural policy, free circulation of products, the close interrelation between each member states' overall demand, and prices and costs were making it increasingly difficult for one member state to act in an isolated and autonomous manner.

Moreover, if member states' economies developed along paths that were too divergent, and their economic policies became incompatible with one another, changes in the parity of their currencies might become necessary to guarantee that the Common Market functioned properly—a step that would in itself create difficulties.

### EC Role in World Monetary System

At the international level member states had in recent years begun to concert their views regularly during discussions about the international monetary system. "Henceforth," Mr. Barre stated, "our countries can, if they vote together, play a major role in the functioning of the International Monetary Fund as well as in the system of special drawing rights, whenever decisions require an 85 per cent majority."

The Commission had welcomed the fact that during the past few years the Six had taken a decisive role in international monetary discussions and had achieved changes which allowed the Community to take a specifically European role in the world's monetary system.

The Commission had, on the other hand, been disappointed that this unanimity had not been maintained in recent months. Member states, Mr. Barre pointed out, already had the machinery for coordinating their economic and monetary policies: the Monetary Committee, the Committee of Central Bank Governors, and the Council of Ministers. These bodies could carefully prepare the necessary measures and decide to carry them out.

### Renewal of Yaoundé Convention

During its meeting on October 2, the Parliament unanimously recommended a continuation of the trade and aid association between the Community and the 17 African states and Madagascar. The Parliamentarians urged, however, that the Yaoundé Convention, which expires on May 31, 1969, should be renewed for seven years. They also asked for an increase in the \$730 million of development aid granted under the renewed convention. Because of cost increases and population growth in the associated countries, and the increased wealth of the Community member states, the Parliament suggested that an average of \$200 million a year would be appropriate.

### Accord with Nigeria

A Belgian Socialist member, Fernand Dehousse, asked the Commission whether the

Community's association agreement with Nigeria should be carried out, in view of the civil war. He drew a parallel between the action of the Nigerian and the Greek Governments, recalling that the treaty with Greece was in suspense following the introduction of a military regime last year.

In his reply, Commission member Henri Rochereau pointed out that only France

and Luxembourg had not yet ratified the Lagos agreement. The Commission itself could not prevent the accord from being carried out, but it would ask the Council to re-examine the agreement in the light of Mr. Dehousse's question.

#### **Arusha Agreement**

On October 1, the Parliament approved the Arusha Agreement, signed on July 26 this

year, between the Community and Kenya, Uganda, and Tanzania. The association, according to the Parliament's resolution, would strengthen existing links between Europe and the Six, and was an indication of the open nature of the Community. The agreement could contribute to improved regional development in Africa and greater integration of African economies.

## **COMMISSION DECIDES ANTITRUST TEST CASE**

In a recent decision on exclusive dealing agreements on exports to a country outside the Common Market, the European Communities Commission has made a further contribution to the interpretation of the Communities' antitrust rules.

The Commission has concluded that exclusive dealing agreements involving export companies that do not sell competing products within the Common Market—even if a manufacturer grants its exporter absolute territorial protection for its export market—do not appreciably impair competition within the Common Market and are therefore compatible with the competition rules of the Common Market Treaty.

The agreement considered by the Commission, between Johs. Rieckermann KG of Hamburg, an exporter, and a German electrical equipment manufacturer AEG-Elotherm GmbH, Remscheid-Hasten, was treated as a test case. The Commission will now be able to use a simplified procedure to deal with the bulk of about 1,100 similar agreements.

Article 85 of the Rome Treaty creating the European Economic Community forbids unlawful agreements, decisions, or concerted practices which may affect trade between the member states and restrict or distort competition within the Common Market. Through the decision, the Commission makes it clear that in respect to most exclusive dealing agreements involving export companies that are not equipped for selling within the Common Market, there is no need for notification and no point in applying for negative clearance. "Notification" provides temporary immunity from penalties for violating Article 85 pending the Commission's advice on the legality of the agreement. A "negative clearance" is issued for agreements that the Commission finds contain no restrictions on competition.

Under the agreement considered by the Commission, the exporters undertook to market in Japan the inductive heating, melting, and hardening equipment manufactured by AEG-Elotherm. Rieckermann was required to market AEG-Elotherm equipment in Japan only and to purchase such equipment solely from that company. In return, AEG-Elotherm agreed to market its equipment in Japan solely

through Rieckermann and see that its other customers did not sell similar equipment in that country.

#### **Joint Selling Agencies**

The Commission also adopted favorable decisions on three agreements relating to the joint marketing of nitrogenous fertilizer in Belgium and France, thus defining for the first time its attitude to joint selling agencies.

Twenty-two Belgian manufacturers belonging to the *Comptoir Belge de l'Azote* (COBELAZ) and 28 members of the *Comptoir (CFA) Français de l'Azote* had applied for negative clearance with the Commission.

The decision indicated that the Commission had originally considered prohibiting the agreements, under Article 85, because they impeded expansion of exports of the fertilizers within the Common Market. When notified of the provisions that were challenged by the Commission, the firms agreed

to delete these clauses. The Commission then endorsed the amended agreements and lifted the ban on restrictive agreements for the period prior to the decision as well.

Under the present arrangements, COBELAZ and CFA remain responsible for the marketing of nitrogenous fertilizers on the respective domestic markets and on export markets outside the Common Market, but they are no longer concerned with exports to other Common Market countries.

The Commission's main intention was to remove, in the fields concerned, any obstacles which such restrictive agreements, if concluded between large firms, may place in the way of forming a truly uniform market by the member states. There has always been strong restrictive agreements and virtually no trade between member countries in this sector. Given the importance of nitrogenous fertilizers for agriculture, the need to encourage competition in order to improve the market for the buyer has been particularly urgent.

## **FARM POLICY TO COST \$2.4 BILLION IN 1969**

The 1969 draft budget of the European Communities Commission allocates \$2,437,150,000 for running the common agricultural policy as compared with \$2,045,130,000 in 1968.

The Commission on October 19 approved and sent to the Council of Ministers the section of the 1969 budget that deals with the European Agricultural Guidance and Guarantee Fund, the agency that handles financial transactions involving the farm policy. If the

Council approves the allocation, the Guidance Section, which finances reforms in farming, would receive \$425,250,000.

The Guarantee Section would receive \$2,011,900,000 for price support in the period from July 1, 1968, to June 30, 1969. Almost all of this amount would be spent for supporting grain prices (\$667,000,000), dairy prices (\$624,000,000), sugar prices (\$302,000,000), and fats and oils (\$260,800,000).

## **COMMISSION SAYS FRENCH MEASURES CAN BE REMOVED**

The Commission of the European Communities announced on October 31 that it had examined the French economic situation and found that the temporary protectionist measures imposed by France in July to protect its economy following the May emergency could be removed on schedule or sooner. Most of the measures were due to be removed by January 1, 1969.

The Commission said that it had been studying the French economy since October 16, according to its decisions made on July 6 and 23 to re-examine France's overall sit-

uation by mid-October. The Commission concluded that the necessary conditions existed so that the safeguard measures imposed or authorized by the July decisions could be ended on the dates foreseen, at the latest—earlier if the French government so chose. The situation must return to normal by January 1, 1969, particularly for conclusions of delivery contracts taking effect that date, the Commission said. The measures included temporary import quotas and export subsidies for certain industrial goods (see *European Community* No. 115, page 3.)

## BODSON DEFENDS, EXPLAINS TRANSPORT POLICY

Victor Bodson, member of the European Communities Commission, told the annual meeting of the Federal Union of German Road Haulers in Munich on November 8, that an efficient road haulage system was absolutely essential for trade in the Community.

In this speech, Mr. Bodson explained some of the reasons behind the Commission's attempts to harmonize conditions of competition in transport and answered certain objections that have been made concerning the Communities' common transport policy, agreed on by the Council of Ministers on July 18 (see *European Community* No. 115, page 14.)

Mr. Bodson noted that after years of preparatory work on matters of principle, the common policy had been launched this year. To put transport on an equal footing both nationally and internationally, the conditions of competition in the member states had to be gradually aligned. In trying to harmonize social conditions in road transport, the Commission had been guided not only by cost considerations but also by social aims and road safety.

In Mr. Bodson's opinion, objections against the allowance of special contracts outside the set rate limits were not justified since their application was strictly limited. Nor should the obligation to publish transport rates and conditions necessarily bring prices down. In addition, the obligation to put in prior application for a permit in the event of market disturbances largely ruled out the possibility of ill effects arising from free price formation. The regulation on the Community licensing quota was designed to take account of increasing traffic requirements in the customs union and to promote greater international co-operation and interpenetration in road haulage. Since the individual permit was no longer linked with a particular vehicle, fluctuating traffic conditions could be dealt with better and replacement of vehicles taken out of operation made much easier. As far as the bilateral quotas were concerned, the Commission's aim in the transition period pending the introduction of general rules for international road transport of goods was to adapt capacities to transport requirements.

The Commission considered that access to

road haulage for hire or reward should continue to be subject to official licenses and the fulfilment of certain conditions as to character and qualifications. Conditions of access should be framed in accordance with categories of vehicles and, in particular, length of itineraries. State supervision of capacity should operate both individually at the level of the particular firm and comprehensively for each transport area.

Mr. Bodson considered that settling the question of infrastructure costs was an important factor in attaining harmonization. The first essential was that expenditure on transport infrastructure should be recorded according to uniform principles. The Commission would publish the results of the infrastructure costs survey by the end of this year. Its proposals on the reorganization of motor vehicle taxation made it clear that tax rates should reflect the individual vehicle's share in costs.

In conclusion, Mr. Bodson remarked that a beginning had been made on a common transport policy for Europe. The Commission would not stop half way but would do everything to push forward with the work of European unification in transport, as in other fields, for the greater benefit of all those involved and of the Community at large.

## HARD GOING FOR TRANSNATIONAL MERGERS

Three significant attempts have been made recently to rationalize European industry by creating transnational mergers in the Community—moves obviously connected with gradual economic integration and, more specifically, the accomplishment of the customs union on July 1, this year. They indicate that large European companies are beginning to see Europe as a real common market.

Of the three, Fiat's bid to acquire a major holding (reportedly 30-40 per cent of shares outright) in Citroen received the most publicity. The Fiat-Citroen alliance in the original form would have emerged as Europe's largest producer of road vehicles—about two million units a year, compared with Volkswagen's 1.75 million, Ford Europe's 1.15 million and British Leyland's 1.1 million. It would have put 40 per cent of France's car output under non-French control.

The merger was blocked by the French Government. A statement from the French Prime Minister's office on October 10 declared: "The Citroen company and the Michelin company has informed the French Government that they have negotiated a draft agreement with the Fiat company of Turin concerning a close cooperation between the two car makers and the acquisition by Fiat of an important part of the shares in Citroen

now held by Michelin.

"The Government has informed the two French companies that it has no objection to the first part of the operation, but that it could not approve the second. This attitude is based on its concern to maintain the independence of an important French industrial firm. In any case an important cooperation agreement, such as the one under discussion, must not jeopardize labor conditions or the equilibrium of the car industry in France."

Fiat and Citroen later in the month worked out another agreement giving Fiat an important minority interest in Citroen. The two companies agreed to form a new, French-based holding company which would have the majority interest in Citroen. Fiat would have a minority interest in this new holding company—reportedly equivalent to 15 per cent of Citroen stock—and Citroen would have options to acquire a corresponding interest in Fiat. In addition a joint organization would be established to study investment, production, supply, and sales. This new agreement met the approval of both governments.

### Petroleum Merger Blocked

The second unsuccessful effort to cross national frontiers was made by a French petro-

leum concern, *Compagnie Française des Pétroles*, which wanted to acquire the German Dresdner Bank's 30 per cent holding in Germany's largest native coal-oil company, *Gelsenberg*. CFP, like other oil firms before it, was interested in *Gelsenberg's* refineries (annual capacity about 7 million tons) and its 28 per cent holding in *Aral*, Germany's biggest petroleum retailer. Here, too, the proposed deal was put on ice after the German Government expressed its disapproval. Bonn, concerned that German-owned refining capacity is under 30 per cent of the country's total refining capacity, wanted the German companies to cooperate more closely with each other.

One inter-EEC deal has gone through. The German chemical giant *Hoechst* was allowed to buy a big holding in the French pharmaceutical firm, *Rousel-Uclaf*.

### Commission's Attitude

The European Community's Commission, which has long been trying to remove the fiscal obstacles that hinder the growth of European-scale industries, has not commented on these moves. Nevertheless, some indication of its general attitude can be found in its latest report (see *European Community* No. 117, page 15) on the future of the Community's nuclear power activities. Referring specifically to Community firms connected with development and production of nuclear generators and their components, the Commis-

sion stated that regrouping and reorganization of the industry must go hand in hand with closer coordination by the public authorities. Regrouping would strengthen the industry financially, the report affirms, and so allow it to take greater risks, and offer more competitive prices to purchases on Community and foreign markets.

The Commission stated that "if such regrouping should be encouraged, it is in principle undesirable that they take place on a mainly national basis." Firms which complement one another will not necessarily be found in the same country, a fact which industrialists should bear in mind when seek-

ing the most profitable relationship.

Member governments and Community institutions should encourage this development by explicitly declaring themselves in favor of it and by removing all obstacles to it. In this way, the Commission maintains, industrial groups would be created which could compete internationally and bid for nuclear-power-station contracts under the most advantageous technical conditions irrespective of nationality. To promote this reorganization, the Community should as far as possible give preference in allocating its development resources to multi-national concerns formed in this way.

## CONVENTION TO SPEED UP COMMERCIAL JUDGMENTS

Belgium, France, Germany, Italy, Luxembourg, and the Netherlands have signed a convention to clarify court jurisdictions and to speed up the enforcement of judgments in civil and commercial matters.

The six European Community members signed the "Convention on Jurisdiction and the Enforcement of Legal Judgments" on September 27 in Brussels. It comes into force after ratification.

The Convention applies only to legal proceedings that have repercussions in Community member countries other than the one in which the case is tried and applies automatically in such cases. Residents of a contracting state, irrespective of their nationalities, come under the jurisdiction of that state. Thus, only the judge in the state in which a defendant resides may rule on the court's competence to hear the case. Conse-

quently, because the judge in the state in which the judgment must be enforced may no longer re-examine the first court's competence, the possibility is eliminated of non-enforcement of judgments as a result of jurisdictional disputes.

The new rules should considerably simplify the recognition and enforcement procedure in the Community. The renunciation of the right to rule on the competence of the judge of the state in which judgment is rendered makes it possible to limit the reasons for refusing recognition to two: incompatibility with public policy, and failure to recognize the defendant's legal right to be heard and defended. Applications by creditors for enforcement of a judgment will no longer entail a formal exchange of pleadings, and the judge will be able to make a rapid decision without any special formalities.

## EC PRODUCTIVITY UP, TRADE SURPLUS DOWN

Industrial production in the European Community has continued to grow vigorously in recent months, particularly in Germany, according to the Commission's latest monthly report on the economic situation. The Community's trade surplus, however, has continued to shrink.

Because of an appreciable expansion of domestic and foreign demand, order books in German industry are getting considerably fuller and in some branches delivery dates are already much longer. In France production got under way again following the strikes and increased following the holidays in July and August.

In Belgium foreign demand, particularly from neighboring countries, has provided a strong stimulus for the growth of production. Both Belgium and Luxembourg have continued to benefit from the favorable situation in the steel sector. In Italy, expansion has remained modest, although some industries have regained appreciable momentum.

The surplus on the Community's balance

of visible trade with non-member countries, which had already been in decline in early spring, was further reduced by the end of the second quarter. This was partly attributable to the continued upswing of economic activity and imports of consumer goods in most member countries and to the French strikes, which affected exports to nonmember countries more strongly than imports. The fact that Community sales to non-member countries are on the whole still running at a comparably high level is largely due to the failure of restrictive measures taken in Britain and the United States to curb imports—except for steel—to any appreciable extent.

## BRITISH JOIN MONNET ACTION COMMITTEE

Jean Monnet, president and founder of the Action Committee for the United States of Europe, announced in Paris on October 25 that leaders of Britain's three major political parties have accepted an invitation to join the six-nation European group.

The members of the Action Committee invited the Labour Party, the Conservative Party, and the Liberal Party of Great Britain to join them as full members of the Committee. The Committee's founding members are the Christian Democrat, Liberal, and Socialist Parties and the International Confederation of Free Trade Unions and Christian Trades Unions of the six Common Market countries. These organizations together represent two-thirds of the electorate and of organized labor in the Six.

The British delegates on the Action Committee will be: George Brown, Walter Padley, and Michael Stewart for the Labour Party; Reginald Maudling, Sir Alec Douglas-Home, and Selwyn Lloyd for the Conservative Party; and Jeremy Thorpe for the Liberal Party. Like their continental colleagues, they will sit in their capacity as representatives of their parties and not as private individuals.

The Action Committee said that it was convinced that Britain must be a full member of the European Community with the same rights and the same obligations as the present six member countries. Although Britain has for the present been prevented from joining the Common Market, the Committee said that it did not intend to take no for an answer and intended in the coming months to study together the practical problems involved in British membership of the Common Market, submitting its conclusions to the respective governments.

## EIB LENDS \$24 MILLION FOR GERMAN WATERWAY

The European Investment Bank has granted the Rhine-Main-Donau company of Munich a \$24 million, 12-year loan at a 6.5 per cent annual rate of interest. Proceeds of the loan will be used to finance construction of the Bamberg-Nuremberg section of the Rhine-Main-Danube high-capacity waterway, which is 44 miles long. Total cost of the project is estimated at \$187.5 million.

This project is the next to last stage in the construction of a waterway connecting the Rhine and the Danube rivers. It was started in 1922 to create an uninterrupted 2200-mile waterway from the North Sea to the Black Sea. The final stage, the 85-mile section from Nuremberg to Regensburg, is scheduled for completion in 1981.

The waterway will create a direct link between the Western European waterway system, the Danube basin and the Rhine and its tributaries, which flow through four of the six members of the European Community. It will make important savings possible in long-distance transport of bulk shipments and pave the way for an expansion of trade between Western Europe and the states bordering on the Danube.

## ELDO CRISIS UNRESOLVED

Uncertainty still clouds the future of the European Launcher Development Organization. A ministerial conference in Paris on October 1-2 failed to rescue the space agency from its current crisis, which was to be discussed again at the European space conference to be held in Bonn on November 11.

Last April the United Kingdom announced that it would not contribute to the extra costs of developing the EUROPA-2 launcher, and that it planned to withdraw from ELDO when the current program ends in 1971. (see *European Community* No. 116, page 7 and No. 118, page ). It has been reported that France may suggest that ELDO should replace the British launcher in EUROPA-2, the Blue Streak rocket, with one built by ELDO's remaining members. Another proposed solution has been the purchase of an American first-stage rocket. At issue now is whether or not Belgium, France, Germany, Italy, and the Netherlands will pay the extra costs of the ELDO space programs after Britain's withdrawal. These additional costs to the remaining participants in the next ten years have been estimated at \$2.6 billion: \$1.1 billion for launchers and \$1.5 billion for satellites.

News from the ten-member European Space Research Organization, on the other hand, has been brighter. On October 3, its second satellite, ESRO-1, was successfully placed in orbit from a U.S. base by a U.S. Scout rocket. (ESRO-2 was launched on May 17 this year.) ESRO-1 was designed to study energetic particles and their effects on the radio-reflecting layers of the earth's ionosphere.

### NOTICE

In accordance with the U.S. Securities and Exchange Commission regulations, the European Coal and Steel Community published on October 24, 1968, its Balance Sheet as of June 30, 1968, and its Statement of Revenues and Expenditures for the period January 1-June 30, 1968.

This information is published in connection with European Coal and Steel Community Bonds issued in the United States under applications:

A-16929	A-23715
A-17648	A-24049
A-19218	A-24459
A-20452	A-25274

Copies of "Supplemental Information to Bond Holders" have been deposited with The Chase Manhattan Bank, New York, N.Y.

## MANSHOLT CALLS FOR NEW POLITICAL COMMUNITY

European Communities Commission Vice President Sicco Mansholt said that the time has come, for the European democracies that wish it, to form a new European political community.

In a speech to the Congress of the European Movement in Rotterdam on September 21, Mr. Mansholt said that the conditions for such an initiative were present. This political community, he said, would not be restricted only to the Six who have already achieved economic integration but to all countries of Europe. Those who could not participate at its inception would be able to join at a later date.

Mr. Mansholt said the Czech events showed that the policy of *détente* as now carried out towards the Communist bloc only leads to such catastrophes as occurred in Hungary and now in Czechoslovakia. In fact, a *détente* policy is not the only alternative to a continuation of the Cold War, as some believe. Exclusively bilateral policies vis-à-vis the Communist countries must come to a halt, and a common foreign policy be prepared—this is the only basis for hard negotiations. To the extent that the Community can demonstrate that as a democratically organized entity it can take a supranational stand, not dominated by one power, a process of democratization and liberalization may take place in the Eastern Bloc.

Europe and its existing institutions are not ready, Mr. Mansholt said, for the great mutations that are about to take place in the world. To meet its new role in the world, Europe must be politically integrated; not reject power but use it. Political unity does not automatically spring from economic integration, nor should Europe reject the principles of the supranational Community.

## BELGIUM TO APPLY BY 1970

The Belgian Government has decided to tax the value added to goods in wholesale and retail trade by the end of next year, the date specified by the European Communities Council of Ministers.

The normal rate of taxation will be 20 per cent for food and essential consumer goods, 15 per cent for other consumer goods, and 25 per cent for luxury items.

Cars, radios, television sets, and household appliances are now subject to a luxury tax. The Government has indicated that it will place only real luxuries in this category under the TVA system. Belgian luxury tax rates will be higher than those now in force in France and Germany, which are less dependent than Belgium on turnover taxes as a source of revenue.

## EUROPEAN SOCIAL FUND AIDS 24,000 WORKERS

The European Communities Commission has approved grants totaling \$13 million to assist in meeting the cost of retraining and resettling 24,000 workers in the Community. Payments will be made by the European Social Fund, which reimburses the six member governments for 50 per cent of the cost of approved retraining and resettling programs for unemployed and underemployed workers. The distribution of the latest grants is as follows:

	Amount	Workers aided
Belgium	772,957	1,029
France	1,946,045	1,924
Germany	7,365,066	11,397
Italy	2,141,439	8,908
Netherlands	819,273	861
TOTAL	\$13,044,780	24,119

The latest grants raise total Social Fund retraining and resettlement grants since 1958 to \$67.3 million. The member governments' approved expenditures matched this sum which excludes their expenses for rehabilitation projects outside Community terms of reference. Since 1958, 578,000 workers, most of them Italian, have benefited from Social Fund grants.

## COMMISSION TELEGRAM TO RICHARD M. NIXON

Jean Rey, President of the European Communities Commission, sent a telegram on November 11 congratulating Richard M. Nixon upon his election to the Presidency of the United States. Mr. Rey's telegram also said: "We know the interest you personally have in the process of European integration and are convinced that during your Presidency the good relations now existing between your country and the European Communities will continue to develop, thus constituting an essential element in the search for peace and prosperity throughout the world."

## ECSC MAKES FOURTH BOND ISSUE ON ITALIAN MARKET

The European Coal and Steel Community is issuing its fourth set of bonds on the Italian capital market to raise \$24 million. Proceeds of the loan will be used to finance coal and steel investments. Asking price for the bonds is 97.5 per cent. The loan is repayable over 20 years at 6 per cent per annum.

This issue will raise the ECSC's total borrowing to \$828 million.

### NOTICE

The next issue of *European Community*, December 1968 and January 1969 will be published early in January.

## NEW CALEDONIA RECEIVES PORT AID FROM EDF, EIB

A \$671,000 grant from the European Development Fund and a \$1 million loan from the European Investment Bank will enable the construction of a deep water berth at the port of Nouméa in the French Pacific island of New Caledonia. This project will help the port cope with traffic increases and enable ore-carriers and large cruise liners to call at Nouméa.

The Bank loan was made for a term of 20 years at a 2 per cent annual rate of interest. It is repayable after a three-year grace period.

The Bank was established under the Common Market Treaty to finance development in the European Community and the associated states and their overseas territories. The European Development Fund is the Community's foreign aid agency.

## REY VISITS SENEGAL, MALI, AND IVORY COAST

Jean Rey, President of the European Communities Commission, visited three of the African countries associated with the Community by the Yaoundé Convention. At the invitation of the respective governments, he visited Senegal November 11-14, Mali November 14-18, and Ivory Coast November 18-21. He hopes to visit other African associates next spring.

During his trip, he was scheduled to meet with Leopold Senghor-Sédar, president of the Republic of Senegal; Modibo Keita, President of the Republic of Mali, and Houphouët Boigny, President of Ivory Coast. He held conversations with members of the governments in the three countries concerning the general situation of their relations with the Community in the context of the association agreement, and the negotiations which open shortly for the renewal of the Yaoundé Convention. The five-year agreement expires in 1969.

## INTERNATIONAL NUCLEAR CONSORTIUM FORMED

Inter Nuclear, a four-nation European nuclear power consortium has been formed in Belgium to develop and market high-temperature gas reactors. Paul-Henri Spaak, former Belgian Foreign Minister, is chairman of the company.

The Nuclear Power Group of Britain, SNAM Progetti of Italy, and Guettehoffnungshuette of Germany each hold 30 per cent interest in the consortium. *Belgonucleaire* holds 10 per cent interest.

Inter Nuclear has stated its readiness to discuss its enlargement with any other European companies interested in participating in the venture. The consortium is in contact with *Groupement Atomique Alsacienne et Atlantique* of France, which may join.

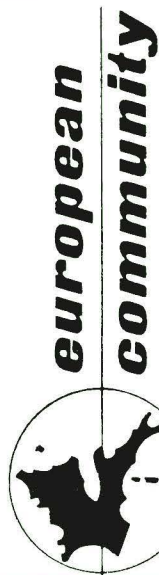
Mr. Spaak described the consortium as the first big collective European venture in its field. He said the participation of the British group marked a major step towards Europe-wide technological cooperation.



## HAVE CRATE, WILL TRAVEL

The European Community Information Service will lend schools, libraries, civic associations, and other interested organizations this exhibit on the Community, free of charge; but reservations should be made early. Panels show different aspects of Community affairs:

external relations, trade, nuclear energy, and the Community's association with Africa. Standing, the display measures 28 inches deep by 70 inches wide. It is 7 feet 4 inches high, including the headboard and lights. Panels, lights, and frame fit into a wooden crate especially built to facilitate safe shipment.



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