



# ***europaean community***

*Education  
in Europe...*

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- 20 Courtesy of the French Embassy Press and Information Division, New York
- 21 Courtesy of the Belgian Consulate General, New York

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

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# Community News

## Nixon Backs European Unity in World Message

President Richard M. Nixon reaffirmed US support for a united Europe and expressed optimism about recent developments in the defense, trade, and monetary arenas in his third annual "State of the World Message," on February 9.

He did, however, make a point of exposing obstacles which may create friction between an enlarged Europe and the United States. Although he welcomed the January 22 signing of the Community's "enlargement treaty," President Nixon said he also wanted to "point to the problems which European integration implied for the United States and for our political and economic relations with our allies across the Atlantic."

The post-war system of US decision-making for Europe in military, and often political, matters shortly became an anachronism. With the reconstruction and development of the formerly prostrate countries of Western Europe, a new solution had to be found for a more equitable division of defense and other world responsibilities, he said.

Mr. Nixon reiterated the US belief that European unity could not be completed without tight-knit political and military cooperation. In this vein, he welcomed the European promise of 1971 to increase its share of the defense burden.

### Some Conflicts Inevitable

It was natural and inevitable that competitive habits should arise on either side of the Atlantic, particularly in the field of trade, according to the President. Noting that the post-war economic imbalances between the two sides of the Atlantic had been corrected, the President said that Europe's recovery had benefited US trade. Nevertheless, he said the United States now faces "the additional prospect of a 10-nation European Community . . . with a common external tariff and an expanding network of preferential trade agreements . . . [which] . . . could not fail to have an impact on the trading position of the United States." Mr. Nixon saw "only one constructive solution" to this situation: "to face up to the political necessity of accommodating conflicting economic interests." An effort will have to be made to keep in mind "our fundamental shared interest in freer and expanded trade across the Atlantic . . ."

Another inevitable clash had come with the disintegration of the post-war international monetary system. Old habits had forced the United States into inaction, and the bold steps of August 15 were the only



President Richard M. Nixon

way for the United States to get the ball rolling toward a reappraisal of the monetary and economic systems, according to Mr. Nixon.

### Tasks for Immediate Future

In concluding his overview of Europe and the Atlantic Alliance in 1971, Mr. Nixon specified the tasks for the immediate future which would be based on achievements of recent years:

- to face the economic issues between a 10-nation European Community and the United States
- to carry through the reform of the international monetary and trading systems
- to intensify efforts within the North Atlantic Treaty Organization (NATO) to respond to the challenges of modern society and associate other nations in a joint attack on environmental and social problems of the modern world
- to finish making "equitable" sharing arrangements for the common defense
- to engage the East in "the building of a broader structure of reconciliation and peace in all Europe."

## Community and United States Agree on Mutual Trade Concessions Now and International Talks in 1973

Two months of intensive negotiations between the European Community and the United States culminated on February 4 in agreement on short-term adjustments to ease trade problems, to be followed by extensive world trade talks in 1973.

The agreement, together with a similar agreement between the United States and Japan, paved the way for formal approval by the US Congress of the devaluation of the dollar. The US Senate approved devaluation in an 86-to-1 vote on March 2; favorable action by the House was expected to follow. The US devaluation should help to settle the world monetary situation and enable the Community to continue working toward monetary and economic union.

### The Provisions of the Agreement

Both the Community and the United States accepted the principle of reciprocity and mutual advantage as the basis for solving pending problems.

According to the agreement, the Community will stockpile 1.5 million metric tons of wheat in 1971/72 in addition to the 2.4 million tons previously earmarked for storage. It will consider additional stockpiling during the 1972/73 harvest. The Community will also prevent its export rebate system from diverting trade in favor of the Community. In return, the United States will stockpile an extra 10 per cent of its 1971/72 grain harvest (about 231 million metric tons) and cut back feedgrain and wheat plantings

next year by 26 million acres. These arrangements should ease friction between the parties in selling to third markets.

For the next two years, the Community will reduce from 8 per cent to 5 per cent the common external tariff on oranges imported between June and September. The common external tariff on grapefruit imported throughout the year will be reduced from 6 per cent to 4 per cent, according to the agreement.

The Community plans to treat all nations fairly in harmonizing taxes on manufactured tobacco and said it would discuss this matter with the United States at an "appropriate time." After ratification of the enlargement treaties, the Community will submit to the General Agreement on Tariffs and Trade (GATT) the documentation required to permit tariff renegotiations.

### International Trade Talks in 1973

In a joint declaration on future talks, the two sides agreed on a comprehensive review of international trade in agricultural and industrial goods. They plan to begin negotiations in the GATT next year to dismantle trade obstacles and to improve the structure of world economic relations. The other GATT members are invited to participate. Although not specifically mentioned, two top subjects for discussion in such talks will probably be non-tariff barriers and national agricultural policies. In the declaration submitted to the GATT, the Community

stated that international commodity agreements in certain sectors would help to improve the world trade situation. The United States, however, said that it did not consider such agreements a useful approach to trade problems.

The Community and the United States decided to open formal negotiations on trade matters following discussions in Brussels on December 8 between the European Commission and William D. Eberle, President Richard M. Nixon's Special Representative for Trade Negotiations. Intensive negotiations during December and January resulted in the February 4 accord. The Council of Ministers approved this agreement by "written procedure," a method which allows the ministers to sign the accord without calling a formal Council meeting. The agreement was made final by

an exchange of letters enumerating the provisions of the accord.

#### Reactions to Accord

Community and US officials hailed the accord as a "balanced package." US Secretary of the Treasury John B. Connally termed the agreement "a step forward in the effort to assure fair trade practices."

A dissenting view was expressed by the Committee of Professional Agricultural Organizations, the Community's agricultural lobby. The Committee criticized the Community for agreeing to "unilateral concessions without reciprocal concessions from the United States. "The Community concessions were "detrimental to the agricultural sector which is in no way responsible for the US balance-of-payments deficit," according to the Committee.

## Farm Prices, Structural Reform Still Pending

Community farmers are still guessing about prices they will receive for their products in the 1972/73 season.

The Council of Ministers discussed extensively farm prices and agricultural reform at meetings in Brussels on January 24-25, February 7-8, and February 28-29, but they reached no decisions.

After the January 24-25 Council meeting, the Commission revised its original price proposals. The new prices, submitted on February 3, would result in an average 8 per cent increase on agricultural goods. The proposed increases differ according to product and, in some cases, would be spread over a two-year period.

Despite the Commission's upward revi-

sion of its earlier figures (which would have resulted in a 2-3 per cent average increase), the Committee of Professional Agricultural Organizations (COPA), the agricultural lobby in Brussels, thought the prices too low. COPA maintains that an 11-12 per cent average increase is the lowest one that would allow small farmers to receive an equitable increase in income.

A decision on price policy will be especially hard to reach this year in view of the farmers' demand for large price increases following a period of relatively stable prices, and the candidate countries' desires to keep food prices as low as possible.

Another complicating factor is the possible change in the value of the agricultural

*French Farmers destroyed potatoes last spring outside the Treasury Department to dramatize their demands for price increases. The Community's Council of Ministers has not yet reached a decision on farm prices for the new marketing year.*



## Young Workers Find Jobs by Intra-Community Effort

Over 15,000 young Europeans are working at jobs outside their own countries, as a result of the Community's efforts to encourage a continuous exchange of young workers between its member countries.

In response to a question by Pierre-Bernard Cousté, French Liberal member of the European Parliament, the Commission of the European Communities on February 15 released migration figures provided by the national census bureaus.

Since the January 1, 1965, inception of the first common program to promote work exchanges between young people in different member countries, Germans working in France have made up the largest single group of youthful migrants in the territory of the Six. They constitute more than a third of the total number of workers exchanged under the Program. France was the most popular host country of the Six.

The Commission, however, is not satisfied with the seemingly adequate results of the first program. A memorandum was sent to the six governments on July 30, 1970, asking for concrete proposals to spur the exchange of young workers. Once all positions are available (at the date of the Commission's reply, one member's position papers were not yet submitted), the Commission will make proposals to intensify and improve on the first common program.

unit of account, defined as 0.888671 grams of gold (the statutory value of the US dollar before devaluation). Within the Commission, debate on such a change has continued for several weeks. Proponents argue that a change in the value of the unit of account will lessen the disparities between the values of the six national currencies and will enable the common agricultural policy to continue on a single price system. Opponents of a change maintain that recent parity alignments have reduced gaps which existed between member countries' currencies, thereby diminishing the need for a change in the value of the unit of account.

At all three meetings, the Council continued considering four Commission proposals for reforming European agriculture. The proposals, which included development aids to modernize farms and incentives to farmers to retire from the land, were designed to put into law the declaration of political intent adopted by the Council after the farmers' revolts in March 1971.



## 1972, a Transitional Year, Demands Bold Action, Commission President Asserts

Nineteen seventy-two will be the year of transition and decision: from the European Community of Six to Ten, from inaction to progress toward economic and monetary union, and from slow Community deliberation and study to bold advances in the fields of social, regional, agricultural, and industrial policy.

Commission President Franco Maria Malfatti's annual message, presenting the Commission's report to the European Parliament, was filled with determination and hope, and he was not alone in his optimism.

From February 8-10, Commission officials in Strasbourg to address a plenary session of the European Parliament, minced no words in insisting that 1972 must be made a year of progress and consolidation.

### Priority to Worldwide Responsibilities

The key address was delivered by the Commission President, reviewing the major events of 1971 and painting a bright outlook for 1972.

He stressed that the spotlight events of the previous year (enlargement and the international monetary situation) should not overshadow the incontestable progress made in other areas.

Mr. Malfatti cited two major priorities for the EC's efforts in 1972

- the relaunching of the economic and monetary union to preserve what has thus far been achieved, to protect the EC from dangerous external economic and monetary events, and to provide the Ten with a strong single voice in world affairs
- the successful transition into a Community of Ten which will bear added responsibilities in the world.

Turning to foreign policy, the Commission President indicated that two principles had been asserted as a result of EC-US contacts over the past year:

- While minor economic issues can be resolved on a bilateral basis, only multilateral determination can solve the vast problems confronting the world's economic and monetary situation.
- All negotiations must be carried out in a spirit of reciprocity and mutual advantage.

President Malfatti further called for increased contacts in the interests of fulfilling the Community's expanding responsibilities in the world. Those duties included heightened Community participation in the development of the Third World, he emphasized.

### 3 Political Pledges for "Summit"

For the fall "summit" meeting of the heads



Commission President  
Franco Maria Malfatti



Commissioner Albert  
Borschette

of state or government, Mr. Malfatti delineated the three major areas in which political commitment would be sought:

- economic and monetary union and the common policies
- enlarging the Community's role on the world scene
- reinforcing the enlarged EC's governing institutions.

The President concluded his exposé with a summary of the Commission's task for 1972: "... to create the necessary circumstances which will allow the summit of chiefs of state or government to provide the enlarged Community of Ten with a stronger political program and a reinforced institutional framework."

### Regional Policy Lagging

A common regional policy among the Six is the undeniable cornerstone of any future economic and monetary union, according to Commissioner Albert Borschette. The EC Commissioner in charge of regional policy insisted that the Council must now act on the proposals before it, lest the whole economic and monetary union be imperiled from the start.

Mr. Borschette called for the creation of a "regional development fund," until which time the Council must agree to channel the necessary funds for regional development through existing institutions (such as the farm fund).

### Unemployment Up

In the past year, unemployment has risen almost everywhere in the Community. Presenting the Commission's annual social and labor report to the Parliament, on February 9, Commissioner Albert Coppé expressed the Community's preoccupation with this problem which dominated 1971, a year of dramatic economic crises. At the end of the year, there were more than 2.1 million persons unemployed in the Six, an increase of about 400,000 over the 1970 figure. As the

outlook for 1972 is no brighter, Commissioner Coppé said, the Six must apply themselves to this problem.

Commissioner Coppé concluded that employment problems have taken on a political significance and indicated that economic and monetary union would be a nonsensical idea without "efficient policies to correct the structural, sectoral, social, and regional divergences."

## Brazil, Community Meet to Exchange Trade Views

Informal discussions with Brazil on the international trade of sugar, cocoa, and coffee were "extremely instructive and useful" according to the Commission of the European Communities.

The informal talks between Community and Brazilian experts included the exchange of a large body of technical data on trade between Brazil and the Six in primary products. The conferees also analyzed the prospects for Brazilian exports after the Community's enlargement to include Great Britain, Norway, Denmark, and Ireland.

The discussions were a warm-up for the third United Nations Conference on Trade and Development, in Santiago, Chile, where primary products will be a major point for multilateral resolve.

Commission President Franco Maria Malfatti and Commissioner Jean-François Deniau will attend the Conference.

## EIB Loans Hit Record

The European Investment Bank granted a record number of loans and guarantees in 1971: the total figure for the first time exceeded the equivalent of \$500 million.

The Bank was created by the Rome Treaty to promote economic development in the Community and its associated countries. According to the annual report, released at the end of January, EIB operations last year represented a 42 per cent increase over the previous year, when loans and guarantees amounted to \$354 million.

The total value of the Bank's operations since its creation increased to approximately \$2.32 billion by the end of December.

### CORRECTION

Former Dutch Foreign Minister Joseph M.A.H. Luns is now Secretary General of the North Atlantic Treaty Organization, and not of the Organization for Economic Cooperation and Development, as stated on page 23 of the February issue of *European Community*.

## European Cooperation to Ease Industrial Blight

Multinational action is the only path open to solve the problems facing a modern industrial society.

The role of each European Community member is apparent in the context of this transnational effort to provide a better quality of social and economic life to Europe, according to a high Commission official.

Addressing a group of Swiss businessmen on February 3, Robert Toulemon, director general of industrial, technological, and scientific affairs in the Commission, delineated wherein must lie concerted Community action:

- Free movement of goods must be assured by the elimination of all technical hindrances to trade.
- Mobility of workers must be encouraged across national boundaries.
- Transnational corporate entities must be encouraged to contribute to multilateral cooperation in the technological and industrial sectors.

Mr. Toulemon also stressed that industrial development has brought with it specific qualitative depreciation: regional and social gaps, pollution of the environment, insufficient research oriented toward social priorities, and the ever-increasing gap between the developing and the industrialized countries.

The Director General concluded his speech by referring to Swiss federalism as an inspiring example for future European efforts at multilateral cooperation.

## Inaction on Insurance Proposal Continues

Almost six years have passed since the European Communities' first proposal for harmonizing national laws on insurance companies went to the Council of Ministers, and there is no sight of passage in the near future.

Prompted by a question from Adriaan Oele, Dutch Socialist member of the European Parliament, the Commission of the European Communities replied on February 23 that last minute reluctance by one member country had prevented the Council from passing the proposal last June.

The Commission also indicated that because few changes had been made thus far in the original text, it would not request a second review by the European Parliament. This body submitted its favorable opinion in March 1968.



At the meeting of the EC-East Africa Association Council, the Commission indicated that it would liberally administer the East African duty-free quota on canned pineapple.

## Reduced Corn Levy Helps East African Farmers

Corn exports from the East African associates will soon benefit from a reduced levy on arrival at European ports, as a result of a recent Community concession to aid East African development.

Since the Arusha Agreement came into force January 1, 1971, associating Kenya, Uganda, and Tanzania with the European Community, these three large corn exporters have benefited from a reduction of \$0.75 per metric ton in the levy imposed on imports from other developing countries. As a result of the February 21, 1972, meeting of the Community East African Association Council, in Nairobi, the levy reduction will be increased to \$1.00 per metric ton.

The Arusha associates also asked the Community to increase the levy-free quota of East African canned pineapple which now

stands at 860 metric tons a year. Theoretically, if East African exports to the Community exceeded that amount, a levy could be applied to them. Without changing the statutory quota, the Community indicated that it would be leniently administered. As long as East African canned pineapple exports do not exceed 2,000 metric tons, they would enter levy-free.

The Kenyan Minister for Commerce and Industry J. C. Osogo presided over the meeting. The official spokesman for the Community was Gaston Thorn, Luxembourg Minister for Foreign Affairs and Acting President of the Council of Ministers. The Commission of the European Communities was represented by Jean-François Deniau whose special responsibilities include aid to developing countries.

## Industrialism's Impact on Society to Be Aired

Some 300 participants representing unions, management, the European Communities, and the national administrations of the enlarged Common Market will get together next month to air their views on the social consequences of industrial development in the Communities.

The Conference on "Industry and Society in the Community" is set for April 20-22 in Venice, Italy. The Commission of the European Communities hopes that the confrontation will result in constructive criticism and action on the Community level.

The major themes of the conference were outlined in a Commission memorandum on industrial policy in January 1971:

- industrial development and the narrowing of regional and social gaps
- industrial development, collective needs, and quality of life
- the Community in the world. This segment will include a debate on the repercussions in Europe of promoting industrialization in less-developed areas.

At the closing session, EC Commissioner Altiero Spinelli will present an overview of the conference's work and an outline of the Community's future efforts to solve the social problems which accompany industrial development.



## European Consciousness Aroused by "Green Card" Auto Insurance Inspection Waiver

Europeans are to varying degrees aware of Community decisions in major sectors such as agriculture, coal, and steel, but it takes a small, significant act to truly touch the "European consciousness."

The Council of Ministers perpetrated such an act on January 31, in directing the elimination of the "green card" check at intra-Community borders. In recent years, a driver crossing an intra-Community border had to prove that his car was adequately insured which he did by presenting the green card. This control was an irritating impediment to tourism within the Community and will be abolished as of

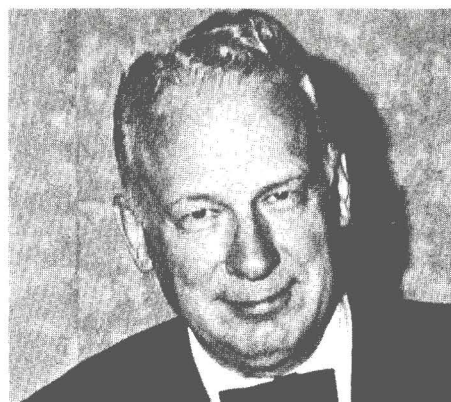
August 1, 1972.

Obstacle-free travel within the Community will affect the European on a personal level and will be a constant and down-to-earth reminder of the progress made in less than 15 years since the Treaty of Rome was signed.

The Council's decision was made possible after Italy, the last hold-out, instituted compulsory insurance last December. According to the Commission statement on February 3, the decision to eliminate the green card is perhaps psychologically one of the most important steps yet taken on the long road of European integration."



As of August 1, the beginning of Europe's peak tourist season, the "green card" insurance check will end at borders between Community countries, thus speeding the flow of vacation traffic.



George W. Ball

## Common Market Does Not Threaten United States

Former US Under Secretary of State George Ball does not consider the European Community a threat to the United States, he said in an interview published in the February 12-13 issue of the Belgian newspaper *De Standaard*.

In recent years, he said, Americans have benefited more from European integration than have the Europeans themselves. American political leaders still support European integration, he said, even if less enthusiastically than early in the European unity movement. If sometimes the impression is given that the United States no longer favors European unification, Mr. Ball concluded, it is because technocrats, each dealing with his own special problem in a limited area, emphasize differences and lose sight of the broad picture.

## Malfatti Meets Emperor After EC-Japan Accord

In the wake of a textile accord between the Common Market and Japan, Commission President Franco Maria Malfatti paid an official goodwill visit to Japan.

President Malfatti began his six-day visit February 11, and while in Japan met with their Imperial Majesties the Emperor Hirohito and the Empress, Prime Minister Eisaku Sato, and other top economic and foreign affairs officials.

The Commission President was accompanied by Mrs. Malfatti, Secretary General of the Commission Emile Noël, Acting Director General for External Trade Theodoros Hijzen, and Renato Ruggiero, Mr. Malfatti's chief executive assistant.

The day before the President's audience with his Imperial Majesty, Mr. Malfatti addressed the Japan Press Club. He told the newsmen that Japanese-Community rela-

tions had to be seen in the wider context, their growing responsibilities to aid the developing countries, to work for the reform of the international monetary system, and to assure the success of the forthcoming negotiations on economic and trade problems.

### Textile Accord Signed

Less than a week before Mr. Malfatti's visit, the Common Market had agreed in Brussels to suspend quotas on cotton textiles imported from Japan. In return, Japan agreed to limit these exports to the Six.

The cotton textile agreement (which excludes thread from its provisions) will expire in September 1973 and is identical with those signed in 1971 with India, Pakistan, the United Arab Republic, Korea, Taiwan, and Hong Kong.

The accords were reached within the framework of an international agreement in force since 1962 under the General Agreement on Tariffs and Trade (GATT).

No date has yet been set for resumption of EC-Japan negotiations leading to a general trade agreement which were adjourned last December.

### New EC Office in Tokyo

Commission President Malfatti hailed the textile agreement in his press speech on February 16, adding that further efforts must be made to institutionalize Japan-EC links. On February 18, in the joint communiqué issued at the end of the visit, Mr. Malfatti revealed the Commission's plans to open an information office in Tokyo in the near future.

## Agricultural Fraud Detection System Passes

A few clever European crooks have made fortunes from the European Community's agricultural financing policies. The most frequent trick has been to shuttle the same shipment of farm produce from Community country to an outside country, picking up a rebate every time on export and paying little or nothing in levies on import.

To lessen opportunities for this kind of fraud and to improve detection methods, the European Communities Council of Ministers at its February 7-8 meeting in Brussels, provided for an information system to be developed between the member states and the Commission. Member states will periodically submit reports on any irregularities that occur and on the legal or administrative steps necessary to recover lost money. The Commission hopes that by finding out how fraud occurs in the administration of farm policy, it can be prevented in the future. The Commission will also be able to initiate requests for specific information on frauds in member countries and may also ask the members to do whatever is necessary to recover money paid on fraudulent claims.

## Last 1970 Farm Credits Allocated

The Commission of the European Communities has approved the third and last credit allocation from the 1970 agricultural fund.

This allocation, amounting to \$55,400,490 for a total of 218 projects, will be paid out by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) to finance structural modernization in EC agriculture.

The approved grants were distributed among the Six as follows:

Country	Grants Approved	Number of Projects
Germany	\$15,511,824	63
Belgium	\$ 3,525,271	26
France	\$12,366,567	47
Italy	\$18,991,997	67
Luxembourg	\$ 103,152	1
Netherlands	\$ 4,901,679	14
<b>TOTAL</b>	<b>\$55,400,490</b>	<b>218</b>

Of the modernization projects to be financed, almost 75 per cent (160) are intended to raise efficiency in production. Marketing improvements will absorb 23.7 per cent of the total, covering 52 projects. Six "mixed" projects received \$777,121 (or 1.4 per cent of the total.)

### Total 1970 Distribution

The breakdown of project grants made by the Guidance Section from its 1970 fund is as follows:

Country	Grants Approved	Number of Projects
Germany	\$ 41,942,018	141
Belgium	\$ 22,370,430	106
France	\$ 27,760,714	202
Italy	\$ 54,265,555	173
Luxembourg	\$ 374,867	2
Netherlands	\$ 13,285,913	40
<b>TOTAL</b>	<b>\$159,999,497</b>	<b>548</b>

Of the total number of projects financed through the 1970 fund, 328 were for production improvements, 202 for marketing innovations, and 18 for "mixed" projects.

Total disbursements fell \$503 short of the Guidance Section's \$160 million budget for financing project allocations. In addition to this sum, it has at its disposal \$125 million to finance other means of promoting structural modernization in agriculture.

The assistance is distributed retroactively to compensate the member governments for expenses incurred in 1970.

## EC of Ten to Revise Geopolitical Map

The geopolitical map of Europe will be irrevocably altered when the Community of Ten is accomplished, and when it is, Europe will not lack the means for achieving its political, economic, and social objectives.

Commissioner Albert Coppé, responsible for social policy within the Commission of the European Communities, spoke of these and other prospects for Europe in a speech delivered January 26 at the hundredth plenary session of the Economic and Social Committee (ESC) in Brussels.

The Committee is composed of experts and professionals in the social, economic, and political arenas. In Community decision-making the Committee acts as counsel to the Commission in the preparatory stages of a proposal and to the Council of Ministers before passage into law.

Mr. Coppé said that the international situation delegated to an enlarged Europe increased responsibility for the world political and economic order. This responsibility commits Europe to affirming its own identity in the political, military, monetary, and commercial fields, he indicated.

The Commissioner stressed that now more than ever before the Community decision-makers must rely on the ESC for expert and responsible advice and professed his gratitude for the contribution thus far made by the Committee to Europe's progress and unity.

## EC "Super Council" to Spur Economic Union

The Council of Ministers has scheduled for March 20-21 a meeting intended to spur Community action on economic and monetary union.

The six ministers of foreign affairs, ministers of finance, and ministers of agriculture will meet in a "Super Council" to discuss interrelated Community policies and their impact on economic union. The agenda of the meeting has not yet been made public, but several ministers have expressed the desire to allow discussions to range beyond purely economic matters.

In view of the Council's inaction on proposals to execute economic and monetary union and the complexity of events that have occurred while they were pending, the Commission has submitted a synopsis as the basis for discussions. The document covers every aspect of economic union, including regional policies and the coordination of national economic policies.

## EIB Grants Dahomey Loan, Floats Bond in New York

The net proceeds from the sale of long-term bonds in New York and Luxembourg will go to finance the ordinary lending operations of the European Investment Bank (EIB).

An agreement was reached February 8 to float 18-year bonds, totalling \$50 million, on the Luxembourg and New York Stock Exchanges. The bonds were underwritten by an international group of 169 major world banks.

The bonds bear interest of 7.5 per cent, payable yearly, and are redeemable at par in 14 annual installments beginning in 1977.

### Dahomey to Get Factory

It was also announced last month, on February 17, that the EIB would help finance the construction of a palm oil factory in the West African nation of Dahomey. The loan of \$3,276,000 will be made from the European Development Fund. With the proceeds, a badly needed factory will be built in the Agonvy region in the south. The plant will process palm clusters grown at a nearby plantation which was completely financed by a loan from the EDF in 1967.

The new loan runs for 40 years, at a 1 per cent annual rate of interest, after the 10-year grace period.

The project will be carried out by Sonader, a semi-public corporation which manages government expenditures in agricultural and industrial development.



## \$7 Million in Grants Go to African Nations

Grants totaling almost \$7 million will provide electricity, water, and medicine to crush a cholera epidemic in three African countries associated with the Community by the Yaoundé Convention.

The aid, to be paid from the European Development Fund, was approved by the Commission of the European Communities on January 24. The grants were distributed as follows:

- **Rwanda.** \$6.094 million to finance electric lines connecting the remote northern provinces to the more populous central region. The Community had previously donated \$1.4 million for the development of electricity in Rwanda.
- **Mauritania.** \$252,000 for a technical study on means of bringing fresh water to the dry northern coast. The EDF had previously allocated more than \$5 million to this project.
- **Mali.** \$400,000 to help finance the fight against a cholera epidemic which has been raging since last November. The Community's aid will consist primarily of vaccines, transportation to reach the rural areas, and a medicine factory in Bamako, the capital city.

## June Finish Hoped for "European Patent" Draft

Hopes are high that by June an agreement for a harmonized patent system can be submitted to the governments of 20 European nations.

At the fifth Meeting of the Inter-Governmental Conference for the Setting Up of European System for the Grant of Patents, the Principality of Liechtenstein became the twentieth country to participate.

The meeting was held in Luxembourg from January 24 to February 4, with Dr. Kurt Haertel, President of the German Patent Office, in the chair.

The proposed accord, if adopted, will consist of two conventions, the first applicable to all 20 participatory nations, and the second only to the European Community members.

The Conference is scheduled to resume from June 19-30, when it expects to complete its work.

### CORRECTION

In the February 1972 issue of *European Community* page 8, column two, Article 227 is incorrectly cited as the basis for the Council's decision. It should read "Article 237."

## Job Prospects Dim for Executives & Engineers

The rapid modernization and consolidation of industrial enterprises within the Six over the past year may be partially responsible for the difficult employment situation of business executives and engineers.

On February 15, the Commission of the European Communities released some sketchy figures supplied by its Statistical Office on the job market for executives and related professions. These figures, the Commission said, were available only for France, Germany, and Italy and were of a highly heterogeneous nature. They were released in reply to a question by Pierre-Bernard Cousté, a French Liberal member of the European Parliament, who was alarmed at the "growing crisis" on the job market for executives and engineers.

The preliminary 1971 statistics, the Commission agreed, seemed to show a decline in employment and available jobs in these professions since 1970. Although the figures were not in themselves conclusive, the Commission indicated that other sources seemed to confirm a softening of the job market for these professions.

The Commission said it would favor retraining of these unemployed professionals to suit the needs of modernized industry.

## EC Seeks Ways to Enlist Young in Unity Effort

Increased participation of Europe's youth in the construction of a united Europe will be the goal of two new committees in Brussels.

The Commission of the European Communities has submitted two projects for decision by the Council of Ministers for

- the creation of a "committee on youth" to bring together experts to insure greater success in associating youth with Community-building
- the creation of a "consultative committee of youth" which would be a panel of informed representatives of the national youth groups in the enlarged Community.

The projects stress the need for a concerted effort to bring together the student as well as the working youth population. They are a follow-up to The Hague "summit" conference in 1969, when the Six asserted that Europe's future could only be assured if youth were closely associated in its creation.

## THE MONTH IN BRIEF

### FEBRUARY 1972

**3** Bilateral trade negotiations between the United States and the European Community were successfully concluded (see page 3).

**7-8** The European Community's Council of Ministers met to continue debate of agricultural reform and to consider new farm price proposals (see page 4).

**7-11** The European Parliament met in Strasbourg. Commission President Franco Maria Malfatti presented the Commission's annual report (see page 5).

**9** In his foreign policy report to the Congress, President Richard M. Nixon said he hoped agreement with US trading partners would lead to "major multinational negotiations in 1972-73" (see page 3).

• The Administration sent to the Congress draft legislation for the devaluation of the US dollar's gold parity. It would raise the price from \$35 an ounce to \$38.

**11** Commission President Franco Maria Malfatti met in Brussels with Manuel Perez Guerrero, secretary general of the United Nations Conference on Trade and Development. Discussions centered on the Community's participation in UNCTAD III in Santiago, Chile, this April and May.

**12-18** Commission President Franco Maria Malfatti paid an official visit to Japan (see page 7).

**17** The British Parliament, on second reading, approved legislation enabling the United Kingdom to join the European Communities, by a vote of 309 to 301.

**18** Harold Wilson, leader of the Labour Opposition, called on Prime Minister Edward Heath to hold a general election or give up his Common Market policy.

**16** Turkish Minister for Foreign Affairs Uemit Haluk Bayuelken met with Commissioner Ralf Dahrendorf to discuss the repercussions of the Community's enlargement on Turkey's foreign trade.

**17** Commissioner Ralf Dahrendorf left on an official visit to Malaysia, Indonesia, Australia, New Zealand, Mauritius, and South Africa. He was due to arrive in Zurich on his way back to Brussels on March 5.

**21** The Community-East Africa Association Council held its second meeting (see page 6).

**25** The Community-Spain joint commission held its second meeting to review trade developments.



# Peking Now Wants a United Europe

## ALAIN BOUC

*Just as the United States is beginning a new era in its relations with the People's Republic of China, so too Western Europe is standing on the threshold of a new relationship with the emerging Asian giant. Alain Bouc, writer for the Parisian newspaper Le Monde, looks at recent events pointing to change in China's relationship with Europe in general and the European Community in particular.*

The year 1971 saw an abrupt change in relations between the People's Republic of China and Europe. For the first time, the night of October 25, European delegates to the United Nations refused to support the United States and to block Peking's entry by insisting on maintaining the Nationalist Chinese mission. Mainland China had prepared for this moment by numerous contacts and by the establishment of diplomatic ties: with France (January 27, 1964), then with Italy (November 6, 1970), Austria (May 27, 1971), Turkey (August 4, 1971), and finally, Belgium (October 25, 1971).

### Heightened Intergovernmental Exchanges

As China moved to establish "normal" relations with Europe's capitals, intergovernmental exchanges intensified. Last year, for the first time since 1945, a Chinese minister paid an official visit to France. Bai Xiangguo, foreign trade minister, arrived at the end of September and left ten days later for Italy. Italy's Minister for Foreign Trade Mario Zagari then visited Peking, in the wake of a French parliamentary mission and a similar Danish mission the preceding spring.

China's and Europe's new interest in each other has been widely reported in the press. Western newspapers have long been fascinated by that little known, innovating country on the other side of the globe, but the Chinese press did not reciprocate the interest at first. The space being given today to European, especially Community, affairs in *The People's Daily* would have been inconceivable two years ago.

For a long time, China largely ignored the Community. If mentioned at all, the Community was strongly condemned in language reminiscent of the European Communist parties' in the Fifties. The strengthening of Europe was equated with abetting the enemy, capitalism.

Things have changed. China, whose world strategy is based on struggle against both American and Soviet influence, has reached its own conclusions from the weakening of the United States and from the development of European ideology. China now considers the Community one of the large international regroupings capable of stemming the tide of "imperialism."

### Europe, An Intermediary Area

To understand Peking's ideas, we have to go back to 1964, the year Chairman Mao Tse-tung explained his idea of world politics to some Japanese journalists. "There are two magnetic poles," said he, imperialism and socialist revolution. These opponents usually meet only in armed conflict. Yet, tensions between them do not always result

in war, because these adversaries are separated by "intermediary" areas which could help to weaken the imperialistic poles. The first intermediary area consists of the oppressed developing world, which Peking considers a constant arena for its anti-American activities. In Chinese terminology, it is a "storm center," and as such is not our concern here.

The second intermediary zone consists of the capitalist countries subject to US and Soviet pressures. Because these countries want to increase their autonomy of decision, they must fight the big powers' hegemony, form new groups, and possibly achieve distinct political unity. Mao Tse-tung gave the Japanese journalists the example of Gaullist France as a country in this zone. Peking has since found many other examples, in Europe and elsewhere, of resistance to American power.

The People's Republic's interest in Europe centers on its struggle for international influence, rather than on its political and cultural identity. This interest, increasingly apparent since last spring, crystallized in the August escalation of the international monetary crisis. *New China* news agency on August 15 published an article with this revealing summary: "The West European countries are stepping up their fight together against the control and hegemony of the United States." This inevitable battle, explained the agency, is causing the "dizzying decline of American power and a corresponding increase in the European countries' power . . ." *New China* saw another source of friction between the United States and Western Europe in alleged US desires to bypass its European allies in order to reach agreement with the USSR.

### Hopes of Extending Conflict

Differences between Europe and the United States in August were most strident in the economic and monetary spheres. "The United States," continued *New China*, "by making the most of its position, hopes to force the West European countries into sacrificing their own economic interests to preserve the dollar's position, weakening daily, and to maintain the dollar's privileged status as a reserve currency in the capitalist world. This tactic has provoked the West European countries' sharp displeasure."

The Peking press devoted much space to explaining the significance of these antagonisms and reported regularly on European developments. It pounced gleefully on the increased frequency of disagreements and savored the memory of the "steel war," the "oil war," the "wheat war," and the "chicken war." "Naturally, each country wants to gain a foothold in other countries' markets, while limiting import competition in its own domestic market."

To complete this sketch of the Chinese analysis, Peking's undisguised hope for an extension of the conflict should be mentioned. The Common Market countries have decided to accelerate the construction of a political Europe, *New China* stated smugly. "Unfolding events show that the six Common Market countries have not only challenged the American hegemony in the economic sphere but that they are also preparing for a political assault."





The delegation from the People's Republic of China was formally seated in the United Nations General Assembly on November 15, 1971. Front (left to right): Chiao Kuan-hua, chairman of the delegation; Huang Hua, vice chairman and permanent representative to the UN, and Fu Hao, representative. Second row (left to right): Tang Weng Sheng, interpreter; Hsiung Hsiang-hui, representative, and Chen Chu, representative.

### France, China's Fair-Haired Child

Against this general background, we can make a country-by-country analysis. France is obviously Peking's favorite, as Paris seems wedded to a policy of confrontation with the United States. "France is the first West European country to reject American imperialism's strong-arm policy," wrote *New China* last August 15. Peking's approval of French policy depends on Paris' fidelity to the ideas of Charles de Gaulle. The Chinese leaders welcomed the final break in France's relations with Taiwan and the recognition of the People's Republic in 1964. The Chinese were also delighted with the French withdrawal from military participation in the North Atlantic Treaty Organization and with France's unrelenting insistence on the devaluation of the dollar. France repeatedly argued in the United Nations for the replacement of the Taiwan delegation with a delegation from the People's Republic. Under the circumstances, it is not surprising that France was the first West European country to receive an official visit from China.

Italy, which has recently established relations with Peking, is also seen in a rosy light. China knows the political strength of the Italian Left and has formed close friendships with the Communist Party as well as with the Socialist Party whose leader, Pietro Nenni, recently visited the People's Republic. Italian businessmen seem eager to trade with China. On the other hand, Italy's diplomatic reticence undoubtedly has strained relations with Peking. Rome did not recognize mainland China's sovereignty over Taiwan in its communiqué on the establishment of

diplomatic relations. It merely "took note" of China's remarks on this subject. In the United Nations, Italy abstained on the US resolution to delay the departure of the delegation from Taiwan.

China's attitude toward Belgium is similar to its views on Italy but slightly more reserved. On October 25, the day after Peking was admitted to the United Nations, Belgium published a communiqué on mutual recognition, and a Belgian ambassador to Peking is expected to be named soon.

### Sino-British Difficulties

Relations between China and the United Kingdom are not entirely relaxed. Although Britain was one of the first Western countries to recognize the Chinese Revolution, from 1950 on, it refused to break with Taiwan. Britain still keeps a consul general on the island, although he is accredited to "the province of Taiwan" rather than to the Government of Taiwan. As a result of this procedure, Britain maintains diplomatic ties with both regimes. Britain's mission to Peking is led by a chargé d'affaires rather than an ambassador, a diplomatic slight that London seems to be thinking about rectifying. Hong Kong is another sore point. Peking probably does not plan on settling this little country's problems before Britain clears up the Taiwan affair. Thus, the British, along with the USSR and the Portuguese from Macao, are the only powers still with a foot on mainland China as a result of treaties signed in the last century under military pressure. [Ed. note: See box on page 13 for changes in March.]

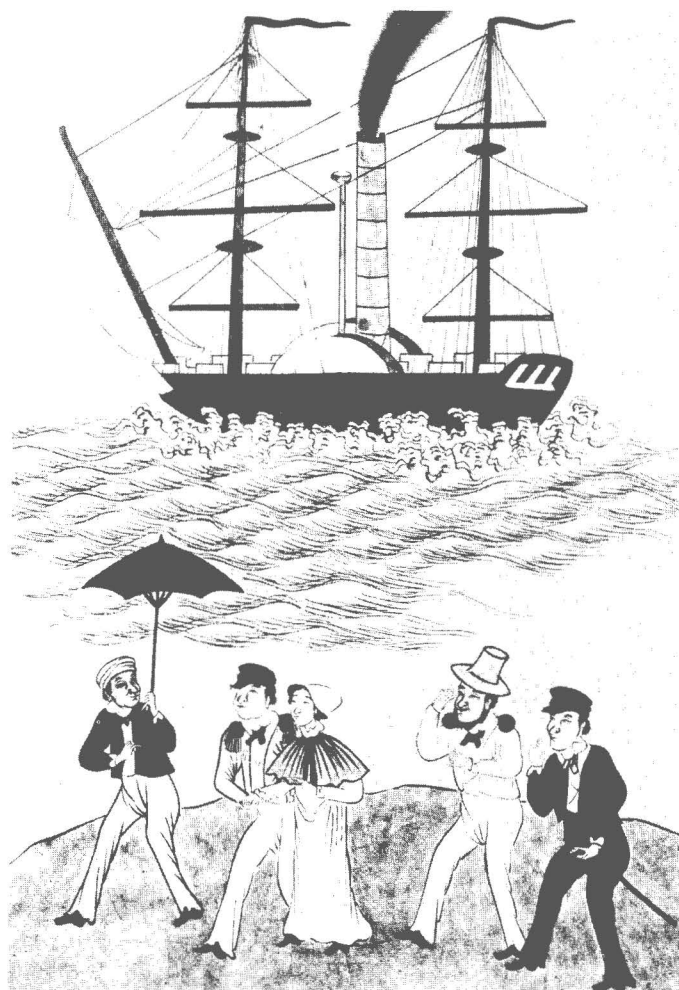
Chinese leaders have long been critical of the United Kingdom for being too closely dependent on the United States and unable to give up its colonial past. For example, an article published on December 29, 1969, speaks of "the serious politico-economic crisis of British imperialism." In characteristic style, the agency wrote: "Britain's ruling classes are wracking their brains for a way of delaying British imperialism's steady advance toward the grave. But no one has yet found the elixir of life. . . . Through outmoded imperialism, Britain is trying to maintain its precarious position as a world power, but," added *New China*, "the main foundations of its special relations with the United States are crumbling even now. . . . England is coming apart at the seams."

This analysis underwent later refinement. After the agreement in principle on Britain's entry into the Common Market, China hailed the "new impetus in the West European unity movement under the threat of control and interference by the superpowers." It explained the change in Britain's attitude and France's acquiescence by the fact that "special relations between Britain and the United States continue to exist only in name." Britain had "brought its position closer to France in a number of areas." On the whole, Prime Minister Edward Heath's government receives better treatment in the Chinese press than did Harold Wilson's.

### "A Vile Betrayal"

The most delicate problem in Sino-European relations is posed by the division of Germany and the absence of diplomatic ties between Peking and Bonn. Since German Chancellor Willy Brandt's overtures to the East, China's position is hard to define. Up to that time, China could not have established direct relations with Bonn, because for Peking, there was only one Germany, the Democratic Republic. On this point, China was verbally more adamant than East Berlin. No doubt on China's position remained after *The People's Daily*, on September 13, 1970, published a lengthy commentary on the signing of the Treaty between the Federal Republic and the USSR. The Moscow Treaty, said the paper, is "a vile betrayal of the interests of the German people, of the Soviet people, and of the other peoples of Europe." The agreement was billed as a constituent part of US-Soviet collaboration and the two big powers' division of their respective areas of influence.

*The People's Daily* then turned to German "militarism." "Encouraged by American imperialism, militarism and nazism are rapidly reviving. . . . The monopolies never gave up their harmful policy of expansion and aggression. . . . They hope to transform 'big economic power' into 'big military power' by passing through the intermediary stage of 'big political power'." In short, the Chinese are applying to Federal Germany their analysis of the Japanese situation. Peking does not accord any importance to Willy Brandt's socialist ideas and declares unequivocally: "Brandt's Social Democratic Government, unlike its Christian Democratic predecessor, represents the interests of West German monopolistic capital; its policy is favorable



*China's and the West's new interest in one another echos the state of relations between the two powers early in the nineteenth century. This Chinese woodcut depicts the arrival of one of the earliest European steamboats and her passengers in Canton circa 1840.*

to American imperialistic global counter-revolutionary strategy."

Since then, Chinese leaders may have refined their position. They had long banked on the East European bloc's desire for independence which was apparent under Walter Ulbricht. His successors seem much more closely tied to Moscow. After discreet encouragement to draw away from Moscow had found no response in the new leaders of Poland, Czechoslovakia, and Germany, China concentrated on tightening relations with Rumania and Yugoslavia.

The western press has speculated about the possibility that Bonn will recognize Peking, but agreement between the two capitals does not seem likely in the near future. China would first have to revise its policy toward Germany and begin to deal with a government which, theoretically, has not given up on the country's unification under its rule.

The division of Germany limits the direct and indirect influence of the United States; the multiplicity of East European governments restricts the Kremlin's powers. That is why Peking stands beside East Germany and does not want to be the first to make a concession to the West. As



long as the Democratic Republic does not reach an understanding with the Bonn Government, Peking will not try to establish direct contacts with the Federal Republic.

### Growing Interest in the Community

There have been rumors, but no proof, of China's desire to enter into relations with the Community. Since the establishment of a Chinese embassy in Brussels and missions in Paris, Rome, and The Hague, such a step has lost urgency. In any case, before China could establish direct relations with the Community, it would have to settle its relations with Bonn.

Nevertheless, China is becoming more and more interested in Europe and in the Community. To China, the admission of the United Kingdom means that Europe has new possibilities in the areas of economy, defense, and diplomacy. *New China* recently emphasized that a Common Market of ten countries would surpass the United States in gold reserves, steel and automobile production, and exports: "This new situation in Western Europe would be a serious obstacle to the US-USSR hegemony in Europe."

China's interest does not necessarily have to find expression in its diplomatic relations. For the moment, China is developing economic links with the outside without much

thought to a country's capital, with the exception of the United States and South Africa.

In 1970, trade between the current members of the European Community and China amounted to \$604 million, a seventh of China's small trade volume. At this level, the European Community was China's third most important trading partner, after the Eastern Socialist bloc (\$840 million), and Japan (\$823 million). Sino-German trade, valued at \$235 million, was worth far more than China's trade with any other European partner (\$190 million with the United Kingdom, \$151 million with France, \$120 million with Italy, and barely \$20 million with Austria).

In the near future, a completely new departure in China's relations with Europe seems unlikely. China will concentrate on Asia and on the developing world in general. While continuing to develop trade with the European Community countries, China will be content, on the political level, to follow European affairs without taking part in discussions. Nevertheless, as a result of its entry into the United Nations, China will have to define policies for each of the world's political and economic regions as a whole. Once Europe has affirmed its own identity and independence, Peking will be more eager to establish working relations with it.

## Relations With Peking

### THE "SIX"

**Belgium** recognized Peking on October 25, 1971, and is appointing an ambassador momentarily. In 1970 Belgian and Luxembourg exports to Peking amounted to \$22,861,000; imports from Peking totaled \$10,593,000.

**France** recognized Peking on January 27, 1964, and sent a chargé d'affaires less than a month later, on February 12. On April 27, 1964, the French Ambassador presented his credentials. In 1970 French exports to Peking amounted to \$80,711,000; imports from Peking totaled \$69,861,000.

**Italy** sent an ambassador to Peking on November 6, 1970. In 1970 Italian exports to Peking amounted to \$56,976,000; imports totaled \$63,093,000.

**Germany** has not recognized Peking and has no early prospects of diplomatic relations with mainland China. Private, unofficial trade missions have, however, visited Peking. In 1970 German exports to Peking amounted to \$167,224,000; imports totaled \$84,323,000.

**Luxembourg** recognized Peking as the official Government of China on October 29, 1971, but maintains diplomatic ties only with Taiwan. Luxembourg's trade with Peking is combined with Belgium's, above.

**The Netherlands** recognized Peking on March 28, 1950, and almost immediately sent a "negotiating representative." After reaching agreement on diplomatic representation on November 19, 1954, a chargé d'affaires was sent, still the current level of Dutch

representation. In 1970 Dutch exports to Peking amounted to \$21,911,000; imports totaled \$26,718,000.

### THE "FOUR"

**Denmark** recognized Peking on January 9, 1950, and sent an ambassador the following May 11. In 1970 exports to Peking amounted to \$3.7 million; imports from Peking totaled \$10.5 million.

**Ireland** in February 1972 accorded *de jure* recognition to the People's Republic of China. Ireland has not made a decision on the status of the Government of Taiwan, although it recognizes that the Government is in *de facto* control of Taiwan. Ireland has no diplomatic relations with either the People's Republic or Taiwan. In 1970 Irish exports to Peking amounted to \$2,047,200; imports from Peking totaled \$22,560.

**Norway** recognized Peking on January 6, 1950, and a "representative" was sent from March 21, 1950, through 1954. In 1955, an ambassador was appointed. Trade with Peking has been minimal to date. Norwegian exports to China amounted to \$11.6 million in 1970; imports from Peking totaled \$5.9 million. Following the visit of a ten-man Chinese trade team late in 1971, Norway expects trade to pick up.

**The United Kingdom** recognized Peking on January 6, 1950, and maintained diplomatic ties at the level of charge d'affaires. On March 13, 1972, Britain acknowledged that Taiwan was a province of mainland China, and China and the United Kingdom announced that the two countries would exchange ambassadors. In 1970 British exports to Peking amounted to \$107,006,400; imports from Peking totaled \$80,491,200.



# Negotiations With the EFTA Outsiders

**CHRISTIAN LUTZ** *Common Market correspondent for the Neue Zuercher Zeitung.*

Ministers from the six European Free Trade Association countries which do not plan to join the European Communities will continue negotiations this month with Commission officials in Brussels to assure that free trade gains made by EFTA will remain intact after three of its members have joined the Community.

As a consequence of the Community's agreement not to erect any new trade barriers as a result of its enlargement, it has offered Iceland, Sweden, Finland, Switzerland, Austria, and Portugal an arrangement which provides that:

- Industrial goods will continue to be traded free of duty among these six EFTA countries after Denmark, Norway, the United Kingdom, and Ireland (which has a customs union with Britain) have joined the Community.
- Duties on trade between the six EFTA non-applicants and the current Community members will be abolished at the same rate as the new Community members eliminate their tariffs on trade with the current members of the Community.

Both sides must also abolish taxes with equivalent effect to customs duties and quantitative restrictions on imports. Unlike the new Community members, the six non-applicants need not align their tariffs on imports from the rest of the world with the Community's common external tariff. In other words, a free trade area, not a customs union, is the goal. Negotiations should be concluded by mid-year so that the agreements with each of the non-applicants go into force with the enlargement treaty, on January 1, 1973.

## Rules of Origin, a Key Issue

The Commission's initial negotiating mandate contained gaps which the Council is filling in, following the first round of negotiations. One issue has been the "cumulative rule of origin."

Many industrial foods consist of a variety of raw materials which are processed in different countries before becoming finished products. The negotiators must therefore work out rules for certificates of origin so that customs officials can decide whether a product is eligible for duty-free transit from the Community to the six non-applicants.

In principle, the rules of origin will resemble those in the Community's preferential trade agreements. Accordingly, if a signatory processes a product so that its customs classification changes, the product "originated" in the area covered by the preferential accord. To compensate for the fortuitous nature of this automatic system, the negotiators will make "negative" and "positive" lists of exceptions (i.e. products which are excluded or included).

They must also

- clarify the procedure by which a country may resort to the safeguard clauses to be incorporated in the agreement
- agree on a list of "sensitive" products which will not benefit fully from the general rules for free trade. Community member states initially wanted numerous products put on this list, while the EFTA non-applicant countries sought completely free trade in all industrial goods. The Permanent Representatives of the Six (their ambassadors

to the Communities) were therefore instructed to shorten the list.

Another reason for shortening the list lies in the nature of Article XXIV of the General Agreement on Tariffs and Trade (GATT), authorizing the formation of customs unions and free trade areas, if restrictions are removed on "virtually all trade." If the Community's agreements with the non-applicant EFTA countries do not comply with this article, the United States could find legal justification for its already vociferous opposition to the planned agreements.

## Special Cases: Paper, ECSC, Clocks, Produce

Four special cases of "sensitive" products' were mentioned in the Commission's original negotiating mandate. For paper products, the transition period would be 12 years instead of five. During five years, the new Community members would gradually have to reintroduce customs duties on imports from, say, Sweden and Finland, above specified zero-duty quotas. These duties would later have to be dismantled. Where imports exceeded certain "target-ceilings" a member country could treat them as imports from a non-member country. The Community also wants the right to invoke the safeguard clause if prices or deliveries of paper pulp should diverge strongly from those of the final product, for example, if the Community's paper industry suffered because it had become much cheaper to import paper than paper pulp).

For coal and steel products subject to the Paris Treaty creating the European Coal and Steel Community (ECSC), a safeguard clause would ensure that the non-applicant EFTA countries' price policies did not upset the common market for coal and steel.

The Community seeks to reserve the right to change the rules for petroleum imports, if necessary.

Clocks and watches would benefit from the general system only if Switzerland met certain conditions to eliminate competitive disadvantages for the Common Market's clockmaking industry.

On agriculture the Council did not specify the arrangements to be negotiated. It merely listed its "wishes" and instructed the Commission to begin new exploratory talks based on this list. However, the other parties to the negotiations announced unanimously that they were not prepared to make unilateral concessions in this field and would themselves submit lists of their wishes.

To execute the treaties, the negotiators would form a joint committee with each of the non-applicant EFTA countries. The committee's functions would be mainly administrative, but it would be able to create technical subcommittees, such as a customs committee for the joint administration of the rules on the origin of goods.

In reply to the wish of some of the EFTA "Six" for joint committees with wider powers, the Community has emphasized that it gives priority to protecting its own powers of decision, operation, and development. It has therefore abandoned any idea of negotiating joint undertakings for harmonization of economic policy, which would have to be based on reciprocity. The Community has, however, indicated that it would approve of the non-applicants' auton-



omously taking harmonization measures. It would not exclude individual and negotiated cases of "concerted harmonization," with an information and consultation procedure.

The non-applicant EFTA countries have an interest in using these possibilities in certain circumstances, to avoid the application of safeguard clauses, which the Community considers a substitute for harmonization. For example, the safeguard clause could be invoked if a party to the agreement does not observe rules of competition similar to the ones in the Common Market Treaty. In such a case, the first step would be an appeal to the joint committee. If it failed to agree, the plaintiff could take safeguard measures. Other safeguard clauses cover customs disparities and dumping. A general safeguard clause entitles the signatories, after consulting the joint committee, to take defensive measures in the event of serious balance-of-payments difficulties, disturbances in sectors of the economy, or severe regional changes.

The Community has agreed that the treaties should be able to develop beyond trade policy. Both sides will declare in the preamble that they are prepared to consider mutually beneficial modifications to the treaty. The text of the treaty will state that each partner may ask for talks about fields not covered by the treaty. In that case, either a relevant mandate will be given to the treaty committee, or another procedure will be adopted.

The non-applicant EFTA countries, for which the arrangements proposed by the Community varied on some points, showed differing degrees of satisfaction in the first negotiating round.

### **Portugal: Full Membership in Long-Term**

As a non-neutral, Portugal sets special store by the political orientation inducing a turn toward the Community. Portugal's long-term course is set on full membership, but with the knowledge that it will depend on the extension of democratic institutions in Portugal, a reorganized relationship with its over-seas territories, and a higher level of economic development. From the purely economic angle, although the Community's initial agricultural proposals were not clear, it took a particularly accommodating stand, offering Portugal longer transition periods. Politically, Portugal would meanwhile have to be content with the formula guaranteeing that the agreement was open to further development.

### **Sweden: Neutrality Restricts Participation**

The Swedes were disappointed. They had hoped to participate in the Community's customs union, and its common agricultural policy. Such an arrangement would have also given Sweden a voice in the Community's decisions and financial arrangements in the agricultural sector. The Community considered that such incomplete participation by a country which wanted to remain true to its policy of neutrality was incompatible with the Community's determination to maintain fully its decision-making powers.

Sweden has reserved the right to return to its initial approach during negotiations, but this proposal stands

little chance of acceptance. Meanwhile, on the Swedish side too, the evolutionary character of the agreement is being stressed. From the economic angle, Sweden's main worry is the Community's line on sensitive products, in particular paper.

### **Switzerland: "Formative Cooperation"**

Switzerland, although more satisfied than Sweden, also wants the agreement drafted with an eye to future developments and is seeking the most flexible wording possible in the section on the functions of the joint committee. Switzerland thinks this body should open a way to "formative cooperation" (*gestaltende Mitwirkung*) in the Community. The Community tends to regard this concept with some doubt.

Economically, Switzerland would suffer from unilateral agricultural concessions demanded by the Community, but Swiss resistance to the Community's proposed industrial exceptions list is based more on the principle of EFTA solidarity than the prospect of economic discomfort. Certain Community conditions for the conclusion of a free trade agreement call for special negotiations on matters such as clocks and watches, arrangements for Community trade in transit through Switzerland, and the free movement of migrant workers. On the last point, Italy and Switzerland have begun negotiations.

### **Austria: Agricultural Fears**

Austria has shown concern over the proposed arrangements for agriculture, which means much to its economy, and over the Community's initial standpoint on sensitive products and rules of origin. Austria is also disappointed that the interim agreement negotiated last year (providing for a 30 per cent cut in tariffs on industrial goods) will come into effect in July, only a few months before the overall EFTA agreements. The Community's agreement had been intended as a "bonus," partly because Austria's neutrality is constitutionally imposed and partly because Austria has spent years negotiating an agreement with the Six.

### **Finland: Strict Political Neutrality**

Finland's main worry is to avoid arousing any suspicions that the treaty could have any political implications. Thus, Finland would like to omit any mention of "evolutionary possibilities" in the treaty. Autonomy in trade policy, however, enables Finland to maintain customs freedom vis-à-vis the Soviet Union. Finland took an energetic stand against the proposed special arrangements for paper (which would apply to half of Finland's exports to the Community) and against the restrictive definition of the rules of origin, which could harm Nordic cooperation.

### **Iceland: Interests Center on Fish**

The toughest customer seems to be Iceland, whose interests are concentrated on fish exports, which represent 80 per cent of its total exports. The Community has therefore offered the island a tariff preference of more than 50 per cent. One of the imperative conditions would be that the Icelanders abandon their plans to introduce a 50-mile limit for their territorial fishing waters.

# Enriched Uranium: Europe's Choice

**PAUL KEMEZIS** *an American freelance journalist, based in Brussels.*

Enriched uranium, the fuel for advanced nuclear power plants, has become, like oil before it, indispensable for industrial nations. Up to now, the European Community has relied on the United States to fill its fast growing need for the substance. Realizing, however, that total world demand should surpass planned world production within 10 years, the Europeans intend to be self-sufficient in enriched uranium by 1980.

A dispute has developed, however, over how to achieve self-sufficiency. In March 1971, France offered to join the other European countries in developing an enrichment facility using its proven gas-diffusion method. This was a direct challenge to the British-German-Dutch project, begun in 1970, to develop a European enrichment capacity using the experimental centrifuge method. Since Europe cannot afford both systems, a showdown seems inevitable.

Enrichment is a difficult process which usually makes up one third of the cost of nuclear fuel. Natural uranium contains about 99.3 per cent U-238 and 0.7 per cent U-235. Enrichment increases the U-235 content by separating out atoms of U-238. Uranium must be enriched to 3 per cent U-235 to fuel a power plant, 35 per cent to run an atomic submarine, and 90 per cent to make an atomic bomb.

The standard method for enriching uranium is by gas diffusion. Along with the United States and the United Kingdom, the French lead the West in this technology. It involves passing the uranium, in gaseous form, through cascades of porous barriers which hold some of the heavier U-238 and let a higher concentration of U-235 collect at the end.

The Americans have used this process since their 1945 Manhattan Project. Beginning in 1967, the French have produced weapons for their *force de frappe* using the same method in their giant complex at Pierrelatte near Avignon. It was no surprise, therefore, that the French proposed that system when they offered to cooperate last March in a European enrichment project.

## Converts to Uranium Reactors

The French are the latest European converts to the use of enriched-uranium reactors. They control 10 per cent of the world's uranium supply and, under President Charles de Gaulle, opted for gas-cooled reactors powered by natural uranium. Since these reactors proved unsatisfactory, France has joined most of the European nations in building water-cooled plants using enriched uranium. Early in 1971, France decided to step up its nuclear power plant construction, planning ten new plants, each with a million kilowatt capacity, to be started within five years.

In the competing enrichment system, centrifugation, the uranium is put into small containers which are spun at about 100,000 revolutions per minute (RPM's). Centrifugal force separates the U-235 and U-238. During the mid-1960's, Britain began studying centrifugation. The Germans and the Dutch had also begun experiments, and in 1970 the three nations signed an agreement at Almelo in the Netherlands to pool their knowledge and develop the system together.

So far, three pilot plants have been built, one at

Capenhurst in Britain and two at Almelo, all with positive results. The big question remains whether the centrifuge principle can be made to work on the broad scale needed for industrial production, and, if so, how long its development will take.

When France announced its offer, the main argument against the centrifuge was time. Since gas-diffusion technology was already proven, the enrichment plant could be built quickly on a calculated timetable. At that time, it was thought that the United States would reach the saturation point in its ability to supply enriched uranium to Europe by 1978.

The experimental centrifuge, unlike the French project, had little hope of meeting that deadline. The Europeans, aware of the vulnerability of their Middle East oil supplies, did not want to risk even a few years without a sure source of uranium. Since the US Congress passed a program to improve American enrichment facilities, the saturation point is not now expected until 1981, which gives the centrifuge project more breathing room.

## Cheaper Long-run Costs

Europe would pay more in research and development costs for the centrifuge than for the gas-diffusion project, but, in the long run, the centrifuge would be cheaper to operate. Experts calculate that it would use only a sixth as much electricity (an expensive commodity in Europe) as the gas-diffusion system. The gas-diffusion project would require one gigantic plant to produce Europe's entire supply, while the centrifuge could operate efficiently on a much smaller scale. The centrifuge system could be installed in many small plants and be built piecemeal as demand grew.

Proponents of the centrifuge are confident that it could produce enriched uranium at prices comparable to the current US price. This was an open question with the gas-diffusion process.

## US Offer of Technology

In July 1971, however, the American Government offered to share its considerable gas-diffusion technology with Europe to help it reach enrichment self-sufficiency. This strengthened the French position, since the Americans have already developed a system which operates economically.

The United States is believed to have made this offer partly because it feared that the centrifuge system, with many small enrichment plants across Europe, would give the opportunity to some nation secretly to produce atomic bombs. The United States would prefer Europeans to use the bulkier system, which is easier to observe. This flexible characteristic of the centrifuge, however, makes it popular with many countries. It allows each nation to have a plant on its own soil and avoids the delicate issue of choosing the site of the single installation.

According to the Commission's timetable, Europe must decide by 1973 which enrichment system to adopt. In 1969, the Commission proposed to study all enrichment methods





*French know-how, acquired at this gas-diffusion enrichment plant at Pierrelatte, could be utilized for building a large capacity diffusion plant to produce fuel for civilian purposes.*

to determine which was best for Europe economically and technically. To do so, in December 1970 the Council formed a special study group under the consultative committee on nuclear research. The group, composed of experts from the six member states and the Commission, has been delayed in getting all the information it needs and has not yet made its report.

### **Prestige at Stake**

In March 1971, the French Government commissioned two private engineering firms to study what would be involved in their gas-diffusion project. This report is expected at the end of 1972. The French, who have invested large amounts of money and prestige in gas-diffusion, have also dropped hints that they might form a partnership with Japan and Australia to build an enrichment plant in the Pacific.

These reports should help to settle many of the complex economic and technical questions, but an element of chance will remain in whatever decision is taken. Gas-diffusion technology may become obsolete before the plant is built, or the centrifuge technology may turn out to be impractical, once everything is in place.

### **US Monopoly Weakened**

While this controversy continues, Europe has taken some important steps to lessen its dependence on US supplies of enriched uranium until self-sufficiency is attained. In March 1971, the Soviet Union agreed to enrich French uranium destined for the first charge of the nuclear power

plant now being built at Fessenheim on the Rhine. The material would be processed in 1974 for use in 1975. This was the first such deal between the Soviets and the West, breaking the US monopoly in this area.

The price was not made public, but it is believed that the Russians undersold the Americans for the enrichment service. Many Europeans welcomed this action, hoping that Russian competition might cause the Americans to lower prices, which had been rising. It now seems, however, that the Russian surplus of enrichment capacity is small and that the United States will get the bulk of European business until the Europeans are self-sufficient.

Nevertheless, in exploratory talks held in the spring of 1971 between the American Atomic Energy Commission (AEC) and the Commission of the European Communities, the United States showed a willingness to make several minor concessions on the terms by which it supplies enriched uranium to Europe. In July 1971, the Commission obtained a mandate to negotiate with the AEC on these points, which include equal treatment for Europeans at all American supply sources, permission for Europeans to build stocks, and the end of limits on the quantity and quality of uranium per project. These negotiations are now under way.

While many Europeans believe that the Russian competition partially motivated this American flexibility, the United States maintains that it is just a routine updating of the supply agreements to take into account the maturity of the European atomic industry.

### **Future of EC Supply Agency?**

These changes in the short-term supply situation, plus the overall growth in the use of enriched uranium, have increased the urgency of a problem which has been vexing the Community for six years: revising Chapter VI of the Euratom Treaty, which outlines the role of the Community Supply Agency. The Treaty originally gave this body, which is an arm of the Commission, the monopoly to handle contracts for uranium supplies destined for civilian use in the member states. This was done to ensure that each nation would have equal access to supplies of uranium.

It has been objected, however, that during normal times when the supply of uranium surpasses demand, this function is unnecessary and, in fact, may obstruct users from making the best possible arrangement. The Euratom Treaty stated that the provisions concerning the Supply Agency should be reviewed in 1965, and in the subsequent discussions, all sides have agreed that the Agency's monopoly position should be dropped in normal periods.

The Commission has proposed that the agency mechanism remain in place, however, and that if a scarcity of fuel develops, it should automatically regain its powers of control to ensure fair treatment for all. Some member states want to abolish the Agency's privileges altogether and leave it to the Council to decide when an emergency exists and whether the Agency should resume its control. The problem is still being discussed in the Council's group for atomic questions.



# A European's Ideas on Education

**ALTIERO SPINELLI**

Education should enable man to develop his personal, intellectual, and professional abilities. It should also enhance his capacity to live creatively in a world where traditional ideas of society, knowledge, and work are changing swiftly and radically. The May 1968 student "revolution" against traditional teaching methods forcefully asked European schools and universities to revise their programs to provide such an education. Revolution only makes sense if it helps to build the kind of society that citizens want, assuming that man can judge goals and make choices in the light of well thought-out personal convictions. Constantly refining and improving education, especially adult education, could help to mold a new civilization.

*Commissioner Altiero Spinelli*



## Common Problems Recognized

At the Community level, the ministers of education have just recently acknowledged that each can learn from and help solve the other's problems and that the Community has a special role to play in the field of education. On November 16, 1971, for the first time, they met as the Council of Ministers and decided to work at narrowing differences in their education policies.

Whenever thought has to be translated into action and reality given to declarations of intent, doubts and difficulties arise. In the field of education, these doubts can be explained by two considerations. First of all, the Community pattern of living and working together which has been acquired in the economic sphere has not yet had a chance to form in the field of education. Secondly, some member countries are accustomed to centralization in public affairs and are apprehensive about losing national identity and individuality.

Ideally, cooperation at Community level should not be centralized any more than is necessary to avoid wasting, by duplication of effort, the scarce funds allocated to education. Local school boards and regents should be given the responsibility for adapting general guidelines to their individual needs.

Nearly 14 years of living in a close Community has finally begun to erode national suspicions. The following articles explain why the Community has become interested in the field of education and what it is doing to form an "academic" Community.

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*Mr. Spinelli has been given special responsibility for education as a member of the Commission of the European Communities.*

# Education: A Basis of European Unity

Work is beginning in earnest on the problems involved in a Community education policy: cooperation between universities, student exchanges, coordination of school systems. Last November's Council meeting, the first attended by the six education ministers, went some way to overcoming the obstacles, and the debate it opened has improved understanding of the difficulties involved.

The founders of the Community wanted to associate schools and universities with European integration, although the Community Treaties explicitly call for only a European university, and mutual recognition of academic qualifications and diplomas, which is a basis of freedom of movement and freedom of establishment. Achievement of an educational Community seems a long way off, despite years of work by numerous experts and institutions, in particular the European Parliament.

Enlargement of the Community has made more people aware that the Community should not limit its activities to trade and commerce. French Education Minister Olivier Guichard has championed the idea that education and culture have just as vital a role to play in welding the Community into a united Europe as do economic, monetary, and political union. He believes that the development of the Community demands that "it should not be confined to the administration of men and things in the present but rather that it should concern itself with preparing a common future through the education and training of the men who will be responsible for Europe tomorrow."

Mr. Guichard considers a European policy on education necessary "because European societies, created by parallel histories, are faced with the same problems and must find common or analogous solutions for them if they want to be able to forge a closer union someday."

Last November's Council session was inspired by the idea that coordination of economic and social policies must go hand in hand with harmonization in the field of education.

Two main results were achieved then:

- At long last a decision was made to go ahead with the creation of a postgraduate European university institute in Florence (see page 22).
- A group of experts was formed to consider the various possibilities for creating a European center for the development of education, a body which could, if properly constituted, act as the driving force for a European education policy.

## The "American Challenge"

At its most basic level, the education problem can be presented in terms of the "American challenge," which has goaded the Six into confronting difficulties in other areas. One does not have to be a "European nationalist" to regret that there are more postgraduate exchanges between European and American universities than between universities in the present six member states of the Community.

Two factors are involved here:

- Information on exchange scholarships or fellowships in Europe is less readily available than for US academic institutions.



- The United States provides incomparably greater attractions and better facilities for specialized research than do most European universities.

The first problem could be dealt with easily through the European center for the development of education proposed by Mr. Guichard and now under discussion. The answer to the second could come about only through a common education policy which could foster specialization in the Community's seats of learning.



*These pupils at the Walter Gropius Schule in Berlin use modern teaching machines to learn foreign languages, indispensable tools in uniting Europe.*

*Chemistry is one of the subjects taught at German "higher grade trade schools," such as this one in Cologne-Deutz. Here, young people who do not plan to go on to the university follow an ordinary grammar school curriculum enriched by subjects such as physics, English, and mathematics to prepare them for "better careers." Separating career seekers from future university professors has been one of the means suggested for reducing overcrowding at institutes of higher learning.*



Who needs a common education policy? Part of the answer is that the universities themselves do, simply to make them better. Perhaps the greatest difficulty is that some member countries still regard education as a state preserve, to be jealously guarded, while in other member countries academicians jealously defend their independence from state control.

Existing cooperation between European universities has been established on the basis of bilateral accords, but exchanges in the education field have failed to grow as fast as has mobility of workers and professional men and women.

Yet genuinely free movement for doctors, lawyers, and architects can come about only after mutual recognition of diplomas has been secured. Today, a professor who takes a teaching assignment at a Community university outside his own country often does so at a cost to his career. Similarly, a student usually does not receive credit from his own university for studies at a university in another member country.

Member states are already committed to some degree of integration in education, as a by-product of economic and monetary union. This process involves budgetary harmonization, and national education budgets in all member countries account for a major part of the total. As a result, increased coordination of spending on education, and therefore in planning, seems inevitable.

### **Vocational Retraining**

In a more limited way, the problem of professional training is already being tackled at Community level. Part of the Community's plan for agricultural reform provides for retraining farmers willing to leave the land and for teaching modern methods to those who are not. Through the European Social Fund, the Community retrains workers in declining areas and industries.

In primary and secondary schooling, the experiment of the European Schools, located in six cities or towns that have had a heavy influx of Eurocrats, has shown that the language problems involved in teaching children of different nationalities can be resolved (see page 00).

Harmonization in secondary education, like mutual recognition of diplomas, should be seen as an integral part of free movement of labor. For diplomats or Eurocrats are not the only parents liable to be deterred from taking up jobs in other countries by the prospect of their children's suffering an academic handicap.

Why should the Community need a common education policy of its own, when international organizations such as the United Nations, the Organization for Economic Cooperation and Development (OECD), and the Council of Europe have for years been going over similar ground? The answer is that the Community, although no better qualified than any other organization to come up with the right solutions, faces a greater need for such a policy. The logic of economic union demands it, and, in the longer term, it must be one of the factors in turning the concept of separate European identity into something more than a nebulous dream.



# Europe's Antiquated Educational Systems

## RAYMOND GEORIS

European education is at a crossroads. If Aristotle had doubts 2,000 years ago about what education should be, the situation today is equally perplexing.

The educational system is on trial, and pressure is building for a radical change. Europe's current system is out-of-date, backward-looking, and the gap is steadily widening between schooling and the realities of everyday life for which education is supposed to prepare young men and women.

At the same time, the school and university populations are growing rapidly. The effort and expense invested in teaching will be compromised until education can be updated to fill the needs of industrial and post-industrial society.

Today's system is basically the same as at its creation in the nineteenth century. It is based on the distinction between primary education, which is universal, and secondary education, which was usually reserved for children of the wealthy. In some countries, secondary education is divided into two or three streams, only one of which leads to the university, a goal reserved in practice, if not in theory, for the culturally or economically privileged.

### Little Change in Students' Backgrounds

In France, although the university population doubled between 1961 and 1967, a statistical analysis of the students' home backgrounds showed little change. The percentage of students whose fathers were businessmen, civil servants, or members of the liberal professions fell during this period, but only from 64 per cent to 62.4 per cent. The proportion of students from working class or rural families rose from 21.4 per cent to 26.2 per cent during this time.

The content, teaching methods, and structure of today's education system mirror yesterday's society. Just as military generals are sometimes accused of being a war behind, so too teachers can be said to be a generation behind. Young Europeans are being prepared today to fulfill the dreams of their fathers.

The present schooling structure is a prime target for criticism. In France, a third of the pupils who begin secondary education give up before their last year. Nearly half of those who take university entrance exams fail, while 60 per cent of students starting higher education fail to obtain any diploma. Critics say that this waste could not be tolerated economically in any other sector. According to a recent survey, 25 per cent of the young people who were asked why they had given up their studies said they had done so for personal or financial reasons, while the rest said it was because they could not stand school any longer.

### Unparalleled Recent Expansion

At a time when all aspects of the education system are being questioned, industrialized countries are preparing to

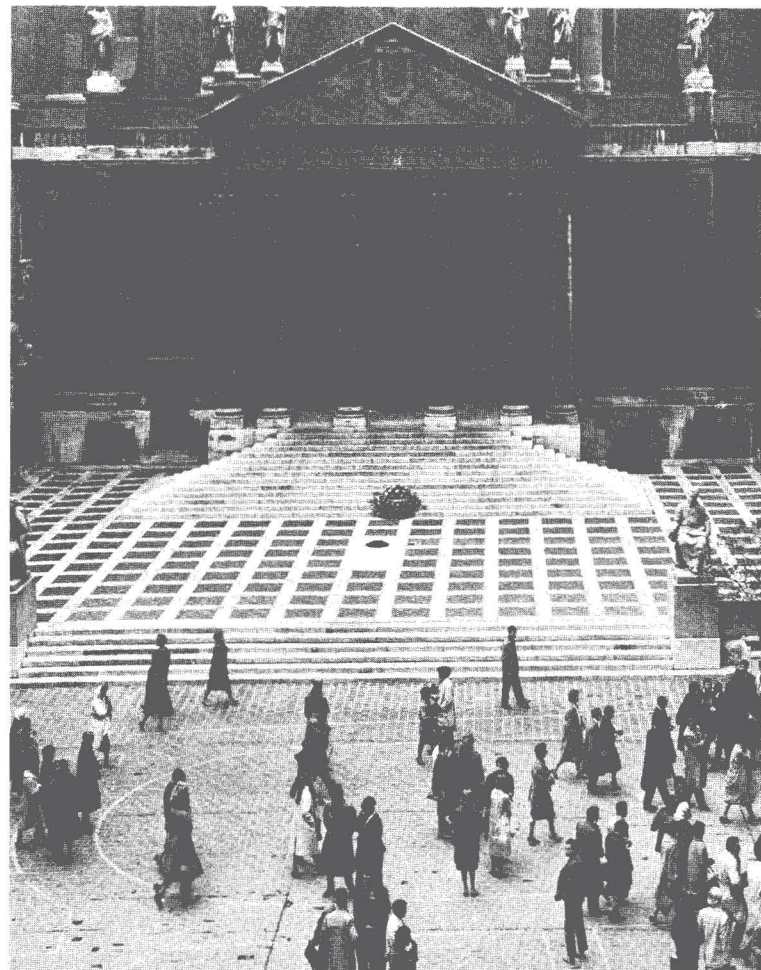
extend rather than change the system. The recent rate of expansion is unparalleled. Taken overall, nearly a quarter of the population of the industrialized countries is pursuing full-time education. The number of school children and full-time students has grown by 80 per cent in the United States since 1950. Corresponding figures for France are 74 per cent, for the Soviet Union 59 per cent, and for the Netherlands 49 per cent. Relatively low figures appear for Germany (13 per cent) and Japan (24 per cent).

Increasing the number of school children and students no more assures that graduates will be able to find their places in rapidly changing societies with more and more sophisticated economies than does raising the school-leaving age. An industrial country's labor force needs a more advanced technical education than the primary-type education available today. The same holds true for the service sector of the economy, where the level of general education available to children and young people is inadequate.

### Promise of a "Good Job"

Parents, realizing that their children need a secondary education or higher for a good job or career, want their

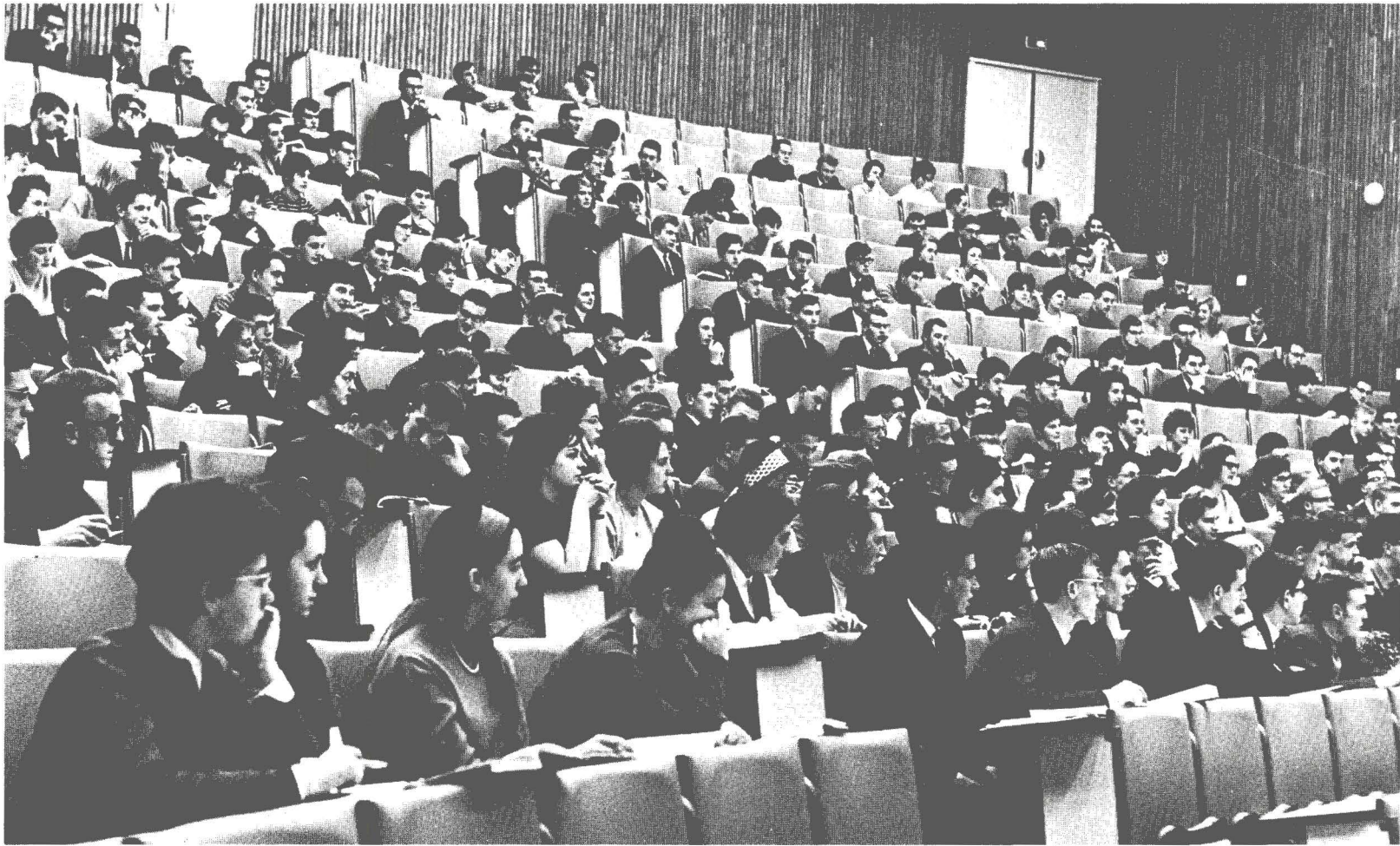
*The expansion of university enrollment has strained the seams of Europe's older schools. At schools such as the Sorbonne, where enrollment in a lecture course is sometimes triple the seating capacity, an enterprising student can do a brisk trade in his mimeographed class notes.*



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*Mr. Georis is Director of Education of "Plan Europe 2000," an interdisciplinary study program formed by the European Foundation for Culture of Amsterdam to explore Europe's future problems and consider solutions for them. Studies focus on four areas: man in the twenty-first century and his education, industry, urban environment, and agriculture.*





An auditorium at the University of Ghent, Belgium, with four universities, allocates 19 per cent of its budget to education, the highest percentage in Europe.

children to earn the cherished certificate or diploma. Parents' hopes for their children are reflected in the rising age at which children leave school, a trend apparent both in Europe and in the relatively more advanced US industrial society with its higher living standards. In the United States, nearly 100 per cent of young people are still in school full-time at 17 years of age. The highest figures for any European country is 60 per cent.

School authorities try to meet these rising expectations. For example, the German Education Commission has forecast that by 1980 half of Germany's schoolchildren will receive secondary school diplomas, as compared to 9.9 per cent in 1969. In France, planners estimate that almost every 18-year-old will still be in school by 1980, when the school population will reach 14.7 million, as compared with 11.7 million in 1970. The Soviet Union forecasts that a million higher education diplomas will be awarded in 1980, as compared to 510,000 in 1969.

### Mass Media Are Also Educators

These projections and the flood of criticism of the current system have neither shaken educators' faith in the value of expanding the system nor altered their conviction that there is no alternative to it, according to Raymond Poinant, director of the United Nations Educational, Scientific, and

Cultural Organization's (UNESCO) International Institute for Planning.

Educators tend to forget that young people's intellectual level and cultural background are no longer principally a result of formal schooling. Children are bombarded daily by avalanches of confused, excessive, and disorganized information. The mass media have taken over the role of the school manual. Information gleaned in illustrated magazines, movies, radio, television, and advertising is usually superficial and more often directed at the senses than at the intellect. As a result, the exercise of any critical faculty becomes rare. In our mass-media society, the education of the reader, the viewer, or the listener has to be organized. Audio-visual techniques can play a role in education and are being used in schools, but poor quality of much of the material has limited the success of these methods.

Some improvements have been made in the organization of education and the teaching methods used, such as the introduction of the "active" teaching method with pupil participation and the "integrated" or "comprehensive" school approach. But despite this progress, the gap keeps growing between school and everyday life. If education is to prepare young people for life in the twenty-first century, European countries must urgently get together and decide what the goals of a revised educational system should be.

# EC's Contributions to Education

## 1 — The European “University”

The main decision made by the education ministers of the Six, when they first met in a Community forum last November, was to give the go-ahead for the creation of a European university institute in Florence.

The chief obstacle to the realization of the project, proposed 14 years ago, came from universities. Many academics feared the Florence institute as a “super-university” and a potential rival to their own establishments.

There is now little chance that the institute will compete with universities. The institute, scheduled to open in 1973, will be a postgraduate school accepting 150 students the first year, 200 the second year, and 600 in the third. It will be housed in Florence's Villa Tolomei, purchased for that purpose by the Italian Government. European studies will be offered in four departments: history and civilization, political science, law, and economics. Courses will be taught in English, French, German, Italian, and Dutch.

The financing of the university institute has not been completely settled, but the Six have agreed in principle to provide funds initially by prorated contributions. The question of financing the project out of the Community's own funds, and therefore of putting it squarely on a Community basis, will be reviewed before the Community becomes financially autonomous, in 1978.

## 2 — Mutual Recognition of Diplomas

The Common Market Treaty stipulates that member states should recognize professional diplomas awarded in each others' countries, so as to give more than theoretical meaning to a citizen's right to practice a trade or profession anywhere in the Community. However, none of the 20-odd proposals in this field submitted by the Commission to the Council of Ministers has yet been passed into law.

In these proposals over the years, the Commission has tried to set minimum requirements, such as the number of hours of training, to enter a profession or obtain a diploma. The Commission has sometimes been accused of being too restrictive in its proposals, an argument used to explain the Council's inaction. However, a better answer seems to lie in the Council's cumbersome working procedure and in the scale and the complexity of the problems involved in both guaranteeing professionals' right to practice anywhere and ascertaining their competence.

To accelerate the process, the Council last November asked the Commission to form a working group to look into ways of achieving a generalized mutual recognition of diplomas. This group held its first meeting on February 8-9.

## 3 — A European School Certificate

A secondary school diploma, valid for admission to any university in the Community, sounds like a forecast for the year 2000, but it has been a reality for the past ten years at the “European Schools.” The “European Schools” were founded to educate the sons and daughters of the “Eurocrats” whose jobs with the Community had taken them away from their home countries.

The first of the schools was opened in 1954 at Luxembourg, seat of the European Coal and Steel Community.

Similar establishments were opened later at the Common Market's headquarters in Brussels and near the European Atomic Energy Community's research installations at Varese, Mol, Petten, and Karlsruhe.

“European” diplomas have been awarded to some 1,300 pupils, enabling them to enter any university in the six member countries (plus Austria, and in certain cases, Britain, Switzerland, and the United States). Currently, 7,800 children and teenagers attend the European Schools.

Courses at the schools are a synthesis of primary and secondary programs in the six member countries, proving that students can be educated to qualify for admission to national universities without strict adherence to national primary and secondary school programs. A distinctly European flavor is given to certain courses such as history, literature, and geography, and national biases are played down. Pupils work in their mother tongues and at least one other Community language (French, Dutch, German, and Italian).

What has worked so well on this limited scale could perhaps be successfully extended to some cities that have had a large influx of foreign workers. The door would then be open to a full-scale harmonization of primary and secondary teaching programs throughout the Community.

## 4 — Courses in European Studies

The European Community, past, present, and future, is becoming an increasingly popular object of academic scrutiny. In 1970-71, the Commission was informed of more than 1,300 dissertations that were being written on problems of European integration.

The European university institute, due to open in 1973, will boost European studies, but it will not be the only institute specializing in this area. Courses are already taught at the College of Europe in Bruges and at least 15 other specialist institutes or university centers throughout the Community. Several British universities also give courses for postgraduates and undergraduates in European studies. Universities in Eastern Europe, the United States, Canada, and Japan are offering more courses each year on Community law, economics, and politics. This trend could stimulate teacher and student exchanges, helping to forge a European “academic Community.”

## 5 — A European Education Center

Politically, the education ministers' most important decision at last November's Council meeting was the formation of a group of experts to study the scope and feasibility of a European center for the development of education. This small and hesitant first step towards a common European education policy could result in the creation of a center which would provide the driving force behind European integration in the field of education.

That is the hope of French Minister for Education Olivier Guichard, who suggested the project on November 27, 1969, in a speech delivered at the Dutch Institute for International Relations in The Hague.

In Mr. Guichard's mind, the center should

- provide much-needed information about the different and



fast-changing facets of education in respective member states. Without up-to-date data of this kind, harmonization is impossible.

- act as a clearing house for teachers, students, and researchers. By giving advice on scholarships, courses, and exchange programs, the center could encourage mobility in the academic world.
- promote close cooperation between the Community's uni-

versities and encourage specialization.

- foster cooperation among member states on teaching methods, especially the use of new systems such as television-education, video-cassettes, and other teaching machines. In addition to providing information, the center could minimize waste in the introduction of new methods by, for example, coordinating joint production of audio-visual material, thus avoiding duplication.

## Recent Books

*European Community periodically lists books dealing with Community and Atlantic topics. Prices are also given, whenever known. This presentation does not indicate approval or recommendation of these publications which can be purchased or ordered from most booksellers...*

### **Economic Consultative Bodies: Their Origins and Institutional Characteristics.**

By Paul Malles. Economic Council of Canada, Ottawa, 1971. 239 pages. \$3.00

A comparative study of the planning and consultative organizations of France, the Netherlands, Belgium, Great Britain, Sweden, Germany, and the United States.

The study is primarily historical and institutional in focus. The author looks at the origins, the socio-economic environment when the consultative bodies were created. He then examines their statutory basis, the nature of membership, procedures and structures, their relationship with other private and public organizations, their financing, and staffing. The reporting activities and the general aims of the consultative function are also discussed: to be a source of information to the government and to establish a consensus between the various groups involved in economic decision-making.

**The Dollar Crisis and Europe.** By Louis Camu. The Atlantic Institute, Paris, 1971. 68 pages. \$1.70.

A study of the origins of the dollar crisis and an exhortation to the European Community to accelerate the creation of an economic and monetary union.

The 1971 crisis represented a loss of confidence in the dollar as the result of continual US balance-of-payments problems, according to the author. A solution must be found in another international standard controlled by the International Monetary Fund (IMF). National monetary controls often do not work domestically, but when

they do, only serve to pass excess liquidity on to the next country. In addition, the Eurodollar market, with no lender of last resort, escapes any national control.

The dollar crisis can be solved only if Europe creates a strong currency and acts in concert within a new international monetary system. Interdependence no longer permits monetary policy to fall exclusively within the domain of national political interests, the author concluded.

### **External Relations of the European Community: Associations and Trade Agreements.**

By Stanley Henig. European Series, No. 19, Chatham House, London, 1971. 145 pages.

A study of the nature of the European Community's relations with non-member countries and international organizations and of the means used in conducting its "external" relations.

The Community is neither a national government with a foreign policy nor a simple commercial union, conducting only economic relations with outside countries. It has a single authorized negotiator, but all agreements must be approved by the national ministers meeting as the Council. Its policies have been executed chiefly through preferential tariff or association agreements and financial and technical assistance.

The author also examines the ways in which the Community maintains contact with foreign countries and international organizations.

### **National Interests and the Multinational Enterprise: Tensions Among the North Atlantic Countries.**

By Jack N. Behrman. Prentice-Hall, 1970. 194 pages with bibliography.

A discussion of the impact of the US multinational firm on industrialized countries and the host countries' reactions to it. The one the author describes is a subsidiary owned and controlled by the parent company, granting little or no local autonomy.

The US multinational firm is seen as an economic giant responsible to its parent company and home government and beset by both real and imagined problems in the host country.

**The EEC: National Parliaments in Community Decision-Making.** Number 17, European Series. By Michael Niblock. Chatham House: PEP, London, 1971. 112 pages with appendices and select bibliography. \$2.40.

A survey of the relations between institutions of the European Community and the national parliaments of the member states.

The topic is examined from the point of view of the use which the national parliaments make of some of their established procedures, such as the budget debate and written and oral questions, to keep Community affairs under review. The author also considers the links connecting the European Parliament with the national legislative organs.

**NATO and Security in the Seventies.** Edited by Franz A.M. Alting von Geusau. A.W. Sijthoff, Leyden, the Netherlands, and D.C. Heath and Co., Lexington, Mass., 1971. 158 pages with index and appendices.

A collection of papers presented at the fifth International Colloquium of the John F. Kennedy Institute in 1969 on the prospects for the North Atlantic Treaty Alliance (NATO) during the next decade.

Change in the institution itself and in its aims will be necessary if NATO is to be a constructive force for European security, not just a military organization destined to become obsolete through its sole concentration on defense against a major East Bloc attack. This is the thesis of the various contributing authors, who see NATO as a crisis preventive that must gain new strength through sub-regional organization.

Louis Halle deals with the obsolescence of the nation state as a unit of security, today; François Duchêne, with NATO's ability to deal with crises; Stefano Silvestri, with the Mediterranean developments; the editor, with Eastern Europe, with attitudes toward security, and the mechanisms by which to achieve it; and Nils Orvik covers the sub-regional approach to security.

Appendices contain, among other documents, the June 25, 1968, Declaration on Mutual and Balanced Force Reductions and Warsaw Pact Declarations on Peace of 1966 and of 1969.

## Publications Available

**EUROPEAN COAL AND STEEL COMMUNITY FINANCIAL REPORT FOR THE YEAR 1970, No. 16.** Commission of the European Communities, Brussels, 1971, 31 pages..free  
*Annual report on the eighteenth year of the European Coal and Steel Community's financial operations.*

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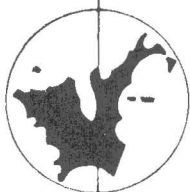
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