

NOVEMBER 1972 NO. 160



# *europaean community*

**EAST-WEST**

**TRADE** *see pages 17-22*

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COVER: *Economic cooperation may not eliminate the political differences separating East and West Europe, but it can promote dialogue and understanding, essential ingredients for world peace.*

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#### Washington, D.C.:

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#### London:

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#### Paris:

61, rue des Belles-Feuilles, 16<sup>e</sup>

#### Rome:

Via Poli, 29

#### Bonn:

Zitelmannstrasse 22

#### The Hague:

Alexander Gogelweg 22

#### Brussels:

200, rue de la Loi

#### Luxembourg:

Centre européen Kirchberg

#### Geneva:

72, rue de Lausanne

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#### EDITOR-IN-CHIEF:

Leonard B. Tennyson

#### Managing Editor:

Mary Locke

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The member countries of the European Community are Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. Candidates for membership on January 1, 1973, are the United Kingdom, Ireland, and Denmark.

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# Community News

## Common Goals; Conflicting Means

Liberalized trade may be a common goal, but means of reaching that goal are still under dispute among the industrialized countries.

In the Organization for Economic Co-operation and Development (OECD) report on international trade released September 5 the major industrialized countries agreed:

- International economic relations must be improved and trade must be liberalized.
- Consultations and cooperation outside the necessary negotiations must be improved within the appropriate international organizations.
- Trade liberalization must be accompanied by appropriate adjustment measures.
- The industrialized countries must aid the developing countries' growth.
- International rules must be respected, especially in the application of safeguard measures.

Such loose generalities gained the support of the 12 international experts on the committee, which included US Special Representative for Trade Negotiations William D. Eberle and Theodorus Hijzen, the EC Commission's representative. Italy, Japan, Germany, France, Sweden, Canada, the United Kingdom, Switzerland, and the Netherlands were also represented. Opinions diverged on the more technical questions of international monetary reform, agricultural policies, and methods of eliminating customs duties.

### Trade and Monetary Reform Linked

The report established a link between monetary reform and international trade. Insufficient or excessive growth in world liquidity, disorder in the balance-of-payments adjustment process, or unrealistic and uncertain exchange rate relationships can all cause countries to introduce trade restrictions. The report called for a new system based on currency convertibility, fixed parities within certain fluctuation bands, and capital movement control. Even temporary trade restrictions for balance-of-payments reasons should be avoided, the majority of the members said. (In no case did the report reveal which countries supported which positions.)

Two committee members said that countries with surpluses as well as those with deficits should be considered in balance-of-payments disequilibria. These same members said that convertibility was impossible without "a substantial improvement in the external position of the United States." They also disagreed with the majority's rejection in principle of trade re-

strictions to offset balance of payments difficulties.

### Disagreement on Customs Duties

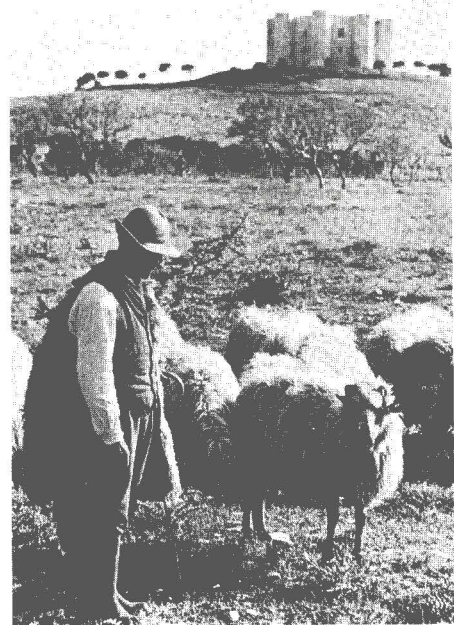
Some committee members favored total elimination of customs duties on industrial goods. Others stressed that tariffs can be eliminated only if other trade barriers are abolished simultaneously, necessitating a far-reaching harmonization and coordination of economic policies and strong institutional machinery to supervise the process. Still others said that tariffs may have another role than protection to play in developing countries. They can be a way of maintaining national identity, these countries said.

As expected, discussions of problems in agricultural trade dominated the committee's time and produced the greatest dissension. National farm problems encompass social and political as well as economic considerations varying in degree according to country. Widely different methods of agricultural protection have therefore evolved, many having conflicting effects on world trade, according to the report.

Some members of the committee believed it an inopportune time for a fundamental reappraisal of the agricultural policy of the European Economic Community when it is in the throes of enlargement. They argued that agricultural trade expansion should be sought through pragmatic measures without questioning individual agricultural policies. Other members disagreed, saying that transition problems are temporary and should not prevent development of long-term objectives or structural changes.

### A "Proliferation of Special Agreements"

Some members pointed to what they saw as a "proliferation of special agreements" contrary to the spirit and inconsistent with the letter of the General Agreement on Tariffs and Trade (GATT). Some regarded as "simply preferential" negotiations "now going on in Europe, which are not aimed at the creation of complete customs unions, or complete free trade areas, but at establishing more or less general trade associations." The immediate effects of these agreements may harm the commercial interests of third countries. They criticized the Community's agreements with countries in the Mediterranean basin: "Their very number have the effect of transforming this area into a vast preferential market for the benefit of one major trading partner, the European Economic Community," the report said. These same members said the reverse preferences granted to the Com-



Agreement on agricultural trade policy is difficult because national farm programs encompass economic, social, and political considerations. An Italian shepherd surveys his flock.

munity by some developing countries deprive EC developing country agreements of their "purely development aid character which could be the only possible justification for them."

In other members' views, the Community's enlargement or its agreements with those who are not in a position to join, are merely the continuation of the unification of the European continent begun after World War II. They "must be considered as the normal consequence of . . . development towards an economic dimension in greater conformity with the requirements of modern economic structures, a dimension which the United States has already achieved by its unification in the past." Preferential agreements with the developing countries have generally taken the form of free trade areas as provided for under the GATT, these countries argue in the report.

"The various agreements relating to the Mediterranean basin are the results of initiatives taken by the countries concerned themselves, either to join the Community (Greece, Turkey), or to integrate, as provided for under the Final Act of the Treaty of Rome, partial preferential regimes (Morocco, Tunisia), or to bring into balance competition between countries with comparable production patterns (Spain, Israel, Malta, and the United Arab Republic). The supporters of the Community pointed out that all these agreements taken together cover a very limited volume of trade and that the greater part of the Community's trade is and remains subject to the most-favored-nation clause.

## Greenwald Named Head of US Mission in Brussels

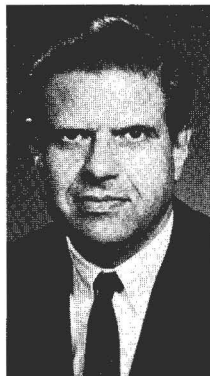
The US Mission to the European Communities is changing faces. Joseph A. Greenwald, currently US Representative to the Organization for Economic Cooperation and Development (OECD) in Paris, has been nominated to succeed J. Robert Schaetzel, who served as head of the US Mission in Brussels for six years.

Commenting on Ambassador Schaetzel's resignation, EC Commissioner Ralf Dahrendorf said: "Although not mentioned in the Rome Treaties [establishing the Common Market and the European Atomic Energy Commission], Schaetzel has become an institution . . . Partnership through trust, mutual understanding, and constant dialogue — that was Schaetzel's maxim for European-American relations. He is an incorrigible idealist who believes in reason and understanding. Thus — and here I can understand him well — he is occasionally disconcerted, when facing reality, he sees only blindness and emotion . . . His experience, his foresight, his trustful openness vis-à-vis Europe, and his belief in the strength of his own country make him qualified as hardly anyone else today."

Upon retirement, the 55-year-old Schaetzel plans to write a book, commissioned by the Council on Foreign Relations, on US-EC relations. A native Californian, Mr. Schaetzel joined the State Department in



J. Robert Schaetzel  
Photo: Courtesy  
US Department of State.



Joseph A. Greenwald  
Photo: Courtesy  
US Department of State.

1945 and served in Brussels under two US presidents.

Although sorry to see Mr. Schaetzel leave, Europeans are reportedly pleased with President Nixon's nomination of career diplomat Greenwald. An Illinois native and a graduate of the University of Chicago and of Georgetown University Law Center, Mr. Greenwald joined the State Department in 1947 as an economist. In 1965 he was named Deputy Assistant Secretary of State for International Trade Policy and Economic Defense and served in that post until his appointment as US Representative to OECD in 1969.

## Common Benefits for Teamsters Proposed

Community teamsters will enjoy 28 days annually of vacation and holidays with at least two weeks of that time as continuous leave if the Council approves a July 24 proposal.

The new proposal, also covering truck drivers' workweeks, workdays, time off, and work breaks, is part of an effort to harmonize the member states' road transport policies. The Commission also recommended the abolition of premiums for distance

traveled and gross tonnage.

The Commission defined the workweek as the six days between Monday and Saturday. Workdays are set at a maximum of 12 hours and weekly maximums at 60 hours for vehicles with a single driver. No teamster would be allowed to work more than six days a week. A Commission proposal adopted by the Council in March 1969 set driving time maximums at 48 hours a week.

## Germans Out-Travel Other Europeans

Germans continue to be the most internationally-minded tourists of the Community nationalities.

In 1971, according to a recent Organization for Economic Cooperation and Development (OECD) report, Germany's international tourist expenditures amounted to \$3.6 billion, a 27 per cent increase over the previous year. Germany also took in more

international tourist receipts than any other Community country — \$1.5 billion, a 16 per cent increase over 1970. France was second in both expenditures and receipts, followed by Italy, the Netherlands, Belgium, and Luxembourg. US tourists spent \$4.3 billion abroad, whereas tourists visiting the United States bought only \$2.5 billion worth of US goods and services, the report added.

## Revised Paper Agreement Meets EC Antitrust Rules

A revised agreement among five French manufacturers of thin paper has been held compatible with the Common Market Treaty, according to a Commission ruling made public on August 10.

The Commission gave the agreement a "negative clearance," meaning that the agreement restricts competition; but it was recognized that the restrictions help achieve economic or technical benefits, do not affect a substantial proportion of the market concerned, and do not harm consumer interests.

The original agreement which was concluded in 1960 between three of the five — Papeterie Bolloré, Société Job, and the Société des Anciens Établissements Braustein Frères — was found in violation of Common Market rules. According to that agreement, the three companies established an organization to coordinate, through a rigid system of quotas and division of profits, the production and sale of thin paper, such as that used for cigarettes. The three firms then joined with two others, Papeteries de Mauduit and Société des Papiers Abadie, and drew up a new accord countaining none of the measures criticized by the Commission.

### Companies Agree to Specialize

Under the revised agreement, each company will specialize in designated products. Other commercial collaboration will be limited to sales outside Community countries where 60 per cent of the companies' output is marketed.

## Commission Asks National Support to Collect Fine

The Commission has asked the Dutch Government to take legal steps against an Amsterdam firm that has refused to pay a Commission-imposed fine for price-fixing and market-sharing. It is the first time the Commission of the European Communities has taken such an action.

Chemiefarma, previously known as Nederlandse Combinatie voor Chemische Industrie (Nedchem), was one of six chemical firms involved in an international quinine cartel that violated the Common Market Treaty's rules of fair competition. In 1969 the firms were initially fined a total of \$500,000 on appeal to the Community Court of Justice. The \$200,000 fine against Chemie-

farma is the biggest the Commission has ever levied against an individual company.

The Commission has asked the Dutch Government to issue a certificate stating that the fine is enforceable in the Netherlands. The Commission will then give the case to a Dutch attorney to pursue.

Chemiefarma has a plea of nolo contendere pending in the US courts for allegedly the same offense. By this plea, the defendant becomes subject to conviction, in this case a fine. However, in a further proceeding Chemiefarma can deny the charges.

## Inflation Looms as Biggest Economic Worry

Unemployment is down, production is up, and the gross national product may increase by 5 per cent in 1973, but the economic picture in the European Community member countries is still far from rosy.

Member states are losing the battle against inflation, according to the Commission's annual report on the economic situation in the Community. Released on September 8, the report said that member states did not achieve the 3-3.5 per cent annual limit on price increases, the goal set last year. Inflation is currently running at 5-6 per cent in all member states, the Commission said.

This year's report is the second of its kind designed to help coordinate the short-term economic policies of the member states. In March 1971, the Council of Ministers decided that the Community would issue annual reports to which the national parliaments could refer when discussing national budgets. In addition to providing current information on the economic situation, the report proposes guidelines for Community members' 1973 budget and structural policies.

The report called for strict budget policies for the remainder of 1972 and 1973. If increases are unavoidable, budgetary policy should try to prevent expenditures from growing faster than the predicted increase in the gross national product, according to the report. Strict budget policies will be difficult to follow in such countries as France and Germany, both with upcoming national elections which usually discourage frugality. In Italy, increased public expenditures may be justified if they boost the sluggish Italian economy, the report said.

The report predicted a 5 per cent increase in the Community's 1973 gross national product, at fixed prices, compared to 3.5 per cent increases in the past two years.

## Duty-Free Shops "Off Limits" to EC Travelers



*This German woman will be able to send up to \$27 worth of books to her friends in other EC countries without paying the VAT in the recipient country, if a recent Commission proposal is adopted.*

Intra-Community travelers will not have access to duty-free shops after December 31, 1973, if the Council approves a September 12 Commission proposal.

The Commission also proposed that the value added tax (VAT), a tax levied on goods at each stage of production and distribution, should not be imposed on per-

sonal gifts worth up to \$54 mailed from one member country to another so that the customer does not pay the tax twice. To facilitate cultural exchanges, VAT should also not be levied in recipient countries on mailed newspapers, books, brochures, and magazines worth up to \$27, the Commission said.

## EIB Floats German Bond, Grants Two Loans

A consortium of German banks has contracted to underwrite a European Investment Bank (EIB) bond issue on the German capital market.

The bonds, totaling the equivalent of \$29.6 million, will be listed on stock exchanges in Frankfurt, Berlin, Dusseldorf, Hamburg, and Munich, bearing annual interest at 6.5 per cent.

The proceeds of the issue, announced September 12, will finance the EIB's ordinary lending operations.

The EIB granted on September 5 a loan for \$7.7 million to finance construction of a steel drawing mill in Burbach in the Saar. Announced on September 13, a loan of \$39.1 million to the Istituto Mobiliare Italiano (IMI) will go toward the construction of a new hot rolling mill and two new tube manufacturing workshops in the Tarente iron and steel center and a motor vehicle steering gear factory in Sulmona (Aquila). The Italian projects are expected to create 2,100 new jobs.

## Heath Sees Enlarged EC as Outward Directed

The enlarged Community "will not become a group of nations turned inward upon themselves and unconcerned with what is happening on other continents," according to British Prime Minister Edward Heath.

In the keynote address at the eighth World Assembly of Youth held in Manchester August 20-30, the British statesman said that the enlarged Community "offers new occasions to mobilize the resources of Europe for aid, commerce, and development." The

Prime Minister called on the 600 delegates present, and young people worldwide, to follow the example of the enlarged Common Market by "leveling the ideological barriers of fear, poverty, and misunderstanding which presently divide nations . . . In Western Europe, the barriers between peoples are in the process of disappearing rapidly."

Mr. Heath's remarks highlighted the Assembly's 10 days of discussion on the topic, "Development: the Fight for Justice."

## EC Information Service Informs the Informed

There is a network of people in the United States and Canada who can keep you informed about the European Community.

More than 50 librarians from throughout North America met in Washington, DC on September 7-8 to find out how they can improve their collections of materials on the economic, legal, and political aspects of the European Community. Many of them run the 40 EC depository libraries and European documentation centers located across North America. Depository libraries receive most official documents of the institutions whereas the centers have less complete collections.

The European Community Information Service in Washington, DC sponsored the conference to exchange ideas on the complex documentation system of the four Community institutions and two of its agencies. The Council of Ministers, the Commission, the European Parliament, the European Court of Justice, the Economic and Social Committee, and the European Investment Bank each distribute their materials on an individual basis. Many librarians complained about the lack of a centralized distribution point for EC materials and requested a comprehensive bibliographical catalog listing current publications and supplements, discontinued publications, and publications continued under different names.

### Eliminating a "Librarian's Nightmare"

To help eliminate what some called a "librarian's nightmare," the EC Commission this year published a bibliographical catalog which will be made available upon request to libraries. Although most depository libraries and European documentation centers receive publications directly from the EC institutions in Brussels, the Washington Information Service and the branch office in New York City can often fill gaps in collections upon request. Out-of-print materials may be obtained on loan. In addition to providing stocks of basic documents, press releases, brochures, background notes, and a monthly magazine on Common Market affairs, the Information Service in Washington answers more than 600 inquiries each month on all aspects of the Community. The Information Service Library, which is open to the public, currently has about 17,000 titles. Librarians attending the conference were urged to refer the most difficult questions and requests for materials to the Washington office which also acts as



*Librarians attending the conference sponsored by the European Community Information Service in Washington, DC, take a break from the seminar sessions to inspect the Service's library. Photo: Jane Spotts.*

the sales office of the European Community in the United States.

### Librarians Turned Information-Seekers

Seeming to enjoy being on "the other side of the desk," the librarians asked probing questions, pored over the Information Service Library catalog, and requested materials on a variety of EC topics. After the conference, Miss Nella Colaprete, responsible for depository distribution for Commission documents, returned to Brussels with a suggestion list which included the publication of instruction cards for document classification, regular catalog supplements, and enclosure lists. Librarians also asked that document titles and format be consistent.

"In a short time, I gleaned the kind of information that will without a doubt enable me to deal more effectively with the European Communities documents," Miss Laurel A. Bain from the United Nations Library in New York said. "I gained an understanding of the many difficulties which face the European Communities' staff in Europe who put together and distribute Community documents."

Interest in the Community has increased measurably since its enlargement became probable, according to many librarians. "The legal aspects of British entry are being watched carefully," Dusan J. Djonovich from New York University said. The Continental codified law vs. British common law issue has drawn special interest at his law library, he said.

Many librarians expressed surprise at the many services offered by the Washington office. "I didn't realize they could answer all the questions I can't," Miss Louise Tompkins from Princeton University Library said. "They'll get those questions now!"

## DEPOSITORY LIBRARIES AND EUROPEAN DOCUMENTATION CENTERS

### CALIFORNIA

University of California, General Library, Documents Department, Berkeley; University of Southern California, University Library, University Park, Los Angeles; University of California Library, Government Publications Room, Los Angeles; Stanford University, The Hoover Institution, Central and Western European Collection, Acquisitions Department, Stanford.

### COLORADO

University of Colorado Libraries, Government Documents Division, Boulder.

### CONNECTICUT

Yale University Law Library, Acquisitions Department, New Haven.

### WASHINGTON, DC

American University,\* Ashbury Building No. 326, CERDEC; Library of Congress, Exchange and Gift Division; International Monetary Fund, Joint Bank-Fund Library.

### ILLINOIS

University of Illinois, College of Law, Foreign Law Library; University of Chicago Library, Documents Department, Chicago; Library of International Relations, 660 North Wabash Avenue, Chicago; Northwestern University Library,\* Government Publications Department, Evanston.

### INDIANA

Indiana University Library, Documents Department, Bloomington; University of Notre Dame, Memorial Library, Notre Dame.

### MASSACHUSETTS

Harvard Law School Library, Langdell Hall, Cambridge.

### MICHIGAN

Michigan State University Library, Documents Department, East Lansing; University of Michigan, The Law Library, International Organizations Documents, Ann Arbor.

### MINNESOTA

University of Minnesota, Wilson Library, Serials Records, Minneapolis.

### MISSOURI

Washington University, John M. Olin Library, St. Louis.

### NEW JERSEY

Princeton University Library, Princeton.

### NEW YORK

Council of Foreign Relations; United Nations, Dag Hammarskjöld Library, Acquisitions Section, New York City; New York Public Library, Grand Central Station, P.O. Box 2221, New York City; New York University, School of Law Library, 40 Washington



Ella Krucoff, EC Chief Information Specialist, explains the Information Service's functions. Photo: Jane Spotts, Washington, DC.

Square South, New York City; State University of New York at Buffalo, Lockwood Memorial Library, Government Documents, Buffalo.

#### **NORTH CAROLINA**

Duke University Library, Public Documents Department, Durham.

#### **PENNSYLVANIA**

Pennsylvania State University Library, Documents Section, University Park; University of Pennsylvania, Van Pelt Library, Serials Department, Philadelphia.

#### **TEXAS**

University of Texas, School of Law Library, Austin.

#### **VIRGINIA**

University of Virginia, Alderman Library, Serials Section, Charlottesville.

#### **WASHINGTON**

University of Washington Library, Government Documents Center, Reference Division, Seattle.

#### **WISCONSIN**

University of Wisconsin, Memorial Library, Documents Department, Madison.

### **CANADA**

#### **ONTARIO**

Waterloo Lutheran University,\* The Library-Center for Contemporary European Studies, Waterloo; Université d'Ottawa,\* Centre de Coopération Internationale, Ottawa; York University Libraries,\* Documents Service, Faculty of Administrative Studies, Downsview.

#### **QUEBEC**

Ecole des Hautes Etudes Commerciales, Bibliothèque, Montréal; McGill University Libraries, Montreal.

\* European Documentation Center

## Steel Output Declines in Six and Britain

European Community steel production dropped more than 5 per cent in 1971, partly the result of a decrease in German output.

Germany's production fell 5 million metric tons from the preceding year. Total EC output amounted to 103.3 million tons, down 5.8 million from the 1970 figure.

When the European Coal and Steel Community (ECSC) was established in 1952, the Six produced 42 million metric tons of steel a year.

Italy's and the Netherlands' contribution to total steel production has increased markedly over the past 20 years. Italian production in 1971 hit 17.4 million tons, compared to 3.4 million tons in 1952. In the same period, Dutch steel output increased more than seven times, from 700,000 tons in 1952 to last year's total of 5.1 million tons.

The Consultative Committee of the ECSC expects steel production to rise in 1972, ranging between 104.5 million tons to 108.5 millions.

## Public Purchases Still Based on Nationality

Public authorities in the Six still discriminate against products manufactured in other member countries, despite Common Market Treaty prohibitions.

According to a Commission report released July 24, intra-Community trade for public purchases is unsatisfactory in such important sectors as data-processing, energy generation, telecommunications, and railroad equipment. Only a few goods (medicines, building maintenance material, and medical and heating equipment) are increasingly bought on a Community rather than a national basis.

The reasons for discrimination in public purchases by nationality are many: different national technical norms and safety regulations; protection of national industries, such as computers in France or railroads in Belgium and Italy; pressures from labor unions, and such psychological factors as national prestige.

In the Commission's opinion, however, the entire Community would profit in the long run from liberalization of public contracts in all industrial sectors, particularly since public purchases of goods and services range from 5 per cent to 9 per cent of member states' gross domestic products.

## Commission Proposes Car and Licensing Standards

If current trends continue, 70,000 persons in the Six will die in automobile accidents in 1980, according to Community predictions. During 1971, more than 50,000 persons were killed on Community highways, a figure comparable to US highway deaths.

To help reverse these trends, the Commission has proposed four directives for improved auto and driver safety standards. The first two, sent to the Council of Ministers on August 24, would harmonize procedures for licensing drivers and set standards for periodic vehicle inspection. Two other directives presented on September 15 would set safe design standards.

Only persons over 18 years of age would be licensed to drive vehicles of less than 3.5 tons, according to the first directive. Sixteen-year-olds would be eligible for motorcycle drivers licenses. The Commission also proposed psychological tests for candidate drivers and physical check-ups on a regular basis for all drivers.

Private automobiles will have to undergo inspection annually after the fourth year, motorcycles will be inspected every four years, and commercial vehicles every two years, if the second Commission proposal is passed.

Also to improve vehicle safety, the Commission recommended that all front windshields of new cars be made from laminated glass by September 30, 1976. The fourth proposal recommends that all cars pass a performance test where the steering column cannot be displaced more than five inches during frontal impact at 50 kilometers per hour (31 mph).

## The Month in Brief

**7-8** More than 50 librarians from throughout North America attend a conference sponsored by the European Community Information Service in Washington, DC (See page 6).

**11-12** The finance ministers of the six member and four candidate countries decide in Italy to continue preparations for the October summit and to establish a European monetary cooperation fund (See page 9).

**12-23** Commission President Sicco L. Mansholt travels to Indonesia, Malaysia, Singapore, and Thailand.

**14-15** World Affairs Council leaders from across the United States attend a seminar on Atlantic relations sponsored by the European Community Information Service in Washington, DC (See page 14-15).

**19** The twentieth anniversary of the establishment of the European Coal and Steel Community is celebrated in Luxembourg (See page 8).

**20-21** The European Parliament meets in Luxembourg.

**25** Norwegians vote in a national referendum against their country's entry into the Common Market (See page 10-11).

**25-29** US proposals for reform of the international monetary system are welcomed by delegates to the annual meeting of the World Bank Group in Washington, DC (See page 12-13).

**26-27** The Council of Ministers discusses the proposed European Regional Fund and establishes an ad hoc committee to report on EC and member state development aid by May 1973.

## EC Proposes Step Toward Common Capital Market

The Council of Ministers is considering a proposal that would require European-wide standards, similar to those of the American Securities and Exchange Commission, for prospectuses of stock offerings in the Common Market.

The proposal, announced by the EC Commission September 29, would set up uniform standards for the contents, distribution, and supervision of prospectuses in the member countries. A prospectus, necessary for official quotation on stock exchanges, gives the public information needed in purchasing stocks or bonds. At present, the offerings on the Community exchanges are relatively narrow and their volume low as compared with the United Kingdom or New York exchanges.

## Brugmans Retires As College of Europe Head

For the first time since its inception in 1950, the small yet influential College of Europe in Bruges, Belgium, opened an academic year without its internationally known rector, Henri Brugmans.

The 66-year-old Dutch head of the College announced his retirement this year and turned over the guidance of the institution to Jerzy Lukaszewski, a Polish-born Belgian who has been at the school since 1961.

The College, nestled near the center of medieval Bruges, a two-hour drive from the European Community institutions in Brussels, has had an impact reaching beyond its modest size. The postgraduate institution has had an average enrollment of 50 students per year. Over the years, about 60 Americans have been enrolled. About

14 per cent of the College's former students work for the European Community or the Council of Europe. Many others have carved careers in other international organizations, legal practice, business, the academic world, or journalism.

His successor, the 48-year-old Lukaszewski, first arrived at the College of Europe in 1961 as a research assistant after working as an international civil servant in Geneva. He has received degrees in law and political science and attended Harvard University on a Ford Foundation grant. He became an assistant professor and later director of the political science division at the Bruges school. In 1967 he also began teaching political sociology at the Namur Law School.

## ECSC Celebrates Twentieth Birthday

"Europe will not be made all at once, or according to a single, general plan. It will be built through concrete achievements . . ." This declaration on May 9, 1950, by French Foreign Minister Robert Schuman, launched the idea of the European Coal and Steel Community (ECSC), which was born 20 years ago.

At commemorative ceremonies September 19 in Luxembourg, European Commission Vice President Carlo Scarascia-Mugnozza said the ECSC architects "should feel proud of having been the first interpreters of the new European spirit."

The Commission Vice President declared, "We can all be proud of having made our continent an island of peace and well-being

in a world of violence, but we realize that our problems cannot be isolated from those of the rest of the world. May the next 20 years see the enlarged Community's consolidation so that it can play its proper role in our century's tumultuous history." For special praise, he singled out Albert Coppé, currently a member of the EC Commission, an original member of the ECSC High Authority, and one of the participants in the twentieth anniversary ceremonies.

### ECSC's Success Spurred Integration

The Treaty creating the ECSC was signed in Paris on April 18, 1951, by Belgium, Germany, France, Italy, Luxembourg, and the Netherlands, and went into force in 1952.

## Farm Reform Moving Slowly

The European Community's efforts to modernize agriculture are slowly paying off, but the main problem of too many farmers on small plots of land has not yet been solved.

In its annual agricultural report, released September 13, the EC Commission concluded that only heavy investment in the farm sector could speed up the 8 per cent a year rate of increase in farm labor productivity. The average Community farm size of 31 acres remains too small for greater productivity improvements, the report said.

On a more positive note, the Commission noted that the number of farms in the Community continues to decline, and at an increasingly higher rate. In the 1967-70 period, the number of farms dropped by 3.9 per cent, compared with a 1.7 per cent

rate in 1960-67. The number of farm workers has been decreasing 4.2 per cent annually.

The Commission also noted a decline in the relative importance of agriculture in the Community's general economy. Agriculture's contribution to the gross national product (GNP) fell from 5.8 per cent in 1969 to 5.3 per cent in 1970. In addition, the farm population accounted for only 12.9 per cent of the total labor force in 1970, compared to 13.8 per cent in the preceding year.

At the same time, agriculture is becoming more integrated into the total economy. In line with the general movement of the economy in 1971, agricultural production costs rose while farm products fetched lower prices.

The decline in prices was partly explained by increased supply. Consumption increased at a slower rate than production, which rose by 3.5 per cent.



# Monetary Fund Saves the Summit

**ROBERT TAYLOR** *Reuters Chief Correspondent in Brussels*

Progress on the economic and monetary front has saved the previously jeopardized summit meeting, to be attended by the heads of state or government of the three candidate and six member countries of the Community.

Only after the foreign and finance ministers of the Ten (including Norway), meeting in Rome and Frascati on September 11-12, had agreed in principle on a European monetary cooperation fund did President Georges Pompidou confirm his invitations to the Paris summit scheduled for October 19-20. In June, Mr. Pompidou had told a surprised Belgian Premier Gaston Eyskens of his plans to cancel the summit if it looked as if it would produce nothing but "thinly disguised disagreements."

In addition to an extensive series of bilateral consultations during the summer, the permanent representatives (the ambassadors of the six members and the then four candidate countries) continued their secret sessions in Brussels to work out an acceptable summit agenda. Differences among the Ten were most apparent on two of the three summit topics, the institutional framework of the enlarged Community and its relations with non-member countries. Summit achievements on these issues will certainly fall short of initial expectations. The Netherlands' sweeping proposals for strengthening the Community's institutions were considerably reduced in scope. The initial French proposal for locating the Community's proposed political secretariat in Paris received no mention in the permanent representatives' report.

## Economic Union Receives Top Billing

The agreement in principle on a European monetary cooperation fund by the ministers of finance in Rome, confirmed by their foreign affairs colleagues in Frascati, cleared the shadows from the summit. Having received top billing from the start, economic and monetary union will surely serve as the summit's centerpiece.

Originally, the creation of the fund, the forerunner of an EC central banking system and possibly a common currency, was planned for the second stage (beginning in 1974) of the three-phase transition to full economic and monetary integration by 1980. In March, however, the Council of Ministers agreed the fund should be established during the first stage. Initially, the fund will perform modest functions. It will

- manage the short-term credit system already agreed upon between central banks of the enlarged Community. The total amount of credit available will be 1.4 billion units of account to any one country.
- operate on a multilateral basis the system of central bank interventions to keep Community currencies within the agreed fluctuation margins of 2.25 per cent above and below parities.

The intervention system began operating last April (See *European Community* No. 155, pp. 11-14), but since then settlements have been made on a bilateral basis. Transactions will be in "European units of accounts" equal to the value of the US dollar before devaluation.

The Central Bank Governors' Committee will administer the fund, along guidelines set by the Council of Ministers.

Settlements (borrowing and repayments) will be carried out by debiting and crediting the fund, thereby multilateralizing the operations. The Council directed the Central Bank Governors' Committee and the EC Monetary Committee to study possibilities for eventual pooling of national currency reserves in the fund.

## Fund's Limited Scope Reflects National Differences

The fund's scope falls short of what some countries, particularly Belgium and Italy, as well as to a certain extent France, would have liked. Other partners, including Germany, Britain, and the Netherlands, wanted to move more slowly. This division reflects the differences of approach between countries who argue that economic and monetary integration will be realized more quickly by tightening monetary ties and others who consider economic harmonization the basic starting point.

If the fund is to start off soundly, the currencies in which the fund will operate, in addition to units of account, must be decided. When the narrow margin arrangements began operating last April, debts had to be paid in a mixture of assets reflecting the composition of a member country's reserves. For example, if a country had 50 per cent of its reserves in gold and the rest in dollars, it had to repay half its debt in each. When sterling floated in June, Italy requested and temporarily received special dispensation to repay its debts entirely in dollars. The finance ministers in Rome prolonged Italy's dispensation until the end of the year. Italy was reluctant to use gold to settle debts because the free market price is considerably higher than the official price. Some Community experts believe gold must be brought back into the system of central bank settlements.

Short-term credit terms and the role of the British pound sterling are two other problems to be ironed out. Many of the technical details will not be settled when the fund receives formal approval at the summit, leaving Community central bank governors and monetary experts to fill the gaps.

*French President Georges Pompidou's reluctance to hold the summit faded as agreement was reached on the European Monetary Cooperation Fund. President Pompidou and an unidentified associate emerge from a meeting during the last summit, December 1969, in The Hague.*



# A Community of Nine

## NORWAY AND DENMARK DECIDE 1973 SHAPE OF COMMON MARKET

H. PETER DREYER *European News Editor of The Journal of Commerce*

At long last, the members of the enlarged European Community are known. Norway's "no," and Denmark's "yes" a week later, finalized the nine-nation shape of the European Communities in 1973. The United Kingdom, through a series of votes in Parliament, and Ireland, in a referendum, had already decided to join the Community's original six members next January 1.

Preoccupation with the Common Market in particular and European integration in general are hardly new features in Scandinavia. The Nordic countries embarked on (unsuccessful) integration efforts of their own even before the Rome Treaty established the Common Market. When they realized that the envisaged greater European free trade zone was not feasible, they readily joined the United Kingdom in establishing the European Free Trade Association (EFTA) in 1959. This Geneva-based organization had a mighty impact on the Nordics. By eliminating internal tariff walls, it gave an enormous and quite unexpected boost to intra-Scandinavian trade.

Evaluating the Common Market as chiefly an economic proposition, the Scandinavian countries, enjoying generally superior living standards themselves, initially felt no great urgency for EC membership. Nevertheless, they had a first unsuccessful go at it when the United Kingdom tried for membership in 1961-63. Another try in 1967 also failed after the second French veto blocked the Community's enlargement. Denmark and Norway, along with the United Kingdom and Ireland, then pounced on the new opportunities presented by the 1969 Hague Summit and Georges Pompidou's election as French President.

*The "Nei's" have it on voting night in Norway. Proponents of Common Market entry figured only 46 per cent of the total votes cast. Photo: Courtesy Norwegian Embassy Information Service, Washington, DC.*

Finland, steering a precarious course between East and West, along with Sweden opposed full membership.

### Negotiations with Norway Plagued by Crises

Though less in the limelight than the United Kingdom, negotiations with Denmark proceeded smoothly. Norway was a different story. Fishing rights and policies, agriculture, and structural problems all raised controversy. An agreement was reached only at the very last moment and after repeated crises. What many Norwegians, rightly or wrongly, came to regard as the Community's intractable posture undoubtedly contributed to their ultimate "no." Even before signing the Treaties, the Norwegian and Danish Governments had decided to submit them to plebiscites, a rare procedure in both countries.

Whether issues so complex and technical should have been put to a popular vote is now being questioned in both countries and elsewhere. Even if it was a mistake, however, the referenda did not automatically make joining the Common Market more difficult. The Danish constitution demands a five-sixths majority in Parliament, and Norway needed a three-quarters' majority to ratify the Accession Treaties. Even before the plebiscites, the required majorities did not appear readily available in either country.

### Emotion Dominated Norwegian Campaign

In the fierce, bitter, and often violent debates in Norway over membership, economic aspects receded into the background as emotions took over. A strange mixture of



superstition, prejudice, and trauma was skillfully used by opponents of membership. In Norway more than in Denmark, forces of the left and the right joined hands in conjuring up a kind of nationalism not ordinarily associated with the cool and sober North. Ironically, the debate often invested the Community and the Commission with powers they might like to have but certainly do not now possess.

Throughout the spring and summer, judging from the opinion polls, advocates of membership in Norway always remained in the minority — although their ranks included most political leaders, labor bosses, and virtually the entire business community. They seemed to gain some ground in the home stretch, but still received only 46 per cent of the total votes cast.

In Denmark, the situation was always different: supporters of membership were invariably shown to be more numerous than adversaries. Furthermore, the Danish farmers, unlike the fearful Norwegian farmers, were in the forefront of those opting for membership. Extremely efficient Danish farmers expect to reap rich rewards from the EC's common agricultural policy. Danish agricultural export earnings should rise by an estimated \$35 million to \$43 million per month beginning February 1, 1973. Toward the end of the campaign, voters were told that only by joining the Community could the country avoid a substantial devaluation of its currency, drastic government austerity measures, mass unemployment in the cities, speedy ruin for 100,000 farmsteads, and perhaps total national bankruptcy. Nearly 90 per cent of the electorate went to the polls to vote 1.9 million for and 1.1 million against Danish membership.

### Many Questions Now Arise

With the decisions made, the questions begin. Would the outcome have been different if the Danes had voted first? Would their overwhelming vote in favor have persuaded enough Norwegians to switch to "yes"? How far is the Community itself to blame? Is it just the lack of contact between the governments and the people in the EC which Commission President Sicco L. Mansholt has so often deplored? Did the Community make a strategic blunder when, despite warnings, it settled its common fisheries policy the day before negotiations started with Norway, Europe's biggest fishing nation?

For other questions, the weeks, months, and years ahead will furnish replies. First of all, negotiations with Norway for a free trade accord like those concluded with Sweden, Switzerland, and the other EFTA non-candidate countries will not be possible before January. Norway will be worse off even if it gets the same "model" agreement as Sweden, because its export basket contains a far higher percentage of "sensitive" products, such as paper, aluminum, and ferro-alloys, on which the European Economic Community is not ready to eliminate tariffs in the 4.5 year period agreed for less sensitive imports.

Then, there is Norway's internal dilemma. Once formed, will a new Government succeed in bridging the gulf between the political leaders and the greater part of the people? Can it heal the break between urban voters, who

massively backed membership, and those in the coastal and rural areas who even more massively defeated it?

Norway's place in the Western world also comes into question. As in other Nordic countries, neutralism traditionally has a strong attraction for Norwegians. In the postwar period Norway deliberately moved in the opposite direction when it joined the North Atlantic Treaty Organization (NATO).

Is there a danger that, having turned its back on the Community, Norway may now withdraw from its Atlantic and related commitments as well?

Time will tell. Developments will not depend on Norway alone. The Community, though spurned, will by action and attitude continue to share in shaping that country's future.

## Labour Party Reacts

The reverberations of the Norwegian "no" reached far beyond Oslo and Brussels into Blackpool, England, where the British Labour Party was holding its annual convention only a week after Norway had turned down Community membership.

Renewing their attacks on the Heath Government's negotiated terms of entry into the Community, Labour leaders called for either a general election or a national referendum to decide the issue in Britain — the only one of the four countries scheduled to join the Community that has not had such a plebiscite. The Labour National Executive Committee promised that, if the Party returned to power, it would not consider the Accession Treaty binding unless renegotiated. Reflecting a minority opinion, pro-membership Labourites sent a congratulatory telegram to the Danish Government.

Earlier, the British Trades Union Congress (TUC) voted 4,892,000 to 3,516,000 to oppose British entry into the Community. The September 6 resolution was backed by the two largest unions, the engineers and the transport workers. Sir Sidney Greene of the TUC General Council, however, said that such a resolution would be "turning somersaults" since the TUC has never opposed the principle of entry during the past 10 years.

Community reaction to the recently voiced British opposition was expressed by Commission President Sicco L. Mansholt, a fellow Socialist, at an October 3 press conference after the Danes voted in favor of Danish membership. Renegotiation of the Treaty by which the United Kingdom will join the Community was out of the question, Mr. Mansholt said. "I am not alarmed by speeches at the Labour Party Conference in Blackpool. They don't know what they are about. They will see in the future."

The Commission President also said that a referendum as a vehicle for democratic expression is ill-suited for deciding so complex an issue as Common Market entry. It is particularly ineffective if rumors and false charges are deliberately made, as was the case in the Norwegian referendum campaign, he added.

# Things Look Up for Monetary Reform

The United States has broken the deadlock over the reform of the international monetary system with proposals to restore order.

The US proposals were announced during the September 25-29 meeting of the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation, and the International Development Association in Washington, DC. Long and tedious negotiations on specific points still lie ahead, but, as West German Economic Affairs Minister Helmut Schmidt said in a news conference, the "religious wars" have ended.

US Treasury Secretary George P. Shultz proposed to the 124-nation assembly the end of the dollar's special reserve role and the establishment of international criteria for determining necessary changes in currency exchange rates. Many delegates were surprised not only by the specific nature of some of the proposals but also by the fact that they had been presented at all. Previously, the United States had seemed reluctant to present monetary reform proposals until its chronic balance-of-payments deficit had been reduced.

## "Fears . . . Beginning to Disappear"

"Not long ago, there were still some who doubted the existence of a common resolve to implement a reform of the monetary system," French Minister of Economics and Finance, Valéry Giscard d'Estaing said. "Some predicted that future monetary relations would be organized around separate blocs and that the era of a universal code was a thing of the past." After hearing Mr. Shultz' speech and those of other colleagues, Mr. Giscard d'Estaing said he believed "these fears are beginning to disappear."

The Smithsonian Agreement of last December temporarily patched the international monetary system by setting new values for the major industrialized countries' currencies. The dollar, however, has remained inconvertible since August 15, 1972, when the United States severed the dollar's link with gold. The United Kingdom broke the Smithsonian Agreement by floating the pound sterling last June, and several other countries are beginning to feel the strain of staying within the Smithsonian fluctuation margins.

The six members of the European Community, along with Britain, Ireland, and Denmark — scheduled for membership in January — based their proposals and comments on the eight general points agreed on in London last July. At that time, the 10 ministers (including Norway's) agreed that the reformed international monetary system should

- continue to be based on fixed but adjustable parities
- be designed to reestablish general convertibility
- provide for effective international regulation of world liquidity
- secure the necessary adjustments in the balance of payments of participating countries
- respect the need to reduce the destabilizing effects of short-term capital flows

- conform to the principle of equal rights and obligations for all countries
- take into account the interests of developing countries
- be compatible with the gradual achievement of economic and monetary union of the enlarged Community.

Although the US proposals were regarded as a helpful starting point for negotiations, some Europeans took exception to specific points. Most agreed that the elimination of the dollar's special role was long overdue and greater exchange rate flexibility would improve the system, but methods of reaching common goals differed.

## Automatic Parity Changes Unacceptable

Mr. Giscard d'Estaing agreed with the United States that surplus countries should be under the same pressures to balance their payments as deficit countries. He argued against the US proposal, however, that abnormal increases in a nation's reserves be the criterion for exchange rate changes. "Parity changes must not be governed by automatically applicable criteria," he said. "The situation of the settlements between central banks . . . must provide the main incentives for par value changes." British Chancellor of the Exchequer Anthony Barber did not believe it would be "practical politics to rely on any purely automatic mechanism" for parity changes.

France reversed its traditional insistence on gold as the numéraire, the standard of measurement for the system. Mr. Giscard d'Estaing said the numéraire could be either gold or Special Drawing Rights (SDR's), but warned against an "exclusively conventional standard" that could be "progressively devalued by excessive creation . . . leading up to a new crack-up of the system."

Mr. Giscard d'Estaing offered a three-stage reform program:

- At next year's IMF meeting, agreements on exchange rate mechanisms and specific monetary arrangements for developing nations should be finalized.
- In a second stage, currency convertibility would be restored.
- The fundamental problems of the numéraire and liquidity would then be tackled.

## Germany Warns Against Inflation

German Minister for Economic Affairs, Helmut Schmidt, agreed with most delegates that SDR's will play an increasing role in the future reserve system. He cautioned, however, that the creation of SDR's should not be misused "as a wonder drug to relieve all possible imbalances." Schmidt said the world's prime task is controlling worldwide inflation which "the liquidity explosion of the last two years . . . has quite certainly nourished . . ."

The developing countries generally favor creation of further SDR's to increase their foreign reserves. Mr. Barber said that the United Kingdom would favor linking SDR's and development aid if such a plan would not be inflationary. Italian Minister of the Treasury Giovanni

Malagodi said, "SDR's created to increase international liquidity should in part be transferred to international development agencies to provide a growing flow of aid to developing countries." France, Belgium, and Ireland favor a link between SDR's and development aid. The Netherlands favors such a link in principle but has postponed taking a definite position until an official IMF stand on the subject is announced.

Mr. Barber and Irish Minister of Finance George Colley each proposed an arrangement to substitute modified SDR's for existing reserve currency holdings beyond necessary working balances. Secretary Shultz said "careful study" should be given to an optional exchange for a special issue of SDR's. Holdings of dollars or other currencies as reserves would not be "banned or encouraged," Mr. Shultz said. Mr. Giscard d'Estaing, criticizing the piling up of reserve currencies, said that a debtor should not pay his debts by "transfer of his own currency, at least beyond an amount considered adequate to constitute a working balance." Swedish Minister of Commerce Kjell-Olof Feldt, speaking for all the Nordic countries including Denmark, said a total of 3 billion SDR's should be allocated annually during the next two years.

### Belgium Wants Strong IMF

Belgian Finance Minister André Vlerick stressed the need to strengthen the IMF, "so that the Fund may be in a better position to ensure observance of the rules of the international monetary system than it was with regard to observance of the rules of the present system." The United States also said the IMF must be prepared "to assume an even more critical role in the world economy." The rules of the IMF and the General Agreement on Tariffs and Trade (GATT) should also be harmonized because of the interrelationships of trade and monetary questions, according to the United States.

*This year's IMF conference inaugurated the new "Group of 20", made up of 11 industrialized and semi-industrialized countries and nine developing countries, which will negotiate the specifics of international monetary reform.*

*French Minister of Economics and Finance Valéry Giscard d'Estaing offered a three-stage program for reform of the international monetary system before the International Monetary Fund plenary session in September in Washington, DC.*



Most Europeans including the French, the Germans, and the British praised the leadership of IMF Managing Director Pierre-Paul Schweitzer, whom the United States is opposing for reelection next year.

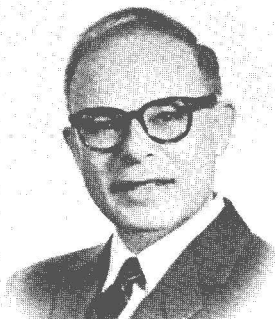
"In an international organization governed by democratic principles, it would be inconceivable that the attitude thus taken by the great majority should be deliberately disregarded," Giscard d'Estaing said.

The general impression continues to be that, in the face of US opposition, it will be impossible for Schweitzer to succeed to another term, despite widespread support from both the industrialized and developing countries.

With such broad policy outlines having been openly aired before them, it is now the task of the new "Group of 20," made up of 11 industrialized and semi-industrialized countries and nine developing countries, to negotiate the specifics of international monetary reform. This process may take years, but the prospects of success seem greater than they did before the September meeting. "Everyone now is moving in the same direction," a member of the Dutch delegation said. "There are pegs you can hang an agreement on."



# Atlantic Relations: A Negative-Sum Game?



**THEODORE GEIGER**  
*Director of International Studies,  
National Planning Association*

*Thirty representatives of World Affairs Councils throughout the United States met in Washington September 14-15 for a workshop/seminar sponsored by the European Community Information Service. The program focused on the emerging issues in US-EC relations, with an exchange of views between the American participants and representatives from EC Commission headquarters in Brussels. This article was condensed from Dr. Geiger's seminar luncheon address. Dr. Geiger expands on these ideas in his forthcoming book to be published in January 1973: The Fortunes of the West: The Future of the Atlantic Nations (Indiana University Press, Bloomington).*

Trade policies, international monetary reform, and European defense are all familiar issues in US-European relations. These problems must be viewed in the broad context of the new period now emerging in world history to determine the limits within which they are likely to be settled.

Basic changes have been occurring within the national societies of Western Europe and North America, in the international system as a whole, and, finally, in Atlantic relationships, an intermediate plane between the national and worldwide levels. Each of these complex systems interacts with the others. In the time available, I can enumerate only a few main characteristics of these interactions.

Among the changes occurring inside all the Atlantic countries, meaning Western Europe and North America, one trend stands out: the proliferation of national goals. Within all our societies, the number, diversity, and magnitudes of national goals are increasing together with the people's impatience to realize them and unwillingness to compromise among them. As a result, the competition among interest groups for available resources is intensifying, resource allocation is becoming increasingly politicized, inflation tends to be endemic, and government's role as the agency for resolving conflicting claims on resources is growing. These developments focus national attention and resources on domestic needs and away from international concerns.

## **Bipolar to Multipolar World**

At the worldwide level, the bipolar nature of the international system is gradually being transformed into a multipolar or balance-of-power configuration. The rivalry of the United States and the Soviet Union still dominates the system. The other emerging great power centers — China, the European Community, and Japan — are developing their respective world political, military, and economic capabilities at different rates. Despite economic weakness, China's international political importance has been growing rapidly due not only to the competition of the existing superpowers but also to its sheer size and military strength. In contrast, the remaining two prospective power centers still lack worldwide nuclear and conventional military capabilities, hence, world political prestige. This

is true even though the European Community and its associates form a powerful world economic bloc and an analogous economic arrangement centered on Japan is beginning to evolve in East and Southeast Asia. The disparities in the development rates of economic, military, and political capabilities generate frustration and resentment that become increasingly important psychological factors in the tensions among the existing and prospective great powers.

## **Common Interests Formerly Predominated**

Interacting with these changes in the national and worldwide systems are the trends in US-European relations. Three periods can be distinguished since World War II. From the late Forties to the mid-Sixties, a bilateral relationship predominated between the United States and each West European country. This relationship involved an enormous disparity. Each European country was confronted with vastly greater American economic, political, and military capabilities. Nevertheless, any resulting resentment was repressed because of the need for US economic assistance and protection against the Soviet menace.

During this first phase of the postwar Atlantic relationship, Europeans needed something from the United States which it was in the US interest to give. The game theorists would call this "a positive-sum game," in which both sides gained. For example, Marshall Plan aid not only helped to rebuild the European economies but also benefited the United States by enabling Europeans to buy American goods. And, the cold war between the United States and the Soviet Union made it in the US interest to have American troops in Europe to "contain" Soviet aggression. Thus, in the Fifties and early Sixties, Western Europe and the United States were mainly concerned with common problems that could be solved to their mutual advantage.

## **A Collective Europe Emerges**

The second period, which began in the mid-Sixties, is one of transition in which a collective European relationship with the United States began to grow. It has gradually become more important since the European Community completed its customs union in the late Sixties and is now trying to move forward to greater economic integration.

During the Seventies, the third phase of Atlantic relations will emerge in which a European entity, the enlarged Community and its affiliates — those without full membership but with associate status — will relate as a group to the United States. Then, the individual national relationships will be comparatively less important. However, the full emergence of the third phase is inhibited because Europe's collective capability has developed faster in the economic than in the military or political fields.

This lag has exacerbated some US-European issues. In the military-political field, for example, the Europeans have so far been unwilling, despite their prosperity, to assume the major responsibility for their own defense, which generates US resentment. At the same time, Europeans want to have a more important voice in the North Atlantic Treaty Organization (NATO) strategy and tactics, which the United States is unwilling to concede.

### One Loses, One Wins

Thus, the nature of transatlantic issues is changing. As explained above, the issues in the earlier period were predominantly a positive-sum game. Today, they are increasingly becoming a zero-sum game where one side loses and the other wins. Europeans require things of the United States that would involve American sacrifices, and vice versa. For example, the Europeans want the United States to eliminate its balance-of-payments deficit. The United States would like to comply, but what does that involve? The United States could deflate its economy until external accounts balanced as import demand fell and exports, low-priced because of declining domestic demand, rose. But no American Administration is ever going to adopt a prescription of that kind which could put 12 million to 15 million Americans out of jobs. For its part, the United States tells Europe: your balance-of-payments surpluses are the counterpart of our deficit; you ought to eliminate them. But cutting Europe's exports to eliminate its surpluses could mean unacceptable unemployment in Europe, too.

### National Demands Limit Concessions

As domestic demands on resources and the lowering of barriers to trade and capital flows narrow national governments' freedom of action, their willingness and ability to make concessions are correspondingly reduced. Agreement on international economic problems becomes more difficult, slower, and more highly politicized, and the results less thoroughgoing and satisfactory than during the earlier period. This difference does not mean that international economic problems are insoluble. It does mean, however, that in most cases prolonged negotiations will lead only to marginal adjustments among the participants, and to the smallest possible structural changes required to preserve the main elements of a functioning world economic system.

The danger is that the zero-sum games that now characterize many economic and political issues between the United States and the European Community will become negative-sum games — that both sides would lose. A negative-sum game would be a mercantilist trade war or an international monetary crisis in which the entire international monetary system collapsed. Or, in the political-military field, it could be premature or unilateral withdrawal of American troops from Europe.

This does not present a very pretty picture for those who have lived their lives thinking of US-European relationships as essentially embodying common interests and advantages, and hence that compromise and concession were easy. This new situation is a difficult one to handle, and the resentments, jealousies, and frustrations which it breeds become important psychological factors affecting attitudes on both sides of the Atlantic. Even so, I believe that the long-existing basic sociocultural affinities and the continuing common interests will be strong enough to prevent US-European relationships from deteriorating into negative-sum games.



Jean-Pierre Leng, an official from the Commission of the European Communities, answers a question during the World Affairs Council seminar in Washington, DC. Other panelists pictured (from left) are Information Director Leonard Tennyson and Deputy Director Guy Vanhaeverbeke. Commission official Horst Krenzler, another panelist, is not shown here. Photo: Joan Larson.

J. Derek Mitchell (left), Minister of Economic Affairs at the British Embassy, and Max Bishop, Executive Director of the World Affairs Council of Pittsburgh, chat during a reception for the visiting World Affairs Council representatives. Photo: Joan Larson.



## The Voice of the Left

**INA SELDON** *a freelance journalist*

Agenor was the father of Europe in Greek mythology. Today it is a left-wing European magazine and an articulate critic of Community programs and policies.

Run by a Brussels-based international cooperative, *Agenor* specializes in handling European news in a way that national magazines rarely do. For example, during the miners' strike in Belgium, it informed German unions that the Belgian authorities might try to break the strike by importing German coal. Because international coordination was lacking among the coalminers' unions, the Belgian mineowners succeeded in importing German coal. *Agenor's* purpose is to make such action impossible by improving the communications network among the forces of the left.

### Progressive Groups Lack Influence

*Agenor* maintains that progressive groups exert too little influence at the European level and allow more conservative elements to reap the greatest benefit from European integration.

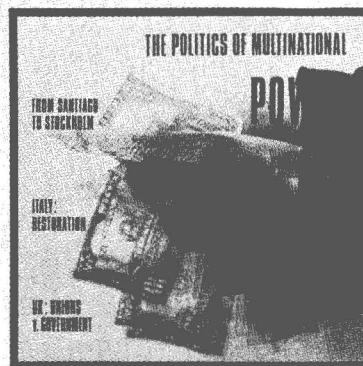
Members of the *Agenor* cooperative number only 300, and the organization's influence is often disproportionate to its size. For example, the magazine repeatedly criticizes working conditions in the Commission's headquarters in Brussels, the Berlaumont building. When *Agenor* printed posters depicting the building in the form of a skull and cross-bones, its editors were pleasantly surprised to see how many posters appeared on Eurocrats' office windows.

"Founding father" Jean Monnet once asked a group of four "experts" to produce ideas on the future of the Community. On April Fool's day, 1969, *Agenor* published a report, purportedly from the experts proposing an extensive federal system for a United States of Europe. When many of Europe's top newspapers were taken in by the hoax, *Agenor* claimed to have exposed the uncritical way in which Europe's top newspapers report on European affairs.

### Providing an Alternative Source of Information

*Agenor's* main goals, of course, are not making posters and publishing hoaxes. Through mordant criticism of Community policies, it tries to put pressure on Community decision-makers and gives the European public an alternate source of Community information. For instance, when the Community's association with 18 African countries was renegotiated in 1969, the Community increased the European Development Fund's aid resources from \$800 million to \$1 billion. Community officials hailed the increase as indicating the Community's heightened awareness of development problems. *Agenor* billed the increase as no increase at all, since as a result of inflation, the \$1 billion were worth less than the original \$800 million.

*Agenor* shies from adopting any political label, although most Europeans consider it a leftist publication. *Agenor* writers and editors have repeatedly found that national political labels can be misleading. Someone from Scandinavia, who at home is a "liberal" or even a "conservative," will take a more radical line on certain issues than someone farther to the left in the French or Italian political spectrums. European national politics and traditions differ so



greatly that definitions of political persuasion become meaningless.

During Monday open houses at *Agenor* headquarters, a five-minute walk from the Berlaumont, a Norwegian trade unionist may compare notes with a member of the French Socialist Party, or a Eurocrat and a journalist may discuss the latest Community problems and argue their impact on member countries. Common political labels do not bring these people together. Rather, a dissatisfaction with society's priorities and discontent with the direction of European integration form a common bond and a framework for discussion. Guests at some meetings have included Conor Cruise O'Brien, Brussels urbanist groups, and European Commissioners Altiero Spinelli, Jean-François Deniau, Ralf Dahrendorf, and the current Commission President, Sicco L. Mansholt.

A handful of journalists and officials, all former students at the College of Europe in Bruges, Belgium, launched *Agenor* in 1967. As more people became involved, the magazine's founders invited them in 1969 to form a cooperative which would own *Agenor* and elect officers to run it. They also decided to publish the magazine monthly. Within six months it was in the throes of a financial crisis. The original format was too costly, readers were hard to locate, and publishing some articles in French and some in English was asking too much even of dedicated "Europeans." The group overcame the crisis through support from many of the cooperative's members who began paying regular monthly contributions to keep the magazine alive.

### Agenor Branches Out

The cooperative now has members in every country in Europe.

The *Agenor* group has moved cautiously into book publishing. The first book, *The Green Revolution*, has been published in France, Italy, Sweden, and the Netherlands. Other books are planned on the environment, migrant workers, the "outsiders" (the old, the handicapped, the mentally ill, the very poor), and Europe's regions.

In nearly six years of activity, *Agenor* has acted as a "think tank" for new political ideas, constantly criticizing Community institutions and national governments for their unwillingness to deal properly with European society's current problems. It tries to persuade the public and the Commission to act on such problems as the ecological crisis, migrant workers, and education by showing how these problems are linked to economic growth.

Three years ago *Agenor* was formulating and expressing its ideas on pollution. Today, *Agenor's* ideas are echoed in the Commission's latest proposals on the environment and in Commission President Sicco L. Mansholt's much publicized letter on the future quality of life in Europe. The beaming *Agenor* staff does not claim full credit for these developments.



# Peace Through Trade

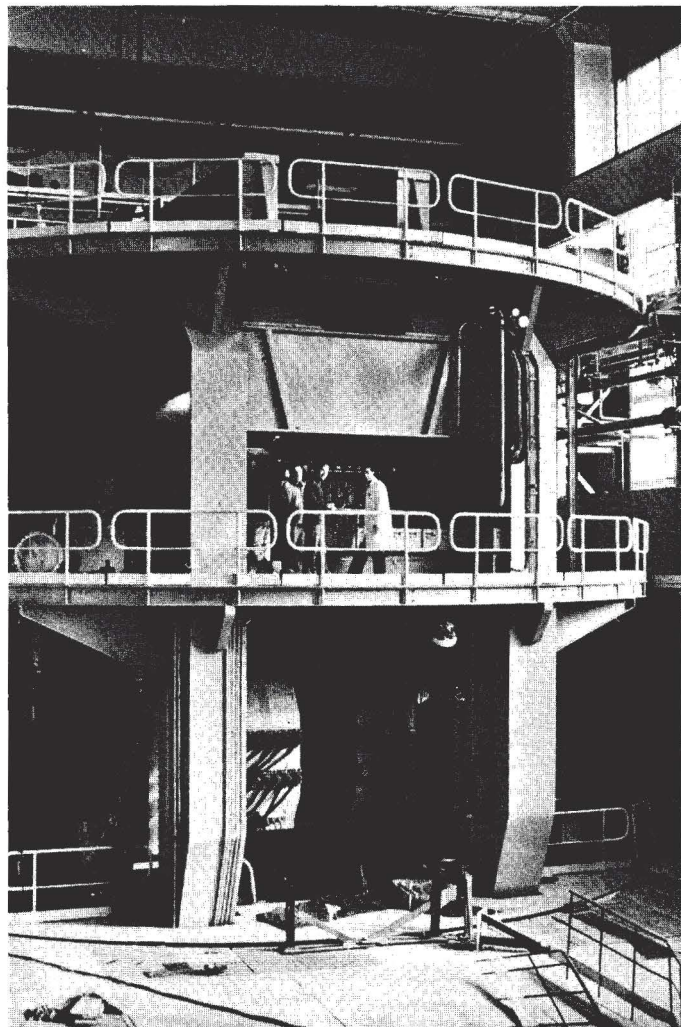
Greatly increased East-West trade is the European Common Market's contribution to the bid for a "generation of peace." Community officials compare the trend to President Richard M. Nixon's Moscow visit and German Willy Brandt's Ostpolitik.

From the Community's inception in 1958, trade with the Soviet bloc grew from \$1.3 billion to \$6.8 billion in 1971. Common Market imports from Eastern Europe increased by more than 300 per cent, compared to a 205 per cent increase in total imports. Community exports to countries in the Council for Mutual Economic Assistance (Comecon) increased by more than 400 per cent, while total Community exports rose only 218 per cent.

## East-West Trade Limited by Product Range

The Community's trade with Comecon members has increased much faster than its trade with other countries, but the pace may slow as the Community market becomes saturated with East European goods. If trade is to keep expanding, its structure must be modified.

*Expanded technical and scientific cooperation were named as the building blocks of European security in the 1969 Prague Declaration. Pictured here is a French Mirabelle bubble chamber at the Institute of High-Energy Physics in Serpukhov, Moscow Region. Photo: Courtesy Embassy of the Union of Soviet Socialist Republics.*



In contrast to Western industrial societies, East European countries export many primary goods to the Community. Foodstuffs, beverages, tobacco, and raw materials amounted to 41 per cent of Comecon's exports to the Common Market in 1971. Eastern Europe provides an important market for such specialized Community products as ships, textiles, and electrical machinery. Since 1958, Community exports of machinery and transport equipment to Comecon have increased sevenfold.

## The Soviet Bloc Faces the Common Market "Reality"

To date, the only institutional framework for trade relations between the Community and Comecon is the United Nations Economic Committee for Europe. Poland and Romania, however, have recently become members of the General Agreement on Tariffs and Trade (GATT), along with Czechoslovakia (an original GATT member). Hungary has applied for membership, and Bulgaria has observer status.

On January 31, Romania asked to be included in the Community's generalized preference system, the first official request from a Comecon country to an EC institution.

The USSR has also unofficially recognized the European Community as "a fact of life," in the words of Soviet Party Leader Leonid Brezhnev at the fifteenth Congress of Soviet Labor Unions in March.

After January 1, 1973, the Common Market will indeed be a fact of life for Eastern Europe. On that date, according to a Council of Ministers decision on December 16, 1969, trade negotiations with East European countries will be conducted by the Community, instead of by its member states. Bilateral agreements between individual Common Market countries and Comecon states will no longer have validity.

### EC EXPORTS TO EASTERN EUROPE

(in millions of dollars)

	1958	1971
Bulgaria	25.0	192.0
Hungary	58.0	438.0
Poland	141.0	464.0
Romania	47.0	445.0
East Germany	34.0	178.0
Czechoslovakia	110.0	575.0
USSR	208.0	1,118.0
TOTAL	623.0	3,410.0

### EC IMPORTS FROM EASTERN EUROPE

(in millions of dollars)

	1958	1971
Bulgaria	26.0	153.0
Hungary	56.0	363.0
Poland	124.0	553.0
Romania	60.0	428.0
East Germany	33.0	171.0
Czechoslovakia	104.0	429.0
USSR	274.0	1,084.0
TOTAL	677.0	3,181.0

Sources: Supplement to the Monthly Statistics of Foreign Trade, No. 5, 1972, and Foreign Trade Analytical Tables (CST), 1958.

# Comecon's Changing European Strategy

**JAN ZOUBEK** *Jan Zoubek is editor of East-West, a biweekly bulletin about relations between Eastern and Western Europe.*

Those who believe that East European countries would officially recognize the Community for economic reasons have ignored Eastern Europe's changing strategy toward the Community.

Soviet Communist Party Secretary Leonid Brezhnev in his speech at the June 1969 international Community conference in Moscow first outlined this strategy: "... the imperialists . . . are uniting their efforts on an international scale and resorting to various forms of economic integration, [therefore we] must not fail to take all this into account in drawing up our policy. . . ."

The October 1969 Prague Declaration on European security and cooperation named expanded commercial, economic, scientific, and technical relations between Eastern and Western Europe as the main building blocks of European security. The following month, East Europeans proposed large-scale projects for exploiting natural gas, controlling pollution, and coordinating nuclear research for pan-European cooperation. They said all Europeans would benefit by the removal of "artificial" barriers to trade and cooperation, including the Community's alleged discriminatory policies.

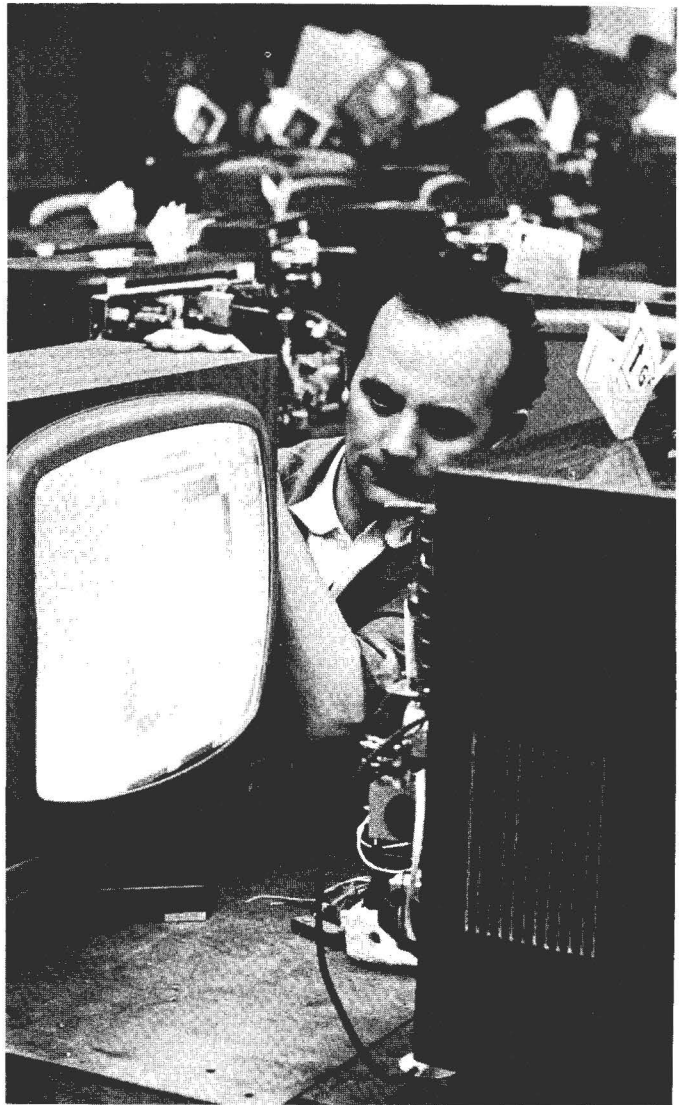
The new strategy took its final shape in early 1970 when East European countries proposed an institutional framework for European security and cooperation. They suggested that a Conference on European Security should lead to the creation of a permanent regional organization, a pan-European forum in which all European states would be individually represented.

## The USSR Would Reign Supreme

On the basis of these Communist proposals, many Western analysts have concluded that the new Soviet "European" strategy is directed against the Community. According to some observers, it aims to stop West European political integration and restrict the enlarged Community to economic and technical matters, while politico-economic decisions would take place on a pan-European level among individual states. West European divisions would prevent any challenge to Soviet domination over Europe. Moreover, the Conference on European Security would restrict Community prospects of becoming the "fourth world power."

Party Secretary Brezhnev once more underscored the complexity of Community-East European relations and the uncertainty of Europe's future shape in his opening address to the fifteenth Soviet Trade Union Congress on March 20, 1972. The Brezhnev speech was badly interpreted in both Eastern and Western Europe. Unfortunately, some West Europeans initially viewed it as a hint that the Soviet Union and other East European countries were preparing to come to terms with the Community and that the Soviet Union was suggesting bloc-to-bloc (Comecon-Community) negotiations and relations.

Mr. Brezhnev actually said less than had already been said in the Soviet Union and in Comecon. In early summer 1971, after the United Kingdom and the Community had broken the ice in the enlargement negotiations, while Comecon's Executive Committee put the final touches on



*Poland prides itself on its growing communication network. Assembly room of the "Diora" television set factory in Dzierzoniow. Photo: Courtesy of Embassy of Poland.*

Comecon's integration program, two views of East-West policy emerged. Some countries advocated a bloc-to-bloc policy, while others preferred the existing policy, non-recognition of supranationality.

## Comecon's "Respect for Sovereignty" Maintained

Although some considered bloc-to-bloc relations the easiest way to negotiate with the enlarged Community, support for this position was diversified and weak. Pursuing such a policy would mean strengthening Comecon and developing its central institutions, a Soviet aim for many years. Nonetheless, the Soviet Union did not push a bloc-to-bloc policy forcefully, because it did not fit into the broader Soviet plan for pan-European economic cooperation among individual states. Instead, the Soviet Union presented Comecon, with its open character, lack of discrimination, and full respect for national sovereignty, as a model of integration for the rest of the world.

Hungary and Poland supported a bloc-to-bloc policy to

improve East-West economic relations while adhering to Soviet rules. At the same time, however, they feared a strengthening of Soviet domination over Eastern Europe.

Moreover, if responsibility for a coordinated foreign trade policy had been shifted to the Comecon Secretariat, the East European countries could not evaluate comparable costs for all their products. The Comecon Secretariat would also have had a hard time finding experts and consultants with Community and General Agreement on Tariffs and Trade (GATT) negotiating experience.

For many reasons, the final version of the Comecon integration program avoided the issue of bloc-to-bloc relations: "The members of Comecon will effect, jointly or individually, measures undertaken to guarantee the cooperation and equal membership of those socialist countries still discriminated against in international economic and scientific-technical organizations. To this end, Comecon countries will coordinate their foreign policy in the interest of normalizing international trade and economic relations, and above all for the elimination of discrimination in this sphere."

### **Comecon Fears EC Political Ambitions**

Comecon countries now describe the Community as an integration process, based mainly on the internationalization of production. Comecon members regard "artificial discriminatory practices in trade" as the Community's major fault. They carefully distinguish, however, between the objective process of economic integration (which,

according to *Izvestia* of September 26, 1971, requires a much broader scope for the international division of labor than is possible with the Western world's shortsighted policy of restrictions and embargoes) and the "political ambitions" of Community leaders.

Eastern Europe does not yet view the Community with total apprehension and may deal with it when the Commission assumes responsibility for negotiating trade agreements after January 1, 1973. Nonetheless, it fears the Community's political aims which, East European observers believe would institutionalize Europe's division into two blocs. Eastern Europe is now looking toward Community members' strategy at the Conference on European Security as an indication of future Community-Comecon relations.

### **Brandt Suggests Cooperation Committee**

German Chancellor Willy Brandt suggested in a speech in Leverkusen on April 13, 1972, that a cooperative committee between the Community and Comecon countries be established to coordinate foreign economic policies. The Community countries would be represented by the Commission, while Comecon countries would be represented individually. The committee would concentrate on economic and commercial matters, enabling both regional groups to discuss and solve their trade problems without switching to a bloc-to-bloc policy. Such a flexible approach may represent the key to the complex problem of East-West trade development.

*The new "Polski Fiat" symbolizes a major concession to long-denied home consumers and marks a new Polish quest for trade and economic cooperation with the West.*  
Photo: Courtesy Embassy of Poland.



# A Conference on European Security and

**RICHARD NEFF** *a special correspondent in Brussels for The Christian Science Monitor*

After years of urging from the East and hesitation from the West accompanied by an unprecedented number of bilateral discussions to and fro across the Iron Curtain, the nations of Europe, joined by the United States and Canada, are about to start preparations for a "European Security Conference," formally called the Conference on European Security and Cooperation (CESC).

More than 30 European nations, from Bulgaria to Iceland and from Finland to Cyprus, will meet in Helsinki in November to discuss the date, procedures, and agenda for the conference. If all goes as expected, the CESC itself will convene at some point next year, probably in Helsinki as well.

With the preparatory talks in the Finnish capital this month, East-West détente in Europe will enter a new phase that could be called "Multilateral Phase II." During the past quarter century since the cold war began in Europe, all efforts at peace-making and bridge-building between the two halves of the divided continent have been either bilateral or have involved very small clusters of countries. Now for the first time, détente will become multilateral on a major scale. Foreign Ministers from North America and almost every European nation will gather in a single forum to try to sketch some new design for Europe's future.

## Détente Bears Fruit

"Détente" has been taking place over the years with varying results and rates of speed. The most important and tangible fruits of détente so far are West Germany's treaties with Poland and the USSR, the "Four Power" accord on Berlin, and the first Strategic Arms Limitation Talks (SALT) agreement between the United States and the Soviet Union. In addition, a variety of bilateral cultural, economic, and political exchanges have taken place between the two sides. Nonetheless, some sceptics maintain that nothing fundamental has changed in the power behavior and conflicting perceptions of vital interests which have so long divided East and West in Europe. One thing is clear: the conference will not bring "final peace to Europe."

The Soviet Union first proposed a European Security Conference in the mid-Fifties and, together with its East European allies, has since pursued it with varying persistence. The Western alliance countries at first resisted the conference. In more recent years, however, they agreed grudgingly to come to a conference if it were well prepared and promised to yield more than propaganda and false euphoria.

The Western allies in the North Atlantic Treaty Organization (NATO) have long said that détente is better served by the solution of well-defined, tangible problems, such as Berlin, than by a conference discussing general principles. NATO insistence on a Berlin agreement, and the US demand for a SALT accord have clearly convinced the Soviets that a CESC would be impossible unless these conditions were met. Unquestionably, the Soviet desire for a conference has influenced their acquiescence to the Berlin and SALT accords. At the preparatory talks in

Helsinki this month, the NATO allies, especially the Americans, will insist that the CESC cannot begin until the Soviets have agreed to explore the possibilities of mutual and balanced force reductions (MBFR) in Central Europe. The NATO powers have been calling since 1968 for MBFR talks, but Moscow has shown no substantial interest. Now, the Western allies are making MBFR talks another precondition to progress on CESC.

The European neutrals and nonaligned countries, as well as NATO and Warsaw Pact members, will play a full role in the CESC. Several years ago, the USSR implied through diplomatic contacts that the conference should be held only for Europeans, excluding the United States and Canada. After rigid insistence from West Europeans, however, the USSR retreated and the "European Security Conference" became the "Conference on European Security," an important nuance.

## Should the Commission Participate?

Participation questions now concern the roles to be played by the German Democratic Republic (GDR) on the Eastern side and the Commission of the European Communities on the Western side. The West has granted that the GDR must participate because security in Europe could not be seriously discussed without the two Germanies, the core of the security problem on this continent. However, the West has insisted that participation in CESC must not be considered recognition of the GDR by the West. Whatever legalisms are used to avert recognition, the conference will still be East Germany's first major appearance in high-level world diplomacy.

*Gerhard Schroder (left foreground, dark hair), German Minister of Defense from 1966 to 1969, inspects squad of US troops in Vilseck, Germany. Photo: Courtesy US Department of State.*



# Cooperation NOT SO GREAT EXPECTATIONS

The role of the European Commission is a delicate problem, not only in East-West relations but also within the Community itself. By early October, Community member states had not yet agreed on what role the Commission should play in the Helsinki talks — whether or not it should have the status of full participant when economic and trade questions are discussed or merely the consultative role of technical adviser to the member states.

The Commission itself maintains that the Common Market Treaty provides for full participation. Moscow, however, has insisted that the Commission's full participation must be accompanied by full acceptance of the Council for Mutual Economic Assistance (Comecom), the communist states' trading organization. Community officials reject this assertion, stating that Comecom's structure and authority differ from the Community's and that the two cannot be equated. The Soviet Union, on the other hand, is reluctant to make any move that will enhance West European integration.

## Agenda Problems

A tussle is expected in Helsinki between those governments who want a quick, simple, general formulation of agenda items and those who want to pinpoint the issues involved. All parties want CESC to discuss the principles that must govern relations among states in Europe, which could yield a declaration on renunciation of the use of force. Some NATO governments have also hoped that the Soviets could be pressured into accepting some declaration on non-interference in the affairs of other states, that is, a declaration on the Brezhnev Doctrine that rationalized the Warsaw Pact's occupation of Czechoslovakia in 1968.

The expansion of economic, scientific, and cultural exchange between East and West also figures high on the agenda. Some Western states had insisted during the long months of preparations for Helsinki that discussions should include freer movement of people, ideas, and information, but the USSR has remained predictably unenthusiastic.

A third item on the agenda will certainly be the future. Will the conference establish some kind of permanent consultative machinery, with which the East-West dialogue on security and cooperation could continue?

MBFR will certainly be discussed, although only general principles on this vastly complex subject could emanate from the week-long meeting. Any substantive negotiation of force reductions will have to take place in a separate forum with more limited participation. Many states, for example Iceland and Spain, have no direct interest in force levels in Central Europe.

The CESC is expected to be not one conference of foreign ministers but at least two. The first conference will elicit the various national policies on the agenda items and appoint a commission to study the agenda in detail and try to agree on a communiqué. A second conference of foreign ministers will then convene to issue the final communiqué and decide on a permanent consultative body.



Officers of the NATO Ace Mobile Force during an exercise in eastern Turkey. This "Fire Brigade" force is made up of forces from Canada, Belgium, Germany, Italy, United Kingdom, and the United States. Photo: Courtesy US Department of State.

## Who Wants What

What are the motives of different nations as they approach CESC? On the Western side, some of the larger powers hope to get the conference over as quickly as possible. They would like to see some limited agreements without upsetting present European equilibrium and without giving the Western public the illusion that peace has come permanently to Europe. Other smaller powers and some neutrals see the CESC as one more step in easing European tensions, from which the smaller powers can only suffer.

The Soviet side hopes to gain international acceptance of East Germany and all Central Europe's existing frontiers, thereby solidifying the situation on Moscow's western flank, leaving the USSR free to deal with China's eastern challenge.

Some Western observers also think Moscow will try to gain non-aggression declarations to weaken the resistance of European allies in NATO, thereby increasing Soviet political influence in Western Europe. Soviet influence, according to this skeptical view, could then slow or stop the West European integration process.

Another long-range goal of the Soviet Union, according to some analysts, is to create a climate encouraging the dissolution of the NATO and Warsaw Pact military blocs, thereby reducing or removing US influence in Europe and increasing chances for Soviet hegemony. Although dissolution of military blocs appeals to many citizens, some forget that the USSR's network of bilateral defense agreements with the East European countries would be untouched by the Warsaw Pact's dissolution.

Whatever the various parties' motives, it is clear that East-West détente is entering a new, difficult, and challenging phase that could have considerable effects on Europe, North America, and, indirectly, the rest of the world as well.

# EC: Haven for Monopolies?

## THE SOVIET PRESS VIEWS THE EUROPEAN COMMUNITY

*Pravda*, long considered the voice of the Soviet Communist Party, has continuously denounced the Common Market as a closed economic grouping whose major aim is to strengthen capitalist monopolies, including those in the United States.

As British membership in the Community has gradually become a fact, the Soviet press has expressed an increasingly jaundiced view of EC enlargement. Accompanied by cartoons featuring bedraggled lions, Russian articles have portrayed the British Government entering Europe for purposes of fast profit and warmongering, always to the detriment of the British people.

On October 28, 1971, when the House of Commons approved the decision to enter the Community, *Pravda* said that the Conservative Members of Parliament had "ignored the protests of millions of Common Market opponents outside the walls of Parliament." According to TASS, the Soviet news agency, the Government had refused to hold a referendum on entry since "seven or eight out of every 10 Englishmen are against it."

### UK Entry Means Grave Problem for Common Man

As the Soviets see it, UK entry will increase food prices, raise taxes, exploit the common man, create severe farm problems, worsen unemployment, and disturb the balance of payments. The Soviet press also emphasizes the economic disruption of the Commonwealth that it expects after entry.

The main winners in this process, according to Russian analysts, will be Britain's "monopoly-capitalists" seeking to take over new markets on the Continent and rake in higher profits. The "Atlanticists" will also be satisfied, since Britain will be used by its Anglo-Saxon partner, the United States, to further US policy on the Continent.

As a result of US influence, the Community is expected by some Soviet observers to become a political instrument of the North Atlantic Treaty Organization (NATO). Soviet commentators see any new form of British-European military cooperation beyond the present NATO ties as deepening bloc divisions in Europe and sabotaging the proposed Conference on European Security.

Despite *Pravda's* warning to Finland against any form of agreement with the Community, Finland initialed in July an agreement creating an industrial free trade area encompassing the Common Market Six, the four candidates, and the six non-candidate European Free Trade Association (EFTA) states.

### Pravda Cites Differences Between EC and Comecon

The Communist view of the differences between the Community and Comecon were indicated in *Pravda* on March 1, 1972. In an article entitled "Socialist Integration and the Bankruptcy of its Critics," Igor Biryukov criticized Western views of Comecon's June 1971 program for socialist economic integration. He wrote: "*The New York Times* strives to put the Council for Mutual Economic Assistance on the same footing as the Common Market with its wolfish laws. *The Times* of London tries to scare



the Soviet Union's partners by saying that integration means subordination to Moscow.

"The ideologists of the monopolies do not dare tell the truth about socialist integration. They deliberately present the relations among socialist states as similar to their own world where everything is based on inequality, subordination, and oppression . . .," Mr. Biryukov wrote.

### Comecon Based on Complete Equality

"Socialist economic integration is based on the principles of socialist internationalism, respect for national sovereignty, the independence and the national interests of every Comecon country, complete equality in decision-making, mutual benefit, and comradely mutual assistance. The socialist community is distinguished by a high rate of economic development (during the past 20 years it has more than doubled that of capitalist countries); a steady improvement in the well-being of the working people; the equal economic development of all the Comecon countries; and stable foreign economic relations . . .," Mr. Biryukov wrote.

"It is impossible to equate the Common Market of the monopolies with the socialist Council for Mutual Economic Assistance. The community of the socialist countries does not imply subordination to Moscow; it is the voluntary cooperation of sovereign partners who possess equal rights and are united by common aims."

## 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.*

### **Willy Brandt: A Portrait of the German**

**Chancellor.** By Hermann Otto Bolesch and Hans Dieter Leicht. Horst Erdmann Verlag, Tübingen, 1971. 84 pages with appendices.

A biography of the West German statesman.

This concise account traces the high points in Willy Brandt's career, beginning with his working-class childhood in Lübeck and ending with his accession to the Chancellorship in 1969. The authors describe Brandt's early and active opposition to Nazism and follow him through the years of exile in Norway and Sweden. The Berlin mayoralty is seen as a point of departure for subsequent ventures into national politics, notably the three bids for the Chancellorship, the last of which brought Brandt to the Palais Schaumburg.

### **A Hundred Years of International Relations.**

By F. S. Northedge and M. J. Grieve. Praeger, New York, 1971. 397 pages with supplemental bibliography and index. \$11.50.

A chronicle of international relations since 1870.

The authors try to chart a middle course between overly specific diplomatic history and overly theoretical international relations studies. They assume the existence of a recognizable and distinct international system in a process of constant change. In sketching the growth patterns of this system over the past hundred years, three major developments are underscored: the emergence from the Europe-oriented system of the late nineteenth century of a globalized (planet-spanning) system; the "democratization" (public relations consciousness) and "socialization" (gearing of programs to popular economic goals) of foreign policy; and the prolific growth of permanent international institutions.

**The Impact on U.S. Agricultural Trade of the Accession of the United Kingdom, Ireland, Denmark, and Norway to the European Economic Community.** By John Ferris *et al.* Michigan State University, East Lansing, 1971. 367 pages with appendices. \$3.00.

A forecast of agricultural production shifts

within the four applicant countries after Common Market entry.

Using mathematical models and other statistical tools, this examination outlines major developments expected after the United Kingdom, Ireland, Denmark, and Norway join the European Communities: a tendency in Europe towards grain and livestock self-sufficiency; a reduction of beef and veal consumption in the applicant countries; a decrease in the supply of milk, beef, pork, and cereals; and an increase of supply over demand, diminishing export opportunities for third country suppliers. Alternative trends for hypothetical non-entry are supplied by way of contrast.

### **Multinational Cooperation: Economic, Social, and Scientific Development.**

Edited by Robert S. Jordan. Oxford University Press, New York, 1972. 392 pages with bibliography and index. \$4.95.

A collection of 10 articles dealing with the workings of multinational organizations.

Among themes examined are ways in which the structure of multinational organizations increases their influence upon development aid, the impact of the United Nations Regional Economic Commissions, the new sophistication of the United Nations Economic, Social, and Cultural Organization (UNESCO), the evolution of the World Bank and the International Monetary Fund (IMF) since the time of Bretton Woods, the efficiency of the Organization of American States (OAS), and the ability of international organizations to administer the ocean and outer space. An epilogue discusses insights into the study of international administration furnished by the behavioral sciences.

**L'Opinion publique belge.** Edited and published by Editions de l'Institut de Sociologie, Université Libre de Bruxelles, Brussels, 1971. 354 pages.

The text of proceedings at the thirty-first "Social Week" sponsored by the Institute and devoted to "Belgian Public Opinion: The Parliament, Europe, Public Finance, and Cultural Policy."

The colloquium explores such topics as variation of public confidence in the Parliament according to social class, the problems posed for representative government in Belgium by "bi-nationality," and the Belgian public's level of competence in European affairs.

The findings included a Belgian preoccupation with public finance, particularly rising prices and taxes. Attention was also focused on the characteristically European problem of removing culture from the hands of an élite and making it the possession of the masses.

**Community Europe Today.** By Roger Broad and R. J. Jarrett. Oswald Wolff, London, 1972. 255 pages with appendix.

A description of the European Community's development from the early Fifties through 1971.

The work outlines the principal economic, political, and social trends in the Six. It is a concise factual account designed to educate the British public about the Common Market. The Community is examined as a collective society, as an institutional structure, as a policy-maker, and as a power bloc in the world at large. Particular attention is devoted to those Community activities most likely to alter British habits: the customs union, the common farm policy, cross-frontier mergers, and regional development. The authors conclude that more comprehensive policies on industry and technology are needed if West European nations are to prevent the giant international companies from becoming "their effective overlords."

### **The European Community in the 1970's.**

Edited by Steven Joshua Warnecke. Praeger Publishers, New York, 1972. 228 pages. \$15.00.

A collection of studies on emerging US-European relations by scholars and political leaders on both sides of the Atlantic.

The studies include the problems of a European political economy, the perspective of a Community foreign policy, advanced technology in the Europe of the Seventies, and the new pentagonal configuration of the world power structure. Several of the articles examine the origins of the shift in US-European relations from common to conflicting interests.

**Nuclear Politics.** By Andrew J. Pierre. Oxford University Press, London, 1972. 378 pages with appendix, bibliography, and index. \$18.75.

Subtitled "The British Experience with an Independent Strategic Force, 1939-1970," this study traces development of the United Kingdom's nuclear deterrent over three decades.

Beginning with the wartime genesis of the atomic bomb, it moves on to the 1945-57 period during which "the United Kingdom came to base its national security policy upon nuclear deterrence, without much questioning and without foreseeing the difficulties ahead." The years 1957-64 are viewed as the era of "the great nuclear debate" during which Britons argued for and against the retention of nuclear arms. The conclusion of the book deals with the outcome of that debate following Labour's accession to power and assesses the British nuclear deterrent's prospects.

## Publications Available

Publications listed may be obtained from the European Community Information Service, Suite 707, 2100 M Street, NW, Washington, DC 20037. Persons in the New York area can order copies from the New York branch, 277 Park Avenue, New York City 10017.

**REPORT ON THE DEVELOPMENT OF THE SOCIAL SITUATION IN THE COMMUNITY IN 1971.** Commission of the European Communities, Brussels, February 1972, 316 pages .....\$2.40

Outlines the activities of the Commission in the social field in 1971. Also discusses developments in employment, vocational training, industrial relations, labor law, wages, housing, social services, social security, safety, health, and family problems. Includes a statistical appendix.

**ENERGY STATISTICS YEARBOOK: 1960-1970.** Statistical Office of the European Communities, Luxembourg, 1971, 372 pages .....\$3.50

Complete statistical information on hard coal, patent fuel, coke, lignite, petroleum, gas, electricity, and nuclear resources in Community states. Includes some world data and graphs.

**LONG-TERM TRENDS IN TRANSATLANTIC RELATIONSHIPS.** European Community Information Service, Washington, DC, September 15, 1972, 13 pages .....free

A luncheon address by Dr. Theodore Geiger, Director of International Studies, National Planning Association, at a workshop/seminar for leaders of World Affairs Councils, Washington, DC.

**STATISTIQUE DES TRANSPORTS: 1970.** Statistical Office of the European Communities, Luxembourg, 1972, 311 pages ..\$2.00

Yearbook of transport statistics covering infrastructure, mobile equipment, employment, traffic and use for railroads, roads, interior and exterior navigation, pipelines, and air transport in EC member states. Includes special surveys on road accidents, mileage by class of vehicle, and goods transported classified by type of merchandise and transport category.

**REPORT ON PARLIAMENTARY RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND THE UNITED STATES OF AMERICA.** Working Documents No. 82/72, The European Parliament, Luxembourg, July, 1972, 16 pages .....\$ .25

Report by European Parliamentarian Wilhelmus J. Schuijt for the Committee on External Trade Relations. Reviews the recent meeting between American and European legislators at the end of May 1972.

**REPORT ON THE MEMORANDUM OF THE COMMISSION OF THE EUROPEAN COMMUNITIES ON COMMUNITY DEVELOPMENT COOPERATION POLICY.** Working Documents No. 63/72, The European Parliament, Luxembourg, July 26, 1972, 75 pages .....\$1.00

Report by Hendrikus Vredeling, member of the European Parliament, for the Committee on External Trade Relations. Reviewing the Community's actions toward developing states, discusses the significance of a common development policy, and reproduces the opinion of the Committee on Relations with the African States and Madagascar.

**A COMMUNITY PROGRAMME CONCERNING THE ENVIRONMENT.** *Bulletin of the European Communities* Supplement 5/72, Commission of the European Communities, Brussels, March 24, 1972, 69 pages ...\$ .60

English translation of the "Communication from the Commission to the Council on a European Communities' Program Concerning the Environment." Also reproduces the "Draft Council Resolution on a Program to Reduce Pollution and Nuisances and to Safeguard the Natural Environment," a "Draft Agreement on Information to the Commission With a View to Possible Harmonization Throughout the Community of Urgent Measures Concerning the Environment," and a "Draft Recommendation to the Member States Signatories of the Berne Convention Establishing the International Commission for the Protection of the Rhine Against Pollution."

**THE COMMON MARKET AND THE COMMON MAN.** European Community Information Service, Brussels, June 1972, 32 pages .....free

Fourth edition of a brochure describing the EC's social policy and living and working conditions in the Community. Contains statistics and illustrations.

**EUROPEAN COAL AND STEEL COMMUNITY FINANCIAL REPORT FOR THE YEAR 1971.** Report No. 17, Commission of the European Communities, Brussels, June 1972, 38 pages .....free

Offers a short outline of the growth in investments in the Community coal and steel industries. Discusses the borrowing operations of the ECSC.

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