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european community

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COVER: The Six and the Four have signed the legal instruments specifying the conditions of British, Irish, Danish, and Norwegian membership in the European Communities. Now begins the ratification procedure (see page 8). Here British Prime Minister Edward Heath signs the Accession Treaty, flanked by his Minister for European Affairs Geoffrey Rippon (left) and Foreign Secretary Sir Alec Douglas-Home.

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Community News

Monetary Union Plans Relaunched in Brussels

The Common Market Commission has developed a three point program to relaunch plans for full economic and monetary union which had been sidetracked since the international currency crisis began last May.

According to the key provision of the plan, the value of Community members' currencies could not fluctuate against each other by more than 1 per cent. It also calls for the activation of measures to curtail speculation and for the creation of a European monetary cooperation fund.

On January 12, the Commission sent the plan to the Council in the form of a resolution which, if approved, would express the members' political commitment to the idea. Formal proposals would then be made by the Commission and passed into law by the Council of Ministers.

2.25% Margin Too Wide for Six

At the December 18-19 meeting in Washington, the Group of Ten agreed to let currencies float 2.5 per cent up or down in relation to the dollar, an arrangement approved by the International Monetary Fund (IMF). *(See European Community No. 152, page 4.)* This arrangement could allow the value of Community currencies to vary as much as 9 per cent in relation to each other, a gap which could only further complicate the administration of the common agricultural policy.

Until May 1971, when the German mark was allowed to float, the maximum fluctuation permitted among Community currencies was 1.5 per cent (0.75 per cent either side of par). In the new international situation, the Community would restrict the margin of fluctuation to 2 per cent, thus setting itself off as a separate unit. The Committee of Central Bank Governors would be responsible for maintaining the narrow bands by their interventions in the foreign exchange markets.

Anti-Speculation Measures

The anti-speculation measures proposed by the Commission were already agreed to in principle by the Council in July 1971 but not put into effect, as Germany insisted that they be accompanied by wider fluctuation margins at the international level. Now that these margins have been widened, no further opposition is expected to the rules which include:

- controls on foreign borrowing by residents and on money market operations by non-residents
- interest rate disincentives
- tightened minimum reserve requirements on non-resident bank deposits
- regulations on the net external position of credit institutions.

The Commission thinks that the member states should use these measures selectively in consultation with each other.

European Monetary Cooperation Fund

The proposed European cooperation fund would coordinate central bank interventions on the money markets and harmonize their reserve policies. It would use a unit of account defined in terms of gold. This unit would take on the role of an intervention unit, laying the basis for a single European currency. The Commission also proposed that the Committee of Central Bank Governors, which would run the fund, be asked to report on this plan by June so that the Council can act in the fall.

The United Kingdom, Ireland, Denmark, and Norway have signed the Treaty of Accession to the European Communities . . . see page 8.

House Ways and Means Committee at EC Headquarters

The Ways and Means Committee of the US House of Representatives paid an official visit on January 10-12 to European Community headquarters in Brussels at the invitation of the EC Commission.

Last August, the Committee decided to undertake the trip for a first-hand series of discussions with European leaders concerning the pressing international monetary and trade issues.

During the three days of briefings on Community affairs, the 15-man delegation met with Commission President Franco Maria Malfatti, Vice President Raymond Barre, and Commissioners Jean Francois Deniau and Ralf Dahrendorf. They also had a joint meeting with a delegation from the European Parliament, a session with Luxembourg Foreign Minister Gaston Thorn, and discussions with the permanent representatives of the six Common Market member countries. The meeting between the two groups of legislators was the first ever held between a delegation from the European Parliament and a delegation from the US Congress.

En route to Brussels, the group also stopped two days in Paris for talks with officials at the Organization for Economic Cooperation and Development (OECD) and the Atlantic Institute.

Ways and Means Committee Chairman Wilbur Mills, who was originally to lead the delegation, was forced to cancel his trip at the last minute due to a back ailment. His role was filled by Acting Chairman Al Ullman (D-Oreg.).

Discussions Conducted Like Hearings

Conducting the discussions somewhat like Congressional hearings, a style with which they were familiar, the members of the Committee sought information on most topics at issue between the United States and the Community. However, in the words of John W. Byrnes (R-Wis.), the Committee members "studiously avoided" becoming involved in the negotiations now being conducted between Commission officials and US Special Representative for Trade Negotiations, William D. Eberle.

Besides the future of the world trade system, Committee members queried Community officials repeatedly on the intricacies of tax harmonization in the European Community, especially the common turnover tax on the value-added (TVA) at each stage of production and distribution. (The TVA is now used in every Community country but Italy, where it will be introduced in 1973). Committee members showed interest in Europe's experience with the tax in view of current discussions in Washington on the possibility of using it in the United States. They also asked questions about the Community practice of rebating TVA on exports, a system permitted by the rules of the General Agreement on Tariffs and Trade (GATT).

Community officials and Committee members also had extensive talks on the reasons for the Common Market's agricultural policy and how it works. At the end of the visit, Representative Byrnes said: "I think that now we better understand the rationale and how the common agricultural policy grew up, although we still don't agree with it. Among many, many countries, including our own, the problem of agriculture is high on the list of problems."

The Visit Evaluated

In a statement issued at the end of the Brussels visit, the Committee said: "in these discussions, Committee members have made clear that they came to Europe as strong friends and supporters of the continued efforts of the European Communities for a strong and unified Europe." At a joint news conference before leaving Brussels, Representative Ullman and Representative Byrnes, the Committee's ranking minority leader, stressed the importance of reviewing the foundations of the world economy in view of the many changes now occurring. Representative Ullman discussed the possibility of reexamining the organizations involved in world trade, such as the GATT. "It seems we have an over-reliance on narrow legalistic bilateralism when the problem is multilateral and multilayer," he said. The problem, he added, is no longer tariff impediments to world trade but rather non-tariff barriers, such as national tax structures.

Representative Ullman also said that he felt that there was a "real need" for improving the lines of communication between representatives of the United States and of the Community. Concerning the state of Atlantic relations, he added, "No one came away [from Washington] more pessimistic. We came away [from Brussels] with some optimism.

At the Commission's weekly news conference on January 13, Commissioner Ralf Dahrendorf said that the talks with the Ways and Means Committee had been "most useful and fruitful" in allowing an intensive review of the evolution now going on in both the United States and Europe in the trade and monetary fields. He added that he was left with the impression that the Congressmen were seriously committed to European integration but also with an awareness that the United States is going through a period of deep change. In any case, he acknowledged, both sides have strong motives in favor of settling their current problems.

Measures for Clean Air, Safety, Sent to Council

The fight for clean air and driver safety in the Common Market continues.

The Commission of the European Communities sent to the Council in January a proposal calling for the enactment of a three-fold directive of harmonization to

- reduce the pollutive exhaust of vehicles powered by diesel engines
- set common standards for the construction of automobile interiors to afford maximum safety to the occupant
- set standards for constructing and testing reinforced plastic tanks in which dangerous materials are transported.

Rosenthal Subcommittee on European Affairs States US-EC Consulations Should be Improved

After talking with officials at Common Market headquarters in Brussels and delegates to the European Parliament in Luxembourg, members of the US House of Representatives' Subcommittee on European Affairs returned to the United States "with a much better understanding . . . of the areas of agreement and differences and how progress might be made."

In a statement issued on the eve of their departure from Luxembourg, the Subcommittee also said that the United States "must address its urgent attention to improving consulations with Europe for the common good of all our citizens." Led by Subcommittee Chairman Benjamin Rosenthal (D-NY), the delegation visited Brussels on January 17-20 and Luxembourg on January 21.

The Subcommittee said it had decided to seek informal contacts with members of the European Parliament to continue exploring what the legislators on both sides of the Atlantic have in common, and which "is more important than those relatively small issues which divide us. We are concerned that these divisions are sometimes exaggerated both in government-to-government relations and in the effects of those relations on public opinion." Two current sources of "exaggerated divisions" mentioned were US citrus exports important to the United States, and the removal of the American-selling-price system of customs valuation, important to Europe. Both issues were short-term issues that should not be allowed to obscure the US long-term commitment to a united Europe. Under the current system of consultation, the American legislators said, "citizens of the United States and of Western Europe might justifiably think that their relations are composed exclusively of such topical questions. This is not the case."

In conclusion, the Subcommittee pledged to use the means available to them as members of the Congress "to see that our governments' understanding of this Western unity is expressed in a new and more visible and effective forum," and expressed confidence that the European Community would "do the same."

EC Surveys Reveal Business Pessimism

A recent business survey of management throughout the European Communities reflects a definite decline in demand and a slow-down in the growth of production.

The survey, conducted by the Commission of the European Communities, covers the period from May to September 1971.

Throughout the Six, management became pessimistic about their export prospects after President Nixon's August 15 announcement of the New Economic Policy (NEP) and the US 10 per cent import surcharge. A deterioration of the economic climate was already in progress, and NEP further dampened management's hopes for the rest of the year. Only French industrialists expressed a gleam of optimism about future sales, despite a drop in their export orders during August.

ECSC Loan to Germano-Luxembourg Steelworks

A multinational company in the Sarre region of Germany has received a loan of $4.5 million from the European Coal and Steel Community.

The company, Stahlwerke Roechling-Burbach GmbH was formed by a merger of a German company with a Luxembourg company. The multinational nature of the venture qualified the company for a low-interest ECSC loan, designed to foster cross-border activities. As a result of the merger, the new company has already made modernization investments that neither of the original companies could have accomplished alone.

Fertilizer Standards Proposed by Commission

As a first step toward harmonizing fertilizer production and marketing within the Six, the Commission of the European Communities has proposed a series of measures which would set Community standards for its primary fertilizers.

If the Council of Ministers enacts the proposed directive, simple and compound fertilizers throughout the Six will be subject to common standards of composition, delimitation, and denomination. Harmonized rules would also be set for labeling these fertilizers.

No action is recommended on secondary fertilizers, such as liquid fertilizer. At a later date, Community standards will also be written for these types.

Adaptation and Association Talks Begin in Brussels

The European Communities began negotiating with two of its associates, a prospective associate, and Israel in Brussels last month.

Discussions with Turkey and Greece were started to adapt their association agreements to the situation of an enlarged Common Market. A review of the 16-month-old Israeli-EC accord occurred, and talks opened with Cyprus for a new association agreement.

Turkey: Wobbly Balance of Payments

At the opening of talks with Turkey in Brussels on January 13, the Community presented the general themes to be explored at future meetings. The Community would like a quick ratification of the general points, leaving to a later meeting of the Association Council the task of working out detailed concessions. However, Turkey is fearful of making any commitments without reaping immediate benefits from its concessions because of its precarious balance of payments.

Greece: Wine Dispute

Negotiations with Greece which began on January 17 reflected a similar, but perhaps more crucial problem of timing, since Greece has vowed not to sign anything until the question of its wine (comprising 75 per cent of its exports) is solved.

Cyprus: Associate-to-Be?

On January 24-25, negotiations for an association agreement were opened in Brussels with Cyprus. The agreement would result in a customs union, reached in two stages.

The Community outlined its concessions, including an immediate 70 per cent tariff reduction on industrial imports from Cyprus once the agreement goes into effect. For agricultural products, it has proposed a 35 per cent reduction of import duties and the removal of all quantitative restrictions.

The second negotiating round has been tentatively scheduled for March.

Israel: 2nd Accord Review

Israel's balance-of-payments deficit and the Community's enlargement monopolized the agenda of the EC-Israel Mixed Committee meeting, on January 26.

Israel would like to finish the adaption talks before too far into the marketing year for citrus, its major export crop. More than a third of its citrus exports go to the four candidate countries.

Israel also brought to the attention of Community officials its resentment that it does not benefit from the generalized preferences the Community has granted other countries in the Mediterranean.

However, officials agreed that trade gains have been steady for both sides since the agreement went into force. Israel thought new Community concessions would be helpful in correcting Israel's balance-of-payments deficit.

EIB Approves Loans to EC Concerns and Africa

The European Investment Bank has recently granted six intra-Community-loans, totalling $92.86 million. Two of these loans, directed to Italian concerns, account for more than half the total.

In December, the Bank allocated $29.4 million to the Istituto Mobiliare Italiano (IMI) to help finance two FIAT projects in Southern Italy which will create 4,000 new jobs.

The other EIB loan in Italy went to the turnpike company Autostrada of Rome to help finance the construction of the Vasto-Canosa section of the Adriatic Turnpike. The $25 million loan is the Bank's second contribution to this motorway which is expected to greatly increase traffic to the remote areas in Southern Italy.

France: Phones, Planes, Plastics

Two loans to France were approved in December, and a third on January 5. The latter amounted to $15 million made available to the French Post and Telecommunications Administration for expanding the telephone system in Limousin, an undeveloped region of central western France.

The two other loans were granted to the French Aerospatiale company and the Societe Normande de Matieres Plastiques, for $34.4 million and $3.6 million, respectively. The latter grant will partly finance the French company's share in a polypropylene factory in Lillebonne a joint Franco-German venture. The loan to Aerospatiale (manufacturer of the Concorde and Caravelle airplanes) will go to finance initial test and building costs of the AIRBUS A-300-B, a joint European venture by French, German, British, Dutch, and Spanish aerospace companies.

West Berlin: Power Plant

West Berlin's only electricity company, BEWAG, was granted on December 20 a $5.46 million loan to help finance a new thermal power plant in that city. The loan is the fourth to BEWAG by the EIB.

Loans to Zaire, Ivory Coast

On December 2 the EIB concluded a contract with SOFIDE of Kinshasa, its first grant through the intermediary of an African national development financing organization. The loan, for $1.6 million, will be used to expand a synthetic textile mill in Kinshasa and is expected to create 3,000 new jobs for Zaire nationals.

A $4.68 million grant to the Ivory Coast was approved January 18. The loan, to be administered by the Abidjan Port Authority, covers almost 50 per cent of the estimated costs of a project to improve waterways leading into the Port of Abidjan.

Local Needs Inspire Italian Unions Merger

Italy's three major trade union federations —including Western Europe's largest Communist-oriented union federation—have decided to merge by 1973. The move could affect the division between Communist and non-Communist union groupings at the European Community level.

Leaders of the Communist-Socialist General Confederation of Labor (CGIL), the Catholic Confederation of Labor Syndicates (CISL) and the Social-Democratic Union of Labor (UIL) agreed to hold separate congresses of dissolution in September 1972, and a constituent assembly in February 1973, to establish a new organization. The three groups, which together represent about 35 per cent of Italy's labor force, agreed that no official in the new union would be allowed to hold a job in any political party, a rule which will mainly affect the Communists.

On the question of international affiliation, the CGIL (3.4 million members) plans to give up membership in the World Federation of Trade Unions. The CISL (2.1 million members) and UIL (1.5 million members) would leave the International Confederation of Free Trade Unions. The three plan to form a third international organization open to other European groups. This course would leave the Communist-oriented WFTU with only one major member in Western Europe, France's *Confederation generale du Travail.*

The unity move, which has long been discussed in Italy, blossomed during the strike-torn "hot autumn" of 1969, under pressure at the local level between members of the three groups. The cooperation of these "base committees" is considered important for the success of the new organization. An assembly will be held this spring to review developments.

EP Session on Monetary System, Drugs, Computers

Major policy statements by three European Community Commissioners and a heated debate over the Community's role in fighting narcotics traffic marked the European Parliament's 1972 opening session.

Lasting well into the night of January 17, debate centered around a Commission proposal (following a similar appeal made by French President Georges Pompidou) for establishing a committee of experts to study the problems of drug trafficking and abuse. *(See European Community No. 151, Page 20.)* Controversy arose over the jurisdiction to be delegated to such a committee and whether or not there should be a distinction between hard and non-addictive drugs. Dutch members of parliament favored a liberalization of rules on soft drugs. Commissioner Wilhelm Haferkamp, speaking for the Commission, maintained that such a distinction was not feasible.

Monetary Scene Still in Flux

The following day, Commission Vice President Raymond Barre spoke before the Parliament, praising the December accord realigning major world currencies but warning that such changes have only a "limited" effect. He suggested three areas for multilateral resolve:

- return to a certain degree of dollar convertibility
- financing the US balance-of-payments deficit
- controlling the destabilizing short-term capital flows which have long plagued the international monetary system.

Commissioner Barre concluded his speech with a reference to current US-EC trade talks, emphasizing that all negotiations would be based on the principle of "reciprocity and multilateral concessions."

Joint Efforts on Computers

A third important policy statement was presented by Commissioner Altiero Spinelli, sketching for the parliamentarians the general themes which the Commission will treat in a comprehensive set of proposals concerning the computer industry. The proposals will be submitted to the Council some time this year.

Demonstrating the inefficiency of production due to the technological gap, and of marketing due to the scale of production, Mr. Spinelli stressed that a Community effort to foster cooperation in the research and development of information systems would be as beneficial to the software manufacturers as to the hardware manufacturers.

The Commission regretted, however, that it did not have the power to insure immediate action on these programs and called on the Parliament for support in this sector.

ECSC Borrows L20 Billion From Italian Syndicate

The European Coal and Steel Community (ECSC) has successfully negotiated its fifth bond issue on the Italian capital market, for 20 billion lire.

The contract signed January 13 calls for 15-year bonds, bearing 7 per cent interest a year, and offered at 94.5 per cent. The issuing syndicate, managed by the Banca Nazionale del Lavoro, represents eight major Italian banks.

The ECSC borrows on the private capital market to finance investments in the coal and steel industries and in programs intended to ease the social impact of structural changes taking place in these industries.

With this loan, the ECSC has borrowed a total of about $1.1 billion since its inception and has itself granted loans or guarantees amounting to $1.2 billion. In its lending activities, the ECSC also draws on its own resources from taxes on coal and steel production.

Update of '67 "Dangerous Matter" Directive Asked

A proposal for uniform methods of determining the flash-point of inflammable liquids is now before the Council of Ministers.

The formula was devised by the Commission of the European Communities to update and modify the June 1967 directive on the classification, packaging, and labeling of dangerous materials. The amendment would add to the previous list of such liquids new products of science and technology.

Furthermore, the Commission has called for close collaboration between the member states and the Commission within a "Committee for Adaptation to Technological Progress," designed to facilitate harmonization by eliminating the technical hindrances to trade.

In presenting its plan, the Commission stressed that its goals were two-fold:

- to provide greater safety for those using the liquid
- to insure uninterrupted trade of these goods within the Community.

Argentina-EC Committee Holds First Meeting

The Common Market's imports of frozen beef, Argentina's system of import deposits, and ocean transport problems were discussed on January 31 at the first meeting of the European Community-Argentina Mixed Committee, in Brussels.

The trade agreement administered by the Committee was signed in Brussels on November 8, 1971. It is the Community's first trade agreement with a Latin American country.

EC Fish Priorities: Salt Cod Out; Tuna In

A system of incentives to persuade the Common Market's fishermen to catch the types of fish consumers want to eat will soon be considered by the Council of Ministers.

The proposal sent to the Council on January 25 could reorganize the entire fishing industry.

For several years, the demand for salt cod has been decreasing; yet, this type continues to constitute the primary take of codfishing vessels. The Community proposal (in answer to a Council request in June 1970) includes measures by which incentives would be given to reorient codfishing to deep-frozen fish, including cod and haddock.

Special mention was made of the need to increase the haul of tuna. In 1970, Community fleets caught only a third of domestic consumption.

Europe's surpluses of salt cod and other less popular fish are difficult to market outside the Six, due to traditionally sharp competition from developing nations.

CORRECTION

In the January 1972 issue, in the article "Atlantic Dialogue: Who Speaks for Europe?" on page 16 the Organization for Economic Cooperation and Development was erroneously given jurisdiction over the "Group of Ten." The Group of Ten in fact has no legal personality. Its members are identical with the OECD's Working Party Three, meeting at deputy level, and with the participants in the International Monetary Fund's General Arrangements to Borrow, but it is not within the jurisdiction of either organization. The Group of Ten has no secretariat, only a chairman who convenes meetings.

EC Reviews Cooperative Industrial Agreements

Of three recent decisions regarding cooperative industrial agreements, in only one case did the Commission of the European Communities find an agreement incompatible with competition rules set out in Article 85 of the Treaty of Rome.

The decisions, all handed down in January, reflect a continuing Community interest in keeping any major restrictions on intra-EC competition from arising.

In the only unfavorable decision, a cement marketing company, Nederlandse Cement-Handelmaatschappij (NCH) of The Hague, was refused an exemption from the rules. The NCH prohibits the 38 cement manufacturers of north-west Germany (for whom it markets their cement in Benelux) from dealing with any other selling agent. The Commission decided that this restriction of competition was not compensated by gains to consumers and declared the "understandings" in violation of the Treaty of Rome.

Power Machinery Specialization

For the first time the Commission excused an agreement for reciprocal exclusive rights between competitors from the prohibition set out in Article 85. The "negative clearance" was granted to an agreement between COPELEM of Paris and Langen & Co. of Dusseldorf. Both are manufacturers of power machinery, a technology-intensive product. The agreement provided that each company would develop and manufacture certain pieces of power equipment and market exclusively the other's products in their respective countries. The Commission returned a negative clearance, recognizing that the agreement did restrict competition, but that it improved the efficiency of production in a way that would not be possible without the restrictions. The Commission said that the agreement allowed each company to produce the products for which it was best suited, resulting in increased specialization, a wider product line, and improved marketing conditions.

Canned Vegetable Marketing

A negative clearance was also granted SAFCO, an export agent for six canned vegetable companies of northern France. According to the competition rules of the Treaty, any such cooperative agreement for exports within the EC hurts competition. However, taking into consideration the very small share of the canned vegetable market which SAFCO holds in Europe (1-2 per cent), the Commission decided to grant the company's request.

Euratom Supply Monopoly Upheld Against France

The European Atomic Energy Community's monopoly on nuclear fuel contracts and its right to information on national nuclear supplies was upheld in December by the Court of Justice, ruling against France.

The Euratom Treaty provided for a review of the supply system seven years after it began operating. This review was begun in 1965 but not completed as a result of member states' disagreement on the Supply Agency's role. As no decision had been made, France claimed that the Agency's powers had expired and refused to submit any further contracts or information to it. Neither the Commission nor the other members shared this view, but no action was taken against France until March 1971, since there were few contracts until then.

Powers Given for Indefinite Period

According to the Court, the lapsing of Community Treaty provisions cannot be presumed: powers invested in the Community are given for an indefinite period and can only be transferred back to the members by explicit provision in the Treaty.

Since the Court ruling, France has reverted to the Community procedure. Representatives of France and Euratom jointly signed a supply agreement with the US Atomic Energy Commission in Washington on December 22.

Finet Awards to 288 ECSC Orphans

The Paul Finet Foundation awarded 288 scholarships on January 27 to orphans of miners and steelworkers who died as a result of a work accident or occupational illness. Since the Foundation's creation in 1965, it has issued 1934 grants, totalling $300,000.

Contributions from the budget of the European Communities Commission and from private sources pay for these awards. To be eligible for assistance, a student must live in a Community member country, be at least 14 years old, and excel in school studies. The student or his legal guardian may apply for a scholarship or the youth may be recommended by his father's former employer.

The Month in Brief

JANUARY 1972

1 The Common Market made the last tariff cut agreed upon in the Kennedy Round of negotiations within the General Agreement on Tariffs and Trade.
• The European Social Fund began operating under new rules, simplifying operations and increasing the Community's role in selecting labor projects to be financed.
• A regulation came into force prohibiting Community member governments from contributing more than 20 per cent of the cost of an investment in a central area.

9-12 A delegation from the US House of Representatives Ways and Means Committee met in Brussels with Common Market officials (*see page 3*).

12 The European Community and Iran extended their trade agreement for another year.

14 The Community and the United States held the second round of negotiations on trade matters.

17-18 The European Parliament, in Luxembourg, debated the Community's economic situation in the light of the December currency realignment *(see page 6)*.

17-20 A delegation from the US House of Representatives Subcommittee on European Affairs met with Common Market officials in Brussels (*see page 4*).

22 The Six and Denmark, Ireland, Norway, and the United Kingdom signed the Treaties of Accession to the Communities (*see page 8*).

31 The Community-Argentina Mixed Committee met for the first time since the signature of their trade agreement last November (*see page 6*).

EC Aid to World's Hungry

In a further effort to provide the world's needy with basic foodstuffs, the Commission of the European Community has recommended distribution of 20,000 tons of sugar to three international organizations.

The proposal sent to the Council on January 6 provides for 18,000 tons of sugar to be distributed through the Red Cross, the World Food Program, and the United Nations Agency in charge of Palestinian refugees. An additional 2,000 tons would be made available for emergency relief.

The tonnage will be extracted from surpluses during the 1971-72 and 1972-73 marketing years and is expected to cost approximately $3 million.

Accession Treaty Signed

At a simple and moving ceremony, the Six and the Four signed the Accession Treaty in Brussels on January 22. Subject to ratification by the Ten, Britain, Ireland, Denmark and Norway will enter the Community on January 1 next year.

Premier Edward Heath, Foreign Secretary Sir Alec Douglas-Home, and Minister for European Affairs Geoffrey Rippon signed the Treaty for Britain; Irish Premier John Lynch and Foreign Minister Patrick Hillery, for Ireland; Premier Trygve Bratteli, Foreign Minister Andreas Capellen, and Head of Delegation Soren Christian Sommerfelt, for Norway; and Premier Jens Otto Krag, Foreign Trade Minister Iva Norgaard, and Director General of the Foreign Affairs Ministry Jens Christensen, for Denmark.

Gaston Thorn, Luxembourg Foreign Minister, presided over the ceremony in his capacity as current President of the Council of Ministers of the Six. Other speeches were made by Belgian Prime Minister Gaston Eyskens, representing the host country; Commission President Franco Maria Malfatti; and the Prime Ministers of the four applicant states. *(see summaries, page 10).*

The proceedings were televised worldwide in English, French, German, Dutch, Italian, Gaelic, Danish, and Norwegian.

Among the many distinguished "Europeans" who attended the ceremony were Jean Monnet, Paul-Henri Spaak, Walter Hallstein, Jean Rey, other Presidents and ex-Presidents of Community institutions, signatories of the original three Community Treaties, former British Premier Harold Macmillan, Lord George Brown, Liberal leader Jeremy Thorpe, Duncan Sandys and Sir Christopher Soames.

4-Stage Membership Procedure

The membership procedure involves four stages:

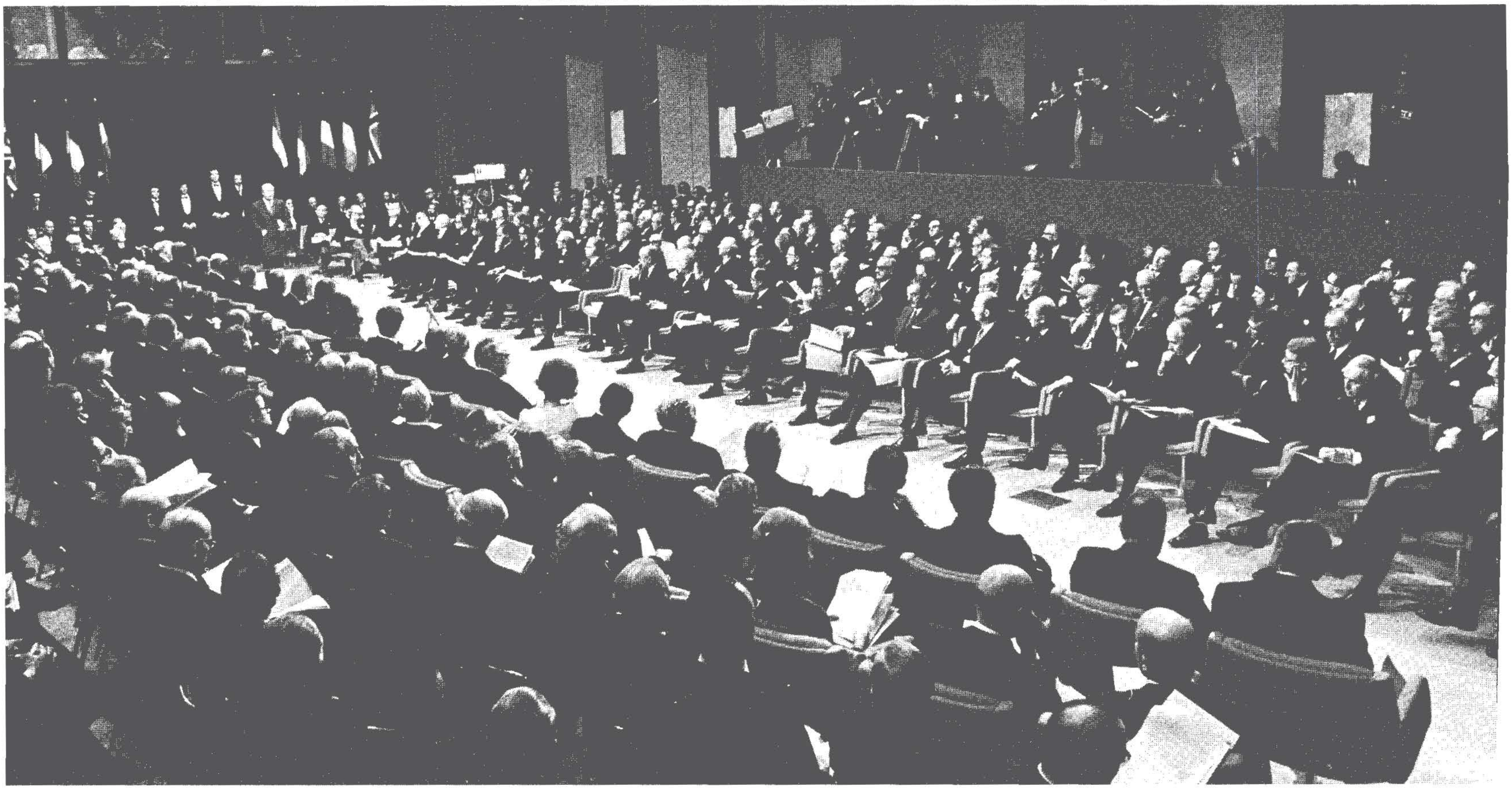
- negotiations themselves
- signature of the Accession Treaty
- ratification of the Treaty
- deposit of the instruments of membership.

The results of the membership negotiations are authenticated in a Final Act of the enlargement Conference. This Act amounts to an inventory enumerating all the texts agreed upon during negotiations (act of membership with protocols, annexes, declarations, exchanges of letters, etc.). The morning of the signing ceremony the Council of Ministers met to take the legislative actions specified by the Rome and Paris Treaties for the accession of new members.

For the Rome Treaties creating the European Economic Community and the European Atomic Energy Community, the Council decided, in accordance with Article 227 (EEC) and Article 205 (Euratom), that the six original member states may conclude the enlargement treaty. This decision was made on the basis of the Commission's "opinion."

For the Paris Treaty creating the European Coal and Steel Community, the Council, in accordance with Article 98,

British Prime Minister Edward Heath addresses delegates to the signing ceremony. Among the dedicated Europeans in this audience were Jean Monnet, Paul-Henri Spaak, Walter Hallstein, Jean Rey, other Community officials past and present, and signatories of the three original Community Treaties.



British Prime Minister signs the Accession Treaty, flanked by his Minister for European Affairs Geoffrey Rippon (right) who led the British negotiators, and by Foreign Secretary Sir Alec Douglas-Home. The preamble of the Treaty refers to determination of the Ten "to construct an ever closer union among the peoples of Europe on the foundations already laid."

made a decision enabling membership to take place and enumerating the conditions. This decision was also made on the basis of an opinion from the Commission. As distinct from the EEC and Euratom cases, there was no treaty of accession to the ECSC in the proper sense of the term. The applicant countries had only to make it known that they accepted the ECSC Treaty.

During the official ceremony at the Palais Egmont, the plenipotentiaries of the ten states of the future enlarged Community signed the membership treaty. The four applicant states took cognizance of the decision of the Council concerning membership in the ECSC. Earlier, they had signed the Final Act of the conference. It was the Community as such which received the membership requests and which neogtiated the conditions of entry and the adaptations in the Treaties. Thus, it is not with one or several of the member states that the new members have forged new links, but with the Community.

The Commission's opinion said that "the arrangements agreed upon are equitable and appropriate; that under these conditions enlargement, while presenting the internal cohesion and dynamism of the Community, will allow the Community to strengthen its participation in the development of international relations."

Milestones in EC History

May 9, 1950. Robert Schuman proposed the pooling of Europe's coal and steel resources over which so many wars had been fought.
April 18, 1951. In Paris, the Six signed the Treaty creating the European Coal and Steel Community.
March 25, 1958. In Rome, the Six signed the Treaties creating the European Economic Community and the European Atomic Energy Community (Euratom).
August 9, 1961. Britain's Premier Harold Macmillan requested membership talks.
January 14, 1963. France "vetoed" the United Kingdom's application.
May 11, 1967. Prime Minister Harold Wilson filed the United Kingdom's second application for Community membership.
November 27, 1967. France issued a second "veto."
December 1, 1969. At a "summit meeting" in The Hague, the heads of state and government of the Six agreed to open enlargement negotiations.
June 30, 1970. Enlargement negotiations opened in Luxembourg.
October 28, 1971. The British House of Commons approved the principle of the United Kingdoms' entry into the Community.
January 22, 1972. The Ten signed the enlargement treaty.

Ratification Procedures

Following the completion of the negotiations and the signature of the Accession Treaty, there remain the ratifications and, in Ireland, Denmark, and Norway, referenda.

• **The United Kingdom.** Last October the British Parliament accepted in principle the terms negotiated. Next come the legislative process by which the Community Treaties and the Community legislation acquire force of law in the United Kingdom, and the deposit of the instrument of ratification of the Accession Treaty.

In Britain, ratification of the Accession Treaty alone does not give its provisions force of law. Legislative action is needed to make any necessary modification of domestic laws and to empower the courts to enforce the new or modified legislation. Because treaties involving financial obligations require parliamentary action, Parliament must legislate to give effect to the Treaties and Community legislation.

The British Government hopes that Parliament will approve this legislation by the end of July 1972. Ratification can then take place. With the authority of Parliament, the Queen will ratify the Accession Treaty for the Government.

• **Ireland.** The Irish Government's White Paper setting out the terms and the likely economic impact of membership will be debated in the Lower House of the Irish legislature. A bill will subsequently be put before the House enabling a national referendum to take place. The referendum will not be on the issue of membership but rather on whether the Government should be authorized to make the necessary amendments in the Irish constitution. The referendum will be decided by a simple majority vote.

• **Norway.** The Norwegian Government will inform the Parliament's Foreign Relations Committee of the terms agreed. Should they be judged acceptable, they will be put before the Norwegian people as the basis for a referendum whose outcome will depend on a straight majority vote. They will also be considered by the party assemblies. The purpose of the referendum will be to "consult" the Norwegian people. While the Parliament will not be bound by the result of the referendum, it will probably be of decisive importance in determining how members vote.

A three-quarters' majority is required in the Norwegian Parliament for a decision on a constitutional issue. Such a vote taken in June 1971 on the issue of continuing the negotiations showed that, at that time, the opposition to EC membership was only one short of a blocking vote. The decisive debate and vote is unlikely to take place before the end of August.

• **Denmark.** According to the Danish constitution, parliamentary approval must be obtained for adherence to any treaty placing limitations on national sovereignty. Two procedures are provided for: a five-sixths' parliamentary majority or a simple majority backed by a positive outcome in a national referendum. The second course has been chosen and a referendum will be held, probably in June, following debate and vote in the Parliament.

The outcome of the referendum will be held to be positive if a simple majority of those voting opt for EC membership. However, should a simple majority not be obtained, a negative vote of at least 30 per cent of the electorate will be required for a blocking vote. In other words, a simple majority against membership involving votes of less than 30 per cent of the electorate will alone be insufficient to reject a decision of the Parliament in favor of Danish membership.

After ratification, the ten states deposit with the Italian Government in Rome by December 31, 1972, a signed copy of the Accession Treaty (EEC and Euratom) with annexes. The governments of the four applicant countries deposit, after ratification, a signed copy of their agreement with the Council decision with the French Government in Paris by January 1, 1973. The depositories are the governments of the capitals where the original Treaties were signed.

During 1972, mutual information and consultation can take place in three cases:

• before a Council decision
• before an autonomous decision of the Commission
• before a legal act by a government of an applicant country.

An Economic Giant

Enlargement will increase the Community's population from 190 million to 257 million, and its gross product from $485 billion to $637 billion (at January exchange rates). The Ten will account for about 25 per cent of world trade, as compared with the existing Community's 19 per cent share and the United States' 15 per cent. They will produce around 139 million metric tons of steel, as compared with the United States' 122 million tons and the USSR's 116 million tons (1970 figures).

Summaries

Franco Maria Malfatti, *Commission President*

The Community of Six had fanned the spark of European unity into a flame. It was now up to the Community of Ten to transform it into the great flame of united Europe, Mr. Malfatti said.

Enlargement would create the necessary dimensions and the conditions for the Community to develop and complete the political design behind the Paris and Rome Treaties. In the immediate postwar period, the idea of a united Europe had stemmed mainly from the agonizing contemplation of two civil wars in Europe. Today, the idea of European unity drew its strength from the feeling that it was the answer to the worries of the present.

Mr. Malfatti said the Community was revolutionary when compared with earlier historic experiments, for the unifying process set in motion was a joint venture undertaken by every member state, linked within the Community by complete equality of rights and duties. It was original because it was characterized by an institutional structure for which no equivalent could be found in earlier models.

"This structure rests on a European Parliament, consisting of representatives of the peoples of the Community . . . on a Council consisting of the representatives of the member states and endowed with a power of decision; on a Commission with powers of its own, whose duty it is to propose and watch over Community rules and to share in shaping the acts of the Council; and, finally, a Court of Justice which ensures that Community law is observed. These are the essential features of the edifice which we must defend and strengthen in a democratic framework, since it is they which confer on the budding Community its particular character."

The Commission President said that the new Community was not, and did not seek to be, a new bloc but a wide Community of free and peaceful states and peoples. It was a Communtiy of ten democratic countries that were among the most highly developed in the world, and it was determined to make the process of unification irreversible in order to consolidate its friendships, "contribute decisively,

Commission President Franco Maria Malfatti called upon old and prospective members alike to defend and strengthen the Community's institutions.

on a footing of equality, to the development of the less favored nations, and to develop, as a new element of equilibrium in a better international order, new cooperative relationships with all the peoples of the earth.

"Never before has one generation had so many opportunities to contribute in a concrete manner to the unity of Europe, the task to which so many eminent statesmen have in the past devoted their efforts and their thought. This is the stirring challenge of our day, a challenge that we can, we must take up," Mr. Malfatti concluded.

Edward Heath, *British Prime Minister*
The ceremony marked the conclusion of more than a decade of arduous negotiations and another step towards the removal of divisions in Europe, Mr. Heath said. Success had not been preordained, and there would be nothing inevitable about the next stages in the construction of Europe. Imagination would be needed to develop institutions which both honored the member states' traditions and their individuality and had the strength to guide the enlarged Community's future course.

Mr. Heath concluded: "What design should we seek for the New Europe? It must be a Europe which is strong and confident within itself. A Europe in which we shall be working for the progressive relaxation and elimination of east-west tensions. A Europe conscious of the interests of its friends and partners. A Europe alive to its great responsibilities in the common struggle of humanity for a better life.

"Thus this ceremony marks an end and a beginning. An end to divisions which have stricken Europe for centuries. A beginning of another stake in the construction of a new and greater united Europe. This is the task for our generation in Europe."

John Lynch, *Irish Premier*
Despite its location on the periphery of the Continent, Ireland is an integral part of Europe, bound to it by centuries of shared civilization, traditions, and ideals, Mr. Lynch said. The Irish Government sees in the Community the best hope and the true basis for the creation of a united and peaceful Europe, a belief which his Government thinks the Irish parliament and the Irish people share.

Of the European Parliament's role in the enlarged Community, Mr. Lynch commented: "All recognize a government's obligation to involve the people of the nations as closely as possible in the processes of government. There will equally be an obligation on us jointly to bring the peoples of the enlarged Community into closer contact and involvement with the decisions, policies and workings of the Community. . . . The Irish Government considers it of the highest importance that the part to be played by the Parliament in the enlarged Community should be the subject of the closest study by our governments acting together."

Jens Otto Krag, *Danish Premier*
The Community should pursue its internal policies in a progressive spirit of social consciousness, Mr. King said. "We have learned how to achieve economic growth. But we still have to learn how to administer it in a way that will not only bring more material wealth to us all but also correct social imbalances for the benefit of the least privileged. At the same time, the problems of preservation and improvement of the human environment as a whole in the industrial society becomes ever more acute. We can solve these problems by common action. Each country itself will hardly be able to," Mr. Krag said.

He hoped that the external policies of the Community would be open and outward-looking, especially towards other members of the European Free Trade Association (EFTA) which had taken part in European cooperation since the last war.

Trygve Bratelli, *Norwegian Premier*
The Community, extending from Sicily to Finmark [Northern Norway], must find varied and flexible means of action to solve its problems, Mr. Bratelli said. Norway considers the Common Market Treaty goal of promoting harmonious and balanced development of every region in the Community an extremely important goal.

Economic integration would enable the enlarged Community to solve economic problems more easily and to ensure full employment. A common industrial policy would enable it to master the problems created by large multinational corporations. Only by common action could the Ten effectively protect the environment, he concluded.

Gaston Thorn, *Luxembourg Foreign Minister and Current President of the Council of Ministers*
In joining the Community, the new members "renounce neither their history, nor the virtues and traditions peculiar to each of these nations, any more than the states of the Community, as hitherto existing, have lost their own identities by pooling their economies and by embarking upon the course of political unification."

Mr. Thorn said that the enlarged Community responds above all to the aspirations of a new generation, for whom our quarrels of yesteryear pale into insignificance before the prospects of a future Europe no longer controlled by sectarian interests, but conscious of the potentials of this great enterprise and demanding their immediate realization.

White House Statement, January 22, 1972

The President welcomes the signing today in Brussels of the treaty enlarging the European Community to include the United Kingdom, Ireland, Denmark and Norway.

The United States has always supported the strengthening and enlargement of the European Community. Upon the occasion of this historic act, the President wishes to emphasize that this support is as strong as ever. The development of European unity will enable the peoples of Europe more effectively to contribute to the enhancement of world peace, security and prosperity.

The President reaffirms that close cooperation between the United States and the emerging Europe is a cornerstone of our foreign policy.

Price Controls Assessed

EUROPEAN EXPERIENCE MAY GUIDE FUTURE US PRICE RESTRAINT POLICY

National price control mechanisms used by the Six must be reappraised in light of past and future integration in Europe, according to a study by the Commission of the European Communities.

The report on "The Effects of National Price Controls in the European Economic Community," published in Brussels as the ninth in a series of Commission studies on "Competition and Approximation of Legislations," was compiled in 1968 by Horst Westphal from the research work of Harald Jurgensen, Director of the Institute of European Economic Policy at the University of Hamburg. The study, delineating Europe's recent experience with price controls, could be of value to American policy-makers at a time of experimentation with price and wage controls as a mechanism for curing some of the United States' economic ills. In particular, the study could guide policy-making bodies such as the Pay Board and the Price Commission on how far and how long price and incomes controls can be extended before labor, management, and the consumer react violently.

The European lesson of combatting inflation on the price rather than the incomes side may be a sufficient indicator that the public, in particular labor, tends to reject wage restraints as an equitable solution. The United States has already witnessed this reaction, in the form of AFL-CIO disputes with the Pay Board, even within the short period of time the controls have been in effect.

"Price Controls" Defined

Price controls are defined in the report as "obligations to act or to refrain from acting, imposed by the State, to influence or control price formation, as well as directly to fix the level of prices." The authors study these national "obligations" in the context of both the nation and the Community, classifying them as having an adverse, favorable, or negligible impact on economic integration.

Direct Controls Hamper Community Competition

Community members intervene directly and indirectly to control prices.

Direct controls can be applied by setting maximum prices (to prevent exploitation of the consumer and productivity decreases due to higher obtained prices); minimum prices (to protect the position of the marginal producer), or the more flexible price brackets (maximum and minimum prices).

Price ceilings for specified products exist in all EC countries, ranging in number from 396 in France to seven each in Germany and the Netherlands. Because only a few of these products play an important role in intra-EC trade, the principle effect of maximum prices on the Community is to curtail exports from sellers in price-controlled countries (e.g. France), since the price controls prevent equalization of product prices throughout the integrated territory.

The only EC members practicing minimum price setting on the products market are Germany and Italy, both to a minimal degree, and solely on certain products in the agricultural sector. Generally speaking, any form of minimum price restraints would jeoparidze the Community's integration, as such controls are usually meant to take the place of tariff barriers in protecting local sellers from being undercut by foreign dumping at below national-market price.

Fixed prices and price brackets are not used in France or Luxembourg. In the other member-states, such controls apply mainly to transport charges. The exceptions to this rule are Italian pharmaceuticals and low-cost Dutch housing construction. If too low a price were set, sellers could divert their production to export markets where profits could exceed possible earnings in a controlled market.

Indirect Controls: Six Stress Freedom to Compete

"Indirect price controls" govern the degree of freedom which a manufacturer or reseller has in setting his own price. Government controls may be exercised on three levels: first, by enactments governing pricing; secondly, by enactments concerning the general limitation of price levels; and finally, by enactments governing publicity, supplemented by measures of supervision.

Prohibition of resale price maintenance is in force in all EC countries. This means that the government prohibits the manufacturer from making the retailer sell his product at a specified price. Such maintenance would restrict the reseller's freedom in pricing goods autonomously in relation to market forces and would, therefore, take away the incentive for competition.

Enactments restricting freedom of price formation are numerous. "Stability contracts," under French law, allow for free adherence of industries to government contracts for certain price hikes, if equilibrated by price decreases on other goods. Also unique to the French economy, are "program contracts" by which businesses contract freely with the State to keep their price increases within a range set out by the provisions for general growth rates in the French Fifth Development Plan. (For example, the Fifth Plan provides for a maximum annual increase of 1-2 per cent in industrial prices.)

Prohibition of price discrimination is institutionalized in France, Germany, and Luxembourg to differing extents. Price discrimination exists when a seller charges a different price for the same service when no extraordinary costs are incurred. For example, in Germany the restraint is almost solely applicable to an enterprise which achieves neo-monopoly by undercutting marginal producers of a specified product. Hence the prevailing legal opinion on Article 26(2) of Germany's Act on Restraint of Competition implies that no enterprise with a special advantage in any industry may use its ability to vary prices in order to discriminate against smaller producers. The emphasis in the German case is typical of European attitudes towards market forces; stress is laid on equal competition rather than on free competition.

French prohibition of price discrimination is the most substantive, forbidding the "habitual practice . . . of discriminatory price increases unjustified by corresponding increases in costs." This ban is strengthened by prohibiting the manufacturer from refusing to sell. Unhappily, this type of prohibition has tended to consolidate enterprises into blocs, eventually taking on an oligopolistic appearance in some industries.

Compulsory price ticketing is one form of price control applied in the Community.

A third type of enactment governing pricing regulates the amount of rebates. This control undercuts manufacturers and retailers who try to get around the competition by granting extraordinary discounts instead of lowering prices. In Germany and Luxembourg, for example, the maximum amount of rebates on goods and services is 3 per cent of the gross price. Of all the methods of price control, this one has proved the most effective by stimulating competition on the wholesale price level, in turn forcing manufacturers to improve allocation of factors going into production so that they can produce at lower costs.

Diversity of Controls Impedes Economic Unity

The effects on the integrating Community of such divergent means of controlling prices are for the most part adverse, particularly on the geographical allocation of economic activity. For example, if a French enterprise has to keep price hikes within certain limits prescribed by the national development plan, those companies would tend to displace production to another area where manufacturers could freely determine their own prices.

France is hardly alone in its "nationally" oriented policy. Germany's *de facto* permission for limited price reductions gives German producers a means of protecting against foreign sellers' invading the market with lower-cost, lower-price services.

Finally, integration does not prejudice the maintenance of rebate controls, since foreign as well as national sellers tend to lower wholesale prices rather than grant higher rebates (as in Luxembourg).

Pricing rules pertaining to cost of production exist in various forms in Belgium, Germany, France, and Luxembourg. Such mechanisms as the "normal price rule" and prohibition of over-charging are manifestly internal checks, and therefore do not impede integration.

As for the duty to publish prices, and subsequent supervision, enactments have been effected in every Community country but the Netherlands. Price publication usually takes the form of compulsory price ticketing in retail stores and prior reporting of those prices to supervisory boards. [On February 1, price tags became mandatory for practically every item sold in French retail stores.]

The effects of national compulsory price reporting and authorization rules on the functions of the market mechanisms may be positive in terms of national consumer monetary distribution, but (as is often the case in an open economy such as the Community's) national sellers eventually turn to foreign markets, if they can earn more there. Therefore, although a common policy of price reporting could be effective in a fully integrated economic territory, national controls of this kind are detrimental to the unification process in a fledgling economic union.

Each of the Community members, like other countries, has a certain concept of what its national economy means. This is induced by looking at which sectors of the economy are subject to the controls and to what degree.

At the same time, the Treaty of Rome supplies a certain basis for what the economic union should be. Jurgensen concluded that there is a definite need for economic policy (such as price controls) to dominate the function of monetary distribution. He also said that such an economic union should leave the allocation of outputs and inputs of production and the distribution of goods and services per capita to free-functioning market forces. He left open the possibility of using economic policy for questions of development and regional allocation of economic activity.

Europe's Lessons, America's Priorities?

The European experience with price controls has not been all bad. In fact, certain types of controls may benefit Europe during the integration process, even if kept under national jurisdiction. (For example, hard-line French prohibition of discriminatory practices is in keeping with the European Community's concept of development.)

According to the Westphal-Jurgensen study, for full economic union in Europe, to be realized national controls that are in keeping with the Treaty's concept of the economic system must be adopted across the board. Harmonization of consistent controls must be carried out in every member state. At the same time, national controls that are inconsistent with the projected economic systems (e.g. any control relegating a geographical group of sellers or manufacturers to an inferior market position, such as the French program and stability contracts) must be shelved as soon as possible, because they impede progress towards economic union.

The questions of integration or economic union are not those confronting the United States at this critical point in its economic history. European price control policies were set up to control transient, short-run problems, such as a temporary balance-of-payments disequilibrium, rather than to curtail persistent inflationary forces, which need different long-term forms of attention.

Europe is profiting from national experiences with price controls to establish a feasible system of economic control over a newly integrated territory. The eventual accession of Great Britain, Ireland, Norway, and Denmark will contribute to the "alternative bank," particularly in the case of the latter two, where strict price controls have been in effect for longer periods of time than in the rest of Western Europe.

Pace Quickens

ALBERT COPPE

Member of the European Communities' Commission in charge of transport policy

The transport ministers of the Six have met twice in the last three months. The pace of work in this area has quickened, and the outlook at the beginning of 1972 is satisfactory.

Two important developments have taken place recently:

• The ministers have raised the debate to the political level. In the past, ministers could not see past the technicalities and thus debated the issues in the manner of policy administrators, rather than as politicians responsible for a vital aspect of European economic integration.

• Some basic questions connected with a common transport policy are being tackled in almost continuous discussions. These frequent meetings have enabled the Commission to write a program for parallel advances in liberalizing and harmonizing transport conditions. The latest transport Council meetings, on December 3, clarified the views of the Six on the role of transport in society. The issue is whether or not transport should be considered an ancillary sector of the economy or a mainstay. In my view, it is a mainstay.

The common transport policy should be used to develop an efficient and economical Community-wide system, covering all forms of transport.

The transport industry occupies a place of growing importance in the Community economy. Inland transport (road, rail and waterway) accounts for 4-7 per cent of the gross national product in the Community of Six. In some member countries, transport contributes more to economic growth than does agriculture. Investments in transport (infrastructure, such as roads and trucks and rolling stock) amount to about 15 per cent of capital investment in the Community, a larger percentage than registered by any other industry except construction. These figures show the importance of ensuring that funds spent on any one form of transport benefit the entire industry.

The Commission's forthcoming proposals will also stress that social progress must be accelerated in the transport industry. Road safety must be improved and the environment protected.

Enlargement of the Community will involve the Community in sea transport and air transport for the first time. The 1972 work program passed by the Council gives hope that this year will not be lost in waiting for the enlarged Community to begin operating.

Why a Common Transport Policy?

Twentieth century innovations have brought new speed and ease to transport at reduced fares and rates, yet no one is entirely satisfied.

The strain of commuting between home and job, wasted time and energy in city traffic, carnage on the roads, supersonic aircraft booms, and smarting eyes from car exhaust are among the undisputed and unquantifiable costs of modern transport. Eventually, society pays for badly utilized transport capacity, such as buses and trains running nearly empty and aircraft flying with loads too small to pay for their fuel.

Because many forms of transport are considered a "public service," the state puts special burdens on the transport industry without relating them fully to costs. The authorities decide on routes for railroads, canals, roads, and aircraft; pay for construction and maintainance of facilities needed by these forms of transport, and exercise the right to decide how these facilities should be used and operated.

Few people would challenge national governments' right to regulate transport services in the public interest; private enterprise has proven unwilling to take this responsibility. Yet at the Community level, there is no awareness of a European interest, broader than national interests, in serving the Continent's transport needs.

An Elusive Goal

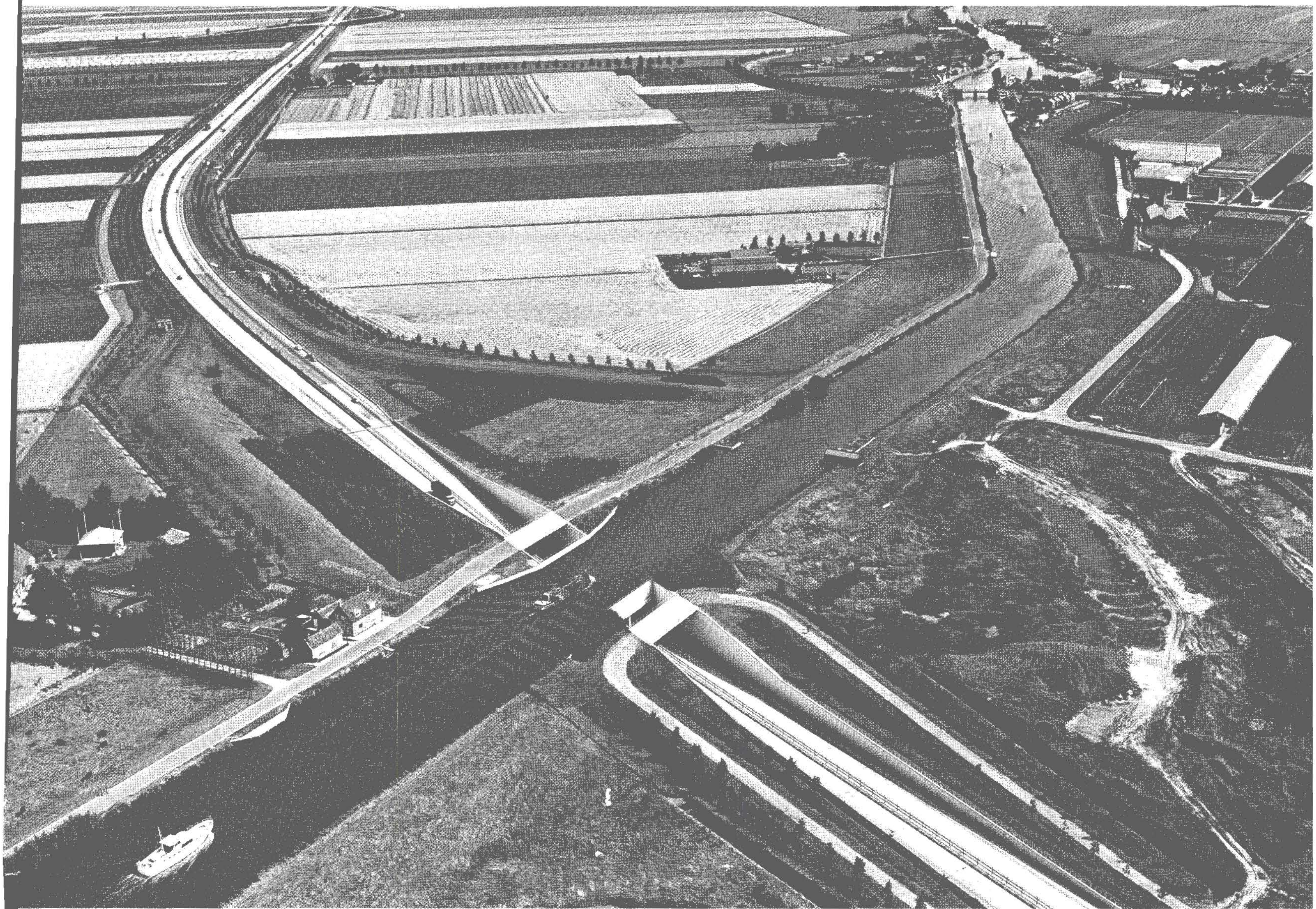
The Common Market Treaty provides for a collective transport policy, but little has been done so far to put into effect the principles enunciated in the Treaty. Policies developed by member states in response to particular national needs clash with each other at many points. Lack of coordination shows up as breaks in the transport network for intra-Community movement of goods and persons, despite a six-fold increase in transport investments in the last ten years.

Roads, railroads, and canals were built at times when the member countries feared both competition from foreign goods and invasion by foreign armies. Transport systems converge on the capital cities and thin out towards national borders. Between these six independent systems, the Community must supply missing links in infrastructure as well as policy direction to correct the error of national divisions. Transport improvements must be selected and constructed jointly, considering the interests of the entire Community.

Community Licenses Cross Borders

Licensing of carriers also reflects the national divisions. For most transport from one country to another, member states give each other the necessary authorizations under bilateral agreements which authorize transport between two countries only, with resultant waste of space. A German trucker, for example, who is authorized to operate on a Franco-German itinerary and who hears of a return load that involves returning through Belgium, could not accept it and would have to travel empty, if he did not have Franco-Belgian and Belgo-German permits. Such a system of bilateral authorization is ill-suited to the Common Market where six countries trade goods freely.

For this reason, the Community has begun to create a system of Community licenses, issued by the national au-



An aqueduct in Aarlanderveen, the Netherlands. On inland waterways, such as this one, floating container barges are being used. A tug pushing container-barges in convoy form is able to transport up to 12,000 metric tons of freight.

thorities within quotas assigned by the Community to each member country. Although an improvement over the bilateral licensing system, the Community licenses (1200 in number) cover barely 15 per cent of trade.

For domestic transport, each member country regulates capacity of the various carriers according to national patterns. (Some countries, such as Germany, favor railroads at the expense of other carriers.) Carriers are licensed only if the state thinks extra capacity would fill an existing need, thus avoiding waste involved in empty space.

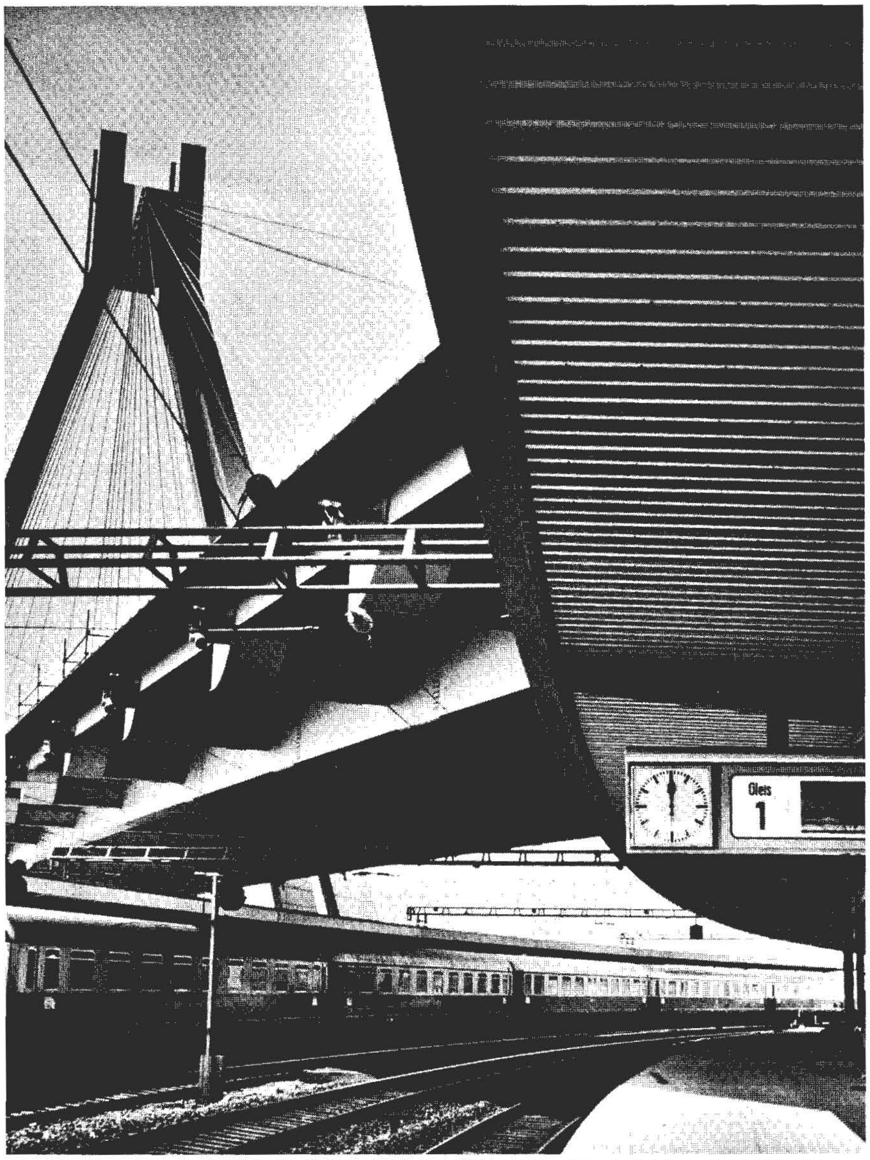
Truck Sizes Limited

With increases in road traffic, each member government has limited truck sizes and weights to fit its national highway system and the interest of its domestic truck building industry. As a result, the Community is involved in harmonizing rules as disparate, for example, as a German regulation limiting weight per axle to 10 tons and a French law allowing anything up to 13 tons.

These rules mean that no German trucker wants to buy French trucks and that French trucks entering Germany cannot be loaded to full capacity. In addition, German vehicles and trailers designed to comply with German limits on axle weight are refused access to French roads which cannot accommodate their length and wheel base. This situation illustrates how regulations, however justified at the national level, inhibit intra-Community trade and economic growth. To solve this difficulty, the Commission has made a compromise proposal for an 11.5 ton limit on truck axle weights.

Fares and Rates Regulated

The state owns infrastructure, such as roads, and allows transport companies to use it in return for reduced rates



Luwigshafen Station, Germany. Solving the railroads deficits will be one of the most difficult tasks of the common transport policy. The beginning was made in 1969, when the Council of Ministers passed a regulation establishing some common accounting rules for railroads. At first, because of differences in accounting systems, the size of their deficits could not be compared, nor could the effects of state subsidies on competition be calculated.

and fares for certain services. For example, subsidies are paid on rates on printed matter shipments for cultural reasons, on commuter passenger fares in the interests of urban decongestion, and on transport beneficial to declining industries or regions.

The state also intervenes to balance competition between the subsidized railroads and the taxed trucking companies; between railroad companies, using tracks laid and maintained by them, and truckers using a highway system which does not belong to them. As a result of these manipulations, transport prices are often only remotely related to operating costs, and users are almost ignorant of the factors reflected in prices. Thus, it is usually impossible to compare rates of two different forms of transport in the Community.

"Price Transparency"

The Commission's plans in the area of rates and fares are intended to ensure "rate transparency" so as to enable users to compare prices. Briefly, the Commission thinks that transport prices should be related to the cost of infrastructure use. In other words, road users should bear the costs of construction and maintenance in proportion to the wear and tear caused by their vehicles. Frequency of use, vehicle weight, and speed would be among the criteria.

Railroads, which are both owners and users of their tracks, should set rates and fares on the basis of operating costs. State aid would be given to pay off past indebtedness, service loans, and exceptional labor expenses, such as early retirements. Losses on public service obligations should be reimbursed by the state, penny for penny, as disclosed in the operating accounts.

To accomplish these changes, transport companies would have to take responsibility for their own management and for making enough profit to build up capital and to pay off loans for maintenance and expansion. The state would intervene only to draw up programs for future growth and to see that transport concerns followed them.

Uniform transport prices are not the objective. Price differences could even widen, because the cost of infrastructure use, for example, would be subject to local variances due to climate or topography. If direct costs alone were considered, transport in mountainous areas would have to be subsidized as part of regional development. On the other hand, city dwellers would have to pay extra in "costs of congestion," represented by loss of time, wear and tear on equipment, and fuel consumption. The purpose of the reform would be to establish a common basis, founded on the cost of infrastructure use. At this point, differentiated tariffs could be set, taking into account other clearly delineated or "transparent" cost factors.

If users could see the relative costs, controls on fares could be lifted. Competition would limit increases, eliminating the need for artificially set "brackets" which are difficult to enforce.

Common Problems Overwhelm National Interests

Future transport systems will be faster and larger than today's and more threatening to the "quality of life." Aircraft, flying passengers at more than 1,250 miles an hour, will create extensive, almost uninhabitable areas around airports. Supersonic booms could damage historic buildings and human equanimity. Soon, more people will die from road accidents than from cancer.

Technological innovation may head off this gloomy forecast. If research and development were done on a joint basis, it could prove more effective than individual efforts, in view of the high costs involved.

Judging from past experience, Europe's common policies emerge of their own accord when the common problem becomes more important than the national problem. In the transport sector, this condition has not yet been fulfilled, although the arguments in favor of a joint Community approach are beginning to appear overwhelming.

Highways: Insular Concept Dying

CARLO MONOTTI *an Italian free-lance journalist.*

A Community-wide highway system should be ready by 1976, a sign of the approaching death of the insular concept that has long shaped road construction efforts in Europe.

The Community members used to build national roads as if their countries were islands whose roads could stop at their national borders as if at the sea. It is still easier to drive from Lille to Marseilles or from Milan to Reggio di Calabria than from Paris to Rome or from Brussels to Milan, but finally in the past decade, European road planners have begun to think and build in continental terms. A start in this direction was made in September 1950, with the signing in Geneva of a convention on "the building of the main international traffic routes," under the aegis of the United Nations Economic Commission for Europe. From this convention sprang the "E" itineraries, modeled on US road standards. With this one exception, European governments have been slow to modernize Europe's road system by integrating the national networks.

More and Better Roads Needed . . .

Current French, Belgian, Italian, and German highway programs give priority to constructing interchanges between their respective systems. Austria and Switzerland, neighboring non-Community countries, are joining in. With Britain's entry into the Community, the European highway system will be extended to Calais in France (it already reaches Ostend, Belgium). This Continental effort should spur the British Government on with its own highway program.

Merely connecting roads, designed to meet national requirements, will not in itself solve Europe's road transport problems. Europe now has more than four million roads, but less than 1 per cent of them were designed for modern traffic. The United States has fewer roads but a better highway system than Europe.

. . . Despite Recent Progress

Germany and Italy, together boasting more than half of Europe's highway mileage, have the best highway systems, with roads going to all their chief frontier cities. France, in third place for mileage, is planning or building roads to connect with its neighbors' systems.

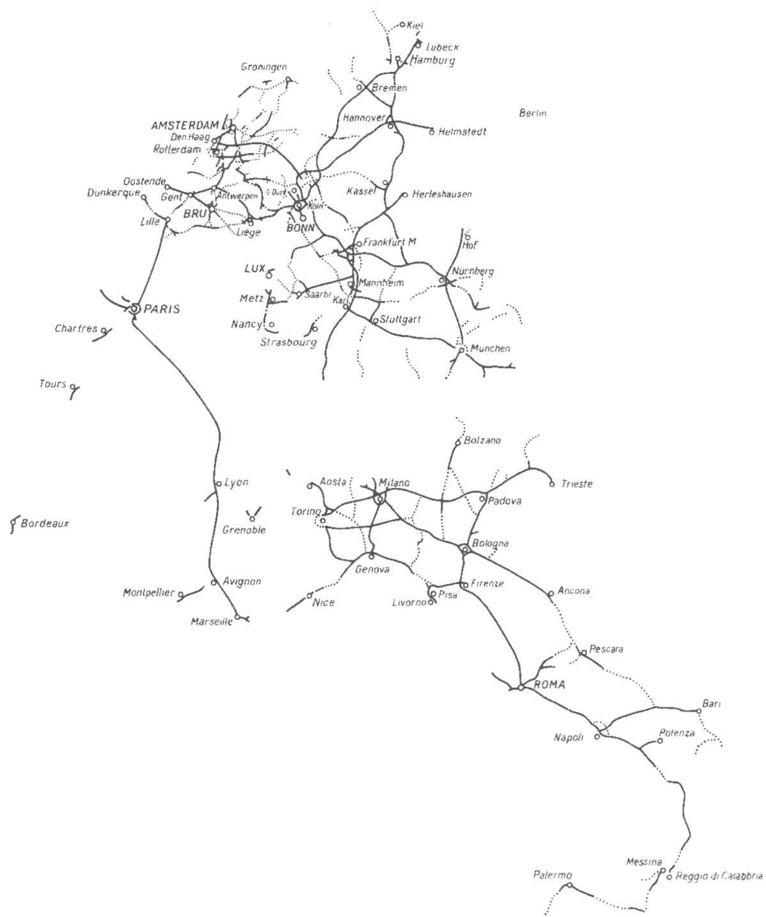
Italy's roads now cross the border at Pont Saint Louis (French frontier), Chiasso (Swiss frontier) and the Brenner Pass (Austrian frontier) and stop close to Trieste, and at the Mont Blanc and Great Saint Bernard tunnels. The two main roads between Italy and France are still incomplete, as the planned Frejus road and tunnel between Turin and Lyons has not been started. The Genoa- Marseilles road stops just beyond Menton, and the French program does not yet provide for a connection.

Alpine Motorways

In France, only the Paris-Lille highway grazes the frontier, but the highway plan for 1970-90 includes other routes of European interest, like Marseilles-Calais, Le Havre-Saarbruecken, Lille-Bordeaux and Bordeaux-Ventimiglia. In December 1970 concessions were awarded for the construction and operation of 217.3 miles of Alpine *autoroutes* which will include a link between Lyons, Chambery and Italy. They are to be completed by 1978. Concessions were awarded recently for a further 621 miles, involving among others, the Paris-Strasbourg route. In Belgium the motorway program decided on by Parliament in 1970 gives priority to projects for relieving urban traffic and for highways to France and the Netherlands.

EUROPE'S HIGHWAY SYSTEM

European countries are now trying to connect national highways with their neighbors'. The solid lines show completed roads. The dotted lines are roads planned or under construction.



Europe's City Traffic

PUBLIC TRANSPORTATION IMPROVEMENTS HELP KEEP CARS AT HOME

WALTER LABS

director of a transport association in Cologne, Germany.

Cities throughout the European Community share at least one problem: there are too many cars for existing streets, and car ownership is growing faster in cities than in outlying areas.

Because only so many streets can be built without destroying a city, public transportation seems the only sensible way of curtailing urban traffic. Buses and trams take up less road surface per user than do private cars, and subways take none at all. For this reason, most big cities in the Community are building and expanding their subway systems. Railroads are laying tracks for fast commuter transit between cities, suburbs, and nearby regions.

In an effort to relieve traffic congestion, Paris, Milan, and many other cities are reserving tracks and lanes for buses and trolleys. In Cologne, 60 per cent of the tram system now operates over such private tracks.

To improve planning for synchronized traffic services, Hamburg and a few other cities are trying to interest the different carriers in joint transport associations. Other cities are experimenting in transfer fares, allowing passengers to change trams or buses on the same ticket, and in joint advertising of their services. However, because through fares reduce revenue, and because operating costs often vary between carriers, this experiment has had limited success. Hamburg integrated its subway and surface systems but raised fares by an average of 20 per cent.

Public passenger companies are also following studies being done on ways of combining the advantages of private and traditional public transport. This is done by using electronically guided cabin systems, either on rails or hovering over an air or magnetic cushion. These systems will be tested for feasibility. The Community's own working group on "Policy in the Field of Scientific and Technical Research" is also planning an investigation of new transport techniques.

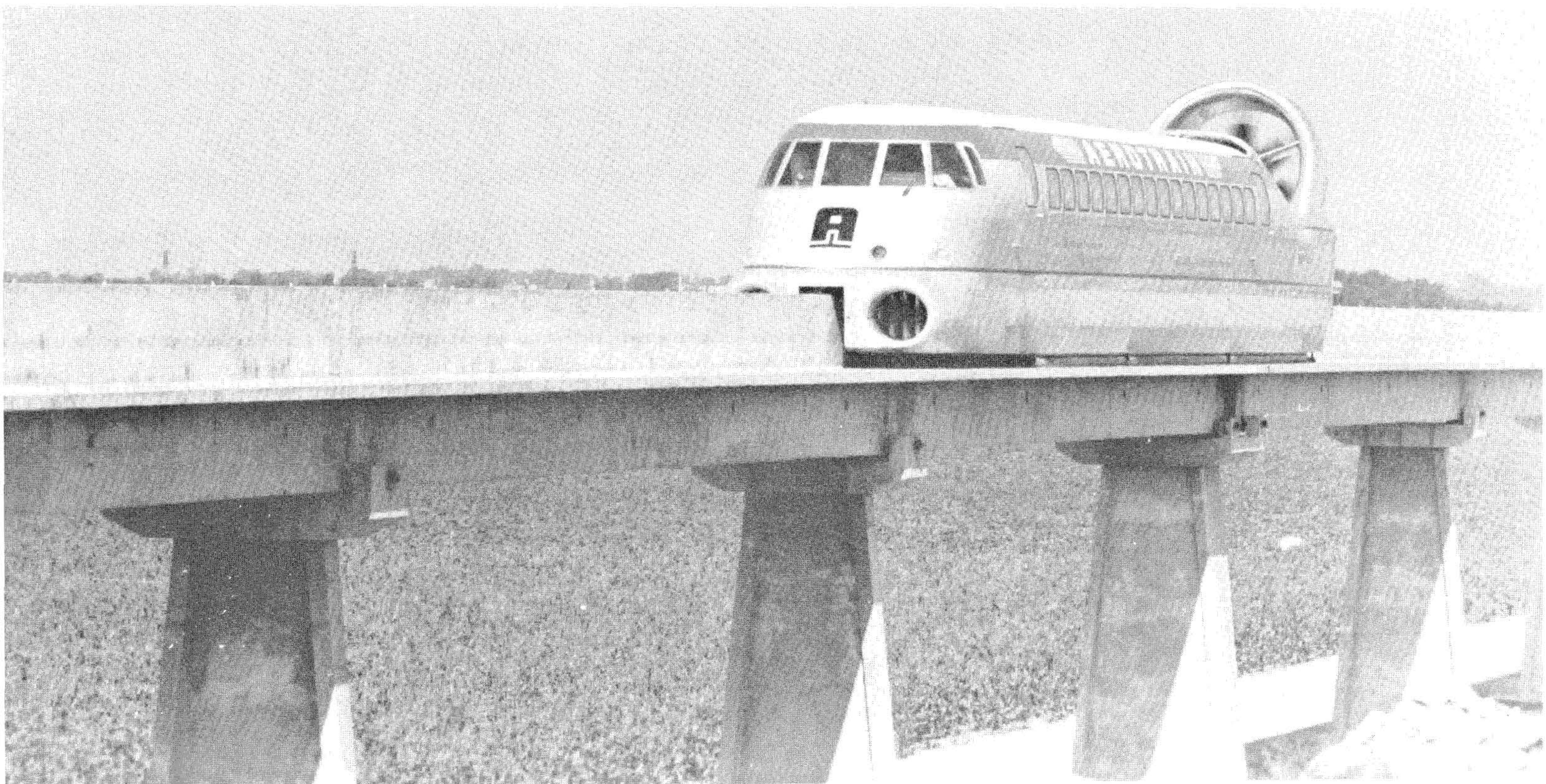
Reducing High Operating Deficits

To improve efficiency and enhance its passenger appeal, public transportation companies will have to reduce high operating deficits. Most of them are "in the red" for the following reasons.

- They are wage intensive, and labor costs are rising faster than revenue.
- Their public service obligations often prevent them from raising fares to keep pace with rising costs.
- Tax relief is inadequate.
- Subsidies are too low in relation to investments in infrastructure.

Public transportation companies in the Community are disappointed in the Community's progress towards a transportation policy. After a hopeful beginning in May 1965, when the Council of Ministers called for harmonization of the conditions of competition in rail, road, and inland waterway transport, the executing regulations passed in 1969 made no provision for subsidizing public transportation. Public transportation companies would like rules on local ventures, along the lines of those proposed in July 1971 on accounting regulations for railroads, and limits to subsidies paid to them by governments. Public local transport companies think such provisions could remove their competitive disadvantage with state railroads serving the same area.

City planners would use fast, pollution-free trains, like the French Aerotrain, to connect cities with suburbs in the hopes of alleviating urban traffic congestion.



SOME URBAN TRANSIT EXPERIMENTS

"Taxi-buses"—Failure in Utrecht

A large taxi company in the Dutch town of Utrecht last year introduced a new type of public transport, a "taxi-bus." The idea, strongly supported by the town council, was to provide transport for people who were not prepared to pay the price of a taxi ride but who preferred a more comfortable and faster journey than the city's buses or trams could offer. The company used nine-seater "minibuses," gaily painted in yellow and green.

Like most Dutch cities, Utrecht, a city of 275,000 inhabitants, has for years been plagued with a serious traffic and parking problem in the city center. The town council thought taxi-buses would alleviate congestion, but to everybody's disappointment, the experiment was a failure.

The routing, intended to cover the entire town eventually, never went beyond its modest start, one circular itinerary in the center. From 7 am to 9 pm, four minibuses cruised at 10-minute intervals through the center. The fare was about $0.25, a little higher than a tram or bus ride, but about six times less than the cost of any average taxi ride. Nevertheless, passenger totals remained far beneath expectations. The taxi company, which had invested large sums of money in the project, had counted on 180 passengers a day for each vehicle. During the three months the experiment lasted, passengers averaged less than a fifth of the company's forecasts.

The experiment failed for a number of reasons. Peter Ravestijn, director of the company, explained: "At first we thought that the public had to get accustomed to the idea, but even after we ran the service free of charge for a whole week the number of passengers did not increase. The authorities made us stop at specified points; we could not pick up passengers wherever we liked as normal taxis do. But our biggest mistake was to run the minibuses in only one direction."

Drive-Yourself Taxis—A New Start in Montpellier

The French city of Montpellier has become the focal point of a bold experiment in urban transport—the self-drive taxi.

Reconciling the conflicting ideas of individual and public transport, Montpellier's fleet of 35 white and blue self-service cabs is run by a cooperative organization named TIP (Transport Individuel Public). For a deposit of about $72.00, subscribers receive a key fitting any of the vehicles in the fleet which the organizers hope to expand to 150 taxis by spring. Cars can be picked up and left at any one of 19 reserved parking areas in the city. "Fares" are paid by inserting plastic tokens into a meter inside the cars. Available for about $2.00 each at any tobacconist, the tokens pay for 12 miles of city driving as the meters gradually "digest" them. There are no other charges. The cars are fuelled and serviced by TIP.

TIP's long-term goal is an international fleet of cars, all operated by the same keys. For the time being, the organization is losing money and relying on a French Government subsidy. Because of congestion in the streets of Montpellier, the effective daily range for each car is 12 miles, giving a far-from-profitable return of $2.00 a day on investment. Whether this income will increase as membership in the cooperative expands remains to be seen. Two hundred people are now waiting for keys.

If combined with a total ban on private vehicles, self-drive taxis could prove one solution to the increasingly pressing problem of transport in cities.

Subscribers to the TIP service can pick up a car at one of several stations in Montpellier and leave it at another. In this way, several people use one car at different times of the day. Without the service, each person would drive his own car, thus adding to traffic congestion.

Each TIP subscriber receives an ignition key that fits every car. Plastic tokens are then fed into the meter on the dashboard.

Europe's Ideal Trucks

CHRISTOPHER MATTHEWS *Brussels correspondent for Reuters News Agency.*

The continuing debate over common specifications for a European standard truck size highlights Britain's growing influence on Community affairs.

Following the December 3 Council meeting in Brussels, when the Six came within a ton of settling on a maximum weight per axle, some officials thought that final agreement could be reached within a six-month period. Other officials feared that there would be no solution until Britain entered the Community in January 1973. The latter eventuality would cause a slowdown in European integration during the interim year of 1972.

If the Six do settle the issue in the face of British reticence or opposition, it would be the first major test case of the consultation procedure agreed upon for the period between the signing of the Accession Treaty and entry into the Community.

Axle Load Debate

The debate on common standards for road transport vehicles began almost as soon as the Community began operating. The complex dispute has centered on one key element: "What should the maximum permissible load per axle be?" Axle load is the determining factor in truck design and engineering.

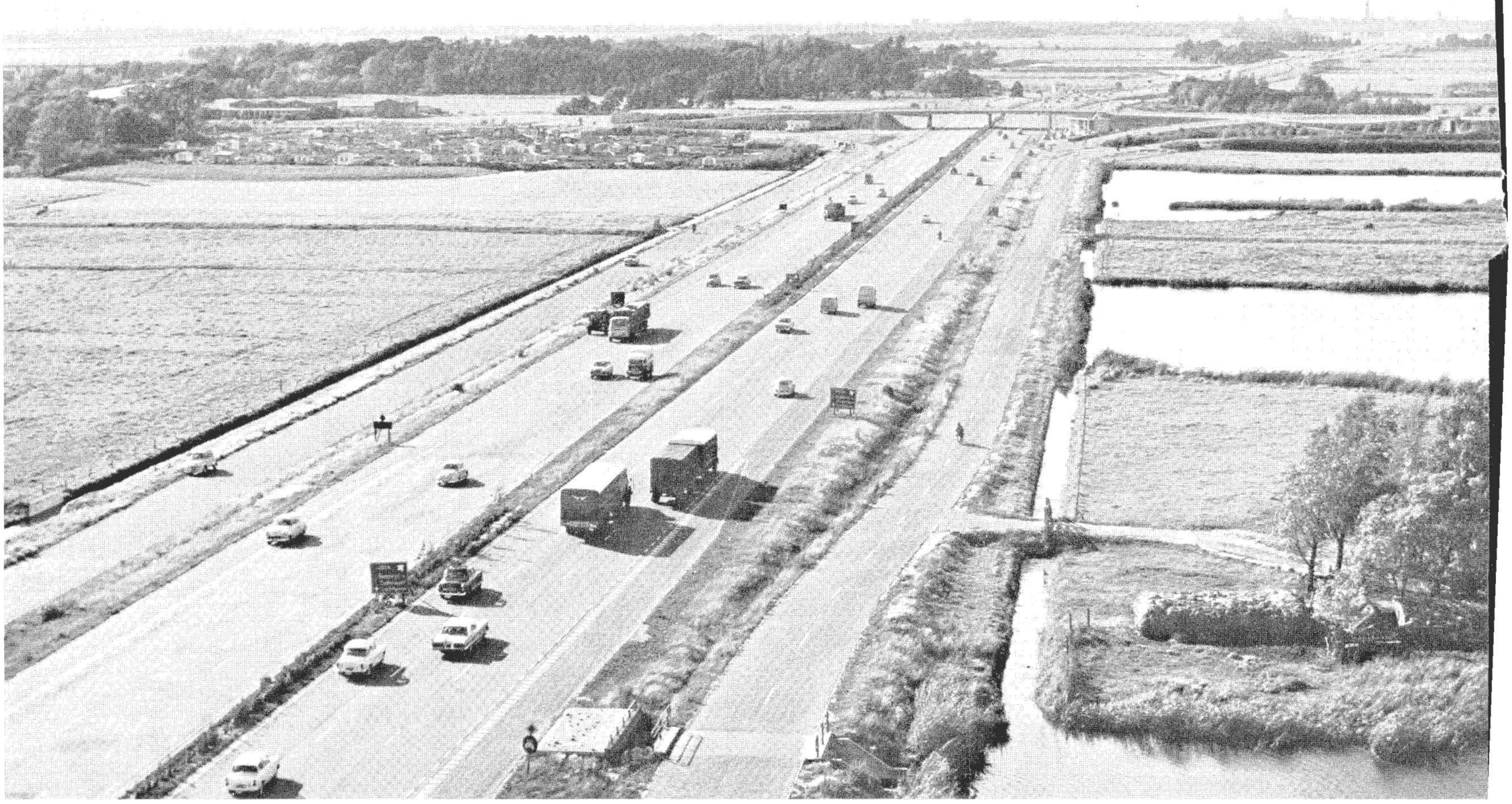
The issue has divided the Community of Six into two camps: France, Belgium, and Luxembourg which set a limit of 13 metric tons and Germany, the Netherlands, and Italy which permit only 10 tons. The Commission has proposed an 11.5 ton limit as the arithmetical compromise. Earlier, French Transport Minister Jean Chamant had indicated that he was willing to agree to this figure as part of an overall package, including total weight, length, and other specifications. Germany's Transport Minister Georg Leber said that he could consider 11 tons, but not a milligram more. Gradually the margin of difference has narrowed from between 13 tons and 10 tons to between 11 tons and 12 tons, and the Six agreed to seek a solution in that range. On paper, compromise seemed near.

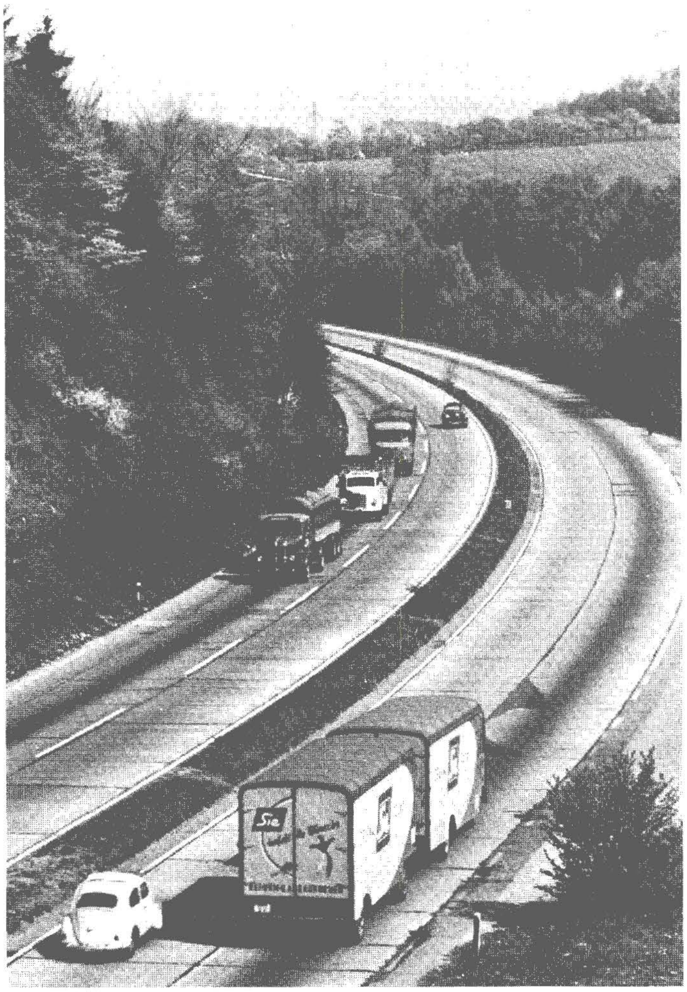
Power Already Shifting

Britain had, however, told the Community that she would object to any standard above the current national limit of 10 imperial (10.16 metric) tons. Since fellow applicants Ireland, Norway, and Denmark also have limits of 10 tons or less, the numerical and political pressure to compromise at about this weight would dramatically increase after enlargement. Hence, Mr. Chamant's willingness to compromise now. After British entry, France would be almost completely isolated and would probably have to make more concessions.

On December 3, the French Minister argued that British objections should be set aside for the time being, until the

Differences in highway construction methods in member countries have contributed to the disagreement about the ideal standard axle weight for trucks. Some French roads, for example, cannot accommodate longer, heavier trucks which can operate easily over the German turnpike system.





Since truckers are notorious for overloading their vehicles, the author says, the debate over axle weights may be like trying to count the number of angels on the head of a pin.

Six agreed among themselves. Britain could, if necessary, be given a transition period to adapt. The consultation procedure to be used until the candidates become Community members provides for consultations on any point after the Six reach a broad concensus. In case of subsequent disagreement, issues can be discussed at every echelon right up to the ministerial level. However, there does not seem to be a provision for determining what happens if no 10-nation solution is found. Can the point in dispute become Community policy and be applied to the new members regardless of their opposition? Britain, for one, would not think so.

The Industry's Views

A common axle load is the key consideration in designing a truck. As far as Community manufacturers are concerned, a common standard, whatever it is, should be enacted, so that the same model truck can be sold in Germany as well as in France. For these manufacturers' purposes, it does not matter whether the load limit is 5 tons or 15 tons.

Truckers also feel that a common standard is important: axle load determines a vehicle's total load capacity. Standardization would eliminate waste caused when a French truck carrying 13 tons per axle has to remove part of its load before crossing the border into Germany. The truckers, of course, would like the highest limit possible, because the more they can carry per trip, the greater are their profits.

The Community itself simply wants to simplify cross-frontier traffic and assure fair competition in transport.

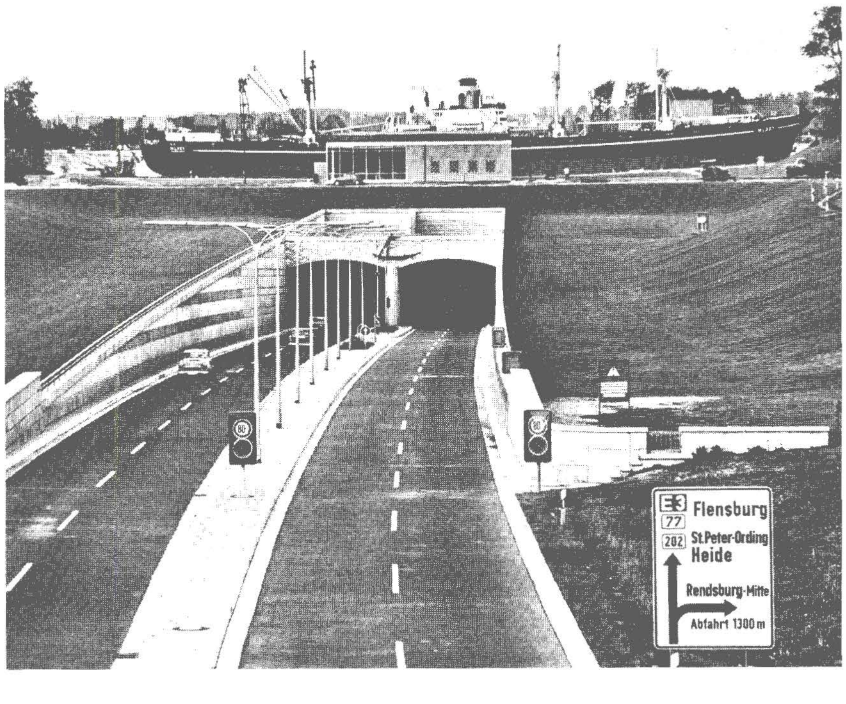
New Evidence for Standardization

In addition to the imminence of British entry, two new elements militate for standardization and compromise. The first is the growing evidence that 13 tons per axle damages most roads. The second is the acceptance of the 40-feet-long, 30-ton container as the standard top size for sea, rail, and air transport. To take some of this lucrative market away from the railroads, Germany and the Netherlands need longer trucks.

The Commission has proposed a 42-ton limit as the maximum laden weight. This standard would easily allow for container traffic, since an unladen truck weighs only about a third of this limit. Standard containers could be transported on four axles if the 11.5 limit is adopted. A 10-ton limit, on the other hand, would require five axles, since the front one carries only the weight of the engine and cab.

The political and technical mix involved could make the axle dispute irrelevant. Truckers are inveterate overloaders: the current axle load on Community roads is probably closer to 15 tons than to 10 tons or 13 tons. Until policing methods have been improved, disputes over tons per axle resemble debates over the number of angels on the head of a pin.

The North Baltic Canal, near Rendsburg, Germany, crosses "E 3," one of the Common Market's main superhighways. In the Common Market, inland waterway transport companies and railroads compete for heavy freight, such as mineral ores, while truckers carry mainly manufactured goods.



Rudolf Lederer, shown here, explained that experienced interpreters translate a sentence or two behind the speaker, so that the thought can be completed. Inexperienced interpreters often lose the thought by translating quickly, word by word.

Interpreters: The Go-Betweens

Who is whispering in the King's ear? In today's age of personal diplomacy when heads of state jet off to summit conferences in Peking or Paris and foreign ministers travel around the world for a routine meeting, the answer to that ancient question is probably, "His interpreter." The interpreter has become as ubiquitous a part of diplomacy as white tie and tails and will be a mainstay in an enlarged Common Market.

In the European Community, interpreters bring order and comprehension to a modern day Tower of Babel. At some 35 meetings daily, ranging from a session of foreign ministers to negotiate British entry in the Community to a group of environmental experts discussing the technical process of desulfurizing fuel gas, 125 interpreters keep communications open in the four official Community languages (Dutch, French, German, and Italian). The United Kingdom's entry into the Common Market will add at least one working language, perhaps more.

An Interpreter's Preparation

Common Market interpreter Rudolph Lederer, 55, was an infantry captain with the British occupation forces in Germany just after World War II when the Deputy Military Governor unexpectedly asked him one day to interpret a speech to a group of Germans. Although he lacked any training for it, Lederer soon became the official translator for the British zone of occupation. Since that time, he has interpreted at virtually every major Anglo-German meeting, serving every Prime Minister from Winston Churchill to Edward Heath. He has attended small private dinners between Queen Elizabeth and Konrad Adenauer at Windsor Castle and spent weekends at the British Prime Minister's retreat, Chequers. Although an employee of the Common Market, he still interprets at important British-German meetings such as Mr. Heath's state visit to West Germany last spring.

Like many simultaneous translators, Lederer grew up in bilingual surroundings. His mother was English; his father Austrian; and he was born in Holland where his father was serving for the Austro-Hungarian diplomatic service. He went to school in what is now East Germany, studying in German but speaking English at home. The result was complete bilingualism. "I can't really say which is my mother tongue. Sometimes I catch myself, and I don't know which of the two I'm speaking," he says.

In 1959, when the Community's English translation service was established, Lederer moved to Brussels. With command of German and Dutch learned from his "nannies" while his family lived in those countries, he qualified to interpret from two Community languages. After arriving in Brussels, he mastered French. Lederer is one of the rare interpreters who can translate into two languages, both German and English. Community interpreters are only required to go from two Community languages into their native tongues.

The first language of Jacqueline Kennedy, 24, was Italian, which she learned while her English father and German mother were living in Rome. "My parents finally got tired of speaking to me in Italian and said I had to learn English, which was the language at home. My mother never spoke German at home, but I learned it from my nannies," she said.

After Rome, her father's work took her to Geneva and to Spain, where she learned French and Spanish. She attended Heidelberg University and later took a six-months' interpreters course before joining the staff of the Common Market a year ago. After contemplating why she had entered interpreting, Miss Kennedy replied, "I had thought of becoming an actress to the horror of the head mistress at school. My father also warned me about the insecurity of acting. In any case, interpreting intrigued me. I like travel and people who are not in business."

Simultaneous translation demands a more thorough knowledge of a language than "railroad station German" or "restaurant French." For proficiency, Miss Kennedy maintains that one must, as she has, live in the milieu of the language. "One year in the country is minimum. For two years I tried to learn Russian but couldn't learn it from a book and two conversations a week."

Race in a Glass Box

The end of every major conference room in the Community headquarters in Brussels is set aside for interpreters. Two persons work in each language cabin, which looks eerily like the glass box in which Adolf Eichmann stood trial. To capture the mood properly, interpreters insist they must be able to see as well as hear what is going on.

In the German interpretation booth, for example, one interpreter works from French and Dutch into German, while other goes from French and Italian. French is the most heavily utilized language during negotiations, since in addition to the French delegates many Belgians and Luxembourgers also speak it. A half-hour is about the longest time an interpreter can work so that there are two in each booth taking turns.

Life in the interpreter's box is a fast paced race to stay just behind the speaker and to convey his exact mood and thought. The interpreter allows the speaker to lead out, like an angler with bait, to show where he is going. Novices often make the major mistake of trying to stay right on top of the speaker, translating word by word, catching every word but missing the sense of the sentence. Lederer says that he stays two to three sentences behind speakers.

Differing Language Structures

The major trial of an interpreter is created by the differing structure of languages. Interpreting from German into any language but structurally similar Dutch is a nightmare. Verbs in German go at the end of a sentence, which often extends by clauses and subclauses over the length of three deep breaths. Translators admit that they sometimes guess at what the verb might be.

The difficulties of working from German are compounded if the delegate tries to help the interpreter by slowing down. Says Lederer, "You can't get the verb! When they ask how to help, I tell them to speak quickly but in short sentences."

One of the apocryphal stories of interpreters involved a woman translating from German into French. At one point the microphone simply went quiet. As delegates began glaring at the booth, she weakly ventured, "I'm waiting for the verb." A few moments later she started again, saying, "The verb just went by. In the meantime I forgot the rest. I'll continue."

French also creates difficulties, though fewer. The problem, says Miss Kennedy, is that the quality which made French the language of diplomacy also makes it difficult to decipher. "At times it is so terribly flowery that it hides what the delegate wants to say. He's so diplomatic that he's incomprehensible. Sometimes you also get the impression that someone with a whip is standing behind the delegate's chair demanding that he speak faster and faster and faster."

The Tri-Pronged Tongue

The bane of any interpreter is a delegate who speaks in a language other than his native tongue. English especially falls victim to sophomoric knowledge. "English is widely but thinly spread around the world," says Lederer. "French spoken by a Dutchman translated into English results in something that is neither Dutch nor French and certainly not English."

Former Dutch Foreign Minister Joseph M.A.H. Luns who is now Secretary General of the Organization for Economic Cooperation and Development is something of a linguistic legend. Capable of complex bargaining in either French or German, even Luns sometimes tumbled into the trap of using similar sounding words with completely different meanings in different languages. In one discussion on inflation, Luns wanted to say, "Prices are rising, and the rents are exorbitant." Instead, confusing the Dutch word for "rent" with the almost identical German word for "whore," he spoke of the "exorbitant whores," to the laughter of the German delegation.

An Interpreter's Satisfactions

The newest and most widely used form in the profession of interpreters is simultaneous translation, first used for an important international conference at the Nuremburg war crime trials in 1945.

But for small or secret meetings, or for want of electronic equipment, consecutive translation is used. In this method, the speaker completes his remarks, then the interpreter takes over. Most interpreters say that this method, while more difficult, is more satisfying, because personal contact with the participants is closer. Consecutive interpretation tends to be freer than simultaneous interpretation. "Like an actor, we try to reproduce the mood and the thought. You note down a few facts and figures but are definitely not a stenographer taking a letter," says Lederer. He adds that the interpreter often has one of his greatest triumphs in consecutive interpretation: Occasionally a delegate, forgetting that interpreters simply pass on the thoughts of someone else, will suddenly reprimand the interpreter for what had been said, ignoring the delegate who had made the statement.

Both spies and journalists have long regarded interpreters as excellent sources of inside information. Not so, says Miss Kennedy. To begin with, interpreters, like lawyers or physicians, have a code of professional secrecy. In addition, speech usually flows so quickly in negotiations that it is forgotten once relayed. "You can't remember details, only the broad outline. I'd be an absolutely lousy spy," said Miss Kennedy.

Publications Available

THE EUROPEAN COMMUNITY AT A GLANCE. European Community Information Service, Washington, D. C., 1972, A folder . . . . free

This folder provides a brief and factual account of the institutions, the process, and the accomplishments of the Community. It includes statistical tables, charts, and graphs.

FOREIGN TRADE: ANALYTICAL TABLES—CST: January-December 1970, Statistical Office of the European Communities, Brussels, 1971,
Import Volume, 447 pages $6.00
Export Volume, 865 pages $8.00

Published in a single French/German text. Contains:

- *summary of Community imports and exports by areas and four-digit commodity groups*
- *imports and exports by commodity (five-digit groups) broken down by country of origin and destination*
- *imports and exports by country of origin and destination broken down by commodity (three-digit groups)*

PREMIER PROGRAMME DE POLITIQUE ECONOMIQUE A MOYEN TERME 1966-1970. *Série Politique économique à moyen terme* No. 1, Commission of the European Communities, Brussels, 1971, 185 pages $1.60

Contains most of the documents which comprised the Community's first program for a medium term economic policy. Gives general economic perspectives. Includes special sections on employment, vocational training, public finance and regional policy. Was first published in 1966.

THE ANATOMY OF ENLARGEMENT. European Community Information Service, Washington, DC, February 11, 1972. . . . . . . free

Gives background facts and figures on different aspects of the Community's enlargement from six to ten members.

THE AERONAUTICAL AND SPACE INDUSTRIES OF THE COMMUNITY COMPARED WITH THOSE OF THE UNITED KINGDOM AND THE UNITED STATES. *Industry Series* No. 4, Commission of the European Communities, Brussels, 1971, Five Volumes, 984 pages $10.00

Covers aeronautical and space research and development, production, organization, employment, and productivity in the industry. Describes national and international space activities, the market for civilian and military aircraft, and missiles. The last volume contains an analysis of the results of the survey and its implications for the European aerospace industry. It analyzes the international capital transactions between companies and the technological balance of payments as well as the role of the industry on economic and technological fallout.

PRIX DU FUEL-OIL 1966-1970. *Energy Statistics Supplement,* No. 1/2, 1971. Statistical Office of the European Communities, Luxembourg, 1971, 137 pages $2.00

French/German text. Describes the consumption and price formation of fuel oils in each member state of the Community and their regions. Fiscal charges and other elements of the price structure are included in the discussion and statistical tables.

EUROPEAN DEVELOPMENT AID. European Community Information Service, Brussels, 1971, 44 pages . . . . free

Discusses the relationship between the Community and developing countries in general and the relationship with associated countries, concentrating on Africa. Includes a balance sheet of European Development Fund economic aid as of December 1970.

CONSEQUENCES FOR THE COMMUNITY OF THE PRESENT SITUATION IN MONETARY, COMMERCIAL AND AGRICULTURAL FIELDS. *Annex to the Bulletin of the European Communities,* No. 9/10, 1971, Commission of the European Communities, Brussels, October 1971, 44 pages . . . . $.40

English translation of a major Commission statement made in September 1971 after President Nixon's New Economic Policy announcement. Includes a Statistical annex on the impact of the US surcharge on the Community's exports. Data are for 1970, broken down by industry.

COMMISSION MEMORANDUM ON A COMMUNITY DEVELOPMENT CO-OPERATION POLICY: SUMMARY DOCUMENT. *Annex to the Bulletin of the European Communities,* No. 9/10, 1971, Brussels, October 1971, 37 pages . . . . $.40

English translation of the summary of a July 1971 Commission memorandum. Sets out the principles and guidelines for a Community policy towards developing countries throughout the world. Establishes an inventory of methods of action necessary for a complete policy of cooperation with the Third World.

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