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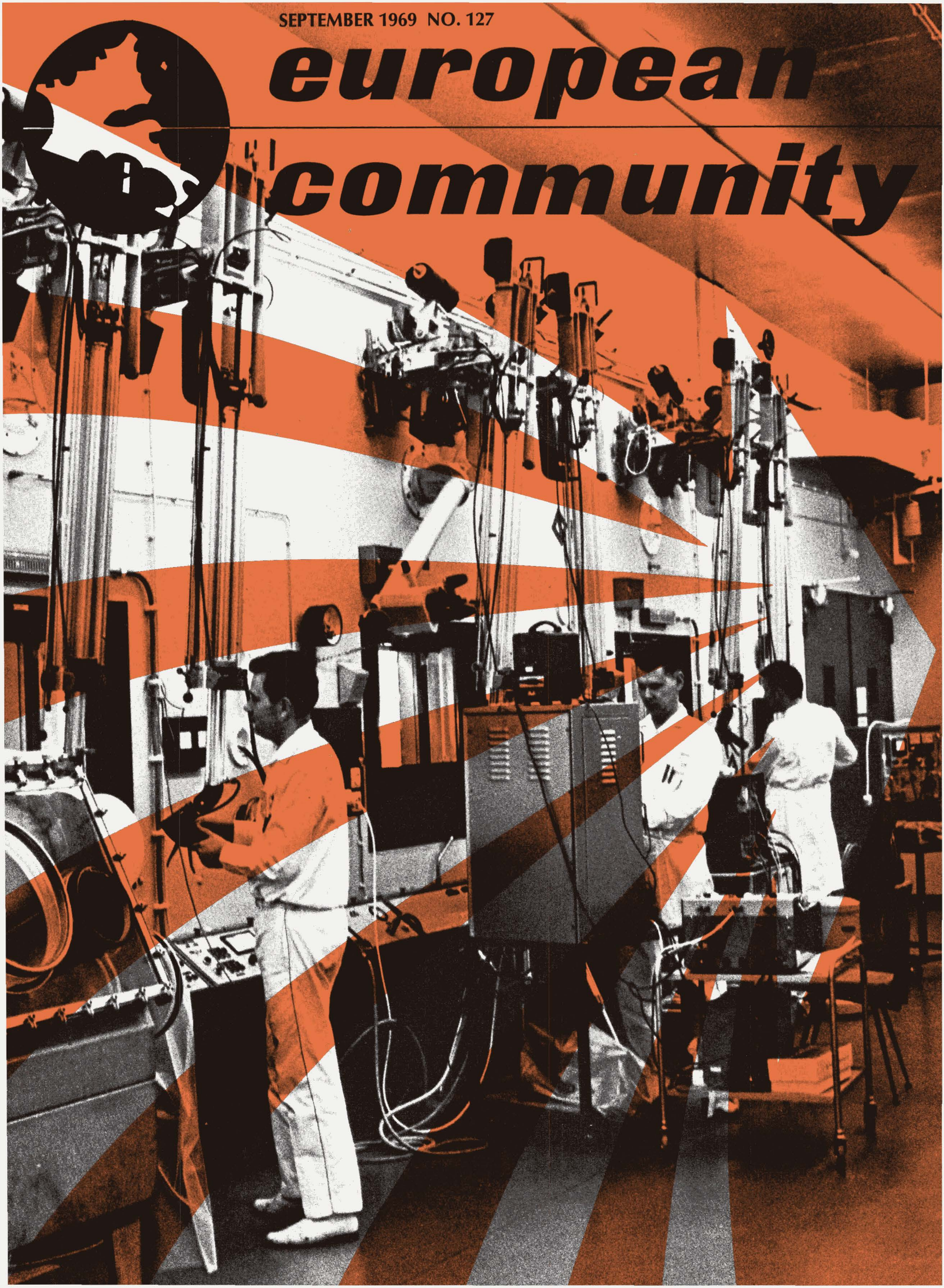

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Medieval woodcut of university life. During the middle ages, teachers and students had the last word in every dispute over university matters. If local authorities refused to respond to reasonable demands, they risked losing their prestige when teachers and students transferred themselves en masse to another city. Courtesy French Embassy Press and Information Service, New York.

The Brain Drain: An Age-Old Problem

by **STEVAN DEDIJER**

DISSENT AND MIGRATION by the university community have been going on throughout history, especially in Europe, though they may seem recent phenomona to us. Migration by men of science is actually as old as science itself; and, for at least 2,200 years, concerned politicians have tried either to encourage or prevent it.

Since the beginning of recorded time, the quest for knowledge has been associated in the human mind with distant travels. In ancient Greece, from the little known about the sixty most famous Greek scholars, it seems three out of four of them emigrated as students, professors, scholars, or researchers, despite the fears and difficulties that leaving one's native city then entailed. Until 300 B.C. or thereabouts, migration tended to flow to Athens. Then Alexandria became the center of attraction for men of science as a result of the policy deliberately put into practice about 300 B.C. by the first king of the Ptolemaic dynasty. It was there that most of the best scientific and philosophical work still studied today was done between 300 B.C. and 500 A.D.

The Twelfth Century's 80 European Universities

Even in Europe's darkest era, between the reigns of Justinian and Charlemagne, one can find evidence of migration by the learned and attempts to influence it. More signs appear from the beginning of the Benedictine era (the eighth to the eleventh centuries) when European education and erudition (transmitted from the Arab countries via Spain and Italy) was concentrated in monastaries or episcopal schools, staffed by

monks, and financed and run by bishops, popes, kings, and emperors. However, the first direct evidence in the form of original documents on official policies for promoting or preventing migration by researchers appeared only after the advent of European universities.

The first European universities—Salerno and Bologna in Italy, Montpellier and Paris in France—were founded in the eleventh and early twelfth centuries. By 1250, there were already nine universities in Italy, five in France, two in England, and four in Spain. By the end of the fifteenth century, there were more than 80 important universities in Europe: from Catania in Sicily and Salamanca in Spain to Aberdeen in Scotland and Uppsala in Sweden, from Oxford and Cambridge in Great Britain to Cracow in Poland and Buda in Hungary. At the most famous universities, enrollment reached a peak of six or seven thousand at Paris and Bologna, three thousand at Oxford, fifteen hundred at Prague, and nine hundred at Vienna. Their teaching bodies were large: Bologna, at the beginning of the thirteenth century, paid 23 professors at the Faculty of Law a total of 60,000 *livres*. Between the twelfth and sixteenth centuries, European universities laid the foundation for the revolution in scientific methods that occured in the year 1600.

Abélard, the Dissenter

Right from the beginning, these universities were cosmopolitan. Pierre Abélard, glory of the University in Paris, was born "abroad" in 1079 in Brittany. He was one of the many roving scholars celebrated by medieval poets. In his autobiography, he wrote: "Logician, I travelled throughout provinces where I had heard the practice of this art flourished, only to become a Peripatetic of sorts."*

His constant questioning of accepted ideas made him famous, and from all over Europe students gathered round him. The prior of Deuil paid homage to Abélard in these words: "Rome sends you its students so that you can instruct them . . ., hordes of young Englishmen feel no fear at the idea of crossing the sea . . . distant Brittany sends you its young brutes to educate. The Angevins conquer their innate ferocity when with you. . . . Scots, Gascons, Spaniards, Normans, Flemings, Germans, and Swedes study with you and praise your intellect."

Such was the international character of European higher education, learning, and science. At that time, the political fragmentation of Europe, where modern nation-states had not made an appearance, presented intellectuals with both incentives and obstacles to migration. The concepts of state and citizenship then prevalent throughout Europe, especially in Italy, had more in common with the ancient Greek ideas than the ones we know today. Citizenship was priceless in both ancient Athens and medieval European towns and countries. Anyone born outside the city walls or the changing boundaries of a province ruled by a prince or a king was considered a stateless foreigner.

**Logicien, j'ai parcouru toutes les provinces où j'avais entendu dire qu'on exerçait cet art avec brio et finis par devenir une sorte de péripatéticien.*

How to Steal a University

Nevertheless, history had rarely known so intense or so long a migration of intellectuals across political frontiers as the one that occured in European universities between the thirteenth and fifteenth centuries. Every university included foreign students who, sooner or later, organized themselves into "nations."

In certain universities, Paris and Bologna for instance, foreigners seem to have made up the majority of the student population. At Bologna in 1265, the foreign students were organized into 14 nations: French (from Ile-de-France), Spanish, Provençales, English, Picard, Burgundian, Poitevin, Touraine, Norman, Catalonian, Hungarian, Polish, German, and Gascon. The Italians also had nations.

Despite Europe's political fragmentation, its intellectual and cultural unity, based on Latin and the Catholic Church, facilitated migration. The direct causes of this migration were economic, political, social, and intellectual advantages gained by acquiring knowledge of law, medicine, theology, philosophy, and, consequently, natural sciences, mathematics, and letters.

These factors, to which must be added the expansion of university institutions and the conflicts it never failed to provoke between local authorities and foreign intellectuals, resulted in special forms of migration by scholars and intervention by the public powers. One remarkable incident occurred in the center of Italy: the outright theft of an entire university, professors and students, by a neighboring state. It happened to Bologna.

Bologna's Brain Hunt

The University of Bologna's beginnings are connected with the name of Irnerius, professor of law, who taught theory of legal systems there around the end of the eleventh and early twelfth centuries.

A bit later, Bologna ran into its first brain-drain problems. Long before the end of the twelfth century, professors displayed a noticeable penchant for going abroad either after disputes with the town authorities or offers of higher salaries elsewhere. Thus, around 1150, Placentius left Bologna, to the great displeasure of the Municipality, to found a Faculty of Law in Mantua. From then on, to prevent such defections, the authorities required each professor take an oath to remain at his post. It did not, however, prevent one Pillius, who had taken the oath in 1182, from giving in to enticing and repeated offers from Modena.

At the end of the twelfth century and the beginning of the thirteenth, Bologna felt its existence threatened by the fact that not only its professors but also whole groups of students were negotiating with other cities for the transfer of their "studium." In this respect, what happened in Bologna in 1188 was to occur again several more times in the course of the two following centuries, in Bologna as well as in other European cities and states. That year, the city of Reggio founded a Faculty of Law after signing a contract with one Jacobus de Manda who had promised to lead Bologna's scholars. In 1204, Vicenza founded its university by appealing to a group of professors and students at Bologna who were dissatisfied with the few rights the authorities had given them.

Death Penalty for Emigrants

To prevent further losses, Bologna then promulgated the first long series of laws and ordinances intended to forbid the "flight from the university." This is an excerpt from an edict published in 1274: "By this edict, we solemnly forbid any ecclesiastical or lay person, Bolognese or foreign, either personally or by messenger, letter or other means, to attempt to negotiate with ecclesiastical or lay persons, colleges, universities, regions, communes, or communal entities, the transfer of the studium of the city of Bologna to another place. No citizen or inhabitant of the city of Bologna may attempt to take students away from the city with the intention of continuing the studium elsewhere."

Later, the Bolognese authorities strengthened their laws against the thieves of universities. In 1432, the death penalty appeared again in the city statutes against anyone, citizen or foreigner, who conspired to transfer a studium from the city and against any Bolognese scholar more than 50 years old who should leave Bologna to give courses elsewhere without the permission of the city magistrates.

None of these laws proved effective against migrations from Bologna, since the Universities of Arezzo (1215), Padua (1222), Vercelli (1228), Sienna (1246), Pisa (1343), and Florence (1349) were founded after migrations or secessions from the University of Bologna. These, of course, were only the major migrations. There were fifteen other instances of emigration from the University of Bologna to other cities.

Sorbonne Closed for Six Years

Numerous European universities were founded by mass migrations of students and professors from certain universities. Oxford was founded after a migration from Paris during the third quarter of the twelfth century. Cambridge, in 1209, was the result of a migration from Oxford following the assassination of a woman by a scholar. In an attempt to settle the score, the mayor and members of the bourgeoisie descended upon the delinquent's home, and several persons were arrested and executed. Masters and students dispersed to the four corners of Europe, but especially to Reading, Paris, and the swampy little town of Cambridge. The universities of Angers in France, and Leipzig and Greifswald in Germany, were also born of secessions by professors and students from other universities.

The University of Paris was the scene of a series of conflicts between the bourgeoisie and students of which the most famous was the "great dispersal" in 1228. At carnival time, some students who had been relaxing in a café on the outskirts entered a tavern and "found a good and mellow wine." A dispute arose; several students were killed. The University complained to the bishop and the legates, but in vain. Easter Monday, the professors decided that if justice were not rendered within the month, they would disband the University for six years. They kept their word; the Sorbonne was closed, and most professors and scholars left Paris.

A Privilege: Questioning in the Rector's Presence

From the Middle Ages on, princes acted unscrupulously in university affairs with the thought that one person's brain drain was another's brain gain.

By 1321, Bologna's students and professors had left the city to settle in Imola. All the surrounding towns immediately saw a unique chance to establish their own universities. Florence dispatched emissaries to offer disgruntled professors and disciples high salaries, privileges, and the guaranties of complete academic freedom. Unfortunately, the envoys arrived too late: the best professors had already signed a contract with Sienna and most of the students had followed them. Padua had also taken advantage of the situation before Florence, signing contracts with a number of professors and scholars stipulating that in addition to the ordinary university privileges the rectors would, significantly, receive authorization to bear arms, which had been forbidden them in Bologna, and that scholars would be subjected to questioning only with rectors present.

England Offers Hospitality To French Dissidents

In 1229, we find in England under Henry III another example of the political utilization of conflicts arising in other communities. Upon learning of the "great dispersal" at the University of Paris, the king wrote the following open letter: "The King salutes you, professors and scholars of the University of Paris. We commiserate with the great tribulations and anxieties inflicted on you by the wicked lords of the Parisians and desire to remedy your situation, in full veneration of God and the Holy Church, and restore your liberty. We should like your University to know that if you want to move to Our Kingdom of England to devote yourselves to study, We will assign you any commune or village you choose and protect your freedom and tranquility in all ways that please God and you." Cambridge benefited the most from this publicity.

The creation of nation-states governed by kings, who during the fourteenth and fifteenth centuries reinforced their power, little by little diminished the international migration of students and scholars in Europe.

Thus, in 1409, in Prague, the reinforcement of the national character of universities was witnessed: a delegation from the "bohemian nation" asked for three votes in the University against one vote for each of the other three nations. The king promulgated an edict to this effect on January 18. The most powerful nation in the University, the German nation, swore to leave Prague as a university body, doctors and disciples, if the decree were not revoked. It was not, and overnight the entire German nation left. Some went to Heidelberg and Cologne; most went to Leipzig to establish Germany's first real university, with a national enrollment of 500 students.

Professor Dedijer teaches at the University of Lund, Sweden. This article is adapted from a paper he presented at the Lausanne conference on the Brain Drain. This paper and other essays on the same topic have been published by the Centre de recherches européennes de Lausanne as L'Exode des cerveaux *and by Macmillan in the United States as* The Brain Drain.

Should Europe Recall Its Scientists?

SOME NEW THOUGHTS ON THE "BRAIN DRAIN"

by **ALESSANDRO SILJ**

ABOUT 65,000 EUROPEAN SCIENTISTS and engineers have left Europe since World War II to reside abroad, many more if physicians and surgeons are included. More than half of them have come to the United States. That is why Europeans have begun to worry. However, in the heat of the debate on the so-called "technology gap," the "brain drain" has often been the subject of exaggerated statements. Fortunately, some recent studies examine the importance and implications more objectively.[1]

Objectivity does not necessarily mean statistical accuracy. The National Science Foundation (NSF) is the only institution so far to make a serious effort at analyzing and interpreting the statistics published by the U.S. Immigration and Naturalization Service. Even a country which claims to be badly hurt by the brain drain, the United Kingdom, has virtually no statistics to offer except those furnished by the American immigration service.

Existing statistics have limitations: an engineer in France may be one thing and in the United Kingdom something entirely different. American statistics mention several subcategories of engineers, including "sales engineers," a rarity in Europe. Moreover, an aeronautical engineer, a civil engineer, or an electrical engineer, may be such only by their own definition; in other words, because they said so in their visa applications. Comparisons between one country and another can be misleading, just as the term "drain" itself is misleading; it would be more proper to talk of migrations of human capital.

This article deals with the international migrations of scientists and engineers. These cover several routes, among which the most popular are those linking Europe, Canada, and Asia to the United States. However, the exact size of each flow cannot be determined, for although we know the number of persons who enter the United States, we do not know how many of them eventually return to their native countries. Besides, each flow should be evaluated not only quantitatively but also qualitatively. Sometimes one individual means more, for both the country he leaves and the country to which he migrates, than a whole team of experts. Enrico Fermi is just one example. The figures in this article cover both actual arrivals in the United States and changes of visa status, that is, they include scientists and engineers who were already living in the United States and who changed their original visas to immigrant visas.

American statistics on the brain drain began in 1949. That year, only 1,369 engineers and scientists immigrated to the United States. By 1967, the number had reached 12,523. Until 1966, slightly more than 50 per cent of the immigrants came from Europe. In 1967, Asians displaced Europeans as the largest regional group. The sharp increases which occurred in 1957, 1963, and again in 1966 and 1967, are mainly the result of changes in the U.S. immigration laws; the latest have brought about a relative decline of European immigrants and a sharp increase of immigrants from Asia. Incidentally, the sharp increase in 1957 was not due, as some have said, to the effect of the first Sputnik on American research and development expenditures. Sputnik was launched in October, while the 1957 figures cover the fiscal year ended on June 30, 1957. Even American efficiency cannot be expected to be that far-sighted.

How Europe Compares With The Rest Of The World

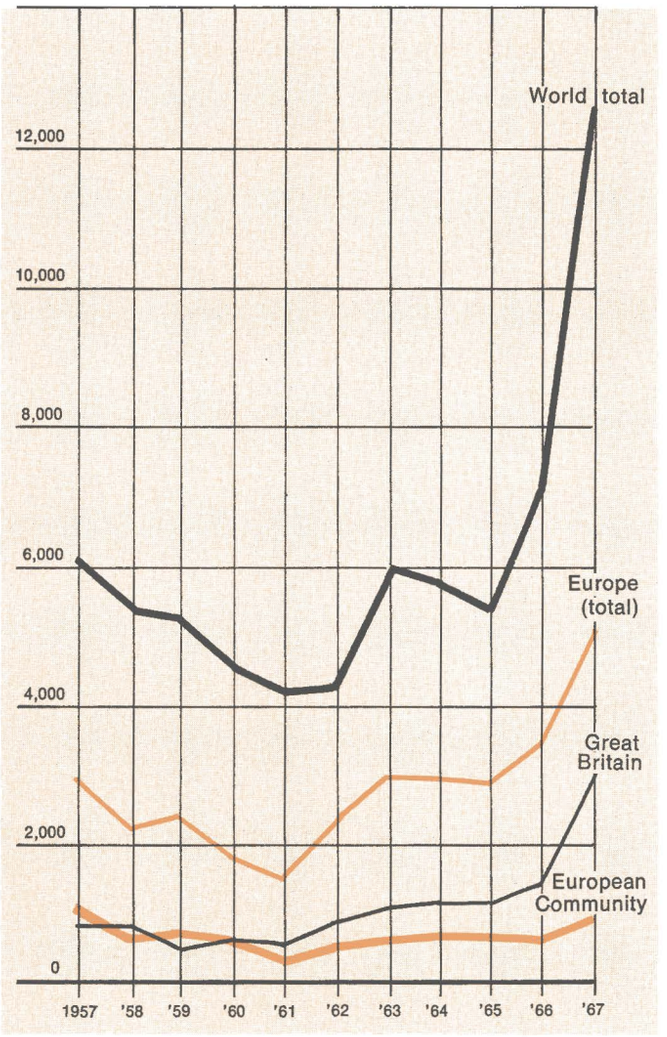
A few years ago many Canadians complained that the United States was draining their best brains and that many British emigrated to Canada only to move on to the United States soon afterwards. Recent studies have shown that Canada, like the United States, is not a loser in this international game. Louis Parai estimated that the immigration of human capital to Canada in the 1953-63 period represented a total value of about $37 million (counting the costs of educating each emigrant in his native country), while the emigrations to the United States were roughly equivalent to $20 million. The relative instability of Canada's immigration—in its role as way-station for the United States—may be the real problem. It takes a while for an immigrant to adjust to his new environment; and if he reaches his optimum productivity at about the time he is ready to take off again, then Canada actually gains less from this type of immigration than the figures would suggest.

For lack of information, the case of developing countries is not easy to define. Emigration of scientists and engineers from developing countries do not usually represent a higher percentage of national human resources than they do in Europe, but the total stock of professional manpower is much smaller. The loss of one individual can mean the end or serious delay of an entire program. Europe, with its universities and professional schools, can more easily replace its losses.

Developing countries are more likely to lose out on this kind of emigration, but judgment must be made case by case. In 1963, 16 Nigerian physicians were practicing in the United States. The figure is relevant when we consider that Nigeria has one doctor for every 50,000 inhabitants and that in 1963 its only medical school graduated 19 new M.D.'s. On the other hand, the Philippines is the largest exporter of medical personnel to the United States; but about 70 per cent of its graduates in scientific and technical disciplines belong to the medical profession. Only 14,000 of the 28,000 M.D.'s practice medicine, and being a doctor in the Philippines represents more a social than a professional value. Therefore, it can hardly be said that immigration of M.D.'s and nurses to the United States is a loss for the Philippines.

Other studies dealing with Greece and Latin America show that some countries have benefitted from this kind of migration. Indeed, they point to the surprising conclusion that Latin America's balance of migration shows a surplus: more Europeans have come to Latin America in the past 20 years than Latin Americans have emigrated to the United States.

[1] In addition to the reports by the National Science Foundation and "The Brain Drain", a report presented to the British Parliament by the Secretary of State for Education and Science and the Minister of Technology (London, October 1967 in the article referred to as the Jones Report). I am indebted mainly to the articles submitted at the international conference on the "brain drain" held at Lausanne, Switzerland, in August 1967 (particularly those by Brinley Thomas and George Coutsoumaris); Harry Johnson's "The Economies of the 'Brain Drain': The Canadian Care" (*Minerva,* Spring 1965); and Brinley Thomas's "The International Circulation of Human Capital" (*Minerva,* Summer 1967).



Immigration of Scientists and Engineers to the United States, 1957-1967. *While total immigration has increased dramatically, that from the Six remains remarkably stable.*
SOURCE: *"Il mercato dei cervelli," page 6.*

New U. S. Immigration Law Will Slow European Drain

Between June 30, 1956, and July 1, 1967, about 31,000 European scientists and engineers emigrated to the United States. In my evaluation of the emigration to the United States between 1949-1956, as well as European emigrations to other countries (Australia, Canada and Latin America) and thanks to some statistical acrobatics, I have concluded that about 65,000 scientists and engineers have left Europe since the end of World War II.

The variations of emigration from Europe correspond roughly with the variations of total immigration of scientists and engineers into the United States. However, there are important differences within Europe, and as Chart I shows, the European Community as a whole has been remarkably stable. In 1967, the Community "exported" to the United States fewer scientists and engineers than it did in 1957. While immigration from all of Europe rose 127 per cent between 1958 and 1967, immigration from the Community increased only by a modest 23 per cent. The United Kingdom has shown much more sensitivity in adapting its outflow to variations in U.S. demand. Within the European Community, Germany shows the greatest flexibility and is, in fact, after the United Kingdom, the main exporter of scientists and engineers to the United States. In percentage terms, however, Dutch emigration is almost twice as high as Germany's.

About 2,400 European scientists and engineers left Europe in 1965; the figure rose to about 4,500 in 1967. This increase, mainly due to immigrants from the United Kingdom (which were 790 in 1958 and rose to 2,293 in 1967), was the result of the transition between the old and the new immigration laws. It would take too long to explain here how this happened in practice, but there can be little doubt that, for instance, anticipation of the new law did inflate visa applications from Western European scientists and engineers. In the long run, the new American Immigration Law of 1965, as I have already pointed out, should bring about a relative decline of European immigrants and a sharp increase of immigrants from Asia. Only about 530 Asian scientists and engineers immigrated to the United States in 1965, but as many as 4,740 in 1967! The 1965 Act abolished the traditional national quota system and established a preferential system within which 170,000 visas are reserved every year for the countries outside of the Western Hemisphere, and of these, only 17,000 can be filled by "members of the professions or those having special talents or education." The visas are granted on a first-come, first-serve basis. If one considers that the quota includes countries like Formosa, India, the Philippines, Korea—that is, countries which are major exporters of "brains" to the United States—it becomes obvious that the new law will severely limit immigrations from Europe. The country most likely to be affected is Great Britain. My guess, based on the present situation and present trends, is that immigration from Europe will level off in the next two or three years to an annual rate of approximately 3,000 visas.

Does Europe Gain from the "Drain"?

The figures so far express the "negative" aspect of the phenomenon—the "loss" of scientists and engineers to their native countries. However, such migration also brings advantages.

No statistics are available on the number of scientists and engineers who eventually return to Europe. However, a study of the Swedish situation made by the Organisation for Economic Cooperation and Development concluded that Sweden's actual losses in 1957-61 totaled 25 scientists and engineers, and not 106 as shown in the U.S. statistics. Interviews have convinced me that the "returns" are more numerous than one generally might suspect. Therefore, a double re-evaluation is needed. The returns reduce the total number of emigrations and represent a gain to the country of birth when a person comes back with a professional specialty and experience abroad. The relatively young age of the emigrants seems to bear this out. According to the NSF, 44 per cent of all the scientists and engineers who immigrated to the United States in 1967 were under 30 years of age, and only 7 per cent were over 44 years old.

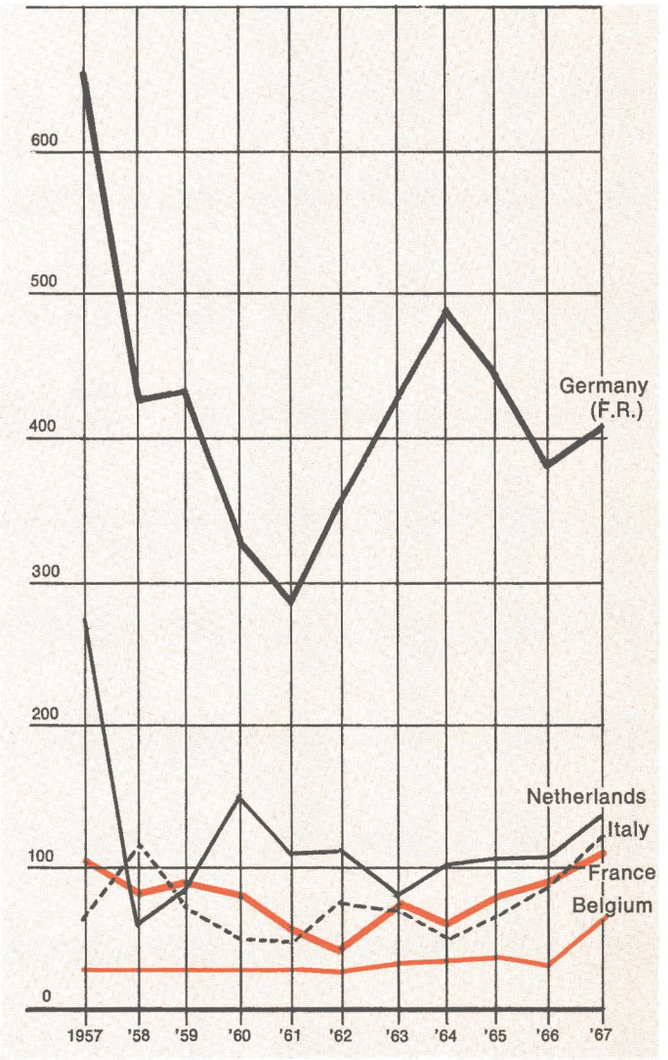
In addition to the "emigrants," many foreign scholars, teachers and students go every year to the United States to work and to study in American universities. In the academic year 1964-65, more than 7,000 foreign scholars did research or taught in American universities, 39 per cent of them were Europeans; and about 35,000 foreign students, 13 per cent from Europe, were doing graduate work under exchange programs (visa type "J"); many others came on their own (visa type "F"). Fewer than 1 per cent of the scholars and students who come to the United States under exchange programs ask to remain.

Internal Migrations Among European Countries

If Europe is considered as a whole, internal migrations should not be counted either as a plus or minus. Taking countries singly, the situation is different. In some cases, the losses caused by emigration to the United States are compensated by immigration from other European countries. Sweden attracts scientists and engineers from Norway and Denmark. Twenty per cent of the Danish engineers work abroad, one-third of them in Sweden. Many Norwegian engineers work in Germany; and Germany, also, attracts specialists from Eastern Germany, Austria, and Switzerland. Many German scientists who leave their country choose to go to other European countries, especially to France. The research staff of the Centre Nationale de la Recherche Scientifique includes 575 foreigners, most of them Europeans. Figures pubished by the NSF confirm this intra-European mobility. A comparison of statistics on immigration by country of birth with those by country of last residence, shows for instance, that in 1967, out of a total of 164 scientists and engineers who left France to go to the United States, 46 per cent were not French citizens. Of all the Germans who entered the United States in 1967, 22 per cent came from the United Kingdom and other European countries, and 11 per cent from Canada while 21 per cent of the scientists and engineers who left Germany for the United States in 1967 were not Germans. This percentage is even higher for Holland—29 per cent, and for Italy. The figures clearly indicate that several European countries are in the black in their balance of migrations.

Finally, in calculating the net drain, the scientists and engineers who come to Europe from Asia and Africa should be considered. The flow is especially important for the United Kingdom which, in 1961-66, recovered 12,500 of the 17,000 engineers it had "lost." Despite the lack of figures for France, it is well known that many young Africans come to France to study and work. Probably the Netherlands, too, is in a similar position with respect to some Asian countries.

The facts and figures show the complexity of the phenomenon and the inconsistency of some claims that Europe is being "drained," when there is actually a multifold migration pattern. For instance, many Americans go to Europe to study and work, and American researchers are contributing to important research projects in Europe. The Centre Européen de Recherches Nucléaires (CERN), in Geneva, owes much to American scientific leadership. And what about the money American foundations have poured into European universities and research institutes? This is a phenomenon in which petty calculations and balance sheets may prove useless. In the long run, what would become of a country that shut its frontiers to the migration of scientists, cutting itself off from the knowledge and the creativity that accompany international exchange?



Emigration of Scientists and Engineers from the Community to the United States, 1957-1967.
SOURCE: *"Il mercato dei cervelli," page 86.*

What is Wrong With Britain?

More than 40 per cent of European engineers who emigrate to the United States are British; over 80 per cent in the aeronautical industry. This is the only sector so far (apart perhaps from electronics) for which the emigration has become a source of serious problems. However, emigration is the result, not the cause, of the difficulties of the British aeronautical industry. If European industry's successes or shortcomings were measured by volume of migration, we would have to conclude that the European chemical industry is in bad shape, as over 50 per cent of European scientists who emigrated to the United States between 1962 and 1966 were chemists; yet of all European industries, chemicals is one of the most competitive.

Explaining why so many engineers leave for the United States, the Society of British Aerospace Industry wrote "an important factor is the loss of faith in the stability of long and short-term planning for the industry, and the lack of any clear and convincing policy on the part of the Government in support of a working program which could be equated with a worthwhile career in our aerospace industry." The difficulties of British industry are probably due, among other reasons, to its over-ambitious attempt to undertake too many different and costly projects—from the supersonic jet to the aerobus to the vertical take-off—an approach which led to a number of cancellations, in some cases, when the project already reached the flying prototype stage. These failures must be compared with the successes of the Swedish and Dutch aeronautical industries, which have concentrated on a limited number of projects, have achieved excellent technical standards, and do well in selling their products. In recent years, the British have changed their policy and have been leaning more towards joint international projects.

I have not come across additional examples of other countries or, as far as the United Kingdom is concerned, of other sectors where migrations created serious difficulties. The alarm created by the "brain drain" in recent years has been triggered more by figures published in the United States than by a thorough analysis of the causes and the consequences of the phenomenon in Europe.

Why Do They Leave?

A survey of the causes which lead many Europeans to seek a job abroad reveals some interesting facts. It should come as no surprise that the United States should exert a powerful attraction for many talented young men. The very mobility of European scientists and engineers confirms their availability, and it is perfectly natural for many Europeans to wish to participate in projects which have no counterpart in Europe. Europe breeds scientists and engineers in a number of disciplines but often offers them no adequate way of exploiting their qualifications.

Does this mean that Europe produces more specialists than it needs and that this is why Europe exports talents? Some refute this hypothesis as being simplistic and point to the fact that Europe's student population is much smaller than the United States'. In the United States, 31 out of every 1,000 inhabitants are college or university students, as compared with 8 in the United Kingdom, 10 in France, and 5 in Germany. However, U.S. statistics include the first two years of undergraduate studies, which correspond to the last two years of high school (lycée) in Europe. Moreover, it seems to me that the student population must be related to the total needs of a country's economy. The American economy is a complex machine. Because of its size, diversification, and advanced technology, it needs many more specialists than the European economies. If the best Italian aerospace engineers work in California, it is because they would be unemployed in Italy.

Are Salaries a Factor?

Undoubtedly, the attraction of higher American salaries has some importance as a cause of these migrations. The Jones Report gives comparative data which, however imperfect, are interesting. They show that European countries (United Kingdom, Holland, and Sweden), where scientists and engineers are paid relatively low salaries, also have the greatest "drains." The data also show that European countries with lower standards of living do not necessarily pay the lowest salaries for qualified manpower. France and Italy pay their engineers much higher salaries than the United Kingdom, and both countries are at the bottom of the "brain drain" list.

However, salaries are only partially relevant. What really drives many Europeans to the United States is the challenge inherent in the availability of so many resources which allows them to pursue their professional interests. Unlike Europe, the American system rewards talented young people well. Careers advance faster, initiative is welcomed, age and seniority are not prime factors. According to the British Council of Engineering Inistitutions, "the lack of faith on the part of its young men in the future of the United Kingdom as a technological power is a serious threat to the country's future. The greatest incentive for a young man is the prospect of an interesting job; to many, this is more important than a high salary."

Linguistic problems, although not irrelevant, should not be exaggerated. Most scientists and engineers in Europe can read and speak English. However, familiarity with the language certainly inflates British and Dutch migrations. Cultural factors may play a relevant role. If only few Italians and French scientists emigrate to the United States, it may be due to a certain reluctance to shift from one way of life to another. The fact that Holland, probably the most "Atlantic" oriented of all European countries, also has the highest rate of migration to the United States is probably not just coincidence.

Is Europe "Financing" American R & D?

Out of all the causes of migration, one factor plays a major role in determining, year after year, the size of the immigration into the United States—namely the American research programs. This factor acts as a catalyst for all the others. A recent study by the U.S. House of Representatives' Government Operations Subcommittee for Research and Technology Programs says "the powerful effect of even slight modifications in the massive Federal R & D programs on the demand for American scientists and engineers suggests that the demand for immigrant scientists and engineers, constituting an additional supply, could also be affected by R & D policies." In 1962, the acute shortage of scientists and engineers was attributed to the extent of Government-sponsored programs in missiles, industrial application of solid-state electronics, and the establishment of various defense systems. In 1963-64, the situation changed because of project cancellations or completions, such as Skybolt, Titan II, and Ranger. The 1965-66 resurgence of demand is attributed to the Apollo and Saturn programs, the Nimbus meteorological satellites, as well as to Vietnam military needs. The same report points out that foreign scientists and engineers are proportionately more heavily engaged in R & D than their American counterparts. More than half of the foreign scientists are in Federal R & D, compared with 35 per cent for U.S. scientists; and 41 per cent of the foreign engineers, compared with 27 per cent of all

U.S. engineers, are in Federal R & D. The report deals only with scientists and engineers from developing countries, but we can assume that the same consideration is valid for all the immigrants. As for quality, foreign scientists and engineers taking part in Federal R & D programs have, as a group, a significantly larger proportion of Ph.D. and Master's degree holders than the counterpart American groups.

Brinley Thomas believes that there is a definite correlation between R & D expenditures and the immigration of professional manpower. He attributes this phenomenon largely to the rather low elasticity of supply of American scientists and engineers, and to "the sluggish way in which the American market works." He shares the opinion that "the desire to avoid competitive bidding [in the United States] sometimes takes the form of no-raiding agreements between otherwise competing firms in the same industry" (such as those alleged to exist in the electrical equipment, electronics, and aircraft industries) and that no-raiding agreements at home tend to stimulate raiding activities abroad.

However, the U.S. market's lack of elasticity simply reflects the real cause: the chronic failure of American universities to supply scientists and engineers in sufficient numbers. In 1949, immigration made up for 1.3 per cent of the output of American universities. This percentage has since increased and today is of about 11 per cent for engineers. Without foreign scientists and engineers, American technology and economy would not be what they are today.

The American Market: a Decompression Valve

To say that the U.S. shortage of professional manpower is a major cause of the phenomenon known as the "brain drain" does not mean that all other factors are irrelevant. It does mean that the U.S. shortage offers a way out for people who are not satisfied with the situation in their own countries. The U.S. market, in other words, works as a sort of decompression valve for all the dissatisfactions, frustrations, and ambitions of the scientists and engineers of the rest of the world.

So, it may be true that Europe is "financing" (by providing manpower) not only American R & D but also American industrial and economic achievements. Yet, the U.S. gain does not necessarily correspond to a European loss, since, in many cases, Europe would not know what to do with the scientists and engineers who choose to go abroad.

I would go further and say that, since Europe cannot use these people, it is to its interest to send them to the United States where they can acquire new specialties and experience, rather than "freeze" them at home where their talents are often wasted whenever no jobs or money are available for the tasks corresponding to their qualifications.

I am talking, of course, about today's Europe made up of single countries pursuing often contradictory policies and unable or unwilling to invest in science and technology the energy and the money expected from modern industrial powers. A unified Europe would, hopefully, know better what to do with its talents.

The question, therefore, is: would these men come back should a unified Europe offer them the means and the challenge which they sought in the United States? The results of the interviews conducted by the Jones Commission and my own findings during my stay in the United States, would seem to indicate that the great majority of them would indeed go back.

Mr. Silj is the author of "Il mercato dei cervelli," Etas Kompass S.p.A., Milano, 1968, and "Europe's political puzzle—A study of the Fouchet Negotiations," Harvard University, 1967, as well as numerous articles on European affairs. This article is based on excerpts from "Il mercato dei cervelli"

The Community's Mediterranean Neighbors

by **FERDINANDO RICCARDI**

THE EUROPEAN COMMUNITY'S efforts to establish closer economic ties with its Mediterranean neighbors inexorably collide with political issues:

- What kind of economic agreement would enable Yugoslavia to remain Communist while helping to lay an economic basis for its continuing political independence from the Soviet Union.
- Is this the right moment to link Spain with the Six and if so, how close should the link be?
- Should the Community expand or freeze its association with Greece, in view of the change of regime in the spring of 1967,
- How can the Community make equitable concessions to Arab countries, if it offers Israel associate status?

The Six still have no common political position towards the Mediterranean countries and still show a strong tendency to wave one national flag here and another there, instead of speaking in the name of a united Europe. Even at the economic level, some delegations and pressure groups would still rather defend their own interests than work together to help these turbulent ancient civilizations enter the mainstream of European progress.

The Mediterranean countries are not clear about these matters either. Some of them distrust and resent one or another of the Community members, while others wage war and threaten their neighbors. Here a democratic regime tumbles, there a state of emergency is declared.

Greece: Progress Blocked

For the moment, no further progress is possible in the Community's association with Greece, because some of the association's governing institutions (such as the Joint Parliamentary Committee) cannot function under the current Greek regime. The Community has stopped financial aid and has delayed starting on the harmonization of agricultural policies.

However, the preferential trade arrangements are still operating, and the framework of the association has not been disturbed. Everything can be set in motion again as soon as political circumstances permit. Then progress towards Greece's full membership in the Community will continue, as provided in the Athens Agreement.

Turkey: A Model

The Community's successful association with Turkey is a model for relations with the Mediterranean countries.

During the 1964-69 "preparatory stage," the Community made available $175 million in financial aid to Turkey for important industrial and infrastructural projects and increased its imports of Turkish products. This May, a joint Turkish-Community parliamentary commission recommended that Turkey should pass from the preparatory to the transitional stage of membership on December 1, 1969. Now details are being negotiated for the "transitional stage" leading gradually to economic union.

Turkey's road to full membership will, however, be long and difficult. The industrialization process is straining the Turkish economy. To avoid severe balance-of-payments crises and the risk of a currency collapse, Turkey will have to take stern measures. The joint Commission last May urged the Community to grant Turkey substantial facilities in the agricultural and social fields to help meet the special demands that a customs union would make on the Turkish economy. The recommendations, which go before the European Parliament and the Turkish National Assembly, stipulated that Turkey should receive further special treatment as a developing country. In the meantime, during negotiations, the Community's financial aid to Turkey is continuing. The European Investment Bank is now preparing to finance a bridge over the Bosporus, connecting Asia with Europe.

Cyprus: Fruit and Vegetables

Cyprus is considering some form of association with the Community. A trade pact with the Six would help the island's exports of fruit and vegetables which, except for copper ore and concentrate, are its biggest export earners. As a member of the Commonwealth and sterling area, Cyprus now exports most of its production to Britain.

Morocco and Tunisia: Partial Association

Negotiations with the two countries were concluded at the end of February, and agreements instituting "partial associations" were signed at the end of March and came into force on September 1, 1969. In the first stage of association the ties between the Community and these countries will be purely commercial: duty-free entry to the Common Market for all Tunisian and Moroccan industrial products, and preferential entry for most agricultural produce.

In the next three years, negotiations will open to extend the association by providing for technical and financial aid, freedom of establishment and investment, and free movement of labor.

Algeria: Serious Worry

Here is one of the most serious worries for the Community's institutions. Some member governments refuse to begin negotiations* with the Algerian Government as long as it considers itself at war with Israel. The Six are all aware that sooner or later Algeria will be linked with the Community. Most of the Six have withdrawn the tariff concessions given to Algeria in the early years of the Common Market, especially on wine—but they have not questioned France's right to allow Algerian products duty-free entry. The situation is therefore awkward and legally uncertain: each Community country gives Algeria preferential treatment, though there is no valid legal basis for doing so, and the arrangements differ from one country to the next. Such a situation cannot last and the Community must start to straighten it out.

Lebanon: Another Model

Lebanon concluded a limited trade agreement with the Community, supplemented by technical assistance arrangements.

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**Ed. note:* Algeria, until independence, was a French Overseas Territory and therefore a legal part of the Community. Negotiations would establish a new basis in law for Algeria's relations with the Community.

A Lebanese weaver. In the Mediterranean countries where Turkish and Arabic influences were strongest, weaving of fine cloth, rugs, and tapestries had developed into an art by the time of the Middle Ages in Europe. Courtesy National Council of Tourism in Lebanon, New York

This agreement has had only a slight practical impact; but the combination of trade and technical assistance could serve as a model for accords with other countries if the member states can resist the temptation of wrapping technical assistance up in national, rather than Community, colors.

Israel: Industrial Goods

The Community's relations with Israel currently pose a problem. They are now governed by a trade agreement concluded in 1964 for three years and since extended unilaterally by the Community. Israel considers the agreement pointless.

The Council's decision just this spring to reduce the Community's customs duty on Israeli citrus fruits by 40 per cent will give Israeli exporters only partial relief, because Tunisia and Morocco receive an 80 per cent cut under their association agreements with the Community.

Moreover, the Six have not yet found any solution to the problem of Israel's industrial exports to the Community. France has opposed any arrangement with Israel at this stage. The Six bought 26.4 per cent ($169.3 million) of Israel's annual exports ($640.2 million) in 1968. Israel imported $316.5 million worth of goods from the Six last year, 29.3 per cent of its total imports ($1.083 million).

The 1964 agreement gave Israel some minor customs reductions on fewer than two dozen items. Some quotas were also imposed, for example, on sales of bromine products to Italy. However, at the time, the Israeli authorities thought the accord would pave the way for eventual association with the Community. On that assumption, Israel has since 1964 largely abolished administrative import controls and 95 per cent of its imports have been liberalized, but in most cases administrative controls were replaced by heavy duties. These tariffs are slated for reduction in stages in anticipation of an association agreement that would give Israel time to adjust its economy and customs tariff structure.

At present, association seems unlikely, so that Tel Aviv might perhaps consider accepting a preferential agreement with the Six. The Israeli Government has asked for close links, with complete freedom of movement for all goods, and it has stated its willingness to organize its economy to fit into the Common Market. The difficulties involved remain more political than economic: one member government (France) has been unwilling to go beyond an ordinary trade agreement; the others claim that a balance must be struck between concessions made, or to be made, to Arab countries and any ties established with Israel.

Spain: An Ingenious Arrangement

As in Greece, the nature of the Spanish regime has created serious political obstacles to close links between Spain and the Community. The European free labor unions for instance, strongly oppose negotiations with the Spanish Government.

The Community institutions are overcoming these political difficulties by an ingenious "two-tier" agreement. The association of Spain with the Community is accepted as the ultimate aim, but the first phase would cover only trade. The changeover to the second phase—extending to finance, movement of labor, freedom of investment—would not be automatic but conditional, requiring the unanimous approval of all parties and based on both economic and political considerations. At the moment, the contents of the first phase are being discussed. Spain would like the accord to be as extensive as possible, including substantial tariff cuts.

Last year a first stage of trade negotiations was successfully concluded. At the end of 1968 the Commission reported on the negotiations to the Council and made proposals for the next round of negotiations.

Yugoslavia: Economic Basis

All of the Six have reacted favorably to Yugoslavia's request for special relations with the Community. (Yugoslavia, unlike other East European countries, recognizes the Community's *de jure* existence.)

Some member states have stressed the need to guarantee a market in the Community for Yugoslav goods so that Belgrade can continue to make purchases in the West that are essential for its economic development and, indirectly, for its political independence. Still unresolved is a technical solution for allowing Yugoslav beef and veal exports (a major source of foreign exchange) into the Common Market without upsetting Community prices and cutting into sales of Community produce.

Malta: Three Stages

The Commission in general accepts the case for an association agreement between Malta and the Community as proposed by the Maltese Government, but thinks it too early to decide on full membership, the island's ultimate objective. Malta would like the Community to take over the role in the Maltese economy that Britain is vacating.

Malta has proposed a first "adaptation" stage of five years during which it would gradually reduce its tariffs on industrial and agricultural imports by 35 per cent and the Community would cut duties on Malta's industrial exports by 70 per cent.

A second five-year "transition" stage would follow automatically during which free access to Community markets for Maltese agricultural products would be organized. At the same time, Malta would progressively adopt the Community's common external tariff and begin to free movements of capital and labor and allow Community companies the right of establishment. In the third stage, Malta would attain full membership.

Apart from the Community's modest trade agreement with Iran and a trade and technical aid feeler by the Egyptian Government, reported in early May in Cairo's *Al Gumhuria,* these are the main currents in the Community's relations with the countries to the south. In Greece, Spain, and other Mediterranean countries, where domestic political factors stop progress, the Community can do little but wait. In the case of several Middle East countries, on the other hand, the Community members do not agree.

There is, however, another difficulty: many products that the Mediterranean countries want to sell on the Community markets are highly competitive with Community products. Often the Community's poor regions, in Italy and France, have the most to lose. Italy has to consider the interests of its citrus growers. France has some hard thinking to do before allowing Yugoslav beef and veal preferential access to the Common Market.

Eventually, the experts in Brussels will find satisfactory solutions to these complicated technical issues. A more crucial aspect is that the politician should not forget the broader objective: to associate the Community with countries that all form part of the European heritage.

Dyeing skeins of wool for carpets in Rabat. Morocco is one of several Mediterranean countries now making special efforts to keep their traditional craft industries from vanishing. Courtesy Moroccan Office of Tourism, New York.

Europe's Workers Get A Say

by **WALTER KENDALL**

"THOSE WHO INVEST THEIR LIVES in a business have a bigger right to a say than those who merely invest their cash." This statement by Jack Jones, general secretary-elect of Britain's largest Transport and General Workers' Union, is symptomatic of a big and continuing shift in labor opinion that has been taking place in Europe.

Along the lines expressed by Mr. Jones, Germany's labor union confederation, the 6,400,000-strong Deutsche Gewerkschaftsbund (DGB) is now engaged in an extensive campaign from its Düsseldorf headquarters to extend the German unions' *Mitbestimmung* law—co-determination, or labor's rights of participation in management decisions. With the aid of the Social Democratic Party (SPD), the union succeeded in having the law passed in the immediate postwar years. Now, the DGB's new proposals, which have been taken up by the SPD in the form of a draft law now before the Bundestag, have led to a major controversy in the Federal Republic.

Mitbestimmung is an implicit "sharing of power" philosophy which owes as much to Christian thinkers as to the socialist ideas that are normally regarded as its source. Since a Weimer Republic law of 1920, German firms have had to establish directly elected workers' councils that "police" labor contracts as shop stewards do in the United States.

German limited-company law establishes a three-tier corporate structure: shareholders, a board of supervisors (*Aufsichtsrat*) elected by the stockholders' meeting, and a board of management (*Vorstand*) appointed by the board of supervisors. The board of supervisers makes the policy to be executed by the management board, which may have 11, 15, or 21 members, depending on the size of the company. The management board usually consists of three directors, specializing in commercial, technical, and labor affairs, and having equal authority.

Germany's co-determination law for its iron and steel industries, enacted in 1951, provides for an 11-man supervisory board. Stockholders elect five members, one of whom must not be a stockholder. Workers also elect five members: two from their own ranks; a third is appointed by the majority union in the firm, a fourth by the national union confederation, normally the DGB. The DGB also appoints a fifth member, who like the fifth one chosen by the stockholders, must be independent of the nominating group. There are thus eight members, divided between stockholders and labor interests, and two "independent" members, one nominated by each side. An additional "independent" member is nominated to the board by the mutual consent of the parties.

The board of supervisors appoints its own chairman, who is usually, but not necessarily, a representative of the stockholders. The board of supervisors thus constituted appoints the three-man *Vorstand*. As the labor director cannot be appointed against the vote of the workers' representatives, he is normally a labor nominee. This 1951 law now covers some 90 large coal, iron, and steel companies employing altogether about a million workers.

Subsequent efforts by the German unions and the Social Democrats to extend this legislation to the rest of the German economy have so far proved unsuccessful. However, as a concession to labor demands, company law was revised in 1952 to give workers outside the coal, iron, and steel industries a minority (one-third representation) on the board of supervisors. This law, however, made no provision at all for the appointment of a worker-nominated labor director to the management board.

As may be imagined, Germany's employers and unions by no means agree about *Mitbestimmung*. Employers claim that the legislation is socially meaningless, ineffective, and even harmful to economic efficiency. Unions, on the other hand, value the 1951 *Mitbestimmung* law highly and demand the extension of its parity and labor provisions to other sectors.

Since last fall the DGB has campaigned for the extension of the coal, iron, and steel co-determination law to cover all firms that met at least two of the following criteria: employed more than 2,000 people, had more than $18.5 million capital, did an annual turnover of more than $37.5 million. If these proposals were adopted, co-determination would apply to most large German companies.

France's Divided Unions

In France, where the unions are weaker and more divided than in Germany, recent attempts to increase labor participation in management have come from the Government rather than from unions. Certain provisions, however, are already in force.

In the first flush of postwar radicalism, at a time when many of the French business élite were badly discredited by a record of wartime collaboration, important legislation on workers' participation was passed. In 1945-46, provision was made for the establishment of a *comité d'entreprise* in all companies employing more than 50 workers.

These committees consist of elected representatives of the workers and nominees of management. The law requires the employer to bring to the committee business and social issues, including projected layoffs and reorganization proposals. The committee itself, however, has no autonomous powers and is merely advisory. Absence of real power has limited workers' interest, while employer determination to maintain managerial prerogatives, combined with the weak union organization and workers' fear of victimization, ensures that the committees have little practical importance outside the field of administering social welfare provisions.

France has no real equivalent of shop stewards; but after the spontaneous, semi-insurrectional sitdown strikes and occupation of factories in 1936, legislation was hurriedly enacted to provide for the election by all workers (organized and unorganized) of *délégués du personnel*. Their task is to pursue day-to-day grievances with the management. Normally elected from competing labor union lists of candidates, these workers' delegates have legal safeguards against unwarranted dismissal, which in practice have proved more formal than real. According to one authority, in four companies out of five, candidates were hard to find as early as 1950. Therefore, while legislation on workers' participation rights exists in France, its overall significance remains limited.

The neo-corporative ideas of the de Gaulle regime have led to innovations of another kind. Under recent legislation, a

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Except in Germany, where the unions are relatively strong, the impetus to increase labor's voice in management has tended to come from government.

specified percentage of a firm's profits must be placed in a special fund for the benefit of its workers and some years later be paid out as a cash dividend. Unions have viewed this step as an endeavor to buy off working-class hostility and domesticate an alienated labor force. The results are not yet clear.

Italy's Management Commissions

Workers' participation in Italy has more in common with the French system than with Germany's. When the partisans came down from the hills in midsummer 1945, occupying many cities in the industrial north before the arrival of the Allied armies, they set up management committees (*commissione di gestione*) in many plants, which challenged the right of management to do as it pleased. This high tide of revolutionary endeavor receded fairly rapidly and without producing anything approaching a co-determination law on the German model.

As a legacy of the occupation of the factories in 1920, Italian law still obliges firms to establish *commissione interne* (often quite wrongly described as "grievance committees," which they are not). They are best likened to the German workers' councils, but without the strength of a unified labor union movement behind them. Elected by both organized and unorganized workers on the basis of competitive union slates, they have often been invested with an exaggerated importance quite out of line with their actual powers, which are very limited.

Although the *commissione interne* in theory possess important consultative functions, they have rarely exercised them in practice, unless backed by a strong trade union organization. In the 1950's, management frequently manipulated these bodies, using them as spurious bargaining agents so that they could refuse recognition to union organizations in the plant. This experience has led the unions to view the whole question of participation with some reserve. There is, however, an Italian tradition of revolutionary spontaneity aiming at workers' control, and the issue could again come to the forefront.

Benelux: National Borders

Neither Belgium nor the Netherlands has experienced upsurges like those in France in 1936 or in Germany and Italy in the postwar and interwar years. Although divided on religious and political grounds, the unions remain fairly strong. Bodies similar to the German workers' council, the French *délégués du personnel,* and the Italian *commissione interne* exist in both countries. Because unions are strong, these bodies exercise some important power in policing union contracts and other labor provisions.

Decision sharing at local level is, however, limited, and cooperation at national level is more important. The postwar years often saw union, management, and government participating jointly in making decisions about the national economy, and especially the rate of wage growth and method of allocation. In the Netherlands, the Labor Foundation, established in 1945, has served as an important center for joint consultation between capital and labor in social affairs. In both Belgium and the Netherlands, joint decision-making has tended to be at the national level rather than on the possibly more important plant level and below.

Although there is a degree of formal support for a measure of workers participation in management in Luxembourg, the current situation there resembles the one in France and Italy more than Germany's. The Socialist-Christian Democrat coalition had drafted plans for a limited measure of obligatory co-determination in industry, but these proposals were shelved when the Socialist-Christian Democrat coalition was replaced by a Christian-Liberal coalition earlier this year.

In Europe, the issue of workers' participation is one that must occupy the whole Community in coming years if only because it is involved in the agreement on a draft European company law. The extremely powerful DGB is unwilling to accept any proposal that does not include co-determination on the lines of Germany's existing *Mitbestimmung* legislation. The absence of such provisions would leave German management free to avoid all its co-determination obligations by the simple procedure of closing down its companies under German law and re-registering them as European corporations under the European company statute. The DGB plainly fears a European version of the U. S. experience which led one critic to remark that "Standard Oil has done everything with the legislature of New Jersey except refine it." Other union federations in Europe are likely to back the DGB on this point and use their important political influence on its behalf.

Professor Gérard Lyon-Caen of the University of Paris, assisted by professors from five other European countries, is now seeking a formula for workers' participation in the administration of firms registered under a European company law that would be acceptable to the governments and social organizations of the Six.

COMMUNITY NEWS

COMMUNITY TAKES FRANC DEVALUATION IN STRIDE; GIVES FRANCE 2 YEARS TO READJUST TO COMMON FARM PRICES

The French Government's decision to devalue the franc, announced on August 8, brought vacationing officials of the European Community back to Brussels.

The devaluation of the franc, from 0.18 grams of gold to 0.16 grams, resulted in the automatic suspension of the Community's agricultural unit of account pending a Council decision on its new value. The unit of account is the common denominator for all agricultural transactions in the six members' currencies: prices, deficit payments, and grants for investments in farm improvements. Meetings of the European Communities Commission and Council of Ministers were called for Monday, August 11, to decide upon the new parity. The Monetary Committee met on August 10 to prepare an advisory opinion.

Unit of Account: Brief History

The Community's first financial regulation defined the unit of account at 0.88867088 grams of fine gold, which is the parity of the U.S. dollar. This definition was chosen as a matter of convenience; since the Bretton Woods Agreement of 1944 creating the International Monetary Fund, all currencies have been defined in terms of dollar parity.

The unit of account took on particular importance in the field of agriculture because of the single price system for farm products of the Six covered by common market organizations. It is the only field in which Community action—setting common prices denominated only in units of account—has a direct, substantial, and immediate impact on the cost of living in the individual member countries and on their competitive positions with each other and with the rest of the world. Special provision was made for the agricultural unit of account, as the Common Market in agriculture could no longer have operated if even one government changed the value of its currency.

The necessary flexibility was provided by Council Regulation 653/68 of May 30, 1968, outlining the conditions for modifying the value of the agricultural unit of account:

- automatically, in the event the parity of every member country's currency changed simultaneously and in the same direction.
- by decision of the Council, in the event of a non-uniform change in the parities of the member countries' currencies. In that event, the value of the unit of account would be suspended from the time of the official announcement of a change in parity to the publication of the new value of the unit of account.

The French Devaluation

The French franc was devalued 12.5 per cent in terms of its gold parity and 11.11 per cent in terms of the Community's agricultural unit of account and the U.S. dollar. The official communiqué announcing the devaluation, following a special session of the French Council of Ministers also stated that the French Government had taken steps to inform the International Monetary Fund, the Common Market monetary authorities, and the members of the Franc Zone (primarily French overseas territories and possessions and former French colonies now independent).

On French television that evening, President Georges Pompidou explained that to frustrate speculation, his Government had "observed total secrecy and chosen for [its] decision a period that is usually devoted only to vacation." He added that devaluation was the first, not the only, action his Government planned to take to restore balance in the French economy, and that a complete package of budgetary, financial, and economic actions would be announced.

On the same broadcast, Finance Minister Valery Giscard d'Estaing explained why the Government had decided to devalue by 12.5 per cent and not another figure. On the forward exchange markets, "the place where outside of France foreigners assess the value of the franc, which means the risks that they take to keep our national currency for a month, there was an 11-12 per cent discount in the franc, and so the franc's real value had diverged from its theoretical value."

The Community's Response

By Monday, August 11, all but one of the 14 members of the Commission, and each member country's minister for agriculture and minister for monetary matters, had arrived in Brussels for the Council meeting that lasted until 5 the next morning. At the close of the meeting, the Council unanimously expressed its desire to cooperate with the French Government's efforts to restore economic and monetary equilibrium which "could only facilitate the proper working of the Community."

It decided to maintain the common agricultural prices and the parity of the agricultural unit of account, but to allow France to reduce its support price to French farmers by 11.11 per cent, to prevent increases in domestic consumer and producer prices and to discourage production surpluses. (However, the regulation also permitted France to make a reduction smaller than 11.11 per cent. Before the 1969/70 marketing year, the Council will decide on final adjustments in French farm prices. In so doing, it will pay special attention so that the decision will not lead to a significant increase in production, put an unnecessary burden on consumers, interfere with the free movement of goods, or adversely affect farmers in other member countries. In any case, the Council said that the final adjustment of French prices to the common prices should be completed by the beginning of the 1971/72 marketing year.

To prevent distortions in farm trade within the Community, France must subsidize imports from the other Community members and non-member countries (so that prices on imported goods can be kept to their current level) and pay compensatory levies on its exports to other Community members and non-member countries.

Before November 30, 1969, the Commis-

The Commission's first meeting this fall, on September 11, in its new facilities of the recently completed Berlaimont Center, Brussels.

sion is to report to the Council of Ministers on the effects of these measures and, if necessary, suggest alternatives.

Effects on Migrants' Social Security

The devaluation also affected several thousand Belgian, Luxembourg, German, and Italian workers who cross the border daily to their jobs in France, and also an unknown number of non-Community migrant workers. Not only do these workers lose money in converting their salaries into their national currencies, but also the value of payments by the French social insurance agencies diminishes.

When the European Parliament's Committee on Social Affairs and Public Health met on September 11 to consider these problems, Commission Vice President Lionello Levi Sandri testified before it. In view of the urgency of these matters, he said, bilateral contacts had been started between the governments involved. One solution he mentioned, for which there are precedents, was the payment of an exchange bonus for salary transfers, with the expenses divided by the devaluing country and the employer. For compensating for depreciation in social insurance payments, he said, a new procedure would be necessary.

The Committee thought that as long as the Community does not have a common monetary policy, it should make arrangements to compensate for the repercussions of monetary events in the social field. Among the suggestions put forward was the allocation of money to the European Social Fund for this purpose. These and other suggestions will be debated at the European Parliament's next plenary session, in October.

SENEGAL'S PEANUT HARVEST

More and more of the peanuts that Europeans nibble at parties or while watching television are likely to come from Senegal, the former French colony in West Africa and now one of the 18 African States associated with the European Community by the Yaoundé Convention.

Peanuts are a refined form of groundnut which originally grew wild. Today the cultivated nuts are processed into oil or oilcake. It is an undemanding plant, but the peanuts themselves have to be carefully tended. Over the past six years Senegal has doubled the average crop yield to 1,100 lbs per acre.

To meet rising world demand, the European Development Fund recently made $1.11 million available to expand the area under peanut cultivation from 6,700 acres to 24,700 acres by 1972. Senegal should by then be able to sell 12,400 metric tons a year to Europe and America.

Three Weedings Double Harvest

To get a good crop the seeds must be sown towards the end of June, at the peak of the rainy season. In this way there is still enough moisture in the ground at harvest time 110 days later. If the soil is too dry, the stems break. In the past, too many farmers ignored the deadline. Now, instructional films teach Senegal's farmers that nature demands punctuality and explain to them the need for greater seed density and the use of fertilizers. On average, fields used to be hoed only once; films demonstrate how weeding can increase the harvest and therefore farmers' earning capacity. The farmer who hoes three times can double his profits.

Inquiries by the European Development Fund show that the Senegalese authorities are backing up the Community's supplies of artificial fertilizers, pesticides, and agricultural equipment with practical instruction, audiovisual teaching, and evaluation of the results. Senegal itself is paying for part of the project to extend its peanut acreage. The Dakar government has undertaken to assign a trained Senegalese assistant to each European adviser within the next four years. After 1972 the local experts will take over from the Europeans.

If the instructions are properly observed, the 1972 harvest from the 24,700 acres should yield about $2 million more than the cost of the entire project over four years.

EIB 1968 LOANS SET RECORD

The European Investment Bank last year made loans of $289 million, a record high since its establishment in 1958. It raised $212.5 million—also a record—on the international capital market to finance its operations for economic development in the Community and associated states.

During 1968 the Bank agreed to make 39 loans of a total value of $250.7 million for projects in the Six and associated African states, seven loans totaling $27 million under its special section for projects in Turkey, and five loans totaling $11.2 million, financed by the European Development Fund, for development projects in the associated states and overseas territories. The Bank loaned $232.8 million in 1967 and an average of about $130 million a year in 1964-66.

By the end of last year, the Bank had made a total of 237 loans with a total value of $1.26 billion. The overall value of the projects aided by the Bank's operations is much greater, for these loans normally provide only a minor part of the total capital investment.

Development of Southern Italy

As in previous years, the Bank in 1968 gave priority to development in Southern Italy (25 loans totaling $122.5 million—almost 50 per cent of ordinary loans in 1968). Italy has received two thirds of the loans made to date for projects inside the Community—$646.2 million out of $987.5 million—but the proportion of total capital going to Italy is gradually declining as the value of projects aided in Turkey and Africa rises. Projects aided with EIB loans in 1968 included two stretches of turnpike (in Sicily and across the Appenines), an aqueduct in Apulia, and improved telephone communications in the South.

France, in 1968 as in earlier years, received substantial loans from the EIB. Last year's $49.6 million raised the French total to $187 million during the Bank's ten years of operation. Turnpike projects, one in Belgium and the other in Germany, also benefited from 1968 EIB loans.

The EIB's ordinary operations in Africa, $24.3 million in 1968, included loans for food-processing facilities in the Ivory Coast, industrial projects and roads in Gabon, and copper-ore mining in Mauritania.

Breaking down the 1968 loans by economic sector shows that there was particular stress on transport facilities ($110 million, or 38 per cent of total loans). This included $52 million for four road projects. In second place came industry, particularly mining, with a total of $84 million.

Borrowing: Half in German Marks

More than half the EIB's 1968 borrowings ($137.5 million) were raised in German marks, contributing to the outflow of capital from Germany. Funds were also raised on the Italian ($24 million), Belgian ($45 million), Dutch ($11 million), and international European ($25 million) capital markets. The terms of these loans ranged from six to twenty years, with annual interest rates from 6.25 to 6.75 per cent.

"A GOOD GERMAN IS A EUROPEAN"

"A good German cannot be a nationalist. Today a German with a national consciousness can only be a European," President Gustav Heinemann said on the 25th anniversary of the attempt on Hitler's life, July 20, 1944.

Speaking at Plötzensee, the place where many of the conspirators were executed, the President warned of the dangers of a new nationalist movement.

President Heinemann warned that nationalism had caused nothing but harm, both for the Germans and the rest of Europe. This calamity must not be allowed to happen again. The President said that people must guard against any rebirth of nationalism.

FIRST PROPOSAL ON COMMON TRADE POLICY WITH E. EUROPE

The European Communities Commission in July presented to the Council of Ministers its first proposal on a common policy for trade with East European countries. It lists goods imported from East Europe that would be freed from all quantitative restrictions.

For Poland and Czechoslovakia (both members of the General Agreement on Tariffs and Trade) the list includes about 100 industrial and agricultural products. For the other state-trading countries—Bulgaria, Hungary, Rumania, and the Soviet Union—the liberalization list is virtually limited to agricultural produce.

The Council adopted in December 1968 three outline regulations on a common trading policy with free market countries and agreed to enact a uniform policy for Communist nations before the end of the transition period, January 1, 1970.

DOCUMENTATION CENTERS

The European Community has designated more than a hundred official depositories and documentation centers throughout the world for the convenience of professors, students, and businessmen who must consult Community documents but who are far from a Community Information Service office. There are 23 depositories and documentation centers in North America. They are listed below by country, state or province, and city.

United States

CALIFORNIA: University of California, Berkeley; University of California, Los Angeles; Stanford University, Stanford.

COLORADO: University of Colorado, Boulder.

CONNECTICUT: Yale University, New Haven.

DISTRICT OF COLUMBIA: Library of Congress.

ILLINOIS: Library of International Relations, Chicago; University of Chicago Library, Chicago; University of Illinois Law Building, Champaign.

INDIANA: Indiana University Library, Bloomington; University of Notre Dame, Notre Dame.

MASSACHUSETTS: Harvard Law School Library, Cambridge.

MICHIGAN: University of Michigan, Ann Arbor; Michigan State University, East Lansing.

MINNESOTA: University of Minnesota, Minneapolis.

MISSOURI: Washington University, St. Louis.

NEW YORK: Council on Foreign Relations, New York; New York Public Library, New York; New York University Law Library, New York; State University of New York, Buffalo.

NORTH CAROLINA: Duke University Library, Durham.

NEW JERSEY: Princeton University, Princeton.

PENNSYLVANIA: University of Pennsylvania, Philadelphia; Pennsylvania State University, University Park.

TEXAS: University of Texas, Austin.

VIRGINIA: University of Virginia, Charlottesville.

WASHINGTON: University of Washington, Seattle.

WISCONSIN: University of Wisconsin, Madison.

Canada

ONTARIO: Carlton University School of International Affairs, Ottawa; Queen's University, Kingston.

QUEBEC: McGill University, Montreal.

Mexico

NUEVO LEON: Universidad de Nuevo Leon, Monterrey.

TEACHING AND RESEARCH AIDS

In addition to its specialized research and documentation service, the Information Service of the European Communities can provide professors and teachers with visual aids, (films and exhibits) and basic, general publications. Except where otherwise noted, they can be ordered from the European Communities Information Service, 808 Farragut Building, Washington, D. C. 20006.

Publications

EUROPEAN STUDIES, TEACHER'S SERIES I. European Communities Information Service, London, 1968, free.

Prepared especially for use in secondary schools, this "teachers' kit" contains separate papers on the historical background of the Community, the Community's population, institutions, and trade. It also contains a selected reading list.

THE FACTS. European Community Information Service, Brussels, 1967, 32 pages, free.

A general brochure about the European Community, reviewing the development of the Community in the first decade of its existence.

Q & A ON THE EEC: SOME OF THE QUESTIONS ASKED ABOUT THE EUROPEAN COMMUNITY AND SOME OF THE RELEVANT FACTS, European Community Information Service, London, 8 pages, free.

QUESTIONS AND ANSWERS: THE EUROPEAN COMMON MARKET, THE EUROPEAN COMMUNITIES, Manhattan Publishing Company, New York, 1968, 79 pages, free.

This booklet contains a 55-page section of questions and answers with a table of contents. A second section contains a factual account of the Community's achievements. Includes a bibliography and list of additional sources of information.

THE EUROPEAN COMMUNITY IN MAPS, European Community Information Service, Brussels/Luxembourg, 1967, 8.5 inches x 11 inches, color, free.

Contains twelve maps: administrative regions and units; population density; agricultural land utilization and main crops; livestock farming and fishing; energy; nuclear industry; iron, steel and selected branches of engineering; major industrial regions and distribution of manpower by activities; railroads and navigation; roads and civil aviation; external trade; and associated overseas states and territories.

Films

These films may be borrowed from the European Community Information Service, Washington, free of charge:

ATOMS FOR PEACE. R. Paul-Dagan, producer. Color, 16 mm, 15 minutes, 1967.

Describes the work being done at the Community's research center in Ispra, Italy, to use nuclear energy for peaceful purposes.

A DOOR OPENS. Michel Alexandre, producer. Color, 16 mm, 40 minutes, 1967.

This film describes the Community's efforts to help governments and private industry to retrain workers and bring new life to depressed mining areas.

EUROPE WITHOUT FRONTIERS. Monitor Films, producer. Black and white, 16 mm, 37 minutes, 1961.

The film shows what the Six had done for European unity up to 1961. It shows how the European Economic Community, Coal and Steel Community, and Euratom work, and highlights some of their achievements: increased output and modernization in the coal and steel industries, creation of a common agricultural policy, facilities for the free movement of workers, and the program for peaceful use of the atom. A free copy of this film available to the first twenty organizations requesting it.

EUROPEAN COMMUNITY. Sean Graham, director. R. H. Riley, producer. Color, 16 mm, 19 minutes, 1965.

Europe cannot remain divided in today's world of giants. The film shows what the Six have already done for European unity and explains how the European Economic Community, Coal and Steel Community, and Atomic Energy Community work.

This film can be purchased or rented from McGraw Hill: 1211 Polk Street, San Francisco, California 94109, 828 Custer Street,

Evanston, Illinois 60602, or 330 W. 42nd Street, New York, N.Y. 10036.

EUROPA. Ted Lowry, director. Pelican Films, producer. Color, 16 mm and 35 mm, 13 minutes, 1963.

A cartoon dialogue between Zeus and Europa explains the lessons of the past and views the future with hope. The six European Community members have pooled their economic destinies, wanting to become a healthy, strong family.

All of these films are in English. Language teachers may request information on films in the Community's four official languages (French, German, Dutch and Italian) for showing to their advanced classes.

RECENT BOOKS ON COMMUNITY TOPICS

Decisions for Europe: The Necessity of Britain's Engagement. By J. L. Zaring. The Johns Hopkins Press, Baltimore, 1969, 221 pages with Index.
An examination of the issues of power politics in Western Europe in the late 1960's and the European Community's role in them.

The author gives a concise history of the Community and briefly explains how its institutions work. So far, the author states, the Community, operating primarily in the economic arena, has created a vacuum "which is both the imperative and the incentive to further economic and political integration." If the Community does not advance into political unity, it risks losing gains it has made on the economic level. The process of political integration can resume only after a change in the balance of power within the Community, by its enlargement—to include Britain.

Africa and the Common Market. By P. N. C. Okigbo. Longmans, Green and Co., Ltd., London, 1967, 183 pages with Index.
An examination of Africa's relations with the European Community and the possibilities for an African Common Market.

This book grew out of the author's mission in 1963, at the request of the Nigerian Government, to explore the possibilities for closer relations with the Community. In addition to two chapters devoted entirely to the association between Nigeria and the Community, the book contains chapters on the Community's other association agreements. Special attention is given to the decisions that English-speaking African members of the British Commonwealth must make in choosing association with the Community.

The Second Try: Labour and the EEC. Edited by Uwe Kitzinger. Pergamon Press, London, New York, 1968, 353 pages with Statistical Tables, Bibliography, Suggested Exercises, and Index.
A collection of documents, speeches, articles, and cartoons on British application for membership in the European Community, with introduction by Mr. Kitzinger.

The book covers the reactions to the application—in Britain, on the Continent, and in the United States—as well as the views of the European Communities Commission and French President Charles de Gaulle.

Tariff-Making and Trade Policy in the U. S. and Canada. By Kenneth C. Mackenzie. Frederick A. Praeger, New York, 1968. 294 pages.
This Praeger Special Study focuses on the tariff-making process in Canada and the United States and the influence that particular constitutional and legislative frameworks have on each country's tariff structure. "Each country stamps its tariff laws with certain characteristic features designed to reinforce the centers of effective power." The authors find that delegating legislation in the United States tends to be detailed because of Congressional efforts to control Presidential authority. The book also discusses the administrative structure used to prepare for international tariff bargaining and devices such as the "escape clause" developed in conjunction with the 1962 Trade Expansion Act. Included is a study of Section 22 of the Agricultural Adjustment Act, under which certain agricultural imports are restricted.

Economic Cooperation in Latin America, Africa, and Asia: A Handbook of Documents. Edited by Miguel S. Wionczek. The M.I.T. Press, Massachusetts Institute of Technology, Cambridge, Massachusetts, 1969, 556 pages with Appendix and Index.
Annotated documents related to economic integration in the southern hemisphere with an introduction explaining the current status and prospects for economic integration in the developing countries.

The author has collected these documents to provide a guide for students and policy makers in the economically advanced countries and "to offer some help to those experts and policy makers in Latin America, Africa, and Asia who consider regional economic integration a potentially important weapon in the search for accelerated development and industrialization."

Food, Farming, and the Common Market. By Michael Butterwick and Edmund Neville Rolfe. Oxford University, London, New York, Toronto, 1968. 259 pages.
A study of the food and agricultural policies of the United Kingdom and the European Economic Community and the resultant problems Britain faces in negotiating entry into the Common Market.

The authors, both agricultural economists at Oxford, describe and compare developments in Britain since the Second World War with agricultural trends since 1958 in each country in the Community. Trading patterns are discussed, as well as consumption trends, farming costs, support systems, and marketing methods. Finally, the book explores the likely effects on the United Kingdom of joining with the Community in a common agricultural policy and reviews Britain's 1961-63 negotiations to determine what is negotiable in any future talks on British entry.

Ten Years of E.E.C.: Lessons and Prospects for Industry. Report on a two-day Conference November 6-7, 1968. Federal Trust for Education and Research, London, 1968. 42 pages.
A collection of papers delivered at a Federal Trust conference and a summary of the proceedings.

The pamphlet includes speeches by Georg Kahn-Ackerman, S.P.D. member of the German Bundestag, on "Germany and European Unity"; Etienne Hirsch, former president of Euratom, on "The Common Market—The First Decade and After"; and J. R. Schaetzel, U. S. Ambassador to the European Communities, on the "E.E.C. and the United States." Other speakers covered the relation between individual countries' industry or economy and the Common Market.

An Economic Geography of the Common Market. By Geoffrey Parker. Frederick A. Praeger, New York, 1969. 178 pages.
Third in a series of Praegar Monographs in geography.

This book is an appraisal, from a geographical viewpoint, of the significance of the economic union of the Six as well as the nature of Britain's relationship with the countries of the Common Market. The author tries to present "a picture of economic activity in the Common Market as a whole" and to study the effects of the organization "on the landscape, the economic development, and the political allegiances of the European mainland."

Agriculture and International Trade. Edited by R. Charles Brooks. Proceedings of a two-day conference by the Agricultural Policy Institute, North Carolina State University, Raleigh, North Carolina, March 1969. 180 pages.
This conference was held to examine the

changes occuring in world affairs, the significance of international trade to farmers and farm related businesses, and the effects of recent trade negotiation on southern agriculture.

U. S. trade policies and balance-of-payments problems, new international monetary developments, changing trade patterns and agreements, and recent U. S. efforts to expand world trade were topics stressed in the papers and discussion. Also considered were barriers to trade expansion, including trade bloc policies and their impediments to trade. The conference pointed out that the growth of trade bloc countries with common trade policies affecting agriculture is having an increasing impact on the ability of U. S. agriculture to compete in world markets.

Nordic Studies in International Politics, Vol. IV, No. 1, 1969, Cooperation and Conflict. Edited by Klaus Törnudd, Universitetsforlaget, Boston and Oslo, 72 pages.
This issue, devoted to Scandinavian and Western European economic integration, contains articles on "Sweden and the European Economic Community" by Mats Bergquist, "Denmark and European Integration" by Peter Hansen, "Norway and Western Europe Economic Integration" by Kaare Sandegren, and "Finland and Economic Integration in Europe" by Klaus Törnudd.

PUBLICATIONS AVAILABLE

LE POUVOIR FISCAL DANS LES ETATS MEMBRES DE LA COMMUNAUTE. *Série Concurrence* No. 8, Commission of the European Communities, Brussels, 1969, 75 pages $2.00

A study of each member state of the Community outlining where the power to tax lies in that state. Legislative and administrative aspects of taxation are discussed.

CENTRAL BUREAU FOR NUCLEAR MEASUREMENTS: EURATOM. European Community Information Service, Brussels, 1968, 12 pages ..... free

Describes the main equipment and current programs of the bureau.

NOMENCLATURE UNIFORME DES MARCHANDISES POUR LES STATISTIQUES DE TRANSPORT: NST 1968. Statistical Office of the European Communities, Luxembourg, 1969, 479 pages $1.00

Nomenclature for transport of merchandise statistics. Publishes concordances of the NST with the NIMEXE (harmonized nomenclature for foreign trade statistics), CST (tariff and statistical classification for international trade), and NDB (Brussels tariff nomenclature). Detailed alphabetical list of products included.
Available with alphabetical list in French. German, Italian and Dutch texts can be specially ordered.

IRON AND STEEL: 1968 YEARBOOK. Statistical Office of the European Communities, Luxembourg, 1969 (French/German/Dutch/Italian text), 404 pages $2.50

Part I—Production, employment, deliveries and orders, trade, and supply and consumption of raw materials in the iron and steel industries. Also includes information on scrap and manganese. Part II—Special historical section with data on production, investments, consumption, prices and trade with some tables beginning in 1860 but most from 1925

STATISTIQUES SOCIALES: 1968 ANNUAIRE. Statistical Office of the European Communities, Luxembourg, 1968 (French/German text), 361 pages $2.50

The only issue in the social statistics series published in 1968. Contains data through 1967 on population, employment, salaries, standard of living, education, social accounts of each member state, socal security, and occupational accidents.

INVESTMENTS IN THE COMMUNITY COALMINING AND IRON AND STEEL INDUSTRIES. Commission of the European Communities, Brussels, July 1969, 94 pages $4.00

Investment data as of January 1, 1969.

LA PRODUCTIVITE DU CAPITAL DE 21 BRANCHES INDUSTRIELLES DANS LA REPUBLIQUE FEDERALE D'ALLEMAGNE DE 1950 A 1975. *Série Economie et Finances* No. 6, Commission of the European Communities, Brussels, 1968. 133 pages $5.00

A study by Rolf Krengel of the productivity of capital in 21 German industries from 1950 through 1964. Projections of investment and employment for 1970 and 1975 are also given. Also available in German.

ENERGY STATISTICS YEARBOOK: 1968-1967. Statistical Office of the European Communities, Luxembourg, 1969, 348 pages $2.50

Part I—The energy situation during 1967. Part II—Principal energy indicators and overall energy balance sheets. Part III—Statistics by sources of energy. (Includes data on coal, patent fuel, coke, lignite, browncoal briquettes, gas, petroleum, and electrical energy.) Seven maps on the energy situation are also attached.

NATIONAL ACCOUNTS & BALANCES OF PAYMENTS: 1958-1967. Statistical Office of the European Communities, Luxembourg, 1969, 286 pages $2.00

Part I—National Accounts, supplies recent data from the national accounts of the Community countries and certain aggregates for the United Kingdom, United States, and Japan. Part II—Balance of Payments, of the Community and the member states with major geographical zones.