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COVER: Emblems of the Community of Six and the four applicants for membership. (Center, clockwise from the top: France, Belgium, the Netherlands, Luxembourg, Italy, and Germany. Top left: Norway, top right: Denmark, lower left: Ireland, and lower right: Britain.) Courtesy of the Embassies of the Six and of the "Four."

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"A United and Outward-Looking Europe"

FRANCO MARIA MALFATTI

The new Commission President outlines his Commission's priorities (Its program will be presented this fall) and pays tribute to the achievements of the retiring Commission under the presidency of Jean Rey. The following are excerpts from Mr. Malfatti's remarks on assuming office in Brussels on July 2.

YOU AND ALL THE OTHER MEMBERS of the outgoing Commission have made an impressive contribution. You took office at one of the most difficult moments in the Community's life. Nevertheless, in three brief years, your Commission completed the customs union ahead of schedule, carried the Common Market through to its final phase, and prepared a solid basis for negotiations with the countries applying for membership.

Your Commission has also made a great contribution to the Community's internal development. The wide range of the outgoing Commission's achievements can be seen in the Mansholt Plan for the reform of agriculture, the Barre Plan for the co-ordination of economic policies and monetary cooperation, the memoranda on regional policy and industrial policy, and the Opinion on the reform of the Social Fund.

Now we must advance towards a new goal: an enlarged Community in a position to consolidate, not disperse, the strength acquired by its institutions with their special character. In the coming years, we have to ensure steady progress from customs union to full application of common policies and to economic and monetary union. This is a formidable task which not only raises institutional problems but also requires, for its success, the mobilization of public opinion on the widest possible scale. Hence, the need for a constructive response to legitimate pressures now being exerted for more effective forms of democratic control and participation by the people. The role to be played by the European Parliament, political forces, labor unions, opinion groups, and the press is increasingly important. The task is complex. It will call for great efforts from us all: Commission, governments, the European Parliament, the national parliaments, political parties, labor unions, opinion groups. If our strategy seeks continuity and innovation, Europe—united and outward looking—will be able to play its proper role in the world as a factor of equilibrium, détente, progress, and peace.

July 2, 1970, the presidency of the Commission is transferred from Jean Rey (right) to Franco Maria Malfatti. Emile Noël, the head of the Commission's Secretariat, looks on (center background).

New Comm'ssion Takes Office

The first meeting of the new Commission. Seated at the table (clockwise from the top) are: Jean-François Deniau, Raymond Barre, Franco Maria Malfatti, Commission Secretary General, Emile Noël, Albert Borschette, Altiero Spinelli, Wilhelm Haferkamp, Sicco L. Mansholt, Albert Coppé, and Ralf Dahrendorf.

THE NEW NINE-MAN COMMISSION of the European Community took office and held its first meeting July 2 in Brussels.

The new "European Commission" is the second to hold office since the executive branches of the European Economic Community (Common Market), the European Atomic Energy Community (Euratom), and the European Coal and Steel Community (ECSC) were merged into a single 14-man body on July 1, 1967. The first Commission after the "merger treaty," under the presidency of Jean Rey of Belgium, was considered an interim body whose size would be reduced in three years.

The Commission is a collegial executive responsible for safeguarding and carrying out the three Treaties and proposing policy to the Council of Ministers, the Community's legislative branch *(see page 7)*. Commission members are appointed unanimously by the governments of the six members of the Community. Once appointed, Commission members are completely independent; they cannot accept instructions from the government of any member state.

The President and Vice Presidents are appointed for two-year terms. Members are appointed for terms of four years.

PRESIDENT

Franco Maria Malfatti (Italian)
Special Responsibilities: Secretariat, Legal Service, Spokesman's Group, Security Office.
Mr. Malfatti was elected as a Christian Democrat to the Italian Chamber of Deputies in 1958, 1963, and 1968 for the province of Perugia. He was appointed Under Secretary for Foreign Affairs in 1968, and in August 1969 Minister for State Industries. In March 1970 he became Minister for Posts and Telegraph. He was a member of the executive of the Christian Democratic Party from 1952 to 1964. He is also a journalist and publisher.

VICE PRESIDENTS

Raymond Barre (French)
Special Responsibilities: Economic and Financial Affairs, Statistical Office.
Mr. Barre joined the Community in July 1967 as a Vice President in the 14-man Commission with special responsibility for economic and financial matters. A graduate of the Institute of Political Science and the Faculties of Law and Economic Sciences, Paris, he first taught at universities in France and Tunisia, and later held posts in the French Government in the areas of trade, industry, finance, and regional development.

Wilhelm Haferkamp (German)
Special Responsibilities: Internal Market and Legislative Harmonization, Energy, Supply Agency, Safeguards.
Mr. Haferkamp had special responsibility for energy in the 14-man Commission. From 1963 to 1965 he was a member of the ECSC High Authority's Consultative Committee and a member of the EEC and Euratom Economic and Social Committee, representing labor's point of view. He held various positions at the local and national level in the German Trade Union Federation (DGB), including membership in the DGB Executive Committee and head of the Economic Policy Department.

Sicco L. Mansholt (Dutch)
Special Responsibility: Agriculture.
Mr. Mansholt, a Vice President of the 14-man Commission, was responsible for agriculture. Appointed in 1958 as a Vice President of the original Common Market Commission, Mr. Mansholt originated the Community's common agricultural policy. His career in agriculture has extended from tea planting in Indonesia to farming in the Netherlands; and from 1945 to 1956, he served as Dutch Minister of Agriculture, Fisheries, and Food.

Raymond Barre

Wilhelm Haferkamp

Sicco L. Mansholt

Commission President Franco Maria Malfatti taking the oath of office before the European Communities Court of Justice in Luxembourg on July 10.

MEMBERS

Albert Borschette (Luxembourg)
Special Responsibilities: Competition, Regional Policy, Press and Information, Dissemination of Information.
Ambassador Borschette has been a member of the Committee of Permanent Representatives since 1958. As Deputy Chief of the Luxembourg delegation from 1956 to 1957, he was involved in negotiations for the Euratom and EEC Treaties. Mr. Borschette's assignments in the Luxembourg Foreign Service included the position of member of the Luxembourg Mission to the Allied Control Council in Berlin from 1949 to 1950.


Albert Borschette

Albert Coppé (Belgian)
Special Responsibilities: Social Affairs, Transport, Credit and Investments, Personnel and Administration, Budgets, Financial Control.
Mr. Coppé was responsible for the Information Service, budget, and investments as a member of the 14-man Commission. He served as Vice President of the ECSC High Authority from its formation in 1952. He had previously served in the Belgian Government as Minister of Public Works, Minister of Economic Affairs, and Minister of Reconstruction.


Albert Coppé

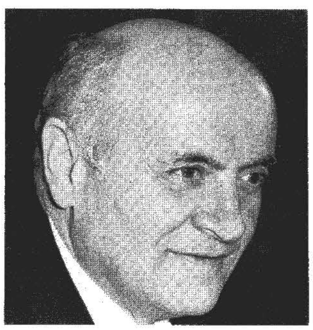
Ralf Dahrendorf (German)
Special Responsibilities: External Relations, External Trade.
After a long and distinguished academic career in the field of sociology, Mr. Dahrendorf entered politics in 1968 with his election to the Baden-Würtemberg (state) Parliament. In 1969, he was elected to the Bundestag. In the United States, Mr. Dahrendorf has been a fellow at Stanford University's Center for Advanced Study in Behavioral Sciences, a visiting professor at Columbia University, and a visitor in Harvard University's Department of Government. He was also a visiting professsor at the University of British Columbia, Canada.


Ralf Dahrendorf

Jean-François Deniau (French)
Special Responsibilities: Coordination of Enlargement Negotiations, Development Aid.
Mr. Deniau had special responsibility for external trade as a member of the 14-man Commission. A participant in the negotiations for the EEC Treaty, Mr. Deniau became a member of the French Prime Minister's staff in 1957 and later served in the Ministry for Industry. With the EEC Commission, Mr. Deniau was director for the External Relations Department with special responsibility for association agreements. He headed the EEC Commission's delegation during the 1961-63 negotiations with the United Kingdom. In 1963, he was appointed French Ambassador to Mauritania.


Jean-François Deniau

Altiero Spinelli (Italian)
Special Responsibilities: Industrial Affairs, Research and Technology, Joint Research Center.
After ten years in prison and six years in exile for opposing Fascism, Mr. Spinelli founded the European Federalist Movement in 1943 and took part in the Resistance. He has remained one of the most active proponents of the "European idea." He is a founder and director of the three-year-old Institute for International Affairs of Rome which since its inception has been identified with the cause of combatting nationalism. In 1965, the U.S. Department of State awarded Mr. Spinelli a "Leader Grant" to visit the United States to meet American leaders in international affairs.


Altiero Spinelli

A Commissioner's Week

MANFRED LAHNSTEIN

THEY MAKE SPLENDID SPEECHES on European unification. They zoom past in large limousines with diplomatic tags. On the top floor of a gigantic office building in Brussels, "above the clouds," they puzzle out new price increases.

The activities of the members of the European Commission might look like this to an outsider. In reality, things are different. In a Commission member's week the main event is the meeting of the Commission, usually on Wednesday from 10 in the morning until 7 at night. A meeting of the Commission means at least 25 items on the agenda and about 200-300 pages of working documents, and preparation takes almost a whole day of studying records and holding discussions.

Commuter Fatigue Adds to the Load

If, in the same week, there is also a meeting of the Council of Ministers, the European Parliament, a Parliamentary committee, or the Economic and Social Committee, three days will be completely taken up. A Commission member has the rest of the week for discussions with the department for which he has special responsibility; talks with personal advisors in his cabinet; discussions with other Commission members; contacts with the numerous representatives of outside organizations, such as employers' associations and labor unions; interviews, press conferences, speeches, lectures; receptions, cocktail parties, and meetings with ambassadors and other representatives of non-member countries.

He must also find time for contacts with governments and political parties. In addition, every week the Commission makes 40-60 decisions by means of a written procedure whereby the documents are circulated for signature. Finally, a Commission member always finds himself spending part of the working week on matters which, when the week began, nobody dreamed would crop up.

The result is that the Commissioner's week is loaded with work. He is even more hard pressed when meetings are not held in Brussels, but in Strasbourg (five hours away) or in Luxembourg (two and a half hours away).

The Demands of the Collegial Principle

At the mid-week Commission meeting, the members act as a collective body in discussions, decisions, and legislation. The three Community Treaties demand that the collegial principle reign. An area of responsibility is allocated to each member (for example, Sicco L. Mansholt handles the agriculture "portfolio") who prepares the Commission proposals in this sphere and then allows each of his colleagues to comment on them. Collegial debate, decisions, responsibility, and external representation are excellent principles but demanding in practice.

The President of the Commission is the chairman at meetings. Unlike a prime minister, he does not lay down policy directives or select, appoint, or dismiss his ministers; yet he alone must often take the blame when the Commission is criticized.

Mr. Lahnstein, Executive Assistant to Wilhelm Haferkamp, member of the Commission, gives an inside view of the institution which represents the general Community interest, enforces the Community Treaties, and is responsible for proposing common policy measures.

An Employer, but Not a "Boss"

The Commission is neither isolated in the European landscape, nor is it a "chief" without "indians." It has the support of over 20 large administrative units ("directorates general") and a Secretariat whose task is the administrative coordination of the Commission's work.

While the Commission is certainly the employer of its 5,000 officials, it is not their only "boss." The money to pay the officials comes from the Commission budget paid for by contributions of the member states, although by 1975 the Community will get its own resources from customs duties, agricultural levies, and receipts from the common turnover tax system (TVA). Commission members are also helped by their cabinets, small groups of officials who advise them on policy and technical matters, assist in representational tasks, and keep their particular Commission member from drowning in a sea of paper. To do this, cabinet members thrash out a host of questions together before approaching a Commission member. Nevertheless, the Commissioner still holds the reins. His job means work, and more work. Small wonder these people scarcely have time for a private life.

In addition to drafting legislation and proposals to the Council, Commission members also perform duties of protocol, such as here, receiving new ambassadors' credentials. Left to right: Commission President Jean Rey; the Ambassador from Senegal Djimo Momar Gueye (who was replaced on July 20 by Abdourahmane Dia), and Henri Rochereau, the Commission member responsible for development aid.

The Long Wait Ends

AFTER THREE YEARS OF WAITING for negotiations to open, the European Community and the four candidates for membership seemed anxious to get down to business at last when the day arrived, June 30.

Welcoming the United Kingdom, Ireland, Denmark, and Norway to Luxembourg, Luxembourg's Minister for Foreign Affairs Gaston Thorn said he hoped they would soon feel as at home there as Luxembourg's five partners already do. The decisions made at the summit of the Six in The Hague last December had been carried out on schedule, he said. The opening of negotiations for enlargement of the Community was the last "panel of the tryptich:" completion, strengthening and deepening, and enlargement, "three facets of the same desire to attain a single end, strengthening European unity."

The flags of Denmark, Norway, Ireland, and the United Kingdom wave beside those of the current Community members on the opening day of negotiations at the Kirchberg European Center, Luxembourg.

Beginning these difficult negotiations, the Community knew that it was "condemned to succeed and that everyone would have to make sacrifices to give Europe its rightful and true dimensions."

The Community and each candidate country, in the order of its application date, outlined their negotiating positions (summarized below). Each candidate

• reaffirmed its readiness to accept the Treaties of Rome creating the European Economic Community (Common Market) and the Atomic Energy Community (Euratom) and the Paris Treaty creating the European Coal and Steel Community (ECSC), their political goals, and decisions and regulations made since their entry into force

• expressed a willingness to participate in plans for the further development of the Community into a full economic and monetary union

• asked for "parrallelism in negotiations:" information on developments in bilateral negotiations with the other applicants on questions of particular interest to each of them

• wanted negotiations to be confined to significant problems.

Bilateral negotiations were scheduled with the United Kingdom on July 21 and with Ireland, Denmark, and Norway on September 21 and 22 in Brussels.

Pierre Harmel, Council President in Office

The Conference between the European Communities and the applicants will attempt, through negotiations, "to establish by joint agreement between the member states of the Communities and the applicant states the conditions of admission and the consequential adjustments in the Treaties."

Strengthening and deepening the Community means not only keeping "the old promises recorded in the Treaties," but also formulating new ones. As a result, the Six are developing a plan during 1970 to create a full economic and monetary union; to supply the financial means and to intensify their efforts to coordinate and promote industrial research and development in advanced technology through common programs, and to revitalize and reorganize Euratom. The six ministers of foreign affairs are also studying the best methods of making progress in the field of political unification. As work in these and other areas leads to guidelines or resolutions for action, they will be put to the applicants during negotiations as the Community's position. The applicants will be asked to accept decisions in these areas "on the same basis as the other decisions that have been made since the Treaties came into force."

The Community's position for negotiations assumes that all applicants accept the Treaties and their political objectives and all decisions made since they came into force including agreements with third countries. Any problems of adjustment that arise must be solved through transitional measures and not by changes in the existing rules.

Transitional measures, incorporating detailed timetables, will be limited in time and will begin with an "initial, significant, mutual tariff reduction upon the entry into force of the accession treaties." The transition period for trade will be the same length for all applicants. It will be designed to ensure "an

The conference room on the opening day of negotiations.

overall balance of reciprocal advantages," so that the freeing of trade in industrial products will be synchronized with the freeing of agricultural trade. In other fields where transitional measures prove necessary, the duration could be varied "if possible and desirable," according to their subject matter and the applicants involved. All accession treaties should come into force on the same date.

During negotiations, the Community will suggest guidelines for specific problems, such as the Commonwealth countries. The Community is prepared to open discussions with the members of the European Free Trade Association (EFTA) which have not applied for membership to seek solutions to the problems raised by enlargement. Since the agreements concluded with these countries will bind the countries entering the Community, formulae will be developed to associate the applicants in the preparation and conclusion of these agreements, which should come into force at the same time as the accession treaties.

The Community is aware that the membership applications raise both problems peculiar to each applicant and problems that will have to be examined jointly. Initially, however, most work will be done bilaterally, according to a uniform negotiating procedure at all levels and on all questions. Later, the Community will suggest means of keeping the applicants informed about progress being made in the other negotiations.

"The enlargement of the Communities . . . will give new dimensions and new possibilities to the undertaking which we have successfully brought thus far. . . . The task which awaits our negotiators is vast; the problems they will have to solve are numerous and complex. But their efforts, and ours, will be sustained by a common political will to spare no effort to reach agreement in the shortest possible time. The Community will do everything in its power to achieve this end."

Jean Rey, President of the European Communities Commission

The opening of negotiations shows the common realization by the states of Europe that the time has come to unite all European forces in a powerful and dynamic organization.

The Community has not reached the end of its task of construction. It has concluded its transition period and decided to go ahead with the construction of its economic and monetary union. In the interests of both the present and the enlarged Community, negotiations must not be allowed to slow down this development.

Strengthening and deepening the Community involves its institutional machinery as well as its internal policies. Any adaptations made in these institutions as a result of enlargement must be accomplished in such a way as to maintain the efficiency of the system.

Even if negotiations address the main issues without getting lost in details that can be settled later by the institutions, important and difficult problems still have to be resolved. Since the agreements reached during negotiations have to be ratified by the parliaments of the applicants and of the current member states, it is extremely important to keep the parliaments informed of progress in negotiations.

The project Europeans embarked upon twenty years ago at the prompting of Robert Schuman was the construction of a

Members of the French delegation, Finance Minister Valéry Giscard d'Estaing (left) and Foreign Minister Maurice Schumann.

continent, a united and reconciled continent, with its own institutions and laws, strong at home, generous abroad, a force for stability, peace, and progress in the world. "Looking beyond the difficulties of negotiations and the conflicts of interests, it is the stature of the goal and the political will to achieve it which will bring to a successful conclusion the task we begin today."

Anthony Barber, Chief Negotiator for the United Kingdom

"With goodwill these negotiations now beginning can succeed." Fair terms for membership will be reached as long as no one "loses sight of the compelling reasons for uniting and strengthening Europe—reasons which have grown stronger with the years."

Europe must "take full account of the views of its friends and allies in other parts of the world, but let no one who is not taking part think it could be in his interest that we should fail to achieve that objective."

For membership in Euratom and the ECSC, the United Kingdom seeks "only a very short transitional period," while a longer period will be necessary to adapt to the obligations of the Common Market. The main problems to be settled in negotiations concern certain aspects of the common agricultural policy, the United Kingdom's contribution to the Community budget, Commonwealth sugar exports, New Zealand's dependence on the United Kingdom as an export outlet, and other Commonwealth problems. The Community's current budgetary arrangements, in the words the Commission used in its 1967 Opinion, "give rise to a problem of balance in sharing of financial burdens. . . . We have to work together to find a fair solution to this basic problem," or "the burden on the United Kingdom could not be sustained and no British Government could contemplate joining."

In the Community's future development, the United Kingdom shares the Community's "determination to go on from what has already been achieved into new spheres of cooperation beginning with economic and monetary matters, but at the same time laying the foundations for a new method of working together in foreign policy and defense." The United Kingdom would welcome further progress in industrial and regional policy, and in technology "where we are already working together, but where so much more could be done once the Communities have been enlarged."

The British Government is determined to work with the Community "in building a Europe which has a coherent character of its own" and wants to share "in the continued development of effective institutions." "Our objectives are the same, and we no less than you, will want institutions to match those objectives."

The United Kingdom hopes negotiations can be kept "short and confined to essentials. . . . Our wish is to look together in the spirit of the Community for solutions which, in the words of the Commission's Opinion of 1969, will ensure the cohesion and the dynamism which will be indispensable in an enlarged Community."

Patrick J. Hillery, Irish Minister for Foreign Affairs

For Ireland, the most important aspects of transitional arrangements for full membership are in agriculture and industry. Ireland foresees no major difficulties in applying the Community's agricultural policy as now constituted but would like to discuss certain aspects of the Community's sanitary rules for plants and animals, for instance, in view of the absence in Ireland of certain major animal and plant diseases. Some questions may also arise about the common fisheries policy.

Throughout the Sixties Ireland prepared for freer trade and entry into the Community. While recognizing the commercial advantages of entering an enlarged Community market, membership will force certain industries to make adjustments, most of which can be made by applying transitional arrangements and the safeguards clause. However, the problem of a few sensitive industries that cannot be settled in this way should be discussed during negotiations.

Irish industrial production increased 100 per cent during the Sixties, with the use of fiscal and financial measures. As the future development of Irish industry depends on these stimuli, their place in the Community context should be examined during negotiations. In addition, because of the small size of its domestic market, Ireland is particularly vulnerable to dumping, another question that should be examined.

Transitional arrangements should take into account the special commercial relations between Ireland and the United Kingdom: Ireland sells more than 70 per cent of its total exports to the United Kingdom which supplies more than 50 per cent of Ireland's imports. Until 1975, under the Anglo-Irish Agreement for a Free Trade Area, Ireland and the United Kingdom give each other's products preferences in their domestic markets. This agricultural and industrial trade, so important for the Irish economy, should be allowed to continue undisturbed during the transition period. Both countries' entry into the larger European Common Market "should be based on the current situation which already calls into play the elements of a Common Market between them."

"For the good of Europe and its people, for the peace and prosperity of the world, these negotiations cannot fail. We are responsible for their success."

Nyboe Andersen, Danish Minister for Economic Affairs

The European Community should form the center of a broad and stable European edifice comprising all European countries "willing to take part." Political cooperation is the "natural and necessary" consequence of integration attained and planned within the context of the Treaties. European cooperation should be accepted to the full extent of its "depth" and in the widest possible geographical "width."

On a pragmatic basis, the five Nordic nations have achieved "a cooperation which in many respects exceeds the scope of the cooperation established within the Communities" for labor, social security, harmonization of laws, education, and in the cultural sphere. As only two of these nations have applied for membership, Denmark hopes the Community will agree that a continued expansion of this cooperation is a "natural policy for a Nordic country and a policy which will serve common European interests." A way should be found to preserve "the significant results" of European cooperation both within EFTA and among the Nordic countries.

Denmark is "ready to accept the full obligations of membership, beginning immediately when the treaties enlarging the Community have been ratified," without a transition period. For ten years it has borne "a disproportionate share of the burden caused by the economic division of Europe." The transition period, for the countries that need one, should be arranged in a way that avoids unreasonable repercussions on

Members of the British negotiating team, Secretary of State for Foreign and Commonwealth Affairs Sir Alec Douglas-Home (left) and Anthony Barber, chief negotiator. After the death of Ian MacLeod, Mr. Barber became Chancellor of the Exchequer and was replaced by Geoffrey Rippon, who had been Minister for Technology.

Danish Minister for Economic Affairs Nyboe Andersen (left foreground) and Ambassador Finn Olav Gundelach, chief of the Danish Mission to the Communities, talk with Commission President Jean Rey (right foreground).

The Irish negotiating team (left to right): Hugh McCann, Secretary General of the Department of External Affairs; Foreign Minister Patrick J. Hillery; Ambassador Seán P. Kennan, chief of the Irish Mission to the European Communities, and Charles H. Murray, Secretary General of the Department of Finance.

"a country that has no interest in having one," and it should be as short as possible.

The customs union poses no serious problems. In agriculture, the removal of Denmark's existing benefits in the British market should be related to other aspects of the transitional arrangements, which, in view of the Danish balance-of-payments situation, may have to include measures for capital movements.

For the Faroe Islands and Greenland, Denmark would like special arrangements, such as the Community now has for overseas territories of the Six, but not an association agreement.

An enlarged and strengthened Community needs effective institutions, and the European Parliament should be given an increasingly significant role.

"The outcome of the negotiations which have opened today will determine whether Europe is to become a harmonious entity, organized with due regard to the differences in mode of life and outlook determined by cultural and historical factors which are part of Europe's heritage which it must be our common task to preserve also in the process of integration."

The Norwegian negotiating team (left to right): Emil Vindsetmo, State Secretary of the Prime Minister's Office; Otto Grieg Tidemand, Minister of Commerce and Shipping, and Svenn Stray, Minister of Foreign Affairs.

Svenn Stray, Norwegian Minister of Foreign Affairs

The cooperation between the nations of Europe should be extended and strengthened for maximum utilization of their resources and for an effective voice in the world. The prospects for "building a bridge" between the two market groups in Western Europe "appear more favorable today than they have been for a long time."

Norway's economy is highly oriented towards the outside world, with exports of goods and services accounting for 40 per cent of gross national product. Its trade with the Community has increased but not as much as with its EFTA partners, particularly the Nordic countries. The free market thus created should be preserved. The restoration of trade barriers would create severe problems for the Nordic countries whose cooperation in the labor market, as well as "economic and other fields has ancient and strong traditions."

A sparsely populated country, Norway considers regional development policy extremely important. Within an enlarged Community, it must be allowed to continue applying the necessary measures.

Agriculture, fisheries, capital movements, and questions of establishment should be the main topics of negotiation.

Norway's agricultural production, mainly forage and products derived from domestic animals, would amount to 0.5 per cent of the total agricultural production in an enlarged Community. With only 3 per cent of its land arable, Norway imports more than 60 per cent of its food requirements. In an enlarged Community, food imports will entail substantial increases in Norway's foreign exchange expenses. Adapting current Community farm prices would cause farmers a 40-50 per cent loss of income, since Norway maintains high prices to assure farmers incomes comparable with those of people engaged in other activities.

In coastal areas, fishing is the only means of earning a living. As Norwegian fisheries are largely coastal fisheries, maintenance of the 16-mile fishing limit is important.

Norway is traditionally a capital importing country. The form and size of its capital imports may cause problems.

Norway has developed a concession system to control the exploitation of its natural resources. Community rules may pose some problems, as this legislation is central to Norwegian economic policy.

Norway favors extensive European cooperation in industrial policy as a part of regional policy, and an active policy for environmental control. In the area of economic and monetary cooperation, Norway considers stable conditions extremely important and is interested in participating. It also favors "a constructive European cooperation designed to strengthen the peoples of Europe economically and politically" to enable them to play an increasingly active role in safeguarding international peace and security.

A consultative referendum will be held before the Storting [parliament] takes a final stand on the results of negotiations.

Negotiations for Enlargement

A BRITISH VIEW OF THE TOPICS OF NEGOTIATIONS

REGINALD DALE, *Brussels correspondent for* The Financial Times, *published in London*

THE 1970 NEGOTIATIONS FOR BRITISH MEMBERSHIP in the European Communities should be markedly different from the frustrating, and ultimately unsuccessful, talks that took place between December 1961 and January 1963.

In the first place, the immediate objective of the new round of negotiations is full membership in the three Communities—the European Economic Community (EEC), the European Coal and Steel Community (ECSC), and the European Atomic Energy Community (Euratom)—for which Britain formally applied in May 1967. In 1961 Britain did not apply to join the Communities as provided by the Treaties* but negotiated simply to find out whether the conditions existed in which British membership might be possible.

Secondly, and more importantly, the negotiations will be conducted differently. Last time the talks took place within an inter-governmental conference at which Britain and the six Community members were represented as sovereign states. This time there will be a single negotiator who will represent the entire Community on the other side of the table. The "single negotiator" was one of the French pre-conditions for the re-opening of negotiations. The system ensures, among other things, that the British will not be able to play one government off against another, as it was felt to have done in the 1961-63 negotiations, in a way that might tend to isolate France.

The Community's negotiating team is to be led by the country that is currently presiding over the Six's Council of Ministers. Each member state takes a six-month turn in the chair. Thus, negotiations open on June 30 with Belgium in the chair. From July 1 to the end of this year, Germany provides the common negotiator; on January 1, 1971, the French take over.

Much of the detailed negotiating will, however, be assigned to the Commission, which can normally be expected to take over when existing Community policies (of which it is the guardian) are under consideration. But the Commission will not be responsible for any of the more "political" aspects of the enlargement, such as the length of the transition period to be accorded each of the four candidates (the United Kingdom, Ireland, Denmark, and Norway).

None of the other three countries would probably want to go ahead with their bids for membership if Britain did not join the Community. The greater part of negotiations will thus be taken up by talks between Britain and the Community, particularly as it is also British membership which poses the greatest problems.

The Official United Kingdom Position

The official U.K. position is that the talks stand the greatest chance of success if confined to "essentials," leaving as much detail as possible to be hammered out according to normal Community procedures immediately after the four candidates have signed the Treaties. This view is generally accepted by the Commission and most member governments, although France has not made its position clear on this issue.

Both sides also generally agree on the list of the major problems to be solved during the negotiations. By far the most important of these will be the extent to which Britain must accept the six's common agricultural policy (CAP), and its effect on the United Kingdom's balance of payments. There will also be major problems over the Commonwealth, the length of the transition period, and the future of other European countries who have not applied for full membership.

Agriculture: Basic Differences

Britain is the world's largest food importer while the Six are net exporters of many products. At the root of the agricultural problem lies the fundamental difference between the British and the Common Market's agricultural support systems.

The CAP attempts to encourage Community members to buy each others' farm products and to support Community farmers by providing them guaranteed minimum prices for their produce. A levy on all farm imports entering the Community brings their price up to the higher Community domestic prices. The receipts from these levies go into the Community's common farm fund which supports internal prices by:

- reimbursing governments for intervention buying on the food market so that farmers receive the guaranteed price
- paying export rebates so that higher priced Community products can be sold competitively at the lowest world market prices.

The British system is virtually the opposite. Prices are governed by the generally cheap world market levels, with food entering the United Kingdom duty free. British farmers compete with cheap imports but receive direct governmental subsidies that guarantee their income levels through "deficiency payments."

Thus, in the Community, consumers subsidize farmers by paying high prices for food, while in Britain the burden falls on taxpayers, from whom the Government collects money used for deficiency payments. The British system is usually considered fairer from a social point of view, but the Community, it is argued, could not afford deficiency payments because it has so many more farmers than the United Kingdom (14.5 per cent of its labor force, as compared with 4 per cent of Britain's).

In December 1969, the Six agreed that from 1978 on the financing of the CAP would become completely automatic. The member countries will then pay all receipts from farm levies and customs duties on industrial products, into the Community budget, more than 95 per cent of which goes to financing the common farm policy. Since this will still not cover the expenditure forecast under the CAP, the difference will be made up by each member government's turning over a part of its receipts from the common turnover tax (TVA), which should be uniformly applied in the Community by 1975. [*Ed note: If* TVA *is not in effect by then, the difference will be made up by direct contributions by each member country in proportion to its gross national product.*]

Major Food Importers Penalized

As was always intended under the farm policy, the system penalizes the major food importers, like Italy and Germany, whose receipts from import levies are much larger than those of exporting countries like France. If Britain accepted the CAP as it stands, it might have to pay into the common fund almost half of the ten-nation Community's budget.

**Articles 237 of the* EEC *Treaty, 205 of the* ECSC *Treaty, and 98 of the Euratom Treaty provide for the enlargement of the respective Communities.*

According to a British White Paper published in February this year, Britain's contribution could reach $1.61 billion by the late 1970's. *(See European Community No. 132, page 16.)* As a food importer, the United Kingdom would get practically none of the amount back and would have to write off this money, each year, as a net loss on the balance of payments.

Nobody believes that the British economy will ever be strong enough to stand such a constant annual drain of reserves. It would be unrealistic for the United Kingdom suddenly to be presented with a burden of such staggering size, and retiring Commission President Jean Rey has spoken of the need for some kind of "ceiling" on Britain's payments into the fund.

The problem is that the Six have said they would not alter their farm policy, and France will insist that sooner or later the United Kingdom accept the financing system worked out last December. The British negotiator on the other hand, will be seeking some way to limit its impact.

The British have already accepted that they will have to pay more into the farm fund than their economic weight in the Community would justify in purely proportional terms. The question is how to arrive at the "fair terms."

The whole issue is wrapped up with the length of the transition period needed to allow the United Kingdom to put all Community regulations into effect. Theoretically at least, if a long transition period were allowed, Britain could readily accept the automatic financing system. If the transition period were short, the United Kingdom would probably demand a "ceiling" on its contributions, as Mr. Rey suggested.

It is precisely around the question of whether or not such a "ceiling" should be allowed and, if so, on how it should be calculated, that the negotiations are likely to revolve. If the Six insist on a short transition period for agriculture with no "ceiling" at the end, the British might decide that the cost of entry was prohibitive and call off the entry attempt. However, allowing the British to fix an upper limit on their contributions would call into question the fundamental principles of the agricultural policy reaffirmed by the Six last December. The French have said that these basic principles cannot be called into question.

Transition Period

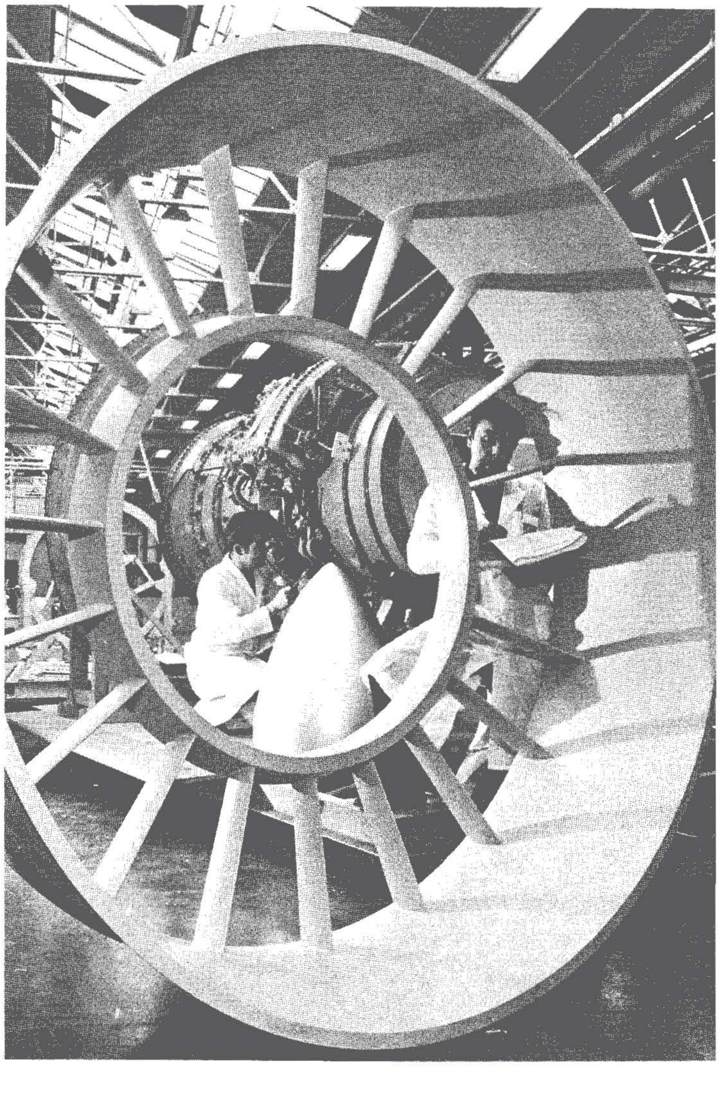
One solution favored in British circles would set different transition periods for agriculture and for industry. If there were a short transition period for industry and a longer one for agriculture, it might give the United Kingdom a chance to build up its industrial exports, and therefore its growth rate, sufficiently fast to offset the CAP's effects on the balance of payments. This arrangement would bring into play the so-called "dynamic effect" mentioned, but not qualified, in the White Paper, in time to provide the extra money required by the Community farm fund. There is some evidence that the German Government might go along with this approach, as it would give German industry quicker access to the British market.

The Six, in their paper on the transition period, have officially committed themselves to transition periods of equal length for both agriculture and industry (as well as for all four candidate countries). It will be hard for the British to budge the common negotiator from this position, unless an overall political package deal can somehow be arrived at.

Although it has never been officially mentioned, a transition period beginning on January 1, 1973, and ending five years later on January 1, 1978, is usually assumed to be the Community's target. It is certainly the one considered the best by the Commission. January 1, 1978, is the date when the Six's budgetary system becomes completely automatic, and it is also the Commission's target date for economic and monetary union. The British have so far refused to mention any timetable for the transition period; but, for agricultural finance at any rate, they will not be happy with only five years.

Another difference of view exists over what the British have called the period of "standstill" after the Rome Treaty has been signed by the new members. Before starting to align its tariffs with the Community's, the United Kingdom wants a breathing space of one year after signing the Rome Treaty. The British argue that twelve months will be needed to adapt their legislation to the Treaty's requirements and to complete negotiations

Britain's Chief Negotiator Anthony Barber said that existing cooperation on technology between Britain and the Community could be furthered within an enlarged Community. Rolls-Royce, which will manufacture this engine (shown here in mock-up) for Lockheed's L-1011 airbus, is also supplying the engines for the Anglo-French supersonic transport, the Concorde. PHOTO: *Courtesy of the British Information Services, London.*



with the European countries that have not applied for Community membership. The governments of the Six have rejected the need for a year's standstill and say that the first tariff cuts must be made within the first three months of British membership, while the Commission has called for a "substantial" cut in tariffs by Britain the moment it enters the Community. So far, the British have not revealed any projected timetable for adopting the common external tariff and phasing out its tariffs on Community goods. However, the Commission's suggestions clearly conflicts with the "standstill" requirement.

Other EFTA Countries

The British "standstill" proposal also clashes with the Commission's views on the timetable for negotiations with the European Free Trade Association countries that have not asked for full Community membership (Austria, Switzerland, Sweden, Iceland, Portugal, and associated Finland).

The British hope these negotiations will be completed in the first year after the candidates join the Community. The Commission has, on the other hand, stated that a general solution must be found before Britain accedes to the Treaty—leaving only the details to be tidied up by the institutions of the enlarged Community. The Six, and particularly the French, will probably go along with the Commission's line. The main problem will be finding a form of association to protect the economic interests of the non-candidate EFTA countries.

The Commonwealth

The Commonwealth sugar agreement and New Zealand are the two major Commonwealth problems. Since the opening of the first negotiations, in 1961, the United Kingdom has insisted that New Zealand must receive special treatment when the Community is enlarged, but the principle has not been wholeheartedly accepted by the Six.

New Zealand depends almost entirely on the British market for its exports of butter, cheese, and lamb; but under the "Community preference" principle of the common farm policy, New Zealand products would be effectively driven off the United Kingdom market. The Six finally agreed in May this year that dairy products of the developed Commonwealth countries constituted a "specific problem" (an indirect reference to New Zealand); but there is no indication that they will agree to more than a temporary arrangement, perhaps in the form of decreasing import quotas, for New Zealand farm products. Britain will try to extend the duration of such arrangements for as long as possible, but there is little hope either in London or Brussels that the New Zealanders' demands for a permanent arrangement can be met.

Britain will also have to try to protect the interests of the sugar-producing members of the Commonwealth (mainly the West Indies and Mauritius), a task likely to prove equally difficult. The Commonwealth sugar agreement, under which the United Kingdom undertakes to buy fixed quantities of sugar from Commonwealth countries, expires in 1974. The Six have taken no public position on the issues, but they will not want the agreement renewed in its present form, as the Community already has a sugar surplus. Britain has always insisted that this is a major problem. A compromise solution will clearly have to be worked out.

The United Kingdom has indicated that it thinks agriculture will be the most difficult problem to be solved in negotiations. PHOTO: *Courtesy of the British Information Services, London.*

For the African Commonwealth countries, the Six are agreed to offer an association agreement similar to the Yaoundé Convention which now links them with 18 former colonies (mainly French) in Africa. This should not present too many problems in the course of negotiations, although the Six's negotiating position is vague on whether or not the Caribbean Commonwealth countries should also be included, as recommended by the Commission.

For the rest of the developing Commonwealth countries, the Commission has proposed "global trade agreements," and there is no indication that any of them wants more than this. Difficulties will probably arise, however, over Hong Kong, which alone of Britain's dependencies has a major industrial exporting economy.

Institutions

Institutional problems should not pose severe difficulties, at least not on voting rights and representation. Britain has not made detailed demands on specific points, such as the number of members it should have on the new enlarged Commission, but it is unlikely to argue much with the position adopted by the Six in May this year.

As far as the Commission is concerned, the Six have decided that it should again be brought back to 14 members when the Community is enlarged (after being reduced to nine on July 1 this year). The "Big Four" (Britain, France, Germany and Italy) would each have two members, and the remaining six smaller countries one each.

The European Parliament would be enlarged from its present 142 members to 208. Britain would be allocated 36 seats—the same number as the other three "big" countries. The other three candidates would have ten each (against fourteen each for the Netherlands and Belgium), and Luxembourg would continue with its present six representatives.

Britain has accepted, in last year's joint Anglo-Italian friendship declaration, the principle of the election of the Parliament by direct universal suffrage. The principle is one that the Six are also committed to, in theory, but France blocks discussion of the issue whenever it is brought up in the Council of Ministers.

For qualified major voting in the Council, the United Kingdom would be offered a total of ten votes—once again the same as the rest of the "Big Four." Belgium and the Netherlands would have five each; Denmark, Norway, and Ireland three each, and Luxembourg two. Although this weighting may not be so readily acceptable to the other three candidates, there is no reason why it should not be approved by the United Kingdom.

A total of 43 votes (out of 61) would be needed for a qualified majority and at least 19 for a "blocking minority." Theoretically, this arrangement would give the four candidates the right of veto, provided that each of them voted the same way.

The major question of course is whether majority voting, which has been effectively shelved since the Community crisis in 1965-66, will be reintroduced. Britain is on record as accepting the provisions of the Treaty of Rome insofar as they are applied by the Six. On the face of it, there should be no problem here. Without majority voting, however, it is doubtful whether the Community decision-making process will be able to function smoothly in a ten-nation organization. The Commission has repeatedly said that the right of veto must cease to exist when the Community is enlarged, but all efforts by the Five to raise the issue have so far been rebuffed by the French.

Political Union

Majority voting is bound to recur as a major issue during the enlargement negotiations. It could also crop up in the context of the talks that the Six have just started on "political union."

A report on steps towards political unification is to be submitted by the six foreign ministers by the end of July, and the candidates will be associated in the discussions in some way thereafter. Britain will not, initially, at any rate, be granted the "full and equal participation" that has continually been demanded, but the situation could change as the Common Market entry negotiations progress.

The aim of the Six, as so far defined, is to start harmonizing their foreign policies in an initial period that might last three years. During this time they would prepare the ground for the second stage, which might involve the signature of a new treaty for political cooperation. The candidates hope to have a say in drawing up the new treaty.

A timetable for political cooperation has not been set by the Six, but five of them want defense to be one area of cooperation in the second phase of the move to "political union."

As for Britain, here again the official Government line holds that the United Kingdom will go "as far and as fast as the best of the Six" in political cooperation. It is a subject about which much more will be heard as negotiations clarify the position of the Six.

Economic and Monetary Union

Economic and monetary union is the major aspect of the "deepening" of the Community, which was the second main French prerequisite for its enlargement. (The first was "completion" of the agricultural policy). In this field, Britain and the other candidates will have to accept all the Six's policy objectives if negotiations are to succeed.

Right now, the Six have agreed on their ultimate goal, on economic and monetary union including a common currency, or something indistinguishable from it, by the end of the decade. The discussion now centers on the methods of achieving this goal.

The Six hope to reach agreement on a plan "by stages" for economic and monetary union by the end of this year. If so, the first stage which, it has been agreed, will last for three years, would start at the beginning of 1971. Details of later stages have not yet been settled.

The process will involve the harmonization of member states' tax systems, the coordination of budgets, and the adoption of joint economic planning procedures. Moves will be made towards a common currency by the gradual reduction of the margins in which the parities of national Community currencies fluctuate against each other.

There is still some dispute about the timing of the moves to be made in the monetary field and how they should be linked to the coordination of strictly economic policies. The idea is to set up a Community "stabilization fund" to prevent Common Market parities from getting too far out of line with each other.

A number of initial measures have already been agreed on under the so-called "Barre Plan" for economic and monetary coordination drawn up by Commission Vice President Raymond Barre. A \$2-billion facility has been created and an additional sum has been ear-marked for short term currency support; and a similar sum for medium-term financial aid is under consideration.

Britain has kept fairly quiet about all these moves, so far, but there is no reason why it should not accept them as part of the process of economic and monetary integration that membership in the Community entails. The British economy will be discussed during the entry negotiations. For the United Kingdom negotiators, the Six are drawing up a list of questions on the balance of payments and foreign debt repayments. There is also bound to be a review of the "Basle arrangements" for guaranteeing the United Kingdom's sterling balances, and a discussion of the future of the balances themselves. Although the Six's own plans are incomplete, monetary union enthusiasts will clearly be working for the creation of a European currency based principally on the pound sterling, the German mark, and the French franc.

The United Kingdom could benefit from this arrangement which would settle once and for all the sterling balance problem. Responsibility for the balance would be transferred to the new federal reserve system—or whatever new organization resulted from monetary negotiations.

It may not, of course, happen as fast as the monetary optimists would like. Economic and monetary union cannot be divorced from increased political cooperation. In the end, it must involve some kind of political federalism.

A rearrangement of Western Europe on these lines could be discussed in the context of the Common Market enlargement negotiations. In the final analysis, however, the ten countries may prefer to settle the enlargement issue first before taking the first irreversible steps towards something that could genuinely be called an economic, monetary, and political union.

Sharing Transport Investments

TWO REGULATIONS TO HELP remove distortion of competition in the transport sector were adopted on June 4 by the European Communities Council of Ministers.

One regulation requires the Community members, by January 1 next year, to introduce permanent and uniform accounting methods for their investments in transport infrastructure so that all transport users will eventually bear their fair share of the costs. This long-term operation began in 1966 with an investigation into infrastructure costs and a pilot study of a road between Paris and Le Havre. Last January the Six decided to do further pilot studies to get a clear picture of "congestion costs" in urban areas.

The second regulation lists the criteria for deciding which state subsidies in rail, road, and inland waterway transport are permitted by the Common Market Treaty. The criteria had been approved in January, but a dispute between Germany and the Netherlands over alleged German discriminatory container freight rates held up the adoption of the regulation. Germany has now agreed to the European-level rate fixing.

Beginning on January 1, 1971, state aids will be authorized if:

- they compensate railroads for additional costs not borne by their competitors (e.g. for maintaining a specified number of personnel)
- they help transport ventures that have to pay for infrastructure investments they use (road taxes, for instance) when competitors (such as railroads) do not incur such charges.
- they are granted temporarily and exceptionally as part of a reorganization plan to eliminate surplus capacity causing serious structural difficulties. (Germany for example received approval for its $250-million, four-year Leber Plan to modernize its railroads to handle container freight.)
- they are for the experimental phase of a research and development project for more efficient transport
- they compensate a transport undertaking for losses incurred as a result of its public service obligations (for example cheap rates for students and military personnel) to the extent that existing Community regulations do not provide such aids.

In March 1969 the Council adopted two regulations, one on public service obligations, the other on standardization of railroad accounts. These rules, which can be changed by qualified majority of the Council, were to help harmonize the conditions of competition in the transport sector between competing forms of transport as well as between members states. They should also help wipe out the railroads' deficits, a goal agreed upon in May 1965.

Labor Saving Devices

As a further move to balance the railroads' books, the ministers agreed to try to have automatic couplings installed on road carriages by 1980, at an estimated cost to the Six of $1 billion. In principle, the railroads will pay for the change.

Ministers postponed a decision on the design of the tachygraph, a mechanical device to register the time a truck driver spends at the wheel. It would replace the logbooks used at present. The Six postponed the Commission's deadline for introducing the system by three years, to January 1, 1975, for new vehicles.

At the same session, France and the Netherlands presented notes asking for closer coordination between member states' railroad administrations on issues such as tariffs and purchase of rolling-stock and other equipment.

Air and Sea Transport

In his last appearance at a Council session, Victor Bodson, retiring Commission member, called for a major review of the Six's common policy on transport and proposed that it be extended to cover maritime shipping and civil aviation. The policy, like the Common Market Treaty, is confined to road, rail, and inland waterway transport.

He told the ministers that a common approach to air and sea transport was particularly urgent in view of negotiations for the Community's enlargement (a reference to Britain's heavy involvement in airlines and shipping and the Norwegian merchant fleet).

Steps should be taken towards creating a genuine European transport system, Mr. Bodson told the ministers. The Six should consider the possibility of the joint management of their national railroads and the creation of a common fund to finance transport studies, research, and, eventually, a Community infrastructure investment program.

The Six, Mr. Bodson said, should set long-range targets for carrying out a coordinated transport policy. A systematic study of traffic forecasts should then be undertaken for the years in question—1970 to the end of the century.

Research into new transport technologies should be organized on a common basis, Mr. Bodson suggested. Progress that had already been achieved by individual member countries should be "developed and coordinated," perhaps through the use of research facilities now at the disposal of the European Atomic Energy Community.

First Commission Suit Against Council

At the same meeting, the Council asked the Commission to make proposals to amend the Community's regulations providing for the gradual reduction in truck-driving times to eight hours a day by 1974. The Council wants the amendments so that Community members can sign a new European Road Transport Agreement (ERTA) setting the maximum driving time at nine hours for 12 other European countries. The Commission refused, having filed suit against the Council on May 19 in the Court of Justice on the grounds that in giving the member states permission to conduct ERTA negotiations the Council had usurped the negotiating power given to the Commission by Article 228 of the Common Market Treaty.

In debate on this subject in the European Parliament on May 15, Victor Bodson, the Commission member responsible for transport, said that the Commission had wanted both systems to coexist: the ERTA agreement and the Community's more stringent rules on driving time which the Six and the other ERTA signatories would follow in Community territory. The Council rejected this proposal. After debate, the European Parliament passed a resolution saying that it expected the Commission to refuse to make proposals to modify the Community's driving-time regulation which has been in force since April 1, 1969. It also asked the President of the European Parliament to present the resolution to the Council and the Commission.

Youth and the Community

AFTER MONTHS OF CAREFUL PLANNING, the Commission of the European Communities held a conference on "Youth and the European Community," from June 12 to 14 in Brussels. The first meeting of its kind ever sponsored by the Community, this ambitious undertaking brought together delegates from political as well as non-political youth organizations in the six Common Market countries and from various international organizations. In frank debate, these young men and women made the most of their opportunity to consider together the future of Europe and to express their opinions and criticisms directly to Community leaders.

Youth, a Force to Reckon With

The decision to call such a meeting dates back to the convulsive days of May 1968 in Paris when youth and students proved themselves to be a force to reckon with in modern society. Scarcely a month after the barricades went up in the Latin Quarter, the Commission, meeting to discuss tariff questions, made the point on July 1 that "Europe means more than customs tariffs. . . . It must also mean the Europe of all the people, of the workers, and of the youth. . . ." The Commission thereupon announced its intention of organizing an international colloquium for the purpose of talking over with authentic youth spokesmen the question of what role the younger generation should play in the building of Europe.

The Treaty of Rome, signed in 1957, largely ignored youth as a distinct sector of the European population with interests and problems of its own. The authority and the financial resources of the Community depend on the concerted efforts of all six member governments and only in December 1969 were all heads of state able to agree that the youth "must be closely associated" with the development and growth of Europe.

Behind the Scenes

In preparation for this conference, the Commission undertook a vast survey of youth opinion concerning the program of European integration. From February 9 to 11, the Commission organized in Brussels a "pre-conference" of political youth leaders, followed by six national pre-conferences during March and April in each member country.

A "rehearsal for a dialogue" with the revolutionary student movements of the far left took place in Rome at the end of January with scant success. These groups were more interested in the overthrow of the capitalist system than in the establishment of European unity. Nevertheless, the pre-seminars throughout Europe had already revealed that even the more restrained youth organizations were distinctly dissatisfied with what they regarded as the "technocratic" and "neo-capitalist" nature of the Common Market.

To organize a meeting of the representatives of 40 million Europeans between the ages of 15 and 30 was an unprecedented task of extraordinary difficulty. In addition to the more or less official opposition of some governments, there was the problem of selecting delegates who were representative both of their own organizations and of the 80 per cent of European youth who do not belong to any organization. However, the Commission was forced to invite only the established youth organizations for lack of any feasible method of choosing from among the rest. The criteria followed in the selection of the 250 delegates, other than geographical distribution, met with some criticism from virtually every political party or movement that felt it had not been adequately represented.

Agenda Thrown Out

Shortly after the welcoming speech by Commission President Jean Rey, several delegates stood up to denounce the Community's "efforts at manipulation" and forthwith proclaimed the independence and autonomy of the participants. Claiming that politics and economics cannot be separated, they rejected the four major topics on the agenda proposed by the Community and reduced them to three, for debate in three committees:

- Conditions and Requirements of a European Policy Towards Society
- The European Community and International Relations
- Conditions and Requirements for the Participation of Youth in the Reform of European Society.

The first committee drew the largest number of participants, an obvious sign that the delegates were the most deeply concerned about ideological issues. In this committee, the moderate and leftist blocs clashed openly. A group of moderates made up of supporters of the French Government majority, Social Christians and young workers from Luxembourg, and German Christian Democrats left the committee to form a separate working group when it became evident that their proposals had no chance of success. Later, a spokesman for the rebel group, Jean-Pierre Damur, Vice President of the Independent Republican Youth of France, issued a communiqué denouncing the "manipulation" of the Community conference by the leftist groups who, according to Damur, obstructed the reading of their conclusions at the plenary session. Except for this incident, work progressed in a reasonably tranquil manner.

Work in Committees

The committee on "European Policy Towards Society" sharply attacked the bureaucratic, technocratic and capitalistic orientation of the Common Market. The most radical members of the committee rejected the capitalistic system entirely and proposed a socialist Europe as an alternative. The committee on international relations touched on many of the same points but aimed its most vehement denunciations at the "selfish" European system of assistance to the Third World.

The third committee, on youth participation, contributed a number of specific proposals: creation of a Community Youth Fund to support non-governmental youth associations and a European Youth Office that would include the 18 countries in the Council of Europe and be open to the youth of the entire Continent. Several members of the committee favored the idea of a Community Youth Council to encourage dialogue between youth and the Community. Other members of the committee urged the creation of three commissions, composed of youth leaders, which would be responsible, respectively,

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Delegates to the youth conference, at the Commission's headquarters in Brussels, vote on resolutions. Of the 45 resolutions submitted, only 15 were discussed and nine adopted before time ran out.

for social and economic affairs, education, and information.

The variety and occasional conflict of proposals reflected the basic controversy surrounding the very idea of "institutionalizing" European youth policy. Many delegates, particularly the Germans, strongly favored a youth organization which, instead of being limited to the six Common Market countries, would welcome the East European countries as well.

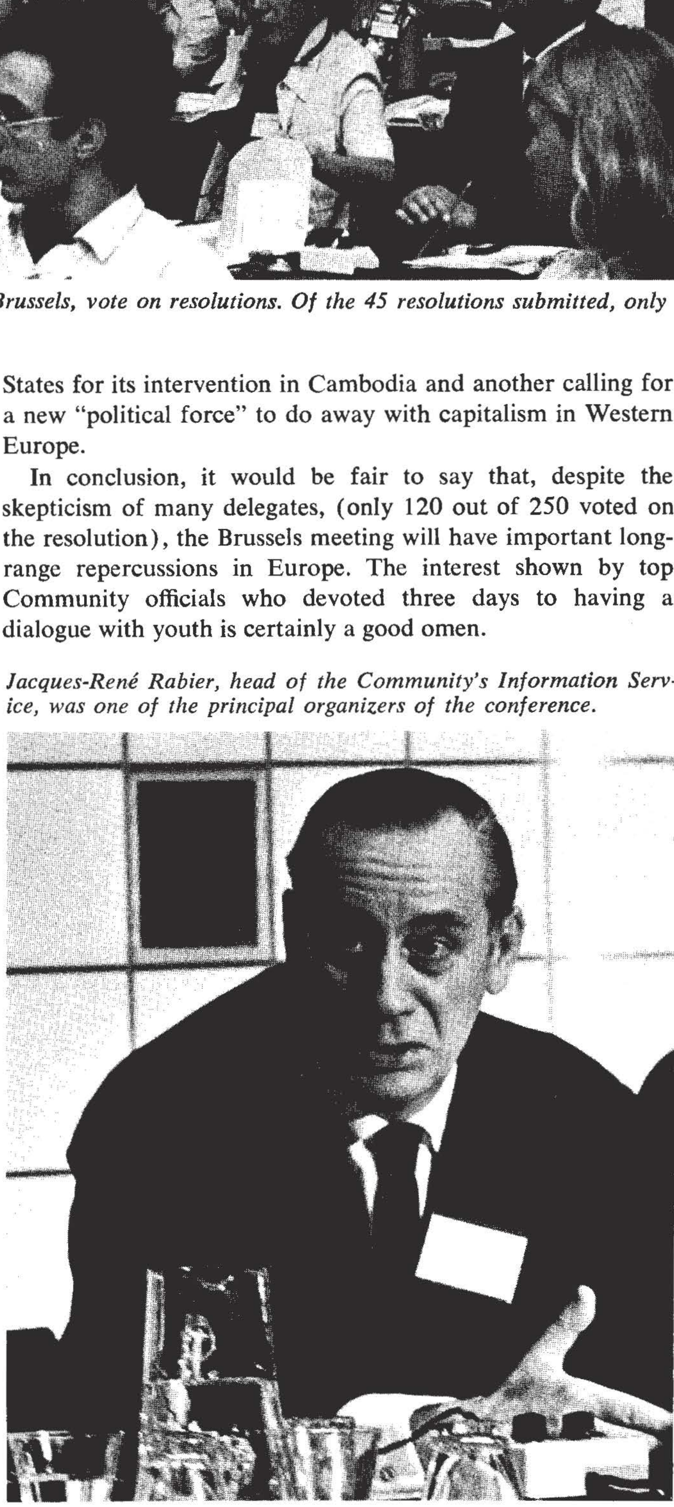
Nine Resolutions Adopted

Because of time lost over procedure, only a few resolutions were voted upon by the plenary assembly: of the 45 submitted, only 15 were discussed, and 9 adopted. The rest were included in the minutes of the meeting and President Rey promised at the closing session that the Commission would consider them with the same attention accorded to all the others. It should also be mentioned that many important papers prepared for the youth conference on the subject of European integration were received, even if not read during the meeting.

Among the approved resolutions, one from the European Confederation of Free Syndicates called for speeding up the process of integrating the Six and proposed a change of political objectives that would "serve man instead of capitalistic interests." The German Christian Democratic Youth urged the creation of a European university specializing in economics. The Italian Young Farmers accepted the general outline of the plan for reforming the Community's agriculture (the Mansholt Plan) but regretted the lack of long-term objectives. The Young Men's Christian Association managed to have two resolutions passed: one on the development of Sicily and another advocating closer relations with East Europe. The Dutch Christian Democrats and the Community of Dutch Youth demanded a 30-year age limit for representatives of youth organizations. The Associations of Youth and Popular Education demanded the creation of a Community Youth Council that, instead of being limited to promoting youth training and youth exchange, would take part in all problems —political as well as economic— affecting the young. Finally, the delegates approved a resolution condemning the United States for its intervention in Cambodia and another calling for a new "political force" to do away with capitalism in Western Europe.

In conclusion, it would be fair to say that, despite the skepticism of many delegates, (only 120 out of 250 voted on the resolution), the Brussels meeting will have important long-range repercussions in Europe. The interest shown by top Community officials who devoted three days to having a dialogue with youth is certainly a good omen.

Jacques-René Rabier, head of the Community's Information Service, was one of the principal organizers of the conference.



Labor Unions in Italy

WALTER KENDALL

MUCH OF ITALY has until recently been on the outskirts of 20th century European civilization: an almost "Balkanized" peninsula over most of its length until post-war years; its Government and hinterland overshadowed by the Vatican, the administrative center of the most powerful cult in history; its industry closely confined to the northern "iron triangle" of Genoa, Milan, and Turin. Italy's labor unions are a product of this national environment, one rich in contrast and variety.

Italy's first national union center, the Confederazione Generale del Lavoro (CGL), founded in 1906, was obliterated after a short life of but two decades by Mussolini's fascist regime. The present Italian unions have existed only during the quarter century since the Liberation.

The Italian economy has a dual character. Highly advanced modern enterprises like Fiat, Olivetti, and Italsider live side by side with primitive peasant farming, sharecropping, and handicrafts industries. Italy's unions have roots on both sides of the economy, with members ranging from sharecroppers to automotive assembly line workers in their appropriate national trade union federations.

Italy's political divisions are reflected in the mass labor movement. Three competitive federations contend for the allegiance of worker and peasant. The strongest, the organization with most powerful base amongst the industrial working-class, is the one led by the Communists and the left wing of the Socialists, Confederazione General Italiana del Lavoro (CGIL). Its main rival is the Confederazione Italiana dei Sindacati Lavoratori (CISL). The CISL, although largely led by Catholics and highly sympathetic to Italy's long-ruling Christian Democratic party, is affiliated with the western oriented International Confederation of Free Trades Unions (ICFTU). Independent of both the CISL and CGIL is the Unione Italiana del Lavoro (UIL). Far smaller than either of its rivals, the UIL is controlled by Social Democrats hostile to both Communists and Catholics.

From 1945 through 1947 the Italian union membership reached an all-time peak of some five million. All unions were united in a single confederation, the CGIL, in which key posts were divided up in accordance with an agreement between Socialist, Catholic, and Communist party leaders. The division of the Italian union movement into three mutually hostile political camps was a product of the Cold War.

After a visit to the United States by Christian Democrat Premier Alcide de Gasperi, early in 1947, Socialists and Communists were excluded from the coalition cabinet. A spontaneous general strike, opposed by the Catholics, followed a nearly successful attempt to assassinate the Communist leader Palmiro Togliatti and brought rising tensions within the CGIL to the breaking point. In a series of confusing successions, the CGIL split, membership fell heavily, and civil war ensued among the contending groups.

The 15-million-strong Italian Communist Party, which dominates working-class politics in Italy, has unhesitatingly tried to use the CGIL as an instrument for the achievement of its own objectives. All parties have seen the unions more as a means of exercising political influence among the working class than as collective bargaining agents. The Italian labor movement is thus distinguished by a political-instrumental character quite unknown in Britain or the United States.

Inter-union hostility, which reached its height in the 1950's, has now diminished. The rise of CISL, a powerful, competitive Christian Democrat-led federation, limited the CGIL's capacity to engage in adventurist manoeuvres on behalf of the Communist Party. The entry of the Socialists into the Center-Left governmental coalition similarly tended to put a brake on the CGIL.

The Communist leadership inside the CGIL met with Socialist criticism and opposition on a number of important issues.

Internecine warfare greately weakened union bargaining power in the 1950's, and all three federations are now beginning to pull together. Tentative, but unsuccessful, discussions regarding re-unification have taken place. United action has brought markedly increased union gains.

Collective Bargaining

By British or U.S. standards, Italian collective bargaining procedure is grossly underdeveloped. At the end of the war a system of nationwide top-level negotiation was taken over almost intact from the fascist syndicates. Centralized bargaining served to concentrate power at the top of the union hierarchy and aided political instrumentalization. Management was happy to keep union bargaining as far away from the plant as possible.

Nationwide bargaining set rates for four basic skill classifications and provided for regional variations over the country as a whole. Wages were thus fixed at the low level which marginal enterprises could be expected to bear. Ample scope remained for more efficient undertakings to attract labor by offering better wages and working conditions than the minimums set in union negotiations.

In recent years, the UIL and CISL, at first against CGIL opposition, have sought with some success to break down the national contract into agreements for each industry. Efforts have also been made to bring contract negotiations down from national to provincial, regional, and enterprise levels.

Employers' Associations

Confindustria, Italy's basic employers' association, was weakened in 1958 by the creation of Intersind, a separate organization authorized to speak for the large state-owned industries. The massive conglomerate, the Industrial Reconstruction Institute (IRI) is by far the largest member of Intersind, which since 1962 has bargained independently of Confindustria.

Intersind has shown a more progressive outlook on labor relations than Confindustria, due at least in part to the political pressure to which it has proven susceptible. A very large employer in the crucial engineering sector, Intersind has tended to act as a leader for wages and working conditions in the Italian economy, with beneficial consequences for labor relations.

Inflated Membership Claims

Italian unions claim a total of some five million members, but union effectiveness falls short of the performance that these figures might suggest. In the first place, all three federations grossly exaggerate their membership. Present claims would put the CGIL at 2.5 million members; its main rival, the CISL, at

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two million, and the UIL a poor third with a half million. To trim these figures to meet the more rigorous union accounting methods of Britain, Germany, Belgium, or the Netherlands, an across-the-board reduction in these figures would be required.

Small Coffers

Italian unions charge low dues which are paid infrequently and irregularly. "Check-off," the automatic deduction of union dues from pay checks, was established in important sections of the engineering/metal working industry during the Sixties, and a trend in this direction is emerging in other industries. Where check-off does not exist, dues are collected by union militants or collectors on the shop floor. Alternatively, individual members may pay dues to the local union office, or if there is no local, to the confederation representative, or the chamber of labor *(see below)*.

Lack of financial resources causes unions to be notoriously understaffed and, as a result, unable to take care of their members' needs properly. There are no strike funds on the U.S. model, but in long strikes, the union or the confederation may raise solidarity funds. In addition, if the municipality supports the strike, it may raise funds, as both Milan and Bologna have done in the past year. Given the shortage of strike funds and their precarious nature, strikes normally last an hour or two or, at most, amount to token stoppages of a few days. Seldom can the unions challenge employers to any long drawn out struggle.

The marked involvement of the labor movement in national politics means that at top levels close ties exist between political parties and unions. In addition, each union confederation depends to some extent on funds received from outside sources. In both the CGIL and CISL, key posts in the secretariat have become fiefs of the political parties with which they are associated. Most union members nevertheless take little or no part in politics either within their own union or outside.

Vertical Organization in Key Sectors

According to its strength or the area in which it operates, each large union federation is organized, down to the local level, into vertical industrial unions. This is, however, the rule only for key sectors such as engineering and shipbuilding. More often, the basic unit of organization is the local "chamber of labor," which can cover a large city, a province, or a town and surrounding area. The chamber, headed by one or more full time union officials handles all problems referred to it by union members in the locality. In places having "category organizations" (a local metalworker union, for example), the chamber renders whatever extra aid it can.

The unions' weakness often keeps them from obtaining their objectives by direct negotiation. In these cases, they resort to action against the Government, such as demonstrations or other methods of political pressure, with substantial help and guidance from the chambers.

At confederation congresses, which meet every two or three years, broad policy is formally decided by delegates sent by both national unions and chambers of labor. A national council, chosen at the congress, meets several times a year to oversee issues of general principle. A smaller executive, meeting monthly, deals with specific matters as they arise. Power rests with a full time secretariat, presided over by a general secretary.

An automotive worker at the Fiat plant in Milan, one of Italy's "highly advanced modern enterprises" that lives "side by side with primitive peasant farming."

Collective Bargaining

Collective bargaining at plant level is the exception rather than the rule in Italian industry. One reason is certainly the widespread use by employers of the *commissione interna* as a substitute for collective bargaining at factory level.

The Italian commissioni interne, like Germany's works councils, were a product of the "Red Years" after the First World War *(See European Community No. 132, page 20)*. Suppressed by Mussolini, they were re-established after the Liberation. All employees, organized and unorganized alike, are entitled to vote in the annual elections for the commissioni interne. Union pressure has now largely excluded the commissioni interne from their former role in plant negotiations, and their activities are increasingly restricted to administering social welfare provisions and policing national agreements. To some extent, management now handles local issues through its employers' associations, which deal with local union officials or officials of the chamber of labor. Management-shop steward negotiations of the type taken for granted in Britain and the United States are unknown in Italy.

Management's View

Italy's industrial economy has grown up in a highly centralized state where industry-government links have always been close. Bureaucratic attitudes, generated both by the state and the all-permeating Catholic hierarchy have been extremely important in fashioning the attitudes of labor unions and their leaders. The competing Socialist and Communist factions, and the Catholic Church, through its own powerful Association of Catholic Workers (ACLI), have all tried to control and dominate the labor movement.

Italian management's attitude towards unions, it has been said, "is at best condescending; the factory is viewed as personal inviolable property; trade unionists are considered as social upstarts and dangerous revolutionaries."* The revolutionary phraseology current in many Italian union circles is as much an outcome of this situation as any other factor.

A benevolent management of this Italian textile plant has furnished tablecloths for its employees' cafeteria.

Attitudes to European Unity

Italian union attitudes to European economic unification originally reflected the political allegiance of their ruling élites. The CGIL, echoing views of the Russian-controlled World Federation of Trade Unions with which it is affiliated, condemned the European Community as a reactionary plot of the monopolists and an anti-Soviet manoeuvre. The Christian Democrat CISL and the Social Democratic UIL saw in the Community a plan to stabilize Europe and break down national barriers. Accordingly, they have wholeheartedly supported the Common Market Treaty.

European integration has helped to stimulate an unprecedented boom in the Italian economy. It has entirely failed to bring forth the catastrophic consequences which the Communists predicted. Some 900,000 jobless Italians have found employment in France and Germany. (Another half million, benefitting from Europe's general prosperity, have discovered jobs in Switzerland.)

Under pressure from their Nenni Socialist membership, whose leaders were partners in the recent Center-Left coalition, the Communist leaders of the CGIL toned down their opposition to the Community and sought full participation in its institutions. An Italian Communist delegation now sits in the European Parliament; and, for the past four years, two CGIL representatives have had seats on the Community's Economic and Social Committee, which advises the Commission and the Council of views of labor, management, and consumers on specific issues.

Ideological Split but Practical Cooperation

The Italian labor movement since the war has gone through three distinct phases: an initial period of unification under a Christian Democrat-Socialist-Communist coalition government; a decade of ideological splits and internecine hostilities following the opening of the Cold War; and a period of more serious collaboration in an endeavor to gain for Italian workers a long overdue share in the benefits of the boom. Inter-union cooperation is now running at the highest level since 1947. It remains to be seen whether the present hesitant moves towards reunification enables Italian unions to recruit the millions of still independent workers and take long-overdue steps to catch up in the international labor world.

**LaPalombara, Joseph.* Interest Groups and Italian Politics. *Princeton University Press, Princeton, N.J., 1964, page 40.*

COMMUNITY NEWS

FOREIGN MINISTERS HEAR ECONOMIC UNION REPORT

The two meetings of the Council of Ministers to discuss foreign affairs during June were not limited solely to preparations for membership negotiations.

The lengthy agendas of both meetings, on June 8-9 and June 29 in Luxembourg, encompassed topics ranging from economic and monetary union to coal and steel research.

Economic and Monetary Union

At the June 8-9 meeting, the Council discussed an oral report by Pierre Werner, chairman of the group now studying basic options for the establishment of full economic and monetary union in stages. In discussion the Council reached the following conclusions:

- The process should begin with the establishment of quantitative medium-term economic guidelines and the introduction of medium-term monetary support, as the Commission suggested in its memorandum of February 12, 1969. *(See European Community No. 132, page 18.)*
- With political support of all governments, economic and monetary union could be completed in the Seventies.
- Since economic and monetary union means that the most important economic decisions will be made at Community level, the necessary powers will be transferred from the member governments to the Community, eventually leading to a single currency guaranteeing the permanence of the union.
- From start to finish, action will have to take place "simultaneously and progressively" in numerous fields, some of which may necessitate amending the Common Market Treaty.
- The first stage should begin January 1, 1971, and be completed by a specified date, possibly within three years, which seems technically feasible. During this time, the efficiency of the Community's instruments of economic policy will be improved and it will assume its own identity in the international monetary system.
- The first stage cannot be dissociated from the end goal of full economic and monetary integration.
- The first stage should include a tightening of consultation procedures by methods still to be determined. The member governments should relate their budgetary policies to the common objectives and will have to attain a degree of fiscal harmonization and coordination of monetary and credit policies. Integration of the financial markets will also have to be increased.
- The Community should progressively take common positions in monetary relations with non-member countries and international organizations. "In particular, it must not avail itself, in its exchange dealings between member countries, of any provisions that might render the international exchange system more flexible."

The Council asked Mr. Werner's group to continue its work in the light of these conclusions and of any opinions that the Committee of Central Bank Governors may express. September 1970 is the target date for the final report.

Industrial Policy Debate

At the same meeting, the Council had its first detailed discussion of the Commission's March 21 memorandum on industrial policy. *(See European Community No. 133, page 4.)*

The Council asked the Committee of Permanent Representatives of the Member States to speed up its current work on industrial policy. It was asked to concentrate on the promotion of the Community's industrial and technological development, particularly:

- achievement of a common market for the advanced technology and capital equipment industries
- measures to facilitate transnational industrial groupings within the Community. In addition to the legal type of European company now being studied, the Committee was asked to give thought to a more flexible type of amalgamation.
- organization of Community solidarity to improve technological cooperation with non-member countries
- concerted action by the member governments on foreign investment, coordination and improvement of the Community's means of financing economic development, and the validity period for credits on exports to developed countries and state-trading countries.

The Committee was also asked to consider the role of public enterprises and the territorial aspects of industrial policy.

The Council also discussed problems connected with the 1965 draft directive on the removal of restrictions, such as nationality requirements, on freedom of establishment and freedom to perform services in self-employed activities in banks and other financial institutions. The Committee of Permanent Representatives was asked to seek the Monetary Committees' views on the effect passage of this proposal might have on monetary matters.

ECSC Research Grants

At the meeting of June 29, the Council gave "confirmatory opinions," approving three Commission decisions:

- to lend $607,735 in Dutch Florins to NV Sigrano-Nederland towards the financing of a silver sand-quarrying company in South Limburg, a former coal center
- to grant an interest rebate on $3,005,465 of a loan in German marks to Rheinstahl Hüttenwerk AG for enlarging and diversifying the processing capacity of a steel works at Ennepe in the Ruhr Valley.
- to award grants for research on: mass steel manufacture in electric furnaces; automation of continuous hot-rolled wide strip mills; the improvement and development of comparable hardness measurements in the Community countries; the improvement of pig iron produced in blast furnaces; hot compacting of iron minerals; fire resistance of metal constructions; the usage characteristics of steel; preparation of basic information for architects on the use of metals in building; automation of oxygen-process steel works, and the continuous refining of cast iron.

KODAK REMOVES PRICE AND SALES RESTRICTIONS

Kodak has removed price and export restrictions from its agreements with distributors in the Common Market.

As a result, on July 2, the Commission said it had given Kodak a "negative clearance," that nothing in the agreements violate the Common Market's competition rules. The new agreements clearly state that a purchaser at any point in the chain of distribution is free to export to the other Common Market countries to anyone and at any price.

The Commission said it expected Kodak prices throughout the Community to become aligned, at lower levels, since wholesalers and retailers could now take advantage of high prices in a neighboring country to market their stocks there at lower prices.

COMMON TOURISM POLICY SOUGHT BY SIX

The European Community members' ministers responsible for tourism favor a common approach in this area.

Meeting in Brussels on June 2 at the invitation of Belgian Tourism Minister Alfred Bertrand, the ministers decided to recommend the creation of permanent machinery to coordinate member states' tourism policies. The meeting was held outside the Community context as the Common Market Treaty does not cover tourism.

The national administrations will prepare a list of topics that could be handled at Community-level. These include protection of national monuments and beauty spots, investments to promote tourism, harmonization of hotel classifications, adoption of uniform road and tourist signs, staggered school vacations, professional training, and joint advertising.

DRAFT DECISION FOR MEDIUM-TERM MONETARY SUPPORT SENT TO COUNCIL

A draft decision for the creation of a $2 billion medium-term support system for use in the event of balance-of-payments difficulties was sent to the Council of Ministers on June 10.

This system, for use over periods of two to five years, complements the short-term monetary support arrangements approved by the Council on January 23 and activated on February 9 by the Community members' central bank governors. The proposals for a Community system of both short- and medium-term monetary support were made in the Commission's memorandum of February 12, 1969, as part of a plan for full economic and monetary union.

Reasons for Community System

A formal system for members of the Community to extend mutual monetary assistance to partners running balance-of-payments deficits was considered necessary so that aid could be given quickly. Within a free trade area, disequilibria in one member country rapidly affect other members.

For this reason, concertation of plans to borrow from the International Monetary Fund was also considered necessary, since borrowers from the Fund have to make economic policy commitments that are likely to affect other members of the Community.

Non-Automatic System

Unlike the arrangements for short-term borrowings under the Community system, which provide for virtually automatic drawings from the first $1 billion of the $2-billion aid system, medium-term aid would have to be authorized. Medium-term aid would be authorized by a qualified majority vote of the Council of Ministers, upon a recommendation by the Commission after consultations with the Monetary Committee. (The Monetary Committee, an independent group, advises the Commission and the Council of the monetary and financial situation in each member country and in the Community. It is entitled to express opinions on its own initiative.)

The obligation to give medium-term aid would be binding on all members except one threatened by serious balance-of-payments disturbances or already indebted to the Community short- or medium-term aid system or to another international system. In this case, the member state would have to inform the Council and the Commission of its inability to contribute. If these conditions ceased to apply, consultations would take place within the Monetary Committee, on the initiative of the Commission or any member state to see whether the previously excused state could be required to participate in the financing operation.

Community members would provide medium-term monetary support within specified ceilings on both the maximum amounts of support each member would provide, and on each country's share of the total financing operation in case one or more members' balance-of-payments position excused them from contributing. Germany and France would each be responsible for $600 million or 30 per cent; the Belgium-Luxembourg Economic Union and the Netherlands, each $200 million or 10 per cent, and Italy, $400 million or 20 per cent.

The obligation to provide medium-term monetary support would be binding for five years. It would be automatically renewable every five years unless one or more member countries notified the Council and the Commission of objections to its renewal six months before the renewal date.

Borrowing Procedure

If a member country in serious balance-of-payments difficulties decided to seek aid outside the Community, it would have to consult its partners and the Commission within the Monetary Committee about the possibility of obtaining aid within the Community.

When the Council decided to give medium-term aid, it would determine the economic policy commitments to be made by the beneficiary, as well as the duration and interest rate of the loan.

All debits and credits would be expressed in units of account equivalent to 0.88671 grams of fine gold (the parity of the U.S. dollar).

Any creditor member state could decide to make a partial or a complete transfer of its credit to one or several other member states by notifying the Commission and the other member states.

If one or several creditor states had balance-of-payments difficulties or severe threat of difficulties, the Council could decide to mobilize these credits from among the other creditor members, within the specified limits and ceilings. If the credit were not available within the Community system, the Council could decide on suitable action, such as early repayment by debtor states or concerted action by the member states within other international organizations.

TWO NEW AGRICULTURAL MARKETS TAKE SHAPE

A regulation to put the Common Market in flax and hemp into effect by August 1, 1970, and guidelines for a common fisheries policy by November 1, 1970, were adopted by the Council of Ministers in Luxembourg on June 29-30.

The flax and hemp market regulations were designed to promote orderly marketing of these surplus products, improve their quality, and encourage the search for new sales outlets. The guidelines on fisheries, in the form of a Council Resolution, have not been published.

At the June 29-30 meeting, the Council also passed regulations opening and distributing tariff quotas for imports of cattle for purposes other than slaughter and the methods of administering the quotas. The quotas are:

- 20,000 mountain heifers and cows of the grey, brown, yellow, or spotted Simmental and Pinzgau breeds
- 5,000 pedigreed or registered Alpine bulls, cows, and heifers of the spotted Simmental, Schwyz, and Freiburg breeds.

Prices Set

At a meeting on June 8-9 in Luxembourg, the Council set prices for the 1970-71 marketing year for the following commodities: soft and durum wheat, rye, barley, mixed wheat and rye, corn, oats, buckwheat, millet, canary seed, grain sorghum, wheat and rye flour, groats, meal, rice, sugar, oilseeds, dairy products, beef, and veal. All price arrangements are the same as for the last marketing year.

Prices and other arrangements for tobacco are still being discussed.

FREEDOM OF ESTABLISHMENT FOR VETERINARIANS

Veterinarians may soon be able to practice anywhere in the European Community while maintaining legal residence in the country where they do most of their work.

At a meeting in Luxembourg on June 29, the Council of Ministers agreed to consult the European Parliament and the Economic and Social Committee about three directives to this effect drafted by the Commission. They deal with: the elimination of restrictions such as nationality requirements; the mutual recognition of diplomas, and the coordination of legal and administrative provisions governing the practice of veterinary medicine.

Since diplomas and degrees awarded in the veterinary field were so numerous and so varied, mutual recognition of diplomas was not feasible without provision for harmonizing training. The directive on mutual recognition therefore specifies that it covers holders of any of these diplomas as long as they have completed at least 4,500 hours of clinical and theoretical medicine, with prescribed distribution requirements.

Setting similar training and professional requirements for veterinarians throughout the Community, will facilitate participation in joint research, development of veterinary centers, evaluation of progress in health protection, and other joint work.

A special problem arose in drafting these directives, as in one member country (France), veterinarians have direct powers of enforcement over property without the intervention of legal authorities. (For example, they can condemn a herd of cattle infected with hoof and mouth disease without the authorization of the Department of Agriculture.) Article 55 of the Common Market Treaty allows member countries to exclude nationals of other member countries from activities involving "the exercise of public authority." As a result, the draft directives would allow veterinarians of any nationality to perform all normal veterinary services anywhere in the Community, except, in France, activities involving the exercise of public authority.

EIB TO HELP FINANCE NEW EUROPEAN SCHOOL

The European Investment Bank signed an agreement with Luxembourg on June 3 to lend $1 million towards the $7.26-million cost of building a new European School in the capital city of Luxembourg.

The old school has become over-crowded following the transfer of several Community agencies from Brussels to Luxembourg.

The first European School, also in Luxembourg, was opened in 1953 to educate children of European Coal and Steel Community officials. The curriculum was planned around the special needs of their children who had come to Luxembourg from five countries speaking four different languages.

Graduates of European Schools (now there are seven of them) are prepared to enter universities throughout the Community as well as in the United States and the United Kingdom. Every graduate has a thorough knowledge of at least two Community languages and has studied "political" subjects, such as history, from a "European," rather than a national, point of view.

Loans for Border Areas

Two other loans, signed on June 9, will promote development in border regions.

One, for $1.4 million, will enable Vereinigte Farbenglaswerke AG, a major European producer of wine glasses and other hollow glass ware, to expand capacity by 50 per cent at its plant in Zwiesel, on the eastern Bavarian border. The project, to be completed by the end of 1970, will cost $4.9 million.

The other, a loan of $10 million to the Industriekreditbank Aktiengesellschaft of Düsseldorf, will be used to finance small and medium-sized industrial ventures. The German bank will re-lend the money for projects in the eastern border areas and in underdeveloped rural areas.

Loan for Chip Board Plant

A loan for $3.6 million was signed on May 29 with RESOGIL, a joint stock company, reently formed by a Farnco-Belgian company and a German company. The loan will help finance the construction of a factory to produce raw and laminated wood chip board in Lure, France.

The textile industry, a traditional mainstay of the Lure area, has been declining. For its economic survival, this region will have to attract new industries that can use local raw materials, in this case its forests, which cover nearly 40 per cent of the Haute-Sâone district. (Reforestation and improvements in lumbering are also being scheduled, through the French Government's regional programs.)

COMPETITION RULES EASED FOR SMALL BUSINESS

The European Community's competition rules for cooperative ventures between small and medium-sized companies were eased on June 2 by a Commission notice, which becomes law without Council action.

It automatically exempts all agreements that have a "negligible effect" on competition and trade between member countries. The effect will be considered negligible if:

- the market share of the parties to the agreement is less than 5 per cent of the total Community market
- their aggregate annual turnover is less than $15 million in the case of producers, $20 million in the case of distributors.

Such agreements would no longer have to be filed with the Commission. By simplifying paper work, the Commission hopes to remove a psychological obstacle to cooperative ventures between small and medium-sized companies.

Further Relaxation Pending

In a further attempt to encourage cooperation among small businesses, the Commission has submitted two proposals to the Council of Ministers. One would allow the Commission to lift the ban on restrictive agreements for five types of agreements: standardization, research and development, specialization, joint buying, and joint selling. The Commission is thinking particularly of exempting research and development and specialization agreements "because these can help technological development in the Community."

The second proposal would exempt all agreements on joint research and development from compulsory notification to the Commission. Specialization agreements would also be exempted from notification—but only if the companies concerned controlled less than 10 per cent of the market. Exemption from notification would not, however, automatically mean that all such agreements were legal under the Rome Treaty.

JOINT ADVERTISING DOES NOT HURT COMPETITION

A joint advertising association that allows its members to advertise individually (as well as collectively) does not restrict competition in the Common Market, the Commission ruled on June 2.

The agreement in question involved four Belgian and Luxembourg producers of electrically welded steel tubes. To promote the use of these products, the four formed a nonprofit organization for joint advertising. They also introduced a common quality mark, guaranteeing the quality of their products and the observance of electrical welding and size standards in their manufacture. Any manufacturer who complied with the standards could use the quality mark.

The Commission gave the agreement a "negative clearance," signifying that the agreement complied with the Common Market's competition rules.

KING BAUDOIN HONORS RETIRING COMMISSION

Their Majesties King Baudoin and Queen Fabiola of Belgium gave a luncheon at Laeken Palace on June 13 in honor of the retiring members of the 14-man Commission of the European Communities.

After the luncheon, the King conferred on Commission President Jean Rey the *Grand Cordon de l'Ordre de la Couronne*. Mr. Rey's colleagues received the *Grand Cordon de l'Ordre de Leopold II*.

COMMON MARKET IN SEEDS

Plans for a common market organization for seeds were sent to the European Community's Council of Ministers on June 2.

At a cost of $5.6 million a year, Community subsidies to growers of certified seeds would replace national subsidies. They would be given only for "sensitive" varieties of seeds that were well suited to Community conditions, not grown anywhere else, and that would go out of production otherwise.

NEW JUDGE APPOINTED TO EUROPEAN COURT

A new judge and a new advocate general have been appointed to the European Communities Court of Justice in Luxembourg, it was announced on June 29. They will serve from October 7, 1970, to October 6, 1976.

The new judge is Hans Kutscher who has sat on the German Federal Constitutional Tribunal since 1955. From 1951-55 he was secretary of the Juridicial Commission of the Bundesrat and of the Settlements Commission of the Bundesrat and the Bundestag, respectively the upper and lower houses of the German parliament. He has held various posts in the German Ministries for Economic Affairs and Transport and has taught constitutional law, with emphasis on economic administrative law, at the Karlsruhe Technical University.

The new advocate general is Alain Dutheillet de Lamothe, a graduate of the French National School of Administration. He has served as a technical adviser on economic and financial questions in the cabinets of the President of the French Council, and on legal questions and matters related to off-shore buying in the Ministry of Defense. After serving for six years as legal adviser to Electricité de France, Mr. Dutheillet de Lamothe was appointed head of mission to the Keeper of the Seals at the French Ministry of Justice, and in 1969 became Counseiller d'Etat (member of the Council of State.)

The appointments of the other members of the Court of Justice were renewed. When the new court convenes, a new President of the Court will be elected.

FREE ESTABLISHMENT FOR ITINERANT DEALERS

Door-to-door salesmen, street vendors, and other itinerant dealers should be able to ply their trade anywhere in the European Community, according to two proposals that the Commission sent to the Council of Ministers on June 2.

One proposal would assure itinerant dealers, irrespective of their nationalities, the right to offer their services anywhere in the Community. It would apply to commercial travelers or demonstrators, itinerant sellers of food and beverages not covered by previous directives, suppliers of personal or recreational services, and collectors or buyers of used goods or waste materials. The member countries would have to remove discriminatory requirements on access to these trades such as proof of five years continuous residence.

The other proposal sets forth transitional measures needed, since the laws governing access to these occupations now differ considerably from country to country.

BELGIAN DATE FOR TVA

Belgium has formally confirmed that it will introduce a common tax on the value-added (TVA) on January 1, 1971. Initially, there will be four rates: 6 per cent, 14 per cent, 18 per cent, and 25 per cent; in a year the rates will be fixed at 6 per cent, 15 per cent, 20 per cent, and 25 per cent.

The lowest rate will apply to such necessities as food, medicine, soap, laundry and dry-cleaning, and hair-dressing. The next rate will apply to coal, electricity, films, restaurants and cigarettes, and similar services and products. The "normal" rate will apply to products and services not covered by the first two rates or by the 25 per cent rate applied to "luxury" products such as cars, jewelry, furs, perfume, alcoholic drinks, radios, televisions, record players, and cameras. Exports and investments will be excluded.

TVA was to be applied throughout the Six on January 1, 1970, but it was delayed at the last minute by Belgium and Italy. Belgium was authorized to put off its introduction because of the inflationary effect it could have had on the country's economy. Italy said it was in the midst of a tax reform, and that the introduction of two series of tax reforms in a short space of time could cause confusion. The Six agreed on a two-year delay—to January 1, 1972.

The Six plan to operate a harmonized TVA system—with close margins rather than uniform rates—from 1974 on. TVA already operates in France (1953), Denmark (1967), Germany (1968), the Netherlands (1969), Norway and Luxembourg (1970).

COMMON MARKET TRADE TEAM VISITS UNITED STATES

A Common Market trade team visited Washington on July 1-2 as part of a continuing series of meetings on U.S.-Community trade problems.

During their visit, Edmund Wellenstein, head of the Community's directorate general for external trade, and Fernand Braun, deputy director for industrial affairs, met with officials of the Department of State and of the Office of the President's Special Representative for Trade.

The Community officials expressed concern about the prospects of new U.S. legislation to limit imports which would reverse the trend towards free trade that has prevailed in the post-war period. The proposed quotas on U.S. textile imports and the quotas on shoe imports being discussed would have considerable repercussions on the Common Market. Its annual exports of these products to the United States amount to about $500 million.

MALFATTI THANKS NIXON FOR MESSAGE OF SUPPORT

Franco Maria Malfatti, the new President of the European Communities Commission, thanked President Richard M. Nixon on July 7 for his message supporting the Community's strengthening and enlargement.

The message Mr. Malfatti received on June 22 from President Nixon read: "As you assume the Presidency of the Commission of the European Community, I want to congratulate you on your new office and assure you of my firm support for the strengthening and enlargement of the European Community. You may be confident, too, of our determination to maintain the close and friendly relations that have always existed between the Community and the United States."

Thanking President Nixon for his message, Mr. Malfatti said: "I attach the very greatest political importance to the reaffirmation of your firm support for our efforts to strengthen and enlarge the Communities. For my part, I shall do everything in my power to ensure that in the years ahead the close and friendly relations which have always been maintained between the Communities and the United States are still further developed and deepened."

COMMUNITY TO GIVE WHEAT TO YEMEN, SUDAN

The European Community will donate wheat as food aid to Yemen and Sudan, according to agreements signed in Brussels on June 24 and 23, respectively.

Yemen will receive 14,000 metric tons of wheat other than durum. The Community members' individual contributions will be as follows: Belgium and the Netherlands, each 1,000 tons; Germany, Italy, and France, each 4,000 tons.

Sudan will receive 10,000 tons of wheat other than durum. Belgium, Germany, France, Italy, and the Netherlands will each contribute 2,000 tons to this gift.

FRANCE SEEKS BROADER COMMON FARM POLICY

France asked on May 25-26 for the extension of the common agricultural policy to cover the 5 per cent of farm production not now subject to Community rules.

The French Government wants common market organizations for alcohol, bananas, mutton, and potatoes. Pineapple, vinegar and rum could come under existing or planned market organizations. Free trade should also be introduced for honey, horsemeat, seeds, and plants. France says its proposals would complete free trade for farm products and help farmers in specific regions (such as the French tropical overseas departments).

EC-MOROCCO, EC-TUNISIA ASSOCIATION COUNCILS HOLD FIRST MEETING

The Association Councils, the bodies governing the European Community's associations with Morocco and Tunisia, held their first meetings, in Brussels on June 10.

At separate meetings of the Association Councils, problems that had arisen since the agreements came into force last September 1 were examined.

Both Morocco and Tunisia expressed concern about their citrus, olive oil, and wine exports to the Community, which the Association Council and Community agreed to investigate. The Community also gave both countries explanations and assurances about its position on the plan for granting preferences on industrial imports from all developing nations. The plan for generalized preferences is being discussed within the Organization for Economic Cooperation and Development and the United Nations Conference on Trade and Development. The Community also explained the position it will take in discussions of both agreements within the General Agreement on Tariffs and Trade.

MUSHROOMS PRESERVED BY RADIATION ON SALE

Mushrooms, the first product preserved by radiation to be marketed in the European Community, were put on sale by a large Dutch department store on June 3.

The mushrooms were treated under a joint research program of the European Atomic Energy Community (Euratom) and a Dutch institute for the application of nuclear energy to farming.

The processed mushrooms had to pass stringent tests. Radiation lengthens their shelf life, improves their appearance and enhances their taste.

20 YAOUNDE SIGNATORIES COMPLETE RATIFICATION

Twenty of the 24 signatories of the new Yaoundé Convention associating 18 African countries with the European Community had, by July 7, deposited their instruments of ratification with the General Secretariat of the Communities Council of Ministers.

Of the six Community members, France, Luxembourg, and Germany have completed the ratification process.

Of the associates, the convention: the following countries have ratified the convention: the Central African Republic, Mali, Burundi, Gabon, Togo, Ivory Coast, Madagascar, Mauritania, Niger, Dahomey, Upper Volta, Cameroon, Rwanda, Chad, the Congo (Brazzaville), Senegal, and the Congo (Kinshasa).

REY TAKES LEAVE OF EUROPEAN PARLIAMENT

Institutional and political progress is essential for the effectiveness of the European Community and the fulfillment of its objectives, Commission President Jean Rey stressed in his farewell appearance before the European Parliament June 17 in Strasbourg.

"Much perseverance and some boldness will be necessary," he said, "for it should be remembered that when prudence is everywhere courage is nowhere."

When the Community is enlarged the Commission will again consist of 14 members, an unwieldly, but not impossible, number, Mr. Rey said. He hoped his Commission of Fourteen had proven that a Commission of that size could work effectively and maintain its capacity for decision-making through "unremitting effort."

STANDARDS FOR STEERING ON TRUCKS AND TRAILERS

Common standards for steering mechanisms on trucks and trailers will go into effect throughout the European Community on December 8, 1971, the Council decided at its June 8-9 meeting in Luxembourg.

The directive covers the entire steering mechanism and auxiliary power for power steering. The standards will apply to road vehicles with at least four wheels, with and without trailers, that travel at speeds of 15.5 m.p.h. or more, except agricultural and public works equipment.

These new standards supplement directives passed in February and March of this year. *(See European Community No. 134, page 20).* The Council still has before it proposals concerning ease of access and exit, horns, turn signals, and brakes.

RECENT BOOKS ON COMMUNITY TOPICS

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

The Technology Gap: U.S. and Europe. Published for the Atlantic Institute by Praeger Publishers, New York, 1970. 170 pages, tables, figures, bibliography.

Summary report of proceedings and papers prepared for the Conference on Strategies for Atlantic Technological Development, sponsored by the Atlantic Institute, Rome, Italy, May 24-26, 1968.

The major portions were written by Dr. Richard H. Kaufman and Jean-Pierre Poullier. They agree that disparities between the two areas are not knowledge gaps but rather European failure to utilize technology, lack of labor mobility, rigidity in education, and reliance on traditional management systems. They consider this "managerial gap" a challenge rather than a threat to Atlantic economic cooperation. Specific remedies in the public and private sectors are proposed.

Economics: Britain and the EEC. Edited by M.A.G. van Meerhaeghe. Longmans, Green & Co. Ltd., London, 1969, 104 pages with index.

A collection of papers presented a symposium on "Economics: Britain and the EEC" at the University of Ghent, Belgium, February 8, 1969.

The papers and discussion focused on the problems associated with British entry into the Community. In an introductory paper, the editor outlines the most frequently mentioned advantages and disadvantages of British membership, for both Britain and the Community. The other principal papers presented are: "Financial and Monetary Problems" by Harry G. Johnson; "Competition and Price Policies" by D. Swann; and "Advanced Technology" by John Pinder.

Politics and Bureaucracy in the European Community: A Portrait of the Commission of the E.E.C. By David Coombes. George Allen and Unwin, Ltd., London, 1970, 336 pages with index.

A comprehensive study of the Commission's role in the political process of the European Economic Community.

The basic questions posed by the author are: to what extent have the intellectual approaches and institutional methods embodied in the Rome Treaty contributed to political unity in Europe and what are the future prospects for integration?

The first chapters give a brief introduction to the European Movement and the major political factors that led to the establishment of the Community. The second portion describes the legal framework and institutions of the Community. In the third part, the author examines the operation of the Commission as a bureaucratic system and as a participant in the political decision-making process. His analysis is based upon first hand observation of the Commission's operation, a study of its personnel administration, case studies of its role in the Kennedy Round and in regional policy programs, and discussion of the problems of decision-making.

PUBLICATIONS AVAILABLE

TEN YEARS OF ACTIVITY OF THE ECONOMIC AND SOCIAL COMMITTEE OF THE EUROPEAN COMMUNITIES. Economic and Social Committee of the European Communities, Brussels, 1969, 32 pages .... free

Contains the texts of speeches by Committee Chairman Louis Major, Council of Ministers President Edgar Faure, and Commission President Jean Rey, marking the Tenth Anniversary of the Committee. The Committee, composed of representatives of labor, management, crafts, and professional organizations, is an advisory body to the Council and the Commission.

REPORT ON TRADE RELATIONS BETWEEN THE SIX AND JAPAN. *Working Documents* No. 212, European Parliament, Luxembourg, February 1970, 23 pages .... $. 25

Report by Jan Baas for the European Parliament's Committee on External Trade Relations. Reviews trade relations between the Community and Japan and between the individual member countries and Japan.

ENSURING FAIR COMPETITION IN THE EUROPEAN COMMUNITY. *Community Topics* No. 35, European Community Information Service, London, March 1970, 8 pages .... free

Based on an address by Emmanuel M. J. A. Sassen, Member of the Commission of the European Communities, to the Federal Bar Association, Washington, D.C., September 1969. Discusses the Commission's policy on restrictive agreements. (Community Topic No. 34 has not been issued. It will be announced later.)

FOREIGN TRADE: GEOGRAPHICAL CODE. Statistical Office of the European Communities, Luxembourg, 1970, 56 pages $1.00

French/German/Dutch/Italian text.

Latest edition of the geographical code for the Community's foreign trade statistics. This code will apply to 1970 data. It offers a full explanation of the regional groups only identified by name and number in the trade volumes. Includes maps to show the exact location of each area.

SOCIAL SECURITY OF MIGRANT WORKERS. *Information Memo* P 25/70, Commission of the European Communities, Brussels, June 1970, 5 pages .... free

Summary of the new regulation on social security for migrant workers which will replace Regulation No. 3 now in force.

POPULATION ET FORCES DE TRAVAIL: 1968. *Statistiques Sociales* No. 6, 1969, Statistical Office of the European Communities. Luxembourg, 193 pages $2.00

French/German/Italian/Dutch text.

Results of a detailed survey on the Community's population and labor force in the spring of 1968. Gives population data by age, sex, household, and data on the labor force by main sectors of economic activity, employment, and sex. Community data is broken down for each member state and region.

GAINS HORAIRES ET DUREE DU TRAVAIL. *Statistiques Sociales* No. 8, 1969. Statistical Office of the European Communities, Luxembourg, 137 pages $2.00

French/German/Italian/Dutch text.

Gross hourly earnings and length of the work week in the Community in April 1969.

EMPLOI: 1967-68. *Statistiques Sociales* Supplement A-1969. Statistical Office of the European Communities, Luxembourg, 157 pages $2.00

Detailed statistics on the work force of the Community for 1967 and 1968. Covers employment, labor force by branch of industry activity, foreign workers, and strikes.

THIRD GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITIES 1969. Commission of the European Communities, Brussels, February 1970, 499 pages $4.00

English edition of the Commission's 1969 annual report. Contains a detailed description of the activities of the European Coal and Steel, Economic, and Atomic Energy Communities.

LES PROBLEMES DE MAIN-D'OEUVRE DANS LA COMMUNAUTE EN 1969. Commission of the European Communities, Brussels, May 1969, 147 pages $1.40

Printed edition of the Commission's annual report on the Community's manpower situation, covering 1968 and with forecasts for 1969. Includes information on foreign workers employed in the Community.

THE REFORM OF AGRICULTURE IN THE EUROPEAN COMMUNITY. *Information Memo* P 21/70, Commission of the European Communities, Brussels, May 1970, 6 pages .... free

Description of the Commission's draft directives for the reform of agriculture (Mansholt Plan). The directives deal with modernization of farms, withdrawal from farming activities, vocational training, establishment of producers' groups, and reduction of the area devoted to agriculture.

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