OCTOBER 1970 NO. 139

european community

the common market's image

CONTENTS

COVER: The Common Market's "Image" in its residents minds

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

Washington, D.C.: Suite 707, 2100 M Street, N.W., 20037

New York, N.Y.: 155 East 44th Street, 10017

London: 23 Chesham Street, SW1

Paris: 61, rue des Belles-Feuilles, 16e

Rome: Via Poli, 29

Bonn: Zitelmannstrasse 22

The Hague: Alexander Gogelweg 22

Brussels: 200, rue de la Loi

Luxembourg: Centre européen Kirchberg

Geneva: 72, rue de Lausanne

MANAGING EDITOR: Kathleen A. Lynch

The Common Market's "Image"

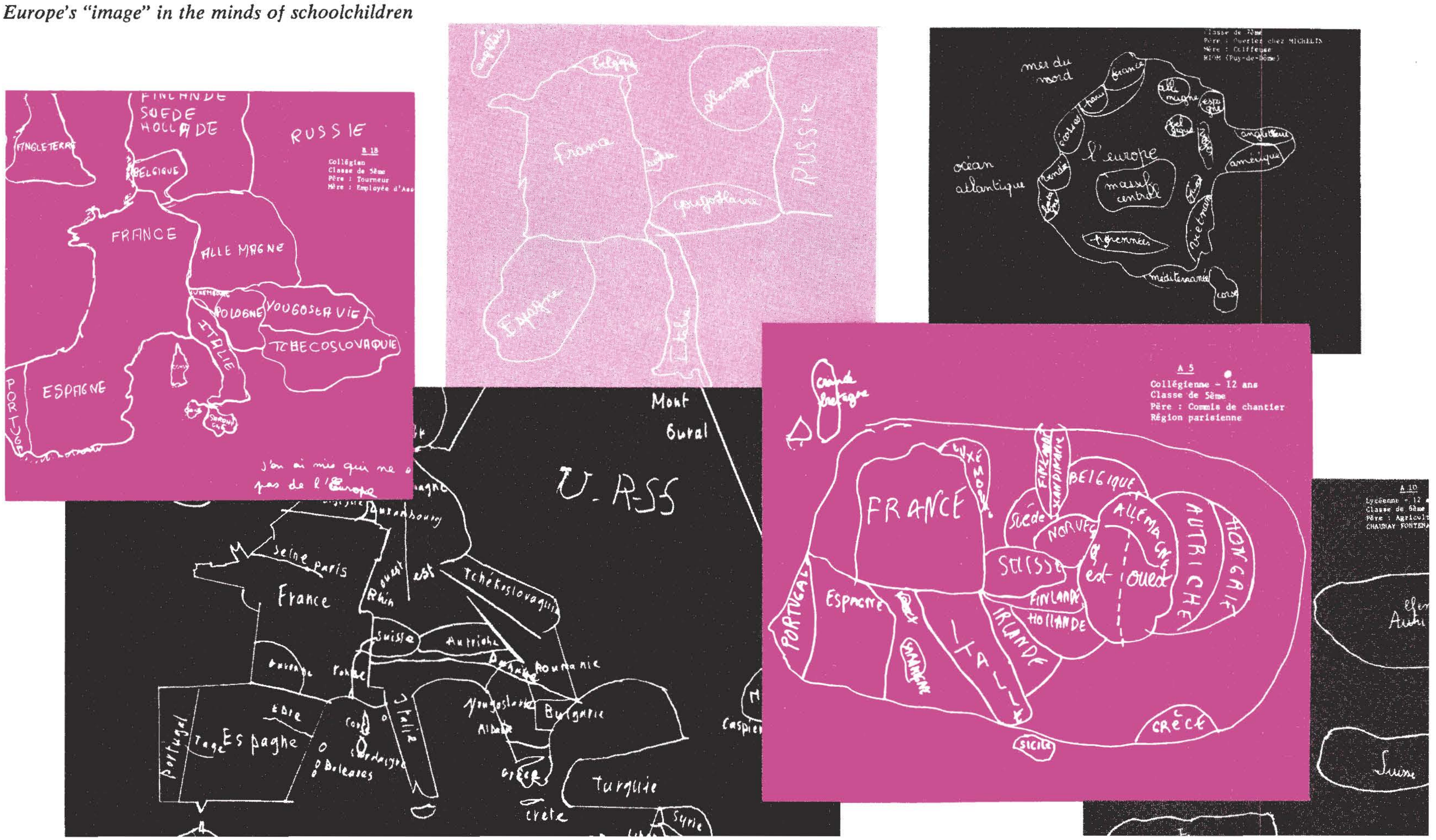
For economists, businessmen, diplomats, and politicians, there can be no doubt of the Common Market's existence, but how real is it to the man in the street on whom its consolidation into a political union will eventually depend? With the Community members' foreign ministers scheduled to meet on October 26 for the first of their regularly-scheduled consultations about political questions, it seems a good time to take a look at the Common Market's "image" in the mind of the ordinary citizen who has little direct contact with the gray institutions of Brussels. This issue of *European Community,* therefore, contains five copyrighted articles reprinted by permission of *The Christian Science Monitor,* based on interviews with people in various walks of life in the Community countries.

The article on page 16, based on an extensive poll by the British Reader's Digest Association, Ltd., further examines attitudes in the Community and throughout Western Europe toward the Common Market and its ultimate goal of political unity. These articles clearly show that while the Common Market has made an impression on people living in the Six, it has not yet involved the ordinary citizen in building a united Europe as fully as the founding fathers intended when they decided to "establish the foundations of an ever closer union among the European peoples."

When the new Commission President Franco Maria Malfatti took office on July 2, he recognized that the success of current plans for full economic and monetary union by the end of the Seventies would require "the mobilization of public opinion on the widest possible scale," as well as "effective forms of democratic control and participation by the people."

As Jean Monnet has said, and as these articles indicate, "The Common Market is only a customs union, but by creating an economic and monetary union, and seeking solutions for common problems, the need for a political authority will come." "To accept rules governing their political attitudes, people have to feel they have a common interest."

Europe's "image" in the minds of schoolchildren



France's "Special Flavor"

CARLYLE MORGAN

PARIS—"Two kinds of supermarkets are profoundly changing our traditional ways of life." The very French Frenchman who offers that observation is himself a product of the traditions to which he refers, but he is also one of the best informed of a large group of French leaders who are adapting French life to the needs of modern Europe.

"One of the supermarkets of which I speak," he continues, "is the neighborhood shopping center such as exists in many countries today, especially in the United States. The other is (Need I say it?)—the European Economic Community, or what we call the Common Market."

A psychological link exists between French acceptance of these two developments into French life. As a non-expert puts it: "My wife's mother in Paris still prefers to make her shopping rounds among the small places, buying her eggs and milk in one, her meat in another, her bread in yet another, and saying pleasant good-mornings to her old friends the shop owners. But my wife prefers to drive her car to the supermarket near our town and stock up with enough food for a week. Incidentally, she goes there in an Italian Fiat and keeps much of the food in an Italian-made refrigerator."

Toll Exacted?

Many French people feel that these newer ways are exacting some toll in the quality of daily life, sacrificing customary personal relationships. A certain depth in national experience is being risked, they say. But they add that new scope appears for individual material betterment and for broadening mental horizons.

Until the advent of the Common Market, France was perhaps the world's most self-assured nation insofar as its everyday domestic round was concerned. French good manners, a graceful style of living, and personal dignity which often comes from self-employment were widespread even among the not-so-rich. These refinements, plus a widespread awareness of artistic and intellectual values, gave French life a special flavor.

Self-Esteem Confirmed

The French claimed these advantages for themselves without undue modesty. But they felt safe in doing so. They saw their self-esteem confirmed by other people's regard for them. Vast numbers of tourists visited France long before tourism became a mass-production industry. Innumerable foreigners wrote books in praise of France. Plays and movies advertised the charm of French life. This achievement appeared to be based on the economic system. It was highly national; it was vigorously protected by tariffs and other trade barriers against outside disturbance.

Operation of a six-nation trading area in Europe opens many kinds of new satisfactions to them. It brings down prices of some goods. It helps restrain price rises on others. It gives them choices among products which they did not have before. It also introduces the idea that things made outside France may be good. This suggests in turn that ways other than French ways may also have some merit.

French people see the Common Market's building an economic base for French-German "reconciliation," a word that Frenchmen still use. They feel this base may be more reliable than any emotional or even political one alone. They hear their President, Georges Pompidou, telling the Italians on one of his trips abroad, that French-Italian understanding is essential to the Europe of the Common Market. So a sense of building a broader, more inclusive civilization is taking the place of the more chauvinistic attitude. These are some of the deepest meanings of the Common Market so far as Frenchmen are concerned.

Since the departure of General Charles de Gaulle from the French presidency, France has moved more and more toward the original concepts of the Common Market which were opposed by the General. These are political as well as eonomic. They are inclusive rather than exclusive. They foresee the Common Market's growing in area by taking in other countries.

Accommodation Suggested

The French today are not only ready to negotiate a British entry in the present six-nation market. They seem prepared also to see Denmark, Norway, the Republic of Ireland, and other countries join it.

A recent public-opinion poll conducted in all six Common Market countries plus Britain showed the French people thinking very differently from General de Gaulle. *(See European Community No. 134, page 15.)* It indicated, for instance, that French opinion is well to the fore in urging political as well as economic unity for Europe.

De Gaulle favored these general ideas but in very different terms. For example 67 per cent of those polled favored a "United States of Europe." Only 11 per cent opposed it. General de Gaulle vigorously opposed "supranationalism."

British entry got 66 per cent of the votes. And again, only 11 per cent were opposed. This result is another indicator that French people share the international-mindedness needed for the development of "Europe."

Those polled also favored the establishment of a European Parliament directly elected by citizens of all the Common Market countries—15 per cent voted against this. Sixty-one per cent said they would vote for a European president who might not be of French nationality. Only 22 per cent said they would not.

The revolutionary idea of having a European government superior to their own government in matters of defense, foreign policy, and economic policy got a 49 per cent vote. The 51 per cent who did not vote "yes" were divided. The vote against was 28 per cent. "Don't knows" accounted for 23 per cent.

The poll showed that younger French people are more "Europe minded" than older ones. It showed the French three times as favorable as the British to a politically united Europe. The French votes were often more favorable to a united Europe than the average European vote, but they never quite matched the enthusiasm of the German pro-Europe vote.

Attitudes Shift

Common Market experts believe that the French people's experience with the economic benefits of the Common Market

A sidewalk café, part of France's "special flavor" for Americans, belies the changes, hastened by the Common Market, now taking place in French agriculture, industry, and society in general. PHOTO: *Ken Lambert for Free Lance Photographers Guild, Inc., New York.*

has helped to increase their interest in its political development, too.

At the same time "Monsieur and Madame Tout le Monde," as the French call their man in the street and his wife, have developed an attitude toward foreign travel and foreign products quite unlike that of their parents. They regard the whole Common Market somewhat as their own shopping area. For one thing, prices in France are higher than in most Common Market countries for electrical goods, radio and television sets, paper goods, motorcars, gasoline, textiles, and clothing.

So, Frenchmen buy 50 per cent of their refrigerators, 35 per cent of their water heaters, and 38 per cent of their television sets outside France, a higher percentage than is shown for either Germans or Italians. These figures show how far French industry must go to match the competitive power of industries in other Common Market countries.

The problem facing French industry is social as well as economic. One reason for General de Gaulle's appeal for "participation" by all French classes in French progress was that he sensed the people needed a bigger stake in French economic life in order to devote their energies to increasing French production.

The Common Market has made such reforms more urgent than ever before. The French Government has accepted responsibility for establishing both a social and financial climate in which French industry can expand and modernize. It sponsors wage agreements that include restraints on strikes. It keeps a sharp watch on prices. It encourages mergers among medium-sized business firms in order to build them into fewer but bigger ones.

Schools for Executives

These developments follow a period in which the French have become very management-minded. For the past few years they have been setting up schools to train high-level executives. Women are joining the management élite. There is a national foundation for management education which sends French executives to the United States for training. It aims to build up a corps of first-rate professors of management to teach Frenchmen at home.

French banking is being "restructured." Merchant banks now are permitted to accept deposits, and deposit banks are permitted a wide margin of discretion for making investments. The overall aim is to build a banking system with sufficient flexibility to help French industry meet the new demands being placed on it by Common Market competition.

To the advantages that the Common Market has brought to, and sometimes seemingly forced upon, French industry, experts here add those which come to French agriculture.

The Common Market central fund helps France and all Common Market countries transform their farm systems to suit mass markets by subsidizing the merging of small farms into larger units. The Common Market price system, however, imposes higher prices than the French really need. Moreover, it benefits the large, rich French farmers much more than the small, poor ones. By equalizing farm prices throughout the Common Market area and ending France's competitive advantage, it also deprives France of a chance to become, as the French once hoped, the "breadbasket of Europe."

The price system has, however, given France advantages over the pre-EEC trade pattern. French farm goods used to face high trade barriers, which resulted in the sale of these goods outside France for even higher prices than the EEC now maintains.

Even so, today's farm prices worry the authorities. They are high enough to encourage production of massive surpluses. It is said here that the cost to national governments of buying up the surpluses cannot long be borne.

Common Market Stressed

French trade leaders say that the Common Market imposes certain disadvantages on the French export industry. Because it is surrounded by a tariff wall and has no tariffs within it, the Common Market draws too much of French production to its own area. A result is that French efforts to expand exports to the rest of the world are less than they should be.

Against this, the experts set a basic advantage: that before the Common Market came into being the emphasis in French economic policy was on protection of home industry against outside competition. Now the stress is on expansion.

Not only in French marketplaces and French homes but also in French education the Common Market has become a prominent new feature. An increasing number of courses are being set up that view the Common Market as an historical and cultural unit as well as an economic one. More and more teachers and professors are specializing in studies which throw light on this new European entity.

It is not surprising if in one respect the French feel a little like their old selves. They can recall that it was Jean Monnet, a Frenchman, and Robert Schuman, a French foreign minister, who gave the Common Market its initial push. This came in the early 1950's when they sponsored the formation of a European iron and steel pool.

Today, the complicated "added-value tax" has become a fixture in the Common Market countries. It is a "French invention," even if many French business people don't like it. Thus, far from losing their identity in the bigger-than-French Common Market, the French people find in it an opportunity for spreading French ideas as well as opening France to the ideas and products of other member nations.

"A Dutch Treat"

H. G. FRANKS

THE HAGUE—Ask almost any Netherlander to give a straight-out opinion about whether Holland's membership in the European Economic Community has been good or bad for the country, and his answer may be: "Well, I don't really know very much about it, but we all certainly seem much better off than we were 10 or 15 years ago." But perhaps the best reply I received from the dozens of Dutch people to whom I put that question came from a housewife. With a somewhat wry smile she said: "To most of us it has been a real Dutch treat—that is, something which is fairly enjoyable but which you have to pay for yourself."

Undoubtedly the Netherlands people have had to pay for joining the Common Market; but membership has successively meant higher wages and more money to spend, and the increased cost of living has caused comparatively few grumbles.

Apart from higher prices, few Dutch people realize how far-reaching the provisions of the Treaty of Rome are when once they are implemented. Even a political leader who played a big part in the EEC negotiations just over 10 years ago told me: "None of us fully comprehended how the Common Market would change the everyday life of each participating country."

External Factors Intervene

It is not possible to state categorically, with detailed supporting statistics, exactly how great in financial terms have been the disadvantages of being a member of the Common Market. There are so many international, and external factors that have intervened to change national economies. National setbacks which, while not resulting from the working of the EEC, have also had their effects.

Having lived in Holland during the whole period of its Common Market membership, I have to agree with Posthumus Meyes, a member of the Dutch foreign service, that "it has produced many more advantages than disadvantages for the Netherlands and that the Dutch people are much better off inside than they would have been had they stayed outside."

Since the end of World War II, there has been an industrial revolution in the Netherlands which has produced a transformation from a dominantly agricultural economy into a predominantly industrial one. The foundations for this were laid around the beginning of the 1950's, so the Dutch were ready to seize many of the opportunities presented in the EEC by a large and growingly prosperous group of neighbors with markets gradually becoming more accessible with the steady removal of customs barriers.

These trade openings, along with many others found elsewhere in the world to replace their lost colonial-empire market, gave the impetus for Dutch industry to undergo tremendous expansion. Between the start of the Common Market and the end of 1969, Dutch industrial production as a whole increased by 125 per cent; the chemical industry by 325 per cent; the metal-working sector by 119 per cent, and the foodstuffs industries by 60 per cent.

New Markets Needed

Indeed, the start of the EEC came just at a time when Holland was badly in need of new markets for its fast-increasing industrial output. Yet the actual operation of the Common Market provided the discipline and control which made that industrial growth particularly advantageous.

Another great advantage was that its membership in the EEC and its own geographical and other exceptionally good facilities made the Netherlands a very popular country for foreign firms to set up new industries. In the past two decades, about 1,000 new foreign industries have been established in Holland, either as subsidiaries or in joint participation with Dutch firms. These, in turn, have been greatly beneficial to the Dutch economy.

During the 10 years of the Common Market, total Dutch exports have increased more than two and a half times. Exports to the five fellow members of the Common Market have increased by about three and a half times, while simultaneously the Dutch have almost doubled their exports to the countries of the European Free Trade Association (EFTA), a rival economic group. They also expanded their sales to the United States two and a half times.

Since joining the Common Market, but not wholly and directly as the result of it, the economy has presented an encouraging picture.

Broad Outline Traced

Since proportions are easier to absorb than full statistics, here are the broad outlines:

Holland's GNP (gross national product) has increased by more than two and a half times; the national income per person has gone up by 81 per cent (even after correction for price increases); industrial wages measured in actual money are up 166 per cent despite a fall in the workweek from 49 hours to a little over 45); private consumption is up by two and three-quarters; investments by industry have increased threefold; expenditures on social services have risen five times and on education, three times; the people's savings total is three times higher; and huge hydraulic projects, like the Zuyder Zee reclamation and the Delta Works, have been supplemented by a big highway program. In addition, the Dutch now have reached their goal of spending 1 per cent of the national income on aid to developing countries.

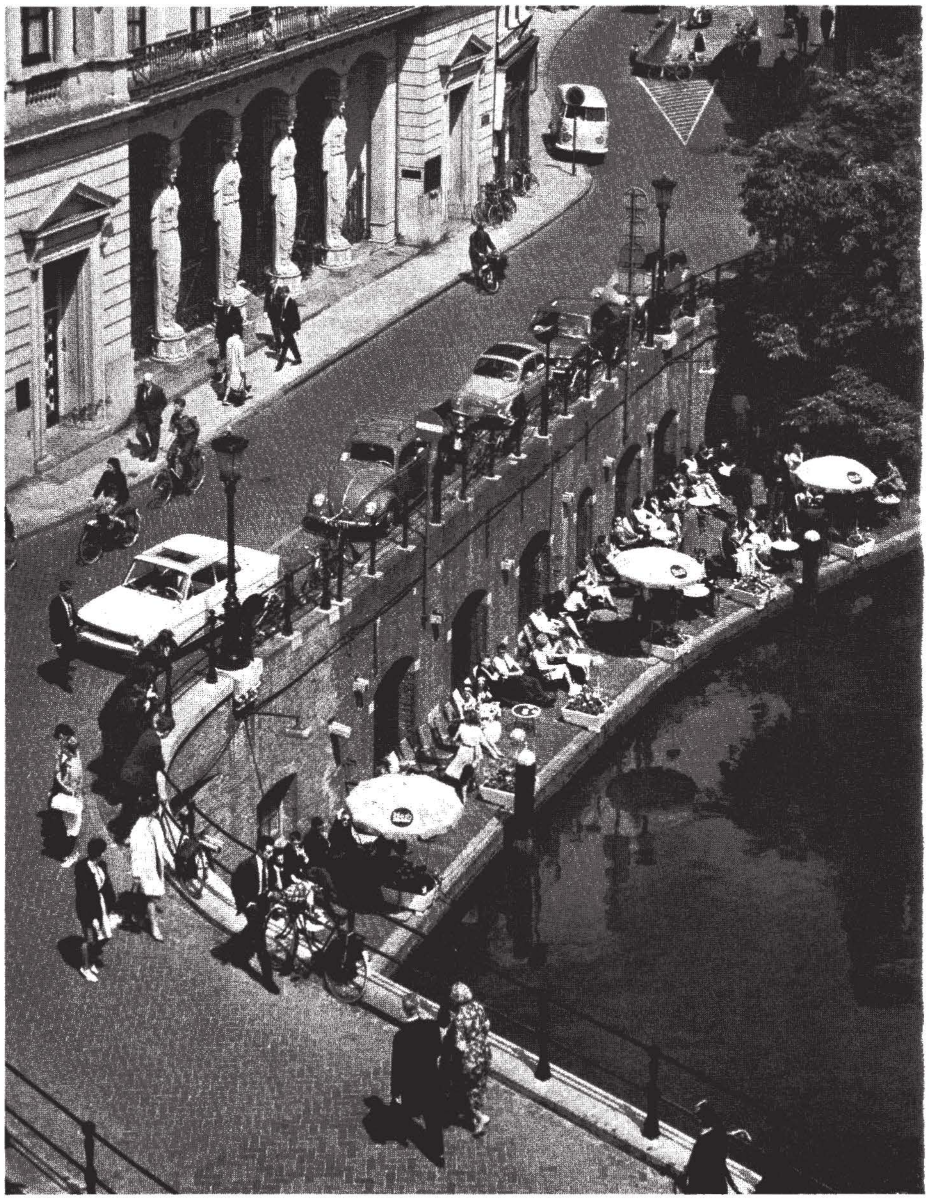
It is true the cost of living has risen by about 50 per cent, but not entirely because of EEC membership. However, the Dutch recognize that the rise in wages and other amenities more than compensate; in fact they make it hardly noticeable.

According to the Dutch budget for 1970, the direct cost of the EEC this year is just under $10 a person. This is only a fraction of the cost of the benefits almost every Netherlander gets out of it.

Improvement Assessed

All these striking increases, which affect almost every person in Holland one way or another, could not possibly have been registered if the country had suffered from being a member of the EEC.

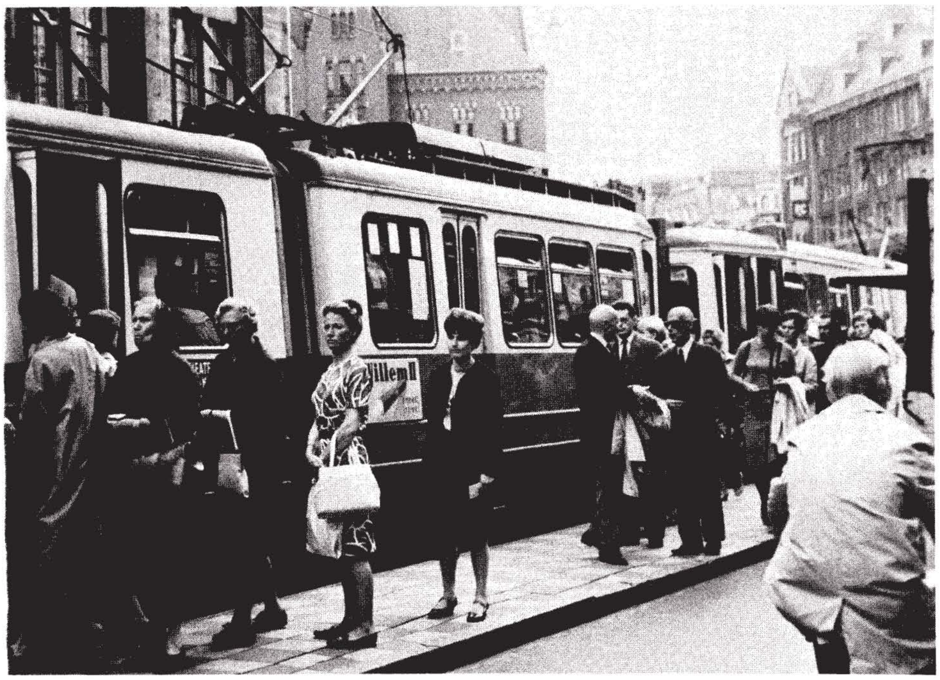
A leading Dutch economist has calculated that, even allowing for general world influences and other causes, at least one-half of the improvement in the people's welfare and financial position must be attributed to EEC membership. Nor must it be overlooked that it has been possible for the Dutch budget expenditure to increase from just under $3 billion to almost $9 billion in the 10 years of EEC operation.



The Common Market has put its stamp on this typically Dutch scene, a winecellar (within the arcade) and café by the "Old Canal" in Utrecht. Parked on the street above are cars from three member countries: Opel and Volkswagen (Germany), Fiat (Italy), and Citroën (France). PHOTO: *Courtesy Netherlands Information Service, New York.*

In 1961 taxation took almost 26 per cent of the national income in Holland. In 1970 it is taking about 29 per cent, but in terms of money left for the people, the Finance Department says that in 1961 there was only $8 billion left after taxation. In 1970 there will be about $20 billion.

In Holland much of the taxation spotlight has been on the way the EEC has enforced the adoption of the value-added tax in place of the previous lighter system of turnover tax. Government economists say that in effect this new tax has added only one percentage point to the cost of living. But Holland



The Dutch, long famous for their international transport network, have also managed to develop efficient intra-urban transport, seen here at this trolley stop in Amsterdam. PHOTO: *Kerwin B. Roche for Free Lance Photographers Guild, Inc., New York.*

is probably in a unique position in that income tax is actually being lowered both this year and next year while the tax-free income limit is being raised.

So once again, as an Amsterdam housewife rather grudgingly admitted: "Although we have to pay out more because of a few higher taxes, I agree that I have considerably more money coming into the home than I had 10 years ago. If any of that is really the result of the Common Market, then I say, we did well to join it."

A Rotterdam mother of six children told me she finds it easier to feed and clothe the family nowadays than she did 10 years ago, not only because she has a good deal more money to spend but also because "there is a surprisingly greater choice of everything at prices which no longer frighten me away."

Permits Developed

On the debit side of this EEC balance sheet, the Dutch frequently place the troubles they are having over transport and agriculture. They have considerable justification for this because in some respects they have been made the scapegoat during the Common Market negotiations in these fields.

Centuries of experience as "the world's carriers" have strongly entrenched the Dutch in all forms of international transport, a position reinforced by a firm belief in free trade and free movement of goods. In the early years of the EEC, they further expanded, particularly in Europe by both road and water.

France and West Germany, said by the Dutch to be jealous, have gradually built up a system of permits, quotas, and other restrictions all aimed at ensuring, irrespective of experience or capacity, a larger share of European transport for both countries. Dutch EEC representatives have put up a strong fight against what they saw as unfair discrimination and protective measures within the Common Market. Although they have not gotten all they wanted, they have managed to get some of these restrictions removed or reduced.

At the same time, the Dutch are beginning to realize that this combined assault against their so-called transport dominance would have come anyway, without the Common Market. Moreover, they see that if there had been no EEC or if Holland had not been a member, the restrictive attack would have been much more damaging than it has actually proven. The EEC has acted as a brake. EEC discipline on the stronger members has been an asset to a small country such as the Netherlands.

As for agriculture, the Dutch admit they are the sufferers under the bold provision of the Rome Treaty to set up a common market for agricultural goods.

Working out a satisfactory mechanism for that aim is still a baffling problem. Although there is a temporary plan just starting to operate, it is certainly penalizing the Dutch in some agrarian sectors. For example, under the new financial pooling plan, the Dutch will have to pay from 10.35 per cent to 7.3 per cent of the total EEC income although representing only 6.6 per cent of the Community in terms of GNP.

About $50 Million Lost

This year alone Dutch fruit growers have lost about $50 million as a result of the EEC agrarian policy. The Dutch Government has admitted it can do nothing to change that policy, not even when countries like Italy and France are actually subsidizing their own fruit growers to enable them to sell their products at lower prices.

As a large market gardener in the world-famed Westland area of Holland said: "We have to admit that much here depends on the weather, which is good one year for fruit and the next for vegetables or flowers. If only the Common Market could give us a climate like that of Italy or southern France, we should have a golden future and have no need to grumble."

One last important benefit of EEC membership is that in the past 10 years or so the Netherlands has won a much higher place in international activities. Its strengthened economic and industrial position, partly resulting from Common Market facilities, has made it possible for the Dutch to pull their weight much more than ever before. The EEC, too, has given the Dutch a new role in Europe, especially as they have always strongly supported every move for greater unity.

The Dutch are also taking understandable credit for the way other members of the EEC now are working out a new social-welfare charter based very largely on the successful social system that the Netherlands developed over the past 20 years and which has reached its zenith in the past few years.

While no one will argue that the Common Market has made Holland a land flowing with milk and honey, it has certainly enabled it to become one of the most prosperous and contented countries of Europe.

Germany Likes EC, but . . .

HARRY B. ELLIS

BONN—"Integration in the Common Market?" said the businessman. "That's one of the things that prevents the reunification of Germany." The speaker was a West German who strongly favored the European Economic Community. He wanted, as a matter of fact, more integration, not less; but he was making the point that, for West Germans, membership in the Common Market involved advantages and disadvantages unique to West Germany.

"From the very beginning," the German continued, "Robert Schuman, Jean Monnet, and others conceived of the Common Market as a way to welcome the Germans back into the Western fold. Or," he smiled, "to encircle us, if you will, to make us safe." That had been an advantage for Germans, he said. Without the EEC—together with the North Atlantic Treaty Organization (NATO)—West Germany could not possibly have become so quickly a trusted partner of the West. "But," the German emphasized, "breaking out of the Western community is the very thing that Ulbricht demands as a precondition to German reunification."

Détente With East Next

Walter Ulbricht is chief of state and first secretary of the Socialist Unity (Communist) Party (SED) of East Germany.

"Where," the speaker asked, "does each individual German rank the reunification of his country on the scale of priorities?" If ordinary West Germans followed the lead of their Chancellor, Willy Brandt, they would place German membership in the EEC ahead of reunification.

Second only to expansion of the EEC to include Britain and other applicants, Mr. Brandt has said, come improved relations between Bonn and Eastern Europe, including East Germany. In the businessman's view, the Chancellor was right to put the EEC first. "I mean only to show," he said, "that for Germans, but not for any other member of the Common Market, the EEC militates against another proclaimed national goal."

Heavy Goods Exported

"In two ways," commented an industrialist, "Germany has benefitted from the Common Market. In the first place, we have a positive balance of trade within the Six." West Germany, in other words, sells more goods to its EEC partners—France, Italy, Belgium, the Netherlands, and Luxembourg—than it buys from them. "This is primarily," said the industrialist, "because heavy capital goods (plants, machinery, and so forth) are major export items for us."

For years West Germany has had a positive trade balance with France, largest trading partner of West Germany. With some other members of the EEC, notably Italy and the Benelux states, the trade balance fluctuates. Overall, however, West Germany's trade with the Six remains always in the black.

"Secondly," continued the industrialist, "our rate of export growth to the Six is far higher than the growth rate of our sales to EFTA and other outside countries."

EFTA stands for the European Free Trade Association, an

Through the Common Market, French artichokes, advertised as such, find their way to this German vegetable stand. "The Common Market has been a blessing for the consumer," commented a German businessman. PHOTO: *Free Lance Photographers Guild, Inc., New York.*

eight-nation economic combine, centering on Britain. Other members are Norway, Denmark, Sweden, Iceland, Switzerland, Austria, and Portugal. Finland has associate membership in EFTA.

Three EFTA Applicants

Three members of EFTA—Britain, Norway, and Denmark, and Ireland—started membership negotiations with the Common Market this summer.

In 1958, when the Common Market came into being, West Germany sold 27.3 per cent of its total exports to its EEC partners. An almost equal percentage volume of German exports (27.5 per cent) went to EFTA lands. Ten years later, in 1968, West Germany sold 37.5 per cent of its exports to its partners among the Six and only 22.7 per cent to EFTA. Because of the huge increase in overall German exports, West Germany in 1968 was selling more goods to EFTA lands than it did in 1958; but as a percentage of total exports, EFTA's share had declined, while the share of the EEC had climbed. This was due primarily to zero industrial tariffs achieved within the EEC and to the common agricultural policy of the Six.

"The converse is also true," commented the industrialist. "We now buy far more from our EEC partners than from EFTA and other countries." In 1958, West Germany took 25.6 per cent of its total imports from EEC partners. Just over 20 per cent of German imports came from EFTA lands. Ten years later West Germany bought 41.2 per cent of all outside needs from members of the Common Market and only 15.6 per cent from EFTA.

"Seen in this light," said a German businessman, "the Common Market has been a blessing for the consumer. Dutch cheeses, French cars, Italian refrigerators, and a host of other things are much more available than before."

Groceries From the Six

This can be seen especially in West German supermarkets, where the housewife trundles her cart among shelves loaded with groceries and canned and frozen goods grown on farms of the Six.

"All this is fine for the consumer," emphasized an economist. "Overall, there is no doubt that the EEC has been beneficial to West Germany, but imbalances exist."

West Germany, for example, pays into the EEC almost half the total revenue of the European Agricultural Guidance and Guarantee Fund (EAGGF) and derives in return only a small percentage of the fund. This Fund is partly a device to peg internal farm prices at the artificially subsidized levels, which farm lobbies so far have persuaded governments of the Six to maintain. Germany suffers because a smaller percentage of its working population is on the land and because agriculture is less important to its economy than is the case for France and Italy.

"We are wasting enormous resources in these support funds," declared a German economist, "which we should be spending on restructuring agriculture—that is, removing redundant workers from farms, training them for new jobs, eliminating uneconomic small farms, and reducing agricultural surpluses." Since 1950, he continued, West Germany had shifted 2.5 million people off farms. Another 600,000 farm workers still were surplus. This "restructuring" in Germany had outstripped similar progress in other EEC lands, particularly France and Italy. German taxpayers would continue disproportionately to subsidize farmers of the Six, until the basic pricing system was changed. "It was German farmers," added the economist, "who forced our Government to insist on a high support price for wheat within the EEC. So we are far from guiltless."

Social Tensions Increase

"Social tensions," remarked a businessman, "clearly to be seen in the Italian and French working class, have more and more impact on the German scene, particularly among German firms with branches in other EEC lands." This businessman deplored that the Common Market would not yet allow formation of a truly multinational corporation. Yet the blame, he added, was partly German. German law provided for *Mitbestimmung* (codetermination), a system whereby workers share decisionmaking with management. "Other EEC governments," the businessman added, "refuse to adopt Mitbestimmung and we cannot form a company without it."

"We housewives," commented a German woman, "blame the Common Market for high butter, meat, and other food prices." She touched on a problem that concerns German economists. "Inflation," said one, "is imported more quickly, now that the Common Market permits a free flow of goods. We tend to pass on to our consumers high prices caused by Dutch, or Italian, or other EEC inflation."

"Theoretically," declared a German legal expert, "our national parliaments should be following guidelines laid down by the Treaty of Rome in passing laws in the fields of taxation, cartels, and the like. To some extent, we do. But there is a conflict here between what the EEC ultimately will require and what each national economy demands at the present time."

Tax Systems Coordinated

The Six, he explained, were coordinating their systems of added-value tax (TVA) as part of the progress toward final economic integration. Yet each member was going about it in a different way. West Germany had started with a 10 per cent tax, then raised it to 11 per cent. Holland had introduced a sliding tax scale, while Belgium and Italy had asked for time to prepare their economies for the added-value tax. "In practice, therefore, harmonization of laws in these fields is very hard, because domestic aspects still dominate."

Revaluation of the mark last fall by 9.3 per cent had been intended to cut down the German trade surplus by making exports more expensive and imports cheaper.

"It hasn't worked," commented a German industrialist, "or only partially. Since February of this year our export surplus has begun to soar again."

What was needed, he said, to avoid another revaluation, were truly coordinated fiscal and financial policies within the EEC, to prevent the German mark from becoming a magnet

THE COMMON MARKET'S "IMAGE"

Belgium: Storm Clouds

H. G. FRANKS

BRUSSELS—Membership in the Common Market has so far been a very good thing for Belgium.

Belgium has not been faced with many of the problems the EEC produced for its nearest neighbors. The fact that Brussels was chosen as European Economic Community headquarters has added considerably to the country's prosperity and prestige.

Ask a dozen Belgians what they think about the Common Market, and the answers will add up to something like this:

"We do not know how it works, but we do know it has not hurt us financially. It must have been good for us because Brussels has emerged as Europe's political and economic capital. Dozens of international companies now have representatives here, while trade and industry have made enormous strides."

Some Advantages of Membership

Confirming this general appreciation of the advantages of EEC membership, official figures show the gross national product has been steadily increasing at about 4.5 per cent a year. Wages—although already high 10 years ago—have increased from an average of $0.56 to $1.08 an hour since the EEC began. Consumer prices have risen in the past decade less than in neighboring countries. Exports of the Belgian-Luxembourg Union have increased from $3.124 billion in 1958 to $8.046 billion in 1968. In connection with exports, the proportion sold to other EEC members rose in that decade from 30 per cent to 60 per cent.

The Belgians freely admit they were in a most advantageous position when the Rome Treaty came into effect. Having suffered relatively little wartime damage, they were able to make a flying start toward post-war recovery. Wages in 1958 were considerably higher in Belgium than in other EEC countries. Prices also were at a good level. Consequently the efforts of the other four to improve wages, with the resultant rise in the cost-of-living, did not produce similar repercussions in Belgium.

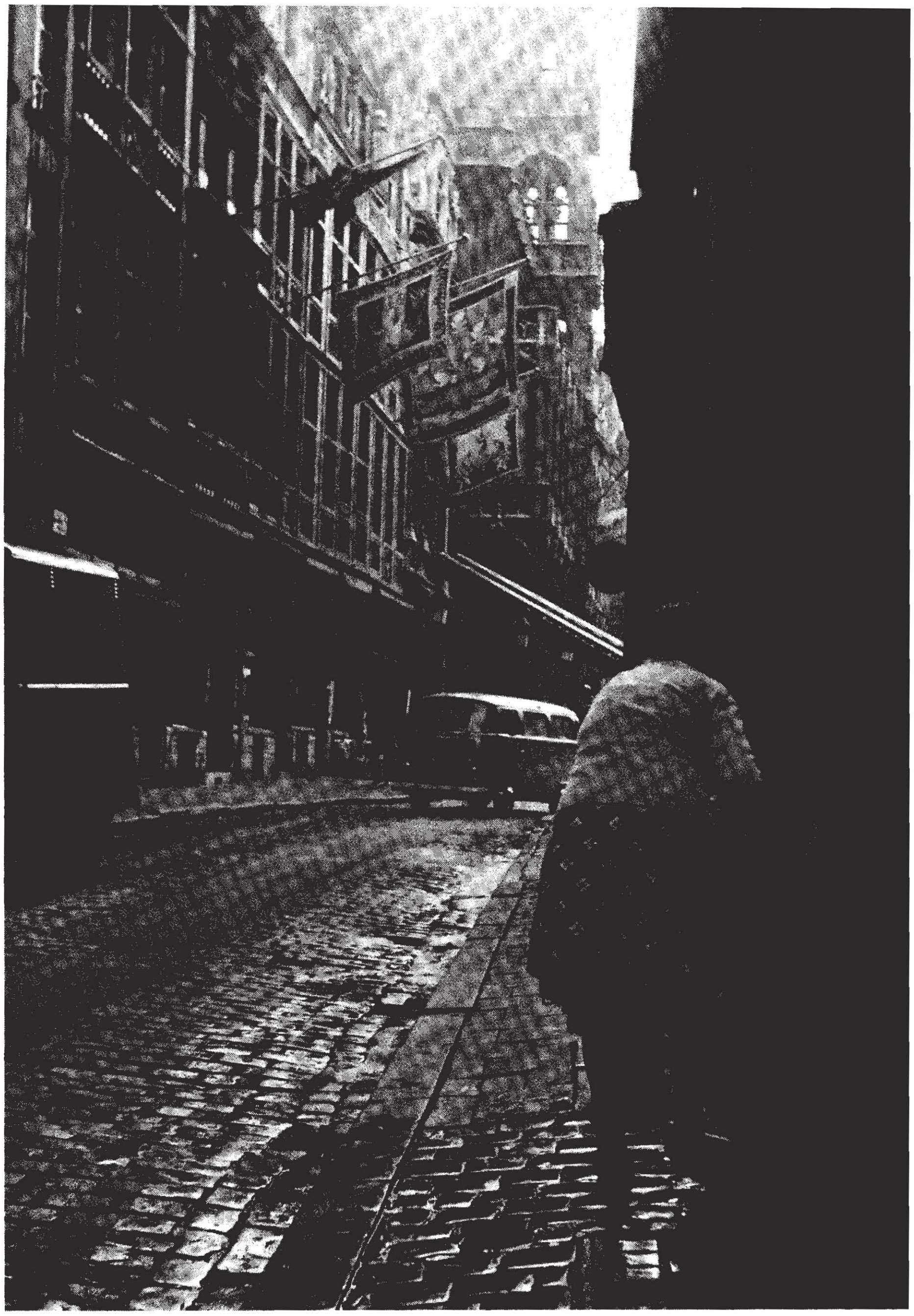
Other advantages for the Belgians in comparison with the situation in neighboring countries were: no housing problems, an already high standard of living, an undamaged transport network, and a thriving industry bolstered by many foreign establishments taking advantage of Belgium's special tax incentives.

Foreign Investment in "Europe's Capital"

However, some Belgian industrialists say many foreign establishments, especially those of the United States, settled in Belgium not only because of what Belgium offered but also because Belgium was the EEC headquarters.

In this connection, a comment made by the economic adviser of a very large international firm is pertinent: "More and more decisions are being made not in the national capitals, but in Brussels where, on proposal of the European Commission (Commission of the European Communities), the six governments decide on a European scale, mostly after long and difficult negotiations.

"Business life within the Common Market has to adapt itself to a great number of resulting regulations sent out by the European Commission assisted by a powerful European bureaucracy."



Well-scrubbed Brussels, a center for medieval craft and trade guilds, has become a center for industrial organizations, labor unions, consumer organizations, and other lobbies now that it is the "temporary" seat of the Common Market. Here, a shopkeeper prepares to open for the day in street, hemmed by guildhalls, off the Grand Place in Brussels. PHOTO: *James R. Wales for Free Lance Photographers Guild, Inc., New York.*

Explaining just what this means in actual practice, this expert said: "In many respects these decisions have a greater bearing on business than those of national governments. The EEC agricultural market regulations cover 90 per cent of the agriculture of the Common Market countries. Then, too, the EEC policy on competition guidelines and rulings have a direct influence on industry within the Common Market."

This makes it obvious that Brussels is the key point for Europe. It is not exaggerating things to say that this puts Belgium in a very strong position that must be regarded as a tremendous advantage for the whole Belgian economy.

Another benefit accruing from this fact, although perhaps in an indirect manner, is that Brussels has become a center for trade associations of the other members of the Six. These various organizations have found it essential to be permanently represented in Brussels, if only as a substitute for what has been called "the lack of democratic control of the EEC authorities."

"An interesting aspect of this," a businessman said, "is that the EEC authorities do not want the advice of national trade associations that are still active at the national level, but of EEC-organized agriculture, trade, and industry. As a result, nearly all industrial organizations, trade unions, consumers, and other groupings have set up an EEC organization to look after their interests in Brussels."

Investment Incentives

Of all the EEC countries, Belgium has been offering more incentives by way of money grants, tax concessions, investment aids, and other facilities to attract foreign firms to establish within Belgian borders.

Because of the great success of the Belgian Government's plans in this respect, and because these have been regarded as unfair methods, several of the Common Market countries have been protesting rather strongly to the European Commission. Outwardly no action has been taken to put a stop to or a limit on this practice, but it is known that the Belgian Government has been warned not to be too generous in its incentives policy.

There are, indeed, evidences that behind the scenes certain restrictions have been imposed, because an official Belgian spokesman told me that his Government "is already feeling the pinch of measures that are restricting Belgium's national investments and development." He added that Belgium is quite prepared to do even more to attract foreign investors and foreign firms if the EEC will permit it.

At the same time it is admitted in official circles that this incentives policy and the establishment of foreign firms has hit many small Belgian industries badly, with the result that a number have had to close down. When asked whether this was not a disadvantage, the official spokesman bluntly said: "It probably is. But if we wish to make the most of our unique position within the Common Market, we must put national interests first and not be swayed by individualistic sentiment."

Another Belgian official, in the commercial sector, supplemented this national aspect by saying: "Because of the presence of so many international manufacturing concerns and foreign importers and exporters, our income from services alone has increased to such an extent that it now forms an important part of our balance-of-payments figures. This would never have been the case if we had not been inside the Common Market."

Tax Problems Loom

Although everything in the garden seems lovely in Belgium, with very few weeds or nettles, there are storm clouds on the horizon, which may well change the situation for the worse.

One of the decisions of the Common Market Commission was that all countries of the Six would adopt a more or less uniform value-added turnover tax (TVA) by January 1, 1970. It would replace any other system then in operation nationally. Only the actual tax rates could be fixed nationally.

West Germany was the first to adopt the plan because it solved one of its own turnover tax (a business sales tax) problems satisfactorily. France already had a value-added tax, which merely needed some readjustment.

The Dutch Government fell for the plan and decided to introduce it on January 1, 1969, but later admitted there was not sufficient preparation of the public and that it was in many cases giving far too much paper work to almost everyone.

Profiting by Dutch experience, which produced an unexpected and alarming price rise, both Belgium and Italy asked the EEC Commission for at least one year's postponement of the introduction of the tax.

But Belgium's problem when the tax is introduced on January 1, 1971, will be far worse than that of Holland. The tax system in Belgium is already based more on indirect taxation than direct, the proportion being 60 per cent against 40 per cent. The Dutch system is the other way around.

Price Control Difficulties Seen

This means that Belgium will have to increase its already high indirect taxation level further by introducing higher tariffs. More important still, there will have to be a Belgian price-control service to ensure that prices do not increase by more than the actual amount of the new tax. As Belgium has never had any form of price control, this in itself will produce a very big problem—and also general public dissatisfaction. The Dutch long have been accustomed to price control covering their rather integrated distribution system. But since Belgian distribution is not nearly as well organized or coordinated, price control will certainly not be easy.

So, it is hardly surprising that a Belgian official says: "We are admittedly afraid of the consequences of introducing the value-added tax in this country next year. We are all expecting 1971 to be a very difficult year for Belgium, which will undoubtedly bring home to Belgians that membership in the Common Market will not always mean just higher wages and happy living conditions."

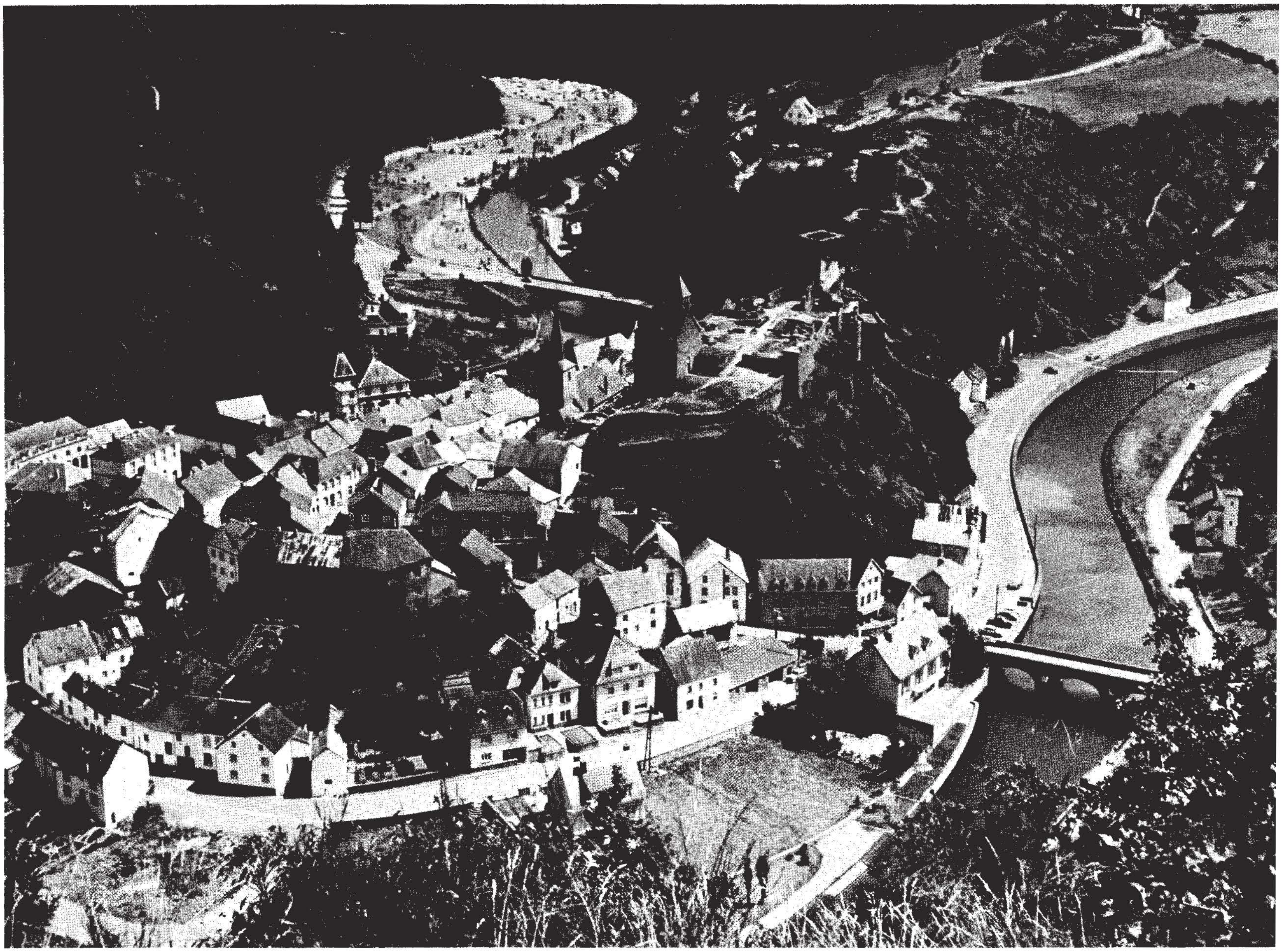
Although, naturally, Belgian officialdom does not admit at this stage the probability of excessive demands for higher wages as a consequence of this much-criticized turnover tax, the business world in Belgium certainly is very apprehensive. So far Belgian wages, although high, have not hampered the development of the national economy in spite of the inflationary trends of the EEC, but the prospects for 1971 in this respect do not appear good.

Political Integration Discussed

One final aspect of the Belgian attitude to the Common Market was expressed by a leading member of Parliament in these words: "Belgium is not in a hurry for the political integration of Europe. We have not by any means yet emerged from the economic and agricultural maze that we know as the EEC, and therefore we can well afford to wait for some years yet before seeking to explore the political jungle of so-called unity."

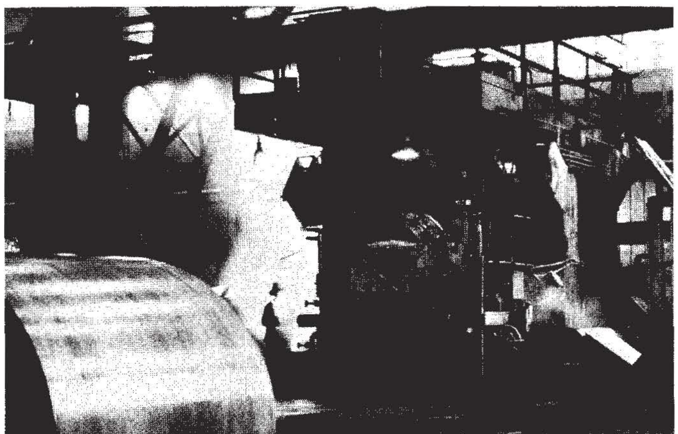
Luxembourg: "Few Disadvantages"

H. G. FRANKS



Esch-sur-Sûre, Luxembourg, is one of the picturesque towns attracting tourists to the Grand Duchy whose capital was the seat of the first European Community, for coal and steel. PHOTO: *Courtesy Luxembourg National Tourism Office, New York.*

Steel and steel products are Luxembourg's largest industrial export to other parts of the Common Market and throughout the world. A cold-rolling plant at the ARBED steel works, Dondelange. PHOTO: *Courtesy Luxembourg National Tourism Office, New York.*



LUXEMBOURG—As for the neighboring small state of Luxembourg, it works through an economic union with Belgium and therefore follows much the same pattern with regard to the Common Market.

Moreover, it also has profited greatly by being the seat of the first of the European organizations—the Coal and Steel Community—and is, therefore, another, though smaller, key center of the European Economic Community's activities. Although the smallest of the six member states, it has little to complain about in the way of disadvantages.

Italy: "Kitten to Tiger"

THOMAS STERLING

ROME—"Europe was invented in Rome with Gallic wars in 58 B.C. and in A.D. 1963," said a Roman editor, referring to Caesar's conquest of Transalpine Gaul and to Italy's strenuous opposition to the second French veto of Britain's application to join the European Economic Community.

"We can't help but be a part of it," he continued, "but, starting with Caesar, I don't think anyone realized how upsetting our transalpine experience was going to be."

The years since Italy signed the Treaty of Rome in 1957, secure in the belief that it was a backward agricultural nation, have changed it more perhaps than any other country in the Common Market; but the ordinary citizen is only now becoming aware of the fact.

"I don't know," a girl at the cash desk of a supermarket said, "in the last six months lots of people have begun buying this French butter. It costs about the same and people say it's much better. It tastes a little rich to me."

But if French butter is better, Italian refrigerators are freezing out the competition all the way to Britain; and Italian washing machines and vacuum sweepers are cleaning up from here to Eindhoven in the Netherlands. What's more, the familiar straw-bound *fiasco* of Italian Chianti will soon be common even on French tables, now that the last major agricultural barrier in the EEC is down.

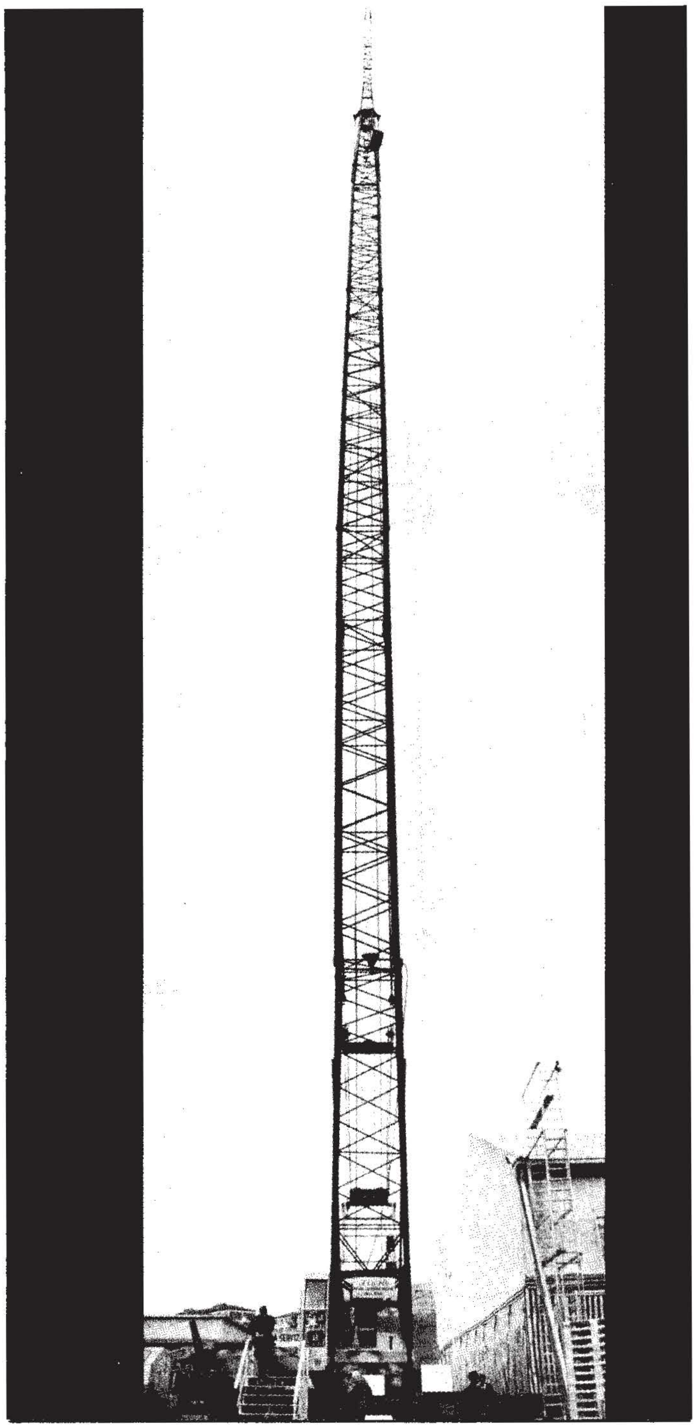
Symptom of Imbalance

However, one other vital product of Italy, now appearing everywhere on the Continent, is a clear symptom of imbalance: immigrant southern Italians, looking for work.

"It is no coincidence that practically every major disagreement within the Market has centered around agricultural policy, in spite of the fact that none of us is starving. It is a question of the relocation of labor and the fact that the cost of food must be considered as an integral factor of labor's wages." This opinion was voiced by a young official who moves between Brussels and the Italian south—one of the new breed of international civil servants who look like swinging postgrads, are competent in four languages, and carry statistical tables around in their heads. Young men like him are the flashiest new products of the Common Market, here in Italy at least.

"In the last 10 years probably 5 million people have left the land. They're still moving out at a rate of about a quarter of a million a year," he continued. "In parts of the south the agricultural population is nearly 70 per cent. The national average is 20 per cent, producing 11 per cent of the gross product. So it's not so much an economic problem as a demographic one—almost ecological. There are a half million Italian workers in Germany, hundreds of thousands in the rest of the Market and in Switzerland. Most are clustered in the big northern industrial cities like Milan and Turin. Who would have thought, 12 years ago, that we could make better cars than artichokes?"

An agricultural labor leader looked at it from another point of view: "Immigrants to someplace are emigrants from someplace. That can be catastrophic," he said. "Some southern regions like Calabria have lost as much as a quarter of their population since the Common Market was formed (not that



Italy was surprised to discover that its economic strength lay in industry rather than agriculture. This photo shows a crane at ICOMA, Milan, a leading manufacturer of construction equipment. PHOTO: *Courtesy Carlo Bestitti, from "Italian Industry and International Technical Cooperation," Rome, 1964, page 128.*

many wouldn't have left anyway), the cream of the crop, too; young men, for the most part, with ambition, intelligence, and at least a fundamental education. In another 10 years their loss will be about equivalent to what it would have taken to develop the region on a rational agricultural basis, with an industrial complex to absorb the surplus."

A 70-year-old Tuscan farmer said: "They're all gone. You won't find 10 people under 30 around here. I've got two sons in Turin, working for Fiat, and a nephew in Germany. My sons sent me a television set. I've got it hooked to that storage battery. My wife and I have this house, three acres of land, and the clothes on our backs. Maybe it's all been a good thing. At least my children are out of it."

Pension Plan Envisioned

One solution to the problem is the Mansholt Plan. So far, the Common Market has dictated prices, not structures. The plan, however, envisages pensions of up to $1,000 a year for old farmers who couldn't otherwise leave their land, and premiums for those who make the land available to larger agricultural enterprises. It aims at reducing the land under cultivation and giving farming a degree of industrial efficiency, with younger farmers taking control.

In its bare details, it seems rather heartless. But it has found considerable favor here, though it is pointed out that it will hardly work without a reduction in prices. The Communists were, until recently, violently opposed to the plan as an evil capitalist plot. At a farm workers meeting in the Roman *campagna* one socialist got up and said to those on his left: "Look comrades. This is going to happen to us anyway. It's happening all over. Why not at least be paid for it?"

This often painful dislocation from the land has immensely enriched Italian industry, however. The rise in industrial production in Italy between 1958 and 1968 was close to twice what it was in the Market itself. Italian exports to other Common Market countries shot up 570 per cent. This is clearly one of the reasons why many Italian businessmen favor the entry of Britain into Europe—quite aside from the desire to have a bulldog in the Market to growl at the French and the Germans.

Labor Agitation

Fiat alone sold 630,000 cars and industrial vehicles abroad last year in spite of a sharp fall in production because of strikes. Surprisingly, Italy is largely self-sufficient in steel, although it has no coal or iron. Last year, too, 5 million refrigerators were produced and $400-million-worth of domestic hardware was sold abroad, making the country the largest appliance exporter in Europe.

An industrialist summed it up: "Italy was totally unprepared to become a great industrial nation. It was like picking up a kitten and watching it grow into a tiger, a lively creature, of course, if you are careful of its claws."

The tiger's claws are labor. Milan and Turin are bursting at the seams. No one quite knows how many native Turinese there are left in Turin, for instance, a Fiat city, but probably not more than a quarter of the population, a very agitated population, too.

Italy loses more man-hours per year in strikes than any other Common Market country. Housing, transportation, and hospital facilities are often atrocious, and wages are lower than in the rest of Europe, though not by much any more.

"Our position has always been that we stand solidly with the farmers," a Communist functionary said. "That is still true, but we have an obligation to the industrial worker as well." Translated into Western speech, this means that of every three Christian Democratic migrants from the south, at least one and possibly two begin to vote Communist in the north. The workers are agitating for lower food prices, also. That eventually means lower farm prices, although distribution structures are also at fault.

The main farm lobby here also controls a vital 4 million votes, which go to the Christian Democratic Party. "At least we don't have a Roman Catholic south and a Protestant north," a state planner said.

Prices, not ideology or theology, are the real issue. "My husband wants meat at least once—even twice—a day," says a Roman housewife at the corner butcher shop in a working-class neighborhood. "But with these prices it's impossible." (A pound of veal costs $2, steak $2.35, and liver $1.65.)

In fact, Italy now imports more than half of its meat and large quantities of milk, butter, and cheese. They are signs of the good life.

"The ironic thing," an economist says, "is that when we entered the Market we fought for high agricultural prices because we thought we were farmers. Because of our inefficient structures the only way the farmers could afford to eat well was to come into industry; and the only way the industrial workers can afford to eat well is to put still more pressure on the farmers."

One solution, of course, would be to set up industry in the poorer south. Indeed, this is being tried. The Italian state holding company IRI will invest about $7 billion there in the next seven or eight years. Firms like Fiat, Pirelli, and Olivetti are also investing a little over $1 billion. But, to some degree because of automation, these firms are not expected to employ more than 75,000 workers directly, about the number coming off the land every year in Calabria alone heading for the north.

Schizophrenia of New and Old

The net result is a kind of schizophrenia: the new coexisting with the old in peculiar ways, even among the young. A recent opinion poll here showed that young people consider state, church, army, and parental authority all to be decaying institutions, in that order. At the same time, 75 percent of the men say that the quality they most prize in a wife is her capacity to educate her children. The majority say they want reforms in order to be able to respect authority.

"When you occupy a classroom," one militant student said privately, "the place becomes a pigsty in less than 24 hours. The speeches are boring, too. I wouldn't do it, but everyone would think I was old-fashioned."

"We are not married," a pretty girl said in Rome, gazing fondly at her wisp-bearded consort. "Marriage is a bourgeois institution regulated by a lot of laws and obligations and constrictions which are convenient to the bourgeois state. Our relationship concerns only ourselves. Look at the way things are in Scandinavia." As it turned out, the young couple had, in fact, been secretly married, and in church, but they were afraid to stand up to the winds of change they believed were blowing down from the north.

In spite of sometimes pathetic efforts to modernize, here in this most human of European states, a certain earthbound good sense prevails. One young man, recently married, who six months ago had been throwing rocks at the Milanese police in student demonstrations, said: "We have a slight problem. My wife earns a lot more money than I do, but she does stupid work. She poses for publicity pictures. You know the sort, with a woman hanging over a washing machine or a new Alfa. You see them all over, even in Holland and France where we went on our honeymoon. But when we get enough money we'll furnish a nice apartment and forget all that. We've got more serious things to do."

Unity: A Probe of European Attitudes

NEARLY ONE WEST EUROPEAN in five has not heard of the Common Market, although it has been in existence since 1958. Within the Common Market, practically everyone knows of its existence, but only 35 people out of a hundred can name all six members, without prompting.

These surprises were unearthed by the Reader's Digest Association, Ltd., of London, and published there on July 12 as "A Survey of Europe Today: The Peoples and Markets of 16 European Countries."* In addition to attitudes toward the Common Market and political unity, the survey also dealt with attitudes toward and uses of products in the 17,500 households surveyed.

Better Informed Than in 1963

Despite the striking ignorance within the European Community about its composition, people were, nevertheless, better informed than they were in 1963 when a similar survey was made. Evidence of progress was greatest among Europeans under 25 years of age. The great majority of young Dutchmen could name four members of the six-member Common Market. Young Frenchmen, however, seemed to be more ignorant than their parents' generation about membership: 62 out of a hundred young Frenchmen could name four members as compared with 69 out of a hundred of their elders.

Among candidates for entry into the Community, Britain was the favorite with all six current members; and all but Italy were more eager to admit Britain than the British themselves were to join. The Netherlands has always been the most enthusiastic advocate of Britain's joining, partly because of traditional ties with Britain, and perhaps, the survey suggested, partly because of a desire to provide a counterweight to France and Germany inside the Common Market.

Denmark and Ireland Most Enthusiastic

Of the Scandinavian countries, Denmark was the most enthusiastic to join the Common Market and the most eager for Britain to join. Sweden was noticeably lukewarm on both prospects. Finland, an associate of the European Free Trade Association (EFTA), was not interested in joining the Common Market or in seeing Britain join. Of the applicants for membership, Ireland was the most enthusiastic country about joining and about Britain's joining.

Greener Grass Across Frontiers

Each country in the Community thought its own people had benefited less from the Common Market than had its neighbors. Nearly every country inside and outside the Community, with the exception of France, thought France had gained the most. France thought Germany had gotten the better part of the deal, while Germany was just as strongly convinced that France had. These apparent contradictions were not too surprising, as people in both countries and throughout Europe have long considered the Common Market a deal between French agriculture and German industry and both countries are conscious that the other is benefiting.

Italians thought Italy was both the worst done-by and the best done-by. While Italians have been made conscious by tourists and television of their neighbors' greater wealth, they have also benefited from the opening up of new industrial markets and from investments of Community funds in their less-developed regions. A smaller proportion of Italians thought the Common Market a disadvantage than did people in any other member country.

Both inside and outside the Six, young people were more convinced of the benefits of the Common Market than they were in 1963, and in all six countries, except the Netherlands, more people approved of the Community. In Britain 48 per cent of people under 25 thought membership would be an advantage, against only 39 per cent for the average. Only in Sweden and Denmark was there less conviction among the under 25's. In Sweden's case this may be partly due to a hard-headed business approach, since Sweden has done well economically, outside the Common Market.

The survey also showed a difference in the Scandinavian perspective on the East-West division of Europe. In central Europe the confrontation reaches a deadlock in the Iron Curtain dividing the two Germanies, while Scandinavia tends to see itself as a bridge across the ravine.

According to the survey, the British view of what the Common Market should be like differed sharply from the attitudes of the six current members. For the British, the question was not an easy one; as only 38 per cent thought that Britain should join the Common Market, the question of, "what would your attitude be, if Britain joined?" often required some effort of the imagination.

Views on Common Foreign Policy

On the touchy question of a common foreign policy, the British showed more enthusiasm than in 1963, partly because of the decline of British influence in the Far East and the diminishing special relationship with America. However, they also had the largest proportion against a common foreign policy, and the young generation included more "antis" than in 1963.

It might be imagined that this opposition was due to a special idealism among the young British, a fear that the Common Market was becoming a rich man's club, cut off from the poorer countries. The British were not only the least interested in helping the poorer areas inside the Common Market, they were also against helping poorer countries outside Europe. The disillusion or apathy towards the third world appeared more marked in Britain than anywhere else. One of the most spectacular findings of the survey was that half the young British—a far bigger proportion than in any other country in Europe—positively opposed increasing taxes to help the developing countries.

Some British Attitudes Baffling

On some questions, British opposition was understandable. For instance, many were against a common agricultural policy, which would raise several food prices in Britain. On other points British attitudes were baffling, even among those committed to joining the Community. The special British opposition to free movement of labor appeared to be based on the illusory

**The 16 countries surveyed were: Germany, Italy, France, the Netherlands, Belgium, Luxembourg, Great Britain, Portugal, Austria, Switzerland, Sweden, Denmark, Norway, Finland, Spain, and Ireland. The survey can be purchased in the United States from Reader's Digest Sales and Services, Inc., International Editions, 200 Park Avenue, New York, N.Y. 10017.*

ATTITUDES TO INTEGRATION

(in percentages)

	For					Against				
	Denmark	*Norway*	*Ireland*	*UK*	*EC*	*Denmark*	*Norway*	*Ireland*	*UK*	*EC*
Removal of all customs duties	78	54	66	63	76	7	14	16	19	5
Common foreign policy	38	32	52	49	54	31	26	19	29	10
Common agricultural policy	55	24	72	56	68	16	32	9	22	7
Common currency	58	44	74	70	63	20	22	6	16	11
Equivalent social benefits	65	48	78	71	72	14	16	5	15	5
Common diplomas and professional qualifications	55	55	72	61	75	22	9	7	17	5
Free mobility of labor	49	27	69	58	72	30	29	9	27	8
Pooling of scientific research	69	55	74	70	75	9	8	4	16	3
Letting countries grow more alike	48	39	53	42	62	25	24	32	38	10
Taxes to help poorer areas in EC	49	32	61	35	55	27	30	21	47	18
Taxes to help poorer countries outside EC	47	32	46	33	44	31	27	29	51	25

fear of Continental "cheap labor." British opposition to pooling scientific research could perhaps be attributed to confidence that Britain could "go it alone." Curiously, 18 per cent of the British, while in favor of Britain's joining the Common Market, were against removing all custom duties—the principle on which the Common Market is based.

Much of the British scepticism of the Common Market was summed up in their striking antagonism to "countries' getting more alike"; young British were even more strongly opposed to the idea than were their parents: 47 per cent against, compared to 24 per cent in the whole of Europe.

Living Conditions Thought Better

Most Europeans thought that their living conditions had improved, but fewer than thought so six years ago. Ideas expressed about living standards did not necessarily correspond with the material living standards, as recorded by statistics for gross national product, or ownership of refrigerators. A sense of prosperity or of worsening conditions can be related to many factors that do not appear in survey statistics—like leisure, stress and security; and as family incomes increase, expectations increase, which can lead to an intense reaction when there is a temporary downturn.

The Netherlands was one example of a country where material prosperity had greatly increased, while discontent had grown. In Britain more people than in 1963 thought their own conditions were far worse.

France was the most interesting case, where in spite of the high rate of growth, and the huge increase in ownership of household appliances, 32 per cent of the people thought they were worse off than five years ago, and 11 per cent thought they were far worse off—almost twice as many as in 1963. This sense of deterioration might be put alongside the general strike of 1968, which took nearly all French politicians and industrialists by surprise. In spite of the apparent rise in living standards, economic growth can bring in its wake a great deal of hardship and strain; and the migration into the cities can cause great resentments. The continuing strength of the French Communist Party might be taken as one measure of the discontent; yet in Italy where the Communist vote has increased, the sense of being worse off was no greater than in 1963 and less than in Britain or Belgium.

While people do not necessarily agree with the economists about their own country's prosperity, the survey showed that their views of other countries' prosperity were remarkably close to the statistical view, with the United States first, then Sweden, Switzerland, and Germany. Luxembourg, one of the most prosperous countries in Europe, however, was not widely mentioned. All the Common Market countries were very much impressed by Germany's prosperity, and only the Italians were still convinced of Britain's high living standards.

On the economic aspects of European union, the Community countries were more enthusiastic last year than they were in 1963, and the new generation was still more so. The Community was widely accepted as a *fait accompli,* and there was a large majority inside the Six in favor of the customs union (76 per cent), harmonizing diplomas (75 per cent), and pooling research (75 per cent).

Less Interest in Political Unity

There was less enthusiasm for political unity, as shown by the votes for a common foreign policy which was the most extreme stage of integration touched by the survey, since it implies a large surrender of sovereignty. Only 54 per cent were in favor, much fewer than in 1963, and 36 per cent were against. The French were the least interested of the Six, and young Frenchmen still less so. Even among the Germans, who had earlier been among the most enthusiastic advocates of political unity, the young showed less interest than their elders in a common foreign policy. The Dutch emerged more clearly than ever as the champions of a United Europe.

Survey answers are of course affected by the political climate at the time. The first Reader's Digest survey was made in January and February 1963, just after General de Gaulle's first "no" to Britain's entry, which helped dampen hopes of unity. The second survey was conducted in January and February 1969. In the intervening six years, many things had happened to diminish the hopes of political unity—including continuing conflict between General de Gaulle and the Commission in Brussels, the French boycott in 1965, growing agricultural surpluses, and the French opposition to British entry. A poll taken in today's far more auspicious atmosphere would probably reflect the currently optimistic outlook on ultimate political union.

COMMUNITY NEWS

LATIN AMERICA SEEKS TO ARREST WEAKENING OF TIES WITH COMMUNITY

Latin America has made proposals to the Council of the European Communities for "a new policy of cooperation" to stop the deterioration of traditional ties between both areas.

Agreement on the content of the proposals was reached at a meeting of the 22-member Latin American Coordinating Committee (CECLA) in Buenos Aires on July 22. The proposals were sent to Brussels the same day. The members of CECLA are: Argentina, Barbados, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, Trinidad and Tobago, Uruguay, and Venezuela.

CECLA Comments on Past Relations

In the past, CECLA said, the European Community had recognized the great political and economic importance of its relations with Latin America. Decisions and recommendations had been adopted by the Council of Ministers, the Commission, and the European Parliament to improve cooperation between both areas. In addition, the heads of state of several members of the Community had told several Latin American states that they would look after Latin America's interests when defining a Community policy toward Latin America.

CECLA said Latin American countries had maintained friendly and mutually beneficial relations with each Community member country through bilateral commercial, financial, technical, and cultural agreements. In view of the progress that has been made, particularly in the application of the common commercial policy, and of the possible membership of other countries, it has become urgent for Latin America and the Community to make decisions together for the immediate execution of new policies for cooperation. The progressive formation of systems of association or other exclusive agreements, CECLA added, should not "open the way to particularizing international cooperation or to practices that prejudice Latin American interests."

Institutionalization of Dialogue

The nature of economic, political, social, and technical problems in both Latin America and in the Community during the Seventies requires new solutions reflecting the changes taking place in contemporary society, CECLA commented. In solving these problems, both sides should apply the principles accepted by the international community for relations between developed and developing countries. They should agree on permanent activities which, through specific means, contribute substantially to eliminating the negative characteristics of the present international economic structure.

The dialogue between Latin America and the European Communities should be institutionalized at a high political level, CECLA said. With CECLA speaking for its 22 Latin American members, solutions could then be decided upon. They should include the conclusion of sectoral or global agreements for trade, financing, transport, and scientific and technological cooperation.

The System Proposed

The CECLA proposed the following action to the Council of Ministers:

- establishment of a formal system for cooperation to strengthen relations between the two regions
- holding a ministerial meeting as soon as possible to decide on the means. In preparation for this meeting, preliminary talks should be started as soon as possible at the ambassadorial level between the representatives of the Latin American countries, the Community member countries, and members of the Commission.

In conclusion, the CECLA members stressed that their relations with the Community should be settled in contacts between the Community and CECLA itself, rather than bilaterally.

WOMEN STILL EARN LESS THAN MEN IN COMMUNITY

Men still earn more than women in the European Community, despite the "equal pay for equal work" provision in the Common Market Treaty.

Reporting on June 26 on the situation as of December 31, 1968, the Commission said that Belgium and Luxembourg had made some progress towards equality of wages by law. However, the authorities were not trying hard enough to secure equality in practice.

Some improvement in jobs covered by collective agreements was noted, although the Commission said large wage gaps between men and women remained. Wage gaps were attributed to the lack of collective agreements in marginal industries and to direct discrimination by sex, mainly in job classifications. The Commission urged both labor and management to keep the "equal pay for equal work" goal in mind during collective bargaining sessions.

According to a wage survey in 1966, differences in men's and women's average hourly earnings appeared to be lowest in Germany, France, and Italy (although still considerable) and highest in the Netherlands. Belgium occupied an intermediate position.

FRENCH AND GERMAN CAR PRICE INVESTIGATION

French and German car pricing policies are being investigated by the Commission of the European Communities for possible infringement of the Community's competition laws.

The Commission made this disclosure on June 13, answering a written question from Ludwig Fellermaier, German Socialist member of the European Parliament. Mr. Fellermaier said that some French companies were charging (after allowing for tax differentials) almost $100.00 more in Germany than in France for identical cars and forbidding car dealers in French towns near the German border to sell cars to Germans. On the other hand, some German car manufacturers were doing the same thing in France.

As the investigation is still in progress, the Commission said it could not disclose what action it planned to take against the car manufacturers in question. However, it said, it would protect consumer interests.

HOUTHAKKER SAYS NIXON ADMINISTRATION IS COMMITTED TO FREER TRADE

"As the President has made abundantly clear, this Administration is committed to freer trade," according to Hendrik S. Houthakker, member of the President's Council of Economic Advisors.

He gave this assurance on August 24, in an address to the National Soybean Processors Association in San Francisco. Only to improve the chances of success of negotiations for selective restraints on such imports as man-made textiles, he said, had the Administration "reluctantly supported quotas. It would be a mistake to infer from this that the Administration actually wants textile quotas, and is prepared to accept quotas on other commodities in order to get quotas on textiles."

The removal of foreign barriers to imports from the United States will not be facilitated "if we erect more barriers of our own," Mr. Houthakker said. As examples of existing U.S. non-tariff barriers he mentioned quantitative restrictions "of one kind or another" on oil, steel, cotton, textiles, meat, sugar, and dairy products, "which together account for a sizeable part of our total imports." He also mentioned the difficulties foreigners have penetrating the U.S. market, "which requires substantial advertizing and the establishment of a large network of dealers."

Trade Negotiations

Mr. Houthakker emphatically refuted the notion that the United States had gotten the short end of the stick in trade negotiations, particularly the Kennedy Round of negotiations within the General Agreement on Tariffs and Trade (GATT). However, he said, in the last two decades negotiations have led to tariff reductions and have been less successful in dealing with quantitative restrictions, or with "the intermediate system represented by the [Community's] Common Agricultural Policy."

Tariffs, Mr. Houthakker explained, unlike quotas, which virtually give exclusive licenses to some importers, preserve competition and exercise restraints on domestic prices. "The quota provisions inserted into the President's trade bill are essentially a know-nothing approach to the delicate problems of international economic relations. They would sell the American consumer, the American farmer, and the American export manufacturer down the river. I, for one, have enough faith in Congress to believe that if enough concerned citizens speak up the provisions will not become law," he concluded.

1971 DRAFT BUDGET

The European Communities 1971 draft budget of $3.8 billion was sent to the Council of Ministers on August 25. If passed intact, it would represent an increase of more than 13 per cent over the 1970 budget.

More than 95 per cent of the total will go into financing the common agricultural policy. The increase over last year's budget is almost entirely due to the extension of the common agricultural policy to include products such as wine and tobacco.

CONGO GREAT LAKES AREA POOLING ELECTRICITY

Burundi, the Congo (Kinshasa), and Rwanda have agreed on procedures for regional cooperation to boost electricity supplies in the Great Lakes area.

This agreement was reached on July 20 in Brussels in a meeting with the Commission of the European Communities.

The three countries, associated with the Community by the Yaoundé Convention, will cooperate at first within a consulting company. Later, they will form an operating company to provide new energy sources and power lines.

MOVING TO A NEW ADDRESS?

To notify *European Community* of a change of address, please make corrections (including Zip Code) on the mailing label on the back cover and return it to the Washington office. Changes take a month to process.

"BETTER BALANCE" NEEDED IN U.S. INVESTMENTS

There should be "an appropriate balance between facilities provided for foreign investments within the European Community and the facilities obtained for Community investments in the chief non-member countries," according to the Commission.

The Commission made this statement on July 9, answering a written question from Adriaan Oele, Dutch Socialist member of the European Parliament, about the take-over of a Dutch firm, Verblifa, by America's Continental Can Company.

The Commission said that the only international link-ups that were developing fast were between Community companies and companies in non-member countries, usually the United States. Often the link-up consisted of the purchase or assumption of control by a more powerful company with headquarters in a non-member country. While recognizing the considerable benefits to be gained from associations with companies from non-member countries, the Commission said the Community should try for better balance.

In the Commission's memorandum on industrial policy, it was suggested that the member governments should, in certain cases, discuss projected take-overs of Community companies by companies from non-member countries. These discussions could take place at the request of one member country or the Commission.

TOWARDS SIMPLIFICATION OF CAR INSURANCE

To simplify international motor vehicle insurance and have the "green (insurance) card" recognized throughout the European Community, the Commission sent a proposal to the Council of Ministers on June 25.

Third-party insurance of motor vehicles would become compulsory in all member countries (Italy does not now require any), and insurance policies would cover damage caused in other member states, according to the laws of those states.

Officials would no longer have to check Community-licensed vehicles at internal and external frontiers, to see whether they carried third-party insurance; and "the green card" would cease to have to be shown.

National certificates of third-party coverage would still be used (after an accident, for instance) as evidence of insurance coverage. Each member state would have to recognize certificates required in other member states.

An office would be established in each member state, where injured persons could seek compensation if compulsory insurance were not carried by the vehicle responsible.

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.

European Economic Community Migrations. By Anthony Trawick Bouscaren. Nijhoff, The Hague, 1969, 155 pages with bibliography.
A study of the movement of labor within the Community.

The author reviews the Treaty of Rome provisions on movement of labor and the Community's activities in this field through 1967. Migration trends in each Community country are treated in separate chapters. The impact of the Coal and Steel Community on labor movement is examined as are the migrations of labor to the Community from Spain, Portugal, Greece, and Yugoslavia and to the United States from Europe.

European Monetary Cooperation. Federal Trust for Education and Research, London, 1969, 92 pages.
A collection of papers delivered at a Federal Trust conference on July 8-9, 1969, and a summary of discussions.

The collection includes papers by: Sir Eric Roll, Director of the Bank of England, on "Europe and World Monetary Organization"; Raymond Barre, Vice President, Commission of the European Communities, "Monetary Cooperation within the European Community"; Dr. F. E. Aschinger, Economic Adviser to the Swiss Bank Corporation, "The Eurodollar Market and Monetary Cooperation"; Professor Richard N. Gardner, Columbia University, "European Monetary Union and International Cooperation," and Pierre Uri, Director of Studies, Atlantic Institute, "Steps Towards Monetary Union."

Farm Gate to Brussels. By Lord Walston. Fabian Society, London, May 1970, 32 pages.
A discussion of the European Community's common agricultural policy and British membership in the Community.

The author outlines and compares the operation of the common agriculture policy and the British agriculture system and presents statistics on consumer prices, retail prices, imports, exports, wage costs, acreage holdings, and support costs. He then discusses the changes that joining the Community would entail in the British agricultural system and their cost.

PUBLICATIONS AVAILABLE

RAPPORT SUR LES PROBLEMES DE LA POLITIQUE COMMERCIALE COMMUNE A L'ISSUE DE LA PERIODE DE TRANSITION PREVUE PAR LE TRAITE CEE. *Documents de Séance* No. 32 European Parliament, Luxembourg, May 1970, 26 pages .... $.25

Report by Herbert Kriedemann for the European Parliament's Committee on external economic relations. Reviews current problems in the formulation of a common commercial policy, especially criticisms addressed to the Community. Contains annexes on the commercial policy positions taken by the European Parliament and on the juridical bases of a common commercial policy as of January 1970.

RAPPORT SUR L'EXECUTION, EN 1968-1969, DES ENGAGEMENTS SOUSCRITS PAR LA COMMUNAUTE EN MATIERE DE FOURNITURE DE CEREALES DANS LE CADRE DE LA "CONVENTION RELATIVE A L'AIDE ALIMENTAIRE" DE 1967, SUR LES PERSPECTIVES DE CETTE EXECUTION POUR 1969-1970 ET SUR LA FOURNITURE D'UNE AIDE ALIMENTAIRE SOUS LA FORME D'AUTRES PRODUITS QUE LES CEREALES. *Documents de Séance* No. 55, European Parliament, Luxembourg, June 1970, 55 pages .... $.50

Report by Hendrikus Vredeling for the European Parliament's Committee on external economic relations. Synopsis of the Communities activities under the 1967 Food Aid Convention. Explains procedures established by the Community to execute the Convention.

RAPPORT SUR LA PROPOSITION DE LA COMMISSION DES COMMUNAUTES EUROPEENNES AU CONSEIL CONCERNANT UNE DECISION RELATIVE A L'ORGANISATION DE MOYENS D'ACTION DE LA COMMUNAUTE EN MATIERE DE DEVELOPPEMENT REGIONAL. *Documents de Séance* No. 29, European Parliament, Luxembourg, May 1970, 53 pages .... $.50

Report by Karl Mitterdorfer for the European Parliament's economic committee. The Parliament's review of the needs in regional policy in the Community and its comments on the Commission's proposals.

LE FINANCEMENT PUBLIC DE LA RECHERCHE ET DU DEVEOPPEMENT DANS LES PAYS DE LA COMMUNAUTE: 1967-1970. *Etudes et enquêtes statistiques* No. 2, 1970. Statistical Office of the European Communities, Luxembourg, 1970, 175 pages $2.00

French/German text. Study of public expenditure for research and development in the countries of the Community in 1967, 1968, and 1969. Figures are broken down into 12 major areas of expenditure. Also shows contributions to multilateral and bilateral programs as well as national actions.

PRINCIPLES AND GENERAL DATELINES OF AN INDUSTRIAL POLICY FOR THE COMMUNITY. *Supplement to Bulletin of the European Communities* No. 4, 1970. Commission of the European Communities, Brussels, March 1970, 26 pages .... $.30

An English translation of the first section of the Commission's memorandum on the Community's industrial policy. Sets out general guidelines for such a policy.

INVESTMENT IN THE COMMUNITY COALMINING AND IRON AND STEEL INDUSTRY: FIRST PART, IRON AND STEEL INDUSTRY. Commission of the European Communities, Brussels, July 1970, 79 pages $4.00

Annual survey of investment in iron and steel industries in the Community. Discusses past and planned investments and production potential as of January 1, 1970. The second part, covering collieries and pithead power stations, will be published later.

A PLAN FOR THE PHASED ESTABLISHMENT OF AN ECONOMIC AND MONETARY UNION. *Supplement to Bulletin of the European Communities* No. 3, 1970. Commission of the European Communities, Brussels, March 1970, 14 pages .... $.30

An English translation of the March 4, 1970, Commission memorandum to the Council on the preparation of a plan for the establishment of an economic and monetary union in stages.

ANALYSIS OF THE INTERNATIONAL LEGAL AND ADMINISTRATIVE REGULATIONS ON FOOD IRRADIATION WITH REGARD TO THE PUBLIC HEALTH ASPECTS. (EUR 4466e). Commission of the European Communities, Luxembourg, April 1970, 40 pages $1.20

A study by J. C. Cornelis which analyzes existing legislation on food irradiation with special attention to procedures for obtaining clearance for consumption. After stressing the need for international cooperation and the possible role of several international organizations, the author offers draft international regulations on food irradiation.

european community

Information Service Washington Office:
2100 M Street, N.W., Suite 707, Washington, D.C. 20037

BULK RATE
U. S. POSTAGE
PAID
WASHINGTON, D. C.
PERMIT NO. 41445

Return Requested