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Community News

EP and US Legislators Share Ideas, Problems

"We came to the United States with all of Europe's problems on our minds. Now we are richer. We return with all the problems of the United States."

European Parliament Vice President Wilhelmus Schuijt's remark at a June 1 Washington press conference summed up European reactions to the recent visit by members of the European Parliament to the United States. The twelve European legislators held a two-day round of talks with US Congressmen on trade, agriculture, development aid, monetary, and political issues. The European delegation also met with high officials in the Nixon Administration.

"I'm thoroughly pleased with this kind of exchange of parliamentarians," said House of Representatives Majority Leader Hale Boggs (D-La.). "The more you meet people, the more the prospects for solving problems improve. If you don't do anything, you know nothing will improve."

US, EC "in Same Boat"

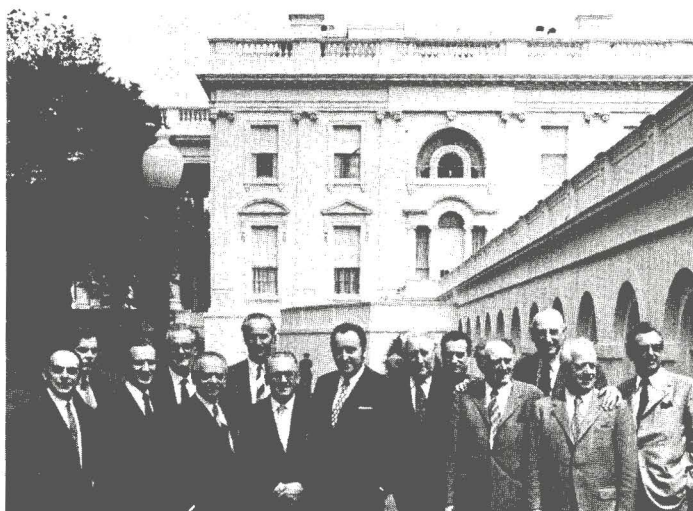
For European Parliament member William Borm of Germany, the visit showed that the Community and the United States "have different interests but in the end are still in the same boat." These differences, the German Liberal said, were "like competition between ESSO and Shell."

US Rep. Thomas S. Foley (D-Wash.), chairman of the Domestic Marketing and Consumer Relations Subcommittee of the House Agriculture Committee, termed the exchange "very useful, particularly for us, since the European Community has been anonymous in the personal sense. My only reservations are that, as in most international colloquiums, they just begin to be interesting when time is elapsed."

That parliamentary exchanges were useful but "too few," represented a common theme repeated throughout the talks. Earlier this year, members of the US House of Representatives Ways and Means Committee and its Foreign Affairs Committee had met with Community officials and legislators in Brussels and Luxembourg. Parliamentary visits prior to this year had been on an ad hoc basis, the last in 1967 when EC legislators met with US Congressmen and officials during a five-day visit to the United States.

No Problems Resolved

US Rep. Benjamin S. Rosenthal (D-L-N.Y.), who traveled to Brussels last January and was co-host to the reciprocal European visit,



European Parliament delegation visits the White House. Left to right: Georges Van Den Eede, Karl-Heinz Neunreither, Maurice Dewulf, Pierre-Bernard Cousté, delegation head Wilhelmus Schuijt, Hendrikus Vredeling, Giovanni Boano, Erich Wolfram, Charles Durant, Christian de la Malène, Linus Memmel, William Borm, Hans Richarts, Hans Lautenschlaeger.

said the meetings were "very successful. We talked about all the difficult problems, resolved none, but learned to understand each other's problems." Mr. Rosenthal is chairman of the House Foreign Affairs Committee's Subcommittee on Europe. Rep. Donald M. Fraser (D-Minn.), the other co-host for the parliamentary visit, is chairman of the Subcommittee on International Organizations and Movements.

The White House, according to one European, "reaffirmed its belief that nowhere in the world is there more room for cooperation in all areas than between the United States and Europe."

There were some differences of opinion. The White House, according to Sen. Schuijt, "is in no hurry" to begin global trade talks. Christian de la Malène, a French Gaullist member of the European Parliament, added

that "Congress is not prepared to give the Administration the necessary mandate for future world trade talks on non-tariff barriers." Hendrikus Vredeling, a Social Democrat from the Netherlands, criticized US foreign policy for "such negative aspects as the continuation of the Vietnam war" but said "there is hope for US-EC relations as long as there are people like Congressman Donald M. Fraser."

Other European Parliament members visiting Washington were: Pierre-Bernard Cousté, Gaullist, France; Hans Lautenschlaeger, Social Democrat, Germany; Hans Richarts, Christian Democrat, Germany; Charles Durant, Liberal, France; Giovanni Boano, Christian Democrat, Italy; Maurice Dewulf, Christian Democrat, Belgium; Linus Memmel, Christian Democrat, Germany; and Erich Wolfram, Social Democrat, Germany.

Fall Summit Threatened; Commission Keeps Working

The Commission of the European Communities continued preparations for the October summit of the heads of state or government of the six member and four candidate countries—despite fears that the meeting may not take place.

At a lunch for Belgian Premier Gaston Eyskens in early June in Paris, French President Georges Pompidou said that he would not take the responsibility for inviting nine heads of government to Paris if their meeting were to result only in vague declarations of intent or badly camouflaged disagreements. Pompidou's statement warned other participants that preparatory talks were not going as smoothly as the French had hoped. Reaction to the Pompidou threat was deliberately mild in other European capitals, with some officials stating that the summit could be postponed until 1973, if necessary.

France had earlier offered Paris as the site for the proposed Community political secretariat, but France's five partners prefer a Brussels location close to existing Community institutions.

Hopes for European monetary union, one of the topics to be discussed at the summit, received a severe blow later in the month when London decided to float the pound (see page 5). The French are now expected to press for the end of the floating of the pound and of the special agreement to allow Italy to settle her balance of payments with the other Common Market members in dollars rather than in gold or Community currencies.

Despite setbacks, the Commission has urged member and candidate states to maintain the October 19-20 date for the summit.

Germany Sponsors Fund to Commemorate Marshall Aid



Honorary Degree Recipients and dignitaries line the steps of Widener Library, Commencement Day, June 5, 1947, when the "Marshall Plan" was announced. Front row, (left to right): Laird Bell '04; Gov. Robert F. Bradford '23; R. Keith Kane '22; President James B. Conant '14; Honorary Degree Recipients George C. Marshall; General Omar N. Bradley; former Senator James W. Wadsworth; J. Robert Oppenheimer '26; I. A. Richards; and T. S. Eliot '10.

Germany will establish a \$47 million fund commemorating US contributions to Western Europe's postwar recovery, German Chancellor Willy Brandt announced on June 5 at Harvard University, site of the Marshall Plan's birth twenty-five years ago.

"By dint of hard work and with American support, Western Europe is now back on its feet," Chancellor Brandt said. "It is precisely now that we need increasing understanding for our partners on both sides of the Atlantic."

"The German Marshall Fund of the United States" will make research funds available for American scholars and scientists interested in European problems and for European scholars interested in the United States. The fund will concentrate on three areas

- problems confronting the advanced industrial societies of the world
- US-European relations
- European area studies.

"We want to arouse in the younger generation that mutual trust which in those [Marshall Plan] days exhorted the Europeans to make peace among themselves," Chancellor Brandt said.

Between 1948 and 1952, the six Common Market countries received more than \$7 billion in Marshall Plan aid. (See *European Community No. 157*, page 4). Total Marshall aid of \$13 billion was given to 16 European countries.

US Generosity Praised

In his keynote speech in a ceremony commemorating the twenty-fifth anniversary of Secretary of State George C. Marshall's call for US assistance to Europe, Chancellor Brandt praised the American generosity which inspired US leaders to aid even the defeated countries of Europe. Political con-

siderations also contributed to the establishment of the Marshall Fund, he said.

"America understandably thought about its position in relation to the Soviet Union," he said. "The Marshall Plan challenged the European partners to enter into close economic cooperation. Inherent in the Plan was also an appeal for a common political course."

Chancellor Brandt noted that the Marshall Fund had been founded during the Cold War, but said that the reduction of Cold War tensions does not mean that the United States no longer has a vital interest in Western Europe.

"In this phase of change, America's presence in Europe is more necessary than ever," he said. "American-European partnership is indispensable if America does not want to neglect its own interests and if our Europe is to forge itself into a productive system instead of again becoming

a volcanic terrain of crisis, anxiety, and confusion."

Marshall Plan Emphasized Unity

The Chancellor paid special tribute to the Marshall Plan for its emphasis on European unity. By calling upon Europeans to work out their own formula for rehabilitation, the Marshall Plan had forced them to cooperate.

"That was the basic element of the program which, without hesitation, I would say bears the mark of genius," he said. "It traced, though tentatively, the aim of European, or at least West European, unity. It was more than the release of economic dynamism, more than the rekindling of industrial vitality.

"With his plan, George Marshall roused Europe's stifled self-confidence. He gave many citizens of the old continent a concrete stimulus to bring down from the stars the vision of a Europe united in lasting peace."

EC, ASEAN Seek New Communications Channels

Recent talks between the European Commission and a delegation of the Association of Southeast Asian Nations (ASEAN) are expected to trigger what is hoped to be a continuous and fruitful dialogue between the two regional economic blocs.

Discussion at the June 16 meeting in Brussels focused on opening new channels of contact, trade consequences of the Community's generalized tariff preferences, and the impact of the Common Market's enlargement on the developing world. ASEAN members are Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

Preparatory talks in Brussels and Dja-

karta and a final exploratory meeting between EC Commission President Sicco L. Mansholt and Indonesian Trade Minister Sumitro Djojohadikusumo at the United Nations Conference on Trade and Development (UNCTAD) in Santiago, Chile, paved the way for the June meeting. The talks represent a stepped-up Community program of coordination with several economic blocs in the Third World, including the Andean Group in South America (Bolivia, Chile, Colombia, and Peru) and the West African Economic Community (Dahomey, Ivory Coast, Mali, Mauritania, Niger, Senegal, Togo, and Upper Volta).

Sterling: Snake in Tunnel Or Snake in the Grass?

In monetary language, "floating" a currency usually means letting it sink. Britain's June 23 decision to "float" sterling, breaking the "Smithsonian Agreement" of last December on fixed parities, means in bankers' argot that the snake is out of the tunnel.

The tunnel is the 4.5 per cent variability on a currency's value (2.25 per cent above or below its official rate) permitted by the International Monetary Fund. The snake is a "narrow band" currency spread of 2.25 per cent by which Common Market currencies may diverge from one another. The franc, the deutschemark, and other Community currencies move within the snake to absorb exchange market pressures.

The Elastic Tunnel

During restricted talks between finance ministers in Luxembourg June 26, followed the next day by a foreign ministers' meeting, the Danish krone wriggled out of the snake but stayed in the tunnel. The Italian lira was authorized to stretch the tunnel walls once in a while, but for the next three months only. Italy was also authorized to buy back lire with dollars, rather than further depleting her supply of Community currencies.

At the Luxembourg talks, the ministers rejected suggestions for a "joint float," since the Italian lira, now pinning the snake's belly to the tunnel floor, would alone have been affected. Proposals for new forms of exchange control were also considered a retrograde step. Denmark and Britain, which both had entered the snake voluntarily, have promised to return before the end of the year when they, along with Ireland and Norway, are scheduled to join the "Six" in the European Community. Unlike sterling, the Danish krone has remained in the 4.5 per cent-wide tunnel.

The Community's aim is to slim the tenation snake gradually until it is flat, making the creation of a single European currency possible in 1980.

Before flotation, the pound was valued at \$2.60. Britain's problem is inflation: 12 per cent in twelve months. On June 22, the Bank of England discount rate was boosted from 5 per cent to 6 per cent. London is concerned with the expense, next year, of joining the EC's Common Agricultural Policy. The first-year cost to Britain is put at approximately \$250 million.

Move Surprises EC Countries

The move took EC countries by surprise, because British reserves were high. To many European ministers it looked like the move of a perfidiously Albion snake in

the grass. But *The Washington Post* disagreed. In an editorial on June 28, *The Post* said: "Britain's decision . . . violates tradition in that it is an entirely rational move, taken at the right moment, at minimum cost to the world. If the British Government had chosen to follow tradition, it would have waited until its reserves were depleted by a futile effort to prop the pound at an artificial level . . . [as] a test of national honor. . . . It would have gone through the whole Wagnerian ritual of a full-blown monetary crisis in the grand manner, moving in stately rhythms toward a climax both disastrous and inevitable."

How Do Europeans View Europe?

"In France, the economy is controlled by the state, the state by the Administration, and the Administration by graduates from the Ecole Nationale d'Administration (ENA)."

The trend suggested by this popular French saying makes a survey of ENA students' and graduates' views as interesting as a public opinion poll of Ivy Leaguers in this country or the "old school" network in Britain.

Such a poll was published on June 5 by the magazine *Les Informations*. It indicated that 75 per cent of the ENA graduates surveyed favor the gradual creation of a supranational European state. Only 21 per cent were opposed, and 4 per cent had no opinion.

Some English Have Doubts

In contrast, a recent Harris poll in Britain found the average citizen less favorably inclined toward the European Community. Fifty per cent of those responding thought they would be personally worse off in the Common Market than out, for the next ten years.

Recent polls in two other applicant Community countries showed mixed opinions on the subject of Europe. In Denmark, where a referendum on membership in the Community will be held October 2, 48 per cent of respondents to a survey last April were for Common Market entry and only 28 per cent opposed. In contrast, only 33 per cent of Norwegian respondents to a poll last February favored and 40 per cent opposed entry. The Norwegian referendum on Common Market entry is slated for September 24-25.

Common Market Gives Travelers a Break

Intra-Community vacationers this summer can buy \$135 worth of souvenirs and carry them home without paying border taxes.

A directive increasing the duty-free allowance for intra-Community travelers was passed by the Council of Ministers at its June 12 meeting. It also gives travelers coming into the Community from outside countries a duty-free allowance of \$81, the same as the previous allowance for intra-Community travelers. The directive, which went into effect July 1, also provides for simplified and systematic border checks.

EDF Grants \$32 Million In Development Aid

The European Development Fund (EDF) has announced eight grants totaling more than \$32 million (new dollars) to finance development projects in seven African countries and a French colony in South America.

Grants to Chad and Senegal were announced May 18. The others were announced June 5. The details:

- **Chad:** \$12 million will finance one-third of the cost of a five-year plan for the cotton industry.
- **Upper Volta:** \$7 million to blacktop more of the road from the capital, Ouagadougou, to Togo's port-capital, Lomé. The road will give Upper Volta an alternative port to Abidjan, make Lomé port viable, and stimulate development in the remote border territories of both countries.
- **Ivory Coast:** \$4.3 million to hard-surface the 59-mile peripheral road around Kossou Dam's artificial lake.
- **Senegal:** \$3 million will provide a selective seed service for peanut farming, the country's main industry.
- **French Guiana:** \$2.7 million for a bridge on the Cayenne.
- **Madagascar:** \$1.8 million to help pay the costs of converting 6,666 acres of the Morobay Plains to rice.
- **Somalia:** \$1.1 million for a feasibility study of two proposed highways, one linking the remote, cattle-raising north with the port of Berbera, the other linking Mogadishu to the Russian-built port of Kismayu.
- **Mali:** \$380,000 to supplement a 1969 grant of \$542,000 for the construction of a regional health center at Mopti.

After the June 5 allocations, grants from the Third European Development Fund totaled \$362,901,000 for 128 projects.

Council Calls For Employment Studies

Emphasizing the need for full employment and better utilization of Community manpower, the Council of Ministers on June 12 requested Community studies on ways to

- alleviate structural employment imbalances, particularly in less-developed regions
- integrate the Community labor market
- increase geographical and occupational mobility.

The Council also urged a survey of living standards and working conditions of foreign workers in the Community as soon as possible so that the Community could take appropriate action to encourage labor mobility among the Six.

Italy Criticizes EC Policy

The Council's requests followed extensive discussion of a July 1971 memorandum from the Italian Government on community employment policy. Beset by unemployment problems in the poor, rural south and alleged discrimination against Italian migrant workers in other Community countries, Italy severely criticized the Community's employment policy.

Italians have often complained that their compatriots face greater difficulty finding jobs in partner countries than workers recruited under contract from other non-member Mediterranean countries. They also claimed that other member states ignore Community rules giving priority to migrants from the Six. Italy has proposed a quota for non-Community migrants and has asked the Community to increase aid for regional development.

Other member countries insist that they have many jobs open which Italian workers could fill, if encouraged to head north.



Italy has asked for additional Community assistance to diversify the predominantly agricultural economy of its southern regions. Here, workers gather pears in an orchard in southern Italy.

In a related development, the Commission of the European Communities released a report indicating rising unemployment in the last quarter of 1971 and the first quarter of this year in three Community countries.

In Germany, 369,100 workers were jobless in February, a 117 per cent increase over the October 1971 figure. In March the number of unemployed Germans dropped to 268,300.

Unemployment in Belgium was on the rise, increasing 19 per cent from January 1971 to January 1972.

In the Netherlands, unemployment reflected the nation's see-saw economic instability, registering 114,500 jobless in December 1971, 134,300 in January 1972, and 112,000 in February.

In France, Italy, and Luxembourg unemployment rates remained relatively constant. In total figures, however, Italy leads the other Six in its number of unemployed.

EC Enlargement Needs Enlarged EP Budget

The European Parliament adopted on June 14 a \$25.8 million estimated budget for 1973, a 69 per cent increase over the estimated budget for 1972.

The increase will cover additional expenses resulting from enlargement of the Community from six to ten members in 1973. After enlargement, the Parliament, whose size will be increased from 142 to 208 members, will conduct its work in seven official languages.

Presenting the budget report, Heinrich Aigner, German Christian Democrat, said that parliamentarians must be able to address the assembly and receive all official documents in their own language. The supplemental budget for 1972 and the estimated 1973 budget provide for 420 new posts in the secretariat, 300 of them to cope with the seven-language system.

"Nomadic Existence" Wastes Money

Mr. Aigner said that the 1973 increases were inevitable, but suggested ways to save money in the future. The Parliament's "nomadic existence" with a secretariat based in Luxembourg, sessions in Strasbourg, and committee meetings in Brussels, wasted time, money, and energy, he said.

"We must solve the problem of where the Parliament should be centered," he said.

Mr. Aigner also suggested that the Parliament reduce the number and length of parliamentary reports. Paper and translation costs could be drastically cut if parliamentarians would remember that every document has to be translated and distributed in seven languages. "The value of many reports is often inversely proportional to their length," he said.

Community Enlargement Bodes Well for US

Community enlargement from six to ten members will create a flourishing market for US exports and investments.

This is one conclusion of the recently updated version of "The Monetary and Commercial Relations Between the Community and the United States: Facts and Figures," published in October 1971 by the Spokesman's Group of the Commission of the European Communities.

One of the results of the prospective

Community membership of Britain, Denmark, Ireland, and Norway on January 1, 1973, will be a lowering of industrial tariffs, according to the report. British tariffs on industrial goods are higher on the average than Community tariffs. In four steps ending July 1, 1977, many British tariffs will be lowered to match the Community tariff. The report also said that preferential treatment now given products from Commonwealth countries will be phased out.

Under General Agreement on Tariffs and Trade (GATT) procedures, compensation by other tariff reductions will be given any country which suffers from tariff increases resulting from enlargement. Negotiations

for such compensations are expected to begin this year.

A British economy stimulated by entry is another plus for US trade interests, the report said. Since 1958 economic growth in the Community of Six has outpaced Europe's overall average, partly as a spinoff from economic integration. The economic growth of the "Four" should now accelerate, making these countries a better market for American exports.

Britain and the Community of Six are already areas of high investment. The prospect of a united European market of nearly 260 million consumers will surely spark US investor interest, the report said.

EC Study Cites Poor Transportation Planning

A European transportation research and development study has spotlighted a "worldwide lack of coordination" in this crucial field.

Conducted in behalf of the European Communities Commission by the French *Société d'Etudes Techniques et Economiques*, the study surveyed research and development in land and sea transport systems in Europe, the United States, Canada, and Japan. It covered road, high speed interurban, urban, and sea transport. It found a "widespread lack of planning" and a shortage of state aid, which varied greatly from country to country. No country had an overall policy for future forms of transport. International cooperation was "rudimentary."

The study said Europe was in the vanguard of new land and sea transport techniques but the lead could be lost to the United States and Japan, especially in the field of high speed land transport. Europe lags particularly in auto pollution reduction research, the study said, noting that the United States plans to spend \$100 million in the next few years, compared to approximately \$15 million to be spent in Japan and \$2.5 million in France.

Commission Urges Common R&D Programs

An average of \$130 million a year for the next three years should be spent on European Community-sponsored research and technological development projects, according to the EC Commission.

In a June 14 communication to the Council of Ministers, the Commission also urged a shift in emphasis by the Community's Joint Research Center (JRC) from nuclear projects to general research in such fields as environmental protection and applied data processing. As a result the JRC's manpower would be reduced from 1,965 to 1,600 and some of its nuclear reactors transferred to national responsibility.

Although the need for gradual alignment of national policies on research and technological development has long been recognized by Community member states, little progress has been made.

Reorganization Recommended

A European Research and Development Committee of about twenty experts should be established to analyze the Community's technical capabilities and socio-economic needs, according to the Commission. The Committee would be headed by a Permanent Scientific Advisor to the European Commission. In addition, a Consultative and

Coordinating Committee, consisting of senior national officials and Commission representatives, would provide a forum for periodic reviews of research and technological development plans and exchanges of information.

To promote simplified and rationalized decision-making, the Commission recommended that the Council of Ministers responsible for research and technological development meet regularly to review the tasks of working parties and committees which the present organization sometimes does not coordinate.

The establishment of an autonomous European Science Foundation was also recommended. The Foundation, supervised by the heads of the leading scientific institutions in the Community, would facilitate contact between scientists and mobility of research workers and would examine national research programs to weigh Community financial participation.

New Address?

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EC Removes Tariff On Beef Imports

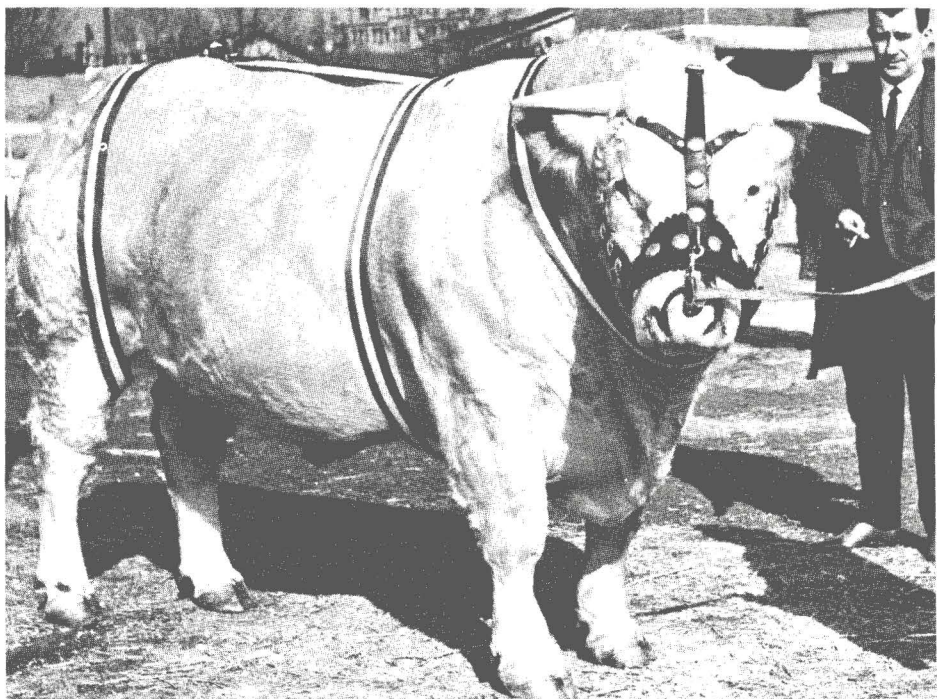
In hopes of halting the spiraling cost of meat in the European Community, the Commission on June 5 suspended the Common Market's 20 per cent tariff on beef imports.

The Common Market has used tariffs to protect domestic suppliers of meat, whereas the United States limits imports by quantitative restrictions. In a similar action on June 26, President Richard M. Nixon ordered quotas removed on meat imports into the United States.

More than 10 per cent of Community beef needs have been imported in recent years. According to the Commission's calculations, Community demand for beef will outstrip Community supply by 600,000 tons this year, an increase of 14 per cent over 1970-71. World market supplies may not fill this gap, the Commission said. For example, Eastern Europe, an exporter until 1969, has now become an importer of frozen beef.

Despite price increases, consumption of beef in the Community has been steadily rising. In 1966-67 Community consumers were eating an average of 49.25 pounds of beef a year. By 1969-70, consumption had risen to 56.75 pounds.

Increased competition from abroad in EC markets, following the suspension of Community tariffs on beef imports, does not alarm France's famed Charolais beef cattle. Tariffs will be reapplied if the EC average price falls below 113 per cent of the recommended guide price, or if prices in any country fall below 109 per cent of the guide price.



EC Okays US Company's Patent Franchise

An exclusive patent franchise given by an American rubber goods manufacturer to German, French, and Italian firms is not a restraint of trade as defined by Common Market law, the European Communities Commission has ruled.

The Commission also gave a "negative clearance" to a patent and know-how license by the German subsidiary of a French corporation to a rubber goods subsidiary of the Japanese auto manufacturer, Toyota. A negative clearance means that the agreement restricts competition, but 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.

Commission's Reasoning

In its ruling, the Commission said that the contract between the Davidson Rubber Company, which belongs to the McCord Corporation, and the German company Happich of Wupperthal, the French company Maglum of Neuilly-sur-Seine, and the Italian firm Gallino of Turin fulfilled the conditions for exemption from the ban on trade restrictions under Article 85 of the Common Market Treaty. The contract, for

the manufacture of arm rests in cars, promotes technical and economic progress, the Commission said.

The Commission said that the Davidson patent "can be regarded as the most important of all arm rest manufacture patents" and that the franchise holders control a third of the market in the Community. Nonetheless, the exclusivity contract does not limit competition substantially, the Commission said.

Territorial Restrictions

The other decision authorized the Loerrach-based subsidiary of the Grenoble company A. Raymond to continue its patent license to the Nagoya Rubber Company, in which Toyota has a controlling interest.

The Commission said that the exclusive manufacturing rights given to Nagoya for the Far East market and the ban on Nagoya exports to Europe contained in the German contract did not affect competition within the Common Market. The Commission ruled that the exclusive rights eliminated potential competitors only in the Far East market and that it was improbable that the affected Japanese goods would have been exported to Common Market countries.

United Labor Urged For Tomorrow's Europe

The future of Europe's workers hinges on their ability to unite on a supra-national level to participate in European policy-making. This was the predominant theme at the second Congress of the European Organization of the World Confederation of Labor in Luxembourg May 15-19. The Confederation groups Europe's major Christian labor

unions.

European Commissioner Albert Bor-schette spoke at the opening of the Congress in Luxembourg, impressing on the labor gathering the Community's willingness to "collaborate closely with all actively democratic forces in our countries and particularly with workers."

EC Urged to Sever Links With Portugal, S. Africa

The 41-nation Organization of African Unity's "Summit" of heads of government in June appealed to the European Community not to conclude any agreement with Portugal as long as Portugal's domination over its African colonies continues.

Meeting in Rabat, Morocco, the presidents and premiers also condemned France, Germany, and Britain for supplying South Africa with arms in violation of a United Nations embargo.

Meanwhile, the South West African People's Organization has urged the Community and its member states to renounce all economic dealings with South Africa.

Notice

In accordance with the US Securities and Exchange Commission regulations, the European Commission regulations, the European Coal and Steel Community published its Balance Sheet as of December 31, 1971, and its Statement of Revenues and Expenditure for the period January 1, 1971, to December 31, 1971.

This information is published in connection with European Coal and Steel Community Bonds issued in the United States under applications:

A-16929 A-19218 A-23715 A-24459
A-17648 A-20452 A-24049 A-25274

Copies of these documents have been deposited with the Chase Manhattan Bank, New York.

The Month in Brief

JUNE 1972

- 1-2** European Parliament members continue their visit to Washington, DC (see page 3).
- 3-12** Commission Vice President Wilhelm Haferkamp visits the United States to discuss energy matters (see page 19).
- 5** German Chancellor Willy Brandt delivers the keynote address to a special Harvard University convocation commemorating the 25th anniversary of the Marshall Plan announcement (see page 4).
- 5** The Commission suspends the EC's 20 per cent tariff on beef imports (see page 7).
- 9-13** Commission Vice President Carlo Scarascia-Mugnozza visits Great Britain and Ireland.
- 12** The Council of Ministers increases the duty-free allowance for Community travelers (see page 5).
- 14** The European Parliament passes a \$25.8 million budget for 1973 (see page 6).
- 19** Commissioner Ralf Dahrendorf visits Tunisia to discuss renegotiation of the September 1969 EC-Tunisian trade accord.
- 22-23** Commission President Sicco L. Mansholt visits Denmark.
- 22-24** Commission Vice President Carlo Scarascia-Mugnozza visits Norway.
- 23** The British Government decides to float the pound sterling (see page 5).
- 26-27** The Council of Ministers confirms its desire to maintain a 2.25 per cent fluctuation margin between currencies of the Six. Great Britain and Denmark agree to return to the Community's 2.25 per cent fluctuation margin by January 1, 1973 (see page 5).
- 29-30** Commission President Sicco L. Mansholt visits Norway.

Correction

In the May 1972 issue, several lines were inadvertently dropped from the "Tariff on US Aircraft Suspended Another Year" newsbrief on page 3. The last paragraph should have read as follows:

The recently adopted measures include a total suspension until December 31, 1972, of duties on aircraft over 15 tons, and until June 30, 1973, on safety equipment. The Commission also proposed tariff suspensions for an additional year on maintenance parts for aircraft in the 2-15 ton range; duties on construction materials for these types of aircraft have been dropped as part of the final Kennedy Round cuts which went into effect on January 1.

Partners in a Changing World

IMPLICATIONS OF EUROPEAN ECONOMIC AND MONETARY UNION FOR THE UNITED STATES

J. ROBERT SCHAETZEL

The Community's plans for economic and monetary union received an unexpected jolt on June 23 when London decided to float the pound sterling (see page 5). The crisis was met on June 27 when the finance ministers of the Six agreed to maintain their 2.25 per cent fluctuation margins. Britain and Denmark (by then the krone was also floating) promised to return their currencies to the 2.25 margin by January 1, 1973, when they become Common Market members.

Ambassador J. Robert Schaetzel, US Representative to the European Communities explains the importance of the EC monetary union's success for the United States. The article was adapted from his address to the Council on Foreign Relations in New York on May 17.

What are the Europeans about with their talk of financial and monetary union? What are the implications of this development for us and for our larger interests? Further, what are apt to be the effects of this unity on a troubled world in rapid transition?

First one must turn to the European setting. We are in the midst of a period of dramatic if somewhat obscured economic and political change. Western Europe, as we know to our balance-of-payments distress, has moved in this postwar period from chronic deficit to strong surplus. We have moved from a financial world dominated by the United States and the dollar to one with Europe holding nearly one-half of the world's gold and 23 billion of dollar reserves — some percentage of which is described as being unwanted.

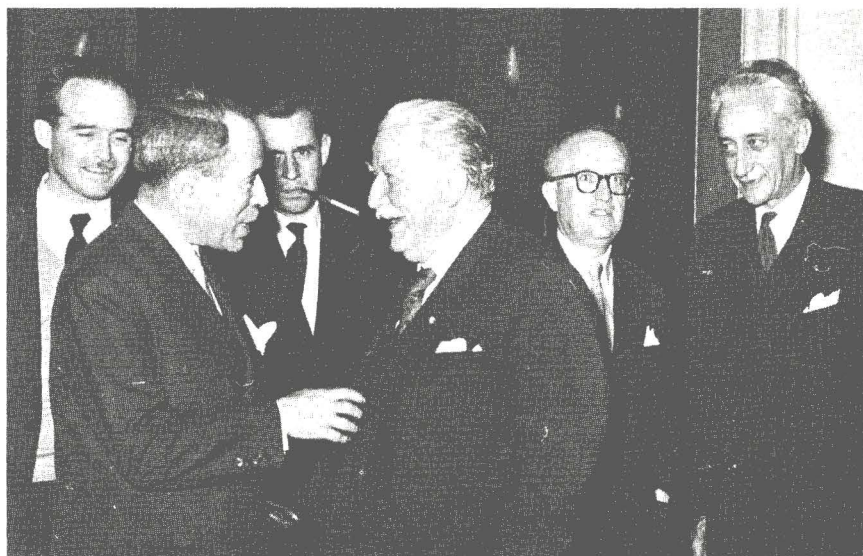
Community Promotes Political Stability

The political change of the last quarter of a century is if anything more dramatic. It is hard today to recall the fragile political structure of Western Europe in the mid-Forties, composed either of nations that had been crushed and occupied by enemy forces or defeated aggressor nations which had sustained even greater physical and moral damage. In this short time, democratic institutions have grown in strength. Germany and Italy have become strong modern industrial economies. Their current political difficulties are played out within operating democratic institutions and within a larger European Community context. A Dutch political leader remarked the other day that Brandt would never have been able to launch the negotiations which led to the Warsaw and Moscow Treaties if he had not had the stability and strength of the European Community behind him.

Europe Does Not Rest on Its Laurels

Despite this brilliant record of startling economic and political progress, the Europeans are concerned with what still needs to be done and with the shortcomings of what has been done.

The dominant condition of European life today is change and transition. The treaties of adherence must be ratified and the new members absorbed into the Community process in early 1973. The Europeans are hopeful but preoccupied with the institutional and psychological problems



At the Messina Conference in June 1955, which led to the Common Market's formation three years later, representatives of the Six declared that they considered it "necessary to work for . . . the progressive fusion of national economies." French Foreign Minister Antoine Pinay (left) chats with Luxembourg Foreign Minister Joseph Bech during a break. To their right are: German Secretary of State Walter Hallstein, who became the Common Market Commission's first President, and Jacques Fouques-Duparc, who was then French Ambassador to Rome.

associated with the enlargement of a Community of Six, with a history of some twenty years of working together, to a new body of Ten, with all the uncertainties involved in this change.

Europe's current emphasis on financial and monetary unity must be seen in context. When the Rome Treaties were negotiated in 1956, those who were guiding this process knew that the movement toward unity was not strong enough to carry the burden of explicit provisions in the financial area. In a word, they were well aware that to include such provisions would turn the tacit support of the powerful ministers of finance and central bankers for the European Atomic Energy Community (Euratom) and Common Market Treaties into opposition. The subtle political judgment of the negotiators of the treaties was that if the customs union/economic union happened to succeed (far from certain at the time), it would create a kind of irresistible force for further steps, including what is now under negotiation. In point of fact, today the finance ministers and the central bankers have been converted to the faith!

Monetary Crisis Spurred Economic Union

The European motivations with respect to financial and monetary unity transcend sheer economic considerations, or thoughts of tidiness or completeness. The drive gained impetus from the world monetary crisis.

Certainly not through any calculated effort on our part, the American deficits, the Eurodollars, overvalued and undervalued currencies all stimulated the drive for European financial and monetary unity. I am not among those who see this European reaction as aimed against the United States. Various factors stimulated Europe's desire for a more equitable relationship. But a word of warning is

in order: mismanagement on either side could degrade this desire for a relationship of equal, cooperating partners into opposition, hostility, and new forms of isolation. Unless the full implications of financial and monetary unity are realized, it is easy to be puzzled by the Europeans' preoccupations with the task as well as skeptical that they can ever succeed.

The goal of such unity by 1980 means nothing less than economic and political unity. It means fully harmonized national economic policies. It means that there cannot be wide variation in member state rates of inflation, or budgetary or taxation policies, or wage rates. The Europeans have been moving toward financial and monetary unity slowly, precisely because they see the implications of what they are about.

EC Must Overcome Inertia of Habits

To judge their prospects it is necessary to assess whether there is sufficient Community will so that they can overcome the inertial drag of inherited habit patterns. Europeans are by no means universally eager to give up the tested and comfortable "dependence" on the United States, on American leadership, and on the American-inspired and supported international institutions.

A further cultural lag is the comfort of the "national" versus the new "Community" approach. This can be seen in the continued practice of European ministers, especially in the financial field, who seem to prefer almost instinctively to deal directly with American authorities rather than see responsibilities devolve on new and unfamiliar Community officials and methods. One of the persistent if somewhat anachronistic aspects of Europe today is the extent to which many Europeans seem to feel more comfortable in a relationship with Americans — especially in mergers — than with their neighbors, those with whom they have had such a rich history of conflict.

World Trade Cooperation is Essential

In the international setting of this process, we have been trying to create an economic system based on rules, however incomplete and unsatisfactory. We have also perceived the crucial role of institutions. We may all complain about the inadequacies of the General Agreement on Tariffs and Trade (GATT), but the complaints run to weaknesses not to doubts about the need for the organization. Perhaps the dominant assumption was of the general benefits to be derived from a continuing process of liberalization of international economic relations. Such a multilateral system, supported by rules and institutions, was considered essential to world prosperity, stability, and peace.

Today many such assumptions are being questioned. We thus enter a dangerous period of transition, questioning, uncertainty, and doubt. The desire to reform the trade and payments system is universal but without a consensus on what the new structure should be. The "new Europe" will be different but in what way we cannot be sure — or when. Japan, in economic and political terms a "European" rather than an Asian nation, is an essential part, yet not a

part, of the Western system. Until a secure and equitable working relationship is established among the United States, the European Community, and Japan, nothing will work well.

The most immediate threat to what we have and what we wish to construct is the tendency to drift toward an international regime of confrontation, an adversary approach, rather than the sought-after pattern of cooperation, rules, and institutions.

What Union Means for United States

The foregoing analysis leads me to two interlocking conclusions. The first is the stake of the United States in the success of the efforts of the Europeans to achieve financial and monetary unity. If this goal is inextricably a part of the whole process of European unity then it poses as well the question of our national interest in unity itself. A passing glance at Germany's period of domestic crisis over the Eastern policy points up the fundamental importance of the broader European construction to contain the internal forces released by the debate over Brandt's Eastern policy. Similarly, those Italians who fear for their country look to the Community, with Italy as a part, as the indispensable external framework for internal stability.

Americans have seen and experienced the benefits which have flowed from the Community in terms of our trade surpluses with the EC, with the growing returns on our direct investments in a dynamic Europe. There are also the Community's measures to assist the developing countries, a program proportionally larger and considerably more impressive than our own.

We must consider what failure of the plan for financial and monetary unity would mean. It would mean at least the stagnation of the Community. It could throw Europe back to the historic pattern of quarreling, small, ineffective countries. Any weakening of Western Europe would occur at a moment of massive Soviet military power when the United States lacks both the means and the will to assume the global responsibilities that were ours in the late Forties and Fifties.

While the developing European Community has been and remains a purely European phenomenon, the United States should continue to try to influence the emerging Community to develop in ways consistent with our own, and their own, enlightened interests. A European Community is a fact of life. It is on the threshold of a new thrust forward, and a vital, coherent, and growing Community promises to be a major, and possibly indispensable, element on the world scene with a great propensity for good.

Americans would seem to have every reason for interest in the development of an international trade and payments system, not of a primitive and harsh adversary character, but rather one founded on rules and viable institutions within a psychological framework of cooperation.

Heavy demand is laid down, on both sides of the Atlantic, for patience, vision, perseverance, and for the management of inevitable small conflicts in ways that keep constructive options open for the moment when they can be seized.

Meet the Irish

PATRICK J. HILLERY *Irish Minister of Foreign Affairs*

The Irish people have said yes to Europe, unequivocally and decisively. The recent referendum on Irish membership [May 10] in the Common Market has confirmed the Irish Government's belief that they had the support of the people.

This clearly expressed mandate will enable Ireland to play its full part in the enlarged Communities. This we fully intend to do. The preparations for membership which have gone on during the past decade, despite setbacks and disappointments, are now being intensified. Already, we are participating with the member states and the other applicant countries in preparing for the highly important meeting of heads of state or government of the Ten later this year.

When governments meet, peoples cannot be far behind. Indeed, the people are often ahead of their governments. During the negotiations for membership and now again during the preparations for the summit, the governments of the member states and the other applicant countries have been getting to know the Irish Government. This is important. But it is perhaps more important for our future partners to get to know the Irish people, our way of life, our concerns, our aspirations. The articles in this issue of European Community will help readers do just that.

An Irish family pauses during a Sunday ride for a stroll along Reenroe Beach, Waterville, Kerry County.



The Irish Blend

SEAN O'FAOLAIN *a leading Irish short-story writer.*

Ireland is one of the smallest of the nation-islands of the world. Cuba is bigger. Even Iceland is bigger. It is also a solitary island in the sense that it is not, like the Aegean Isles, part of an archipelago, or like Japan, one of a chain of islands. It is the big toe of Europe dabbled out into the cold Atlantic. Before Columbus there was nothing at all west of us except the sunset.

No Irishman can long forget this watery circumambience detaching us from the world. Even in the center of Ireland sea gulls follow the plow. Whenever we hear a plane humming above the clouds we know that it is going out over the sea or coming in from over the sea, a homing seabird. The longest straight line inside the map of Ireland measures only 302 miles, but our coast is so jagged that we are surrounded by about 2000 miles of waves. All our main cities are ports.

Islanded, then, and solitary. We are also remote. Our connection with Europe has been more than ambiguous. The fact that we are at the end of the geographical line-up makes Ireland not so much belong to the Continent as barely adhere to it, water-divided. The things that have hitherto linked us to Europe have been intangible. Religion, for instance, has always made Dublin far closer to Rome than to London. On the other hand, emigration to Britain has become so heavy and constant over the last twenty years, that today Ireland is far more closely linked to England by brawn and blood than it was before we were separated politically.

Shelter of Europe's Lost Silence

A French visitor once described us as "an island tucked away behind another island." To find us our continental friends must first discover us. We are a serene, select, and exotic pleasure. We shelter the lost silence of Europe, but we do talk a lot. We shelter another refugee, time. Because of our slow tempo, Irish hours are twice as long, as if the westerling sun kept forgetting to take them with her to America where they arrive five hours late and twice as short.

The slow, pastoral pattern of life in Ireland has changed very little since centuries before Christ. After all, the oldest and greatest of our epic sagas, "The Cattle Raid of Cooley," centers on the rivalry between a king and a queen for the possession of the country's biggest and best bull. At the close of that turbulent saga the two outsized bulls fight one another from end to end of Ireland, horning up valleys, leveling great plains, bulldozing mountains, manufacturing the face of Ireland. It is symbolic. That wild pre-Christian epic grew naturally out of a pastoral life that had been sanctified by so many generations that one begins to wonder why the tutelary deity of the ancient Irish was not the bull god, adored as the symbol of fertility, the guarantee of a grass-fed life that need never languish.

The fact is, the Irish have never taken tillage very seriously, apart from growing just enough sugar beet to supply our own needs, enough barley to produce more than even our own requirements of whiskey, a proportion of green vegetables which, alas, seems to go more often to the cannery than to the kitchen, and, of course, those

potatoes whose quality has been appreciated throughout Europe ever since the late eighteenth century. That was when one Antoine-Augustin Parmentier discovered Parmentier soup, and cunningly publicized it by setting a company of soldiers to guard his first crop of tubers as if they were exotic grapes. Our specialties are not agricultural but pastoral — prime beef and mutton, milk and butter, garden fowl, and wild game, and that best known of all Irish livestock, the racing thoroughbred and the hunter.

Folk Memory of an Antique People

From the most ancient times it was so. We are in a word an antique people; our racial character, our tempo, our leisurely, one might almost say our aristocratically idle ways, our willingness, indeed our eagerness to pause in a crowded street or on a lonely hilltop to talk, to discuss whatever you like as long and as eloquently as orientals — who was it who said that Arabia begins in Dublin? — our intense love of sport, our endless human interest in everybody's private life, have all been formed and fixed many hundreds of years before Rome.

So, despite the fact that we have many of the most computerized, up-to-date farms; that our planes run with an international efficiency; that our fast diesel trains start and stop on the second; that we produce elegant fashion designers and have our own pretty Irish models, that we have top-notch hotels and three-star restaurants, the wise traveler will draw no conclusions except that the Irish can be as efficient as the Swiss when they want to be. For deeper conclusions, the traveler will listen not to the whine of the jumbo-jets or to the gentle drip of the "caneton à la presse" but, rather, to the mooing of fat cattle, the squirt of milk in the pail, the gallop of fast horses, the eloquence of the old gray stones muttering up through the grass of some neolithic burial mound lost in the fern and the brambles, the silence of a storm-worn Celtic cross by the roadside, or any old half-ruined Norman castle sticking up on a hill like an old man's tooth, rotting against the wind-torn clouds. These are our symbols. They represent a folk memory that pulses like an earth throb in the everlasting subconsciousness of our race.

Capacity For Having Things Both Ways

And folkways which some people say show that we Irish are incalculable, unreliable, evasive, "rusé," wily. I remember the wiliness of Jim Magee. He kept a riding stable about twenty miles south of Dublin. A pious Catholic, he used to scatter holy water on every horse's head before meets. I mentioned this to a certain lady among his clients who believed neither in God nor the devil.

"Not on my horse!" she growled. "A couple of times he did it. Then I made him bring me a glass of whisky before we set off and I've scattered the last drops on my nag's rump — just to rile him!"

I relayed this to Jim. "She is quite right — the ould battleaxe!" he said and winked. "But since the first time she did it she's been drinking holy-watered whiskey."

A little while ago I observed a pleasant instance of my countrymen's capacity for having things both ways. I sat

beside a table in a Dublin restaurant where half a dozen hard-jawed businessmen and professional men, evidently the committee of a golf club, were discussing a proposed change in the layout of their golf courses. They were cursing the obstinacy of their groundsman. They had ordered him to cut down a thorn tree in order to ease the fairway, and he had obstinately refused. Thorn trees are associated in the folk mind with fairies, or leprechauns, or the Good People — whatever you like to call them. Now, such blind, ignorant superstition was beyond the sympathy of these practical men. They scorned it. They laughed at it. They despaired over it. Finally, one of them proposed that they go out themselves with a saw and cut down the tree, and they all immediately agreed that this was the sensible thing to do. A heavy silence thereupon fell on them. After a while one of them said, "Mind you, there is such a thing as luck. Not, of course, that I'm superstitious . . ." Within five more minutes they decided that, in order not to offend their valuable groundsman, and for no other reason whatsoever, it might, after all, all things considered, be wise to "leave the ould tree stand."

Dublin: A Sophisticated Georgian Capital

Enough! Let us pretend that your plane had landed in Dublin. Having partaken of an excellent meal, anywhere between the four-star Hotel Russell and some good Irish-style chophouse you stroll forth to find yourself wandering not through a Celtic fairy mist but through a graceful, sophisticated, orderly Georgian capital. This noble core of Dublin — built between 1700 and 1800 — is the very epitome of the Age of Reason at its best. As we stroll we come on gracious squares, built wholly of claret-colored brick, lined by severely classical houses, with finely paneled doors, delicate fanlights and excellent wroughtiron-work — railings, lamp arches, lanterns, bellpulls, torch holders and lightly poised first-story verandas. If we should peep into some of these houses we may discover exquisite Italianate ceilings (generally attributed to Francini but often executed by Irish workmen), Bossi mantelpieces in multicolored marble, Angelica Kauffmann medallions, Adam furnishings. If we visit the elegant Municipal Art Gallery — it contains some lovely things — we will be in the former town house of the Earl of Charlemont. The Dail, or Houses of Parliament, was once the town house — the Italians would call it the *palazzo* — of the Duke of Leinster. And so on.

Medley and Melting Pot

Viewing all this the traveler may well ask me, "How come? What has all this got to do with old ruined abbeys, neolithic forts, dark superstitions out of the Celtic past?" The answer is that all of it came, like everything else in Ireland, out of the old pastoral economy when it was taken over long ago — grabbed and exploited, if the brutal truth has to be said — by those late invaders whom we now call the Anglo-Irish. Although mainly English colonists, they became in time a blend of colonist and native Irish.

By our time Dublin has long ceased to be an alien enclave. Still this Anglo-Irish blend must be stressed, and



"Our specialities are not agricultural but pastoral — prime beef and mutton, milk and butter, garden fowl, and wild game, and that best known of all Irish livestock, the racing thoroughbred and the hunter."

stressed forcibly, if we are to form a true picture of Ireland. The Abbey Theatre is a typical Anglo-Irish creation. Modern Irish literature is wholly an Anglo-Irish creation. Most of what is sophisticated here is part of this blend. The most appealing part of the city of Dublin would not have existed without this blend of foreigner and native. One has only to recall the names of a dozen or so of the men and women associated with the nationalist movement for Irish political liberty that culminated with the Rising of 1916 to visualize this Celtic-Colonist blend: De Valera, Plunkett, Pearse, Hyde, Markievicz, Gonne, Griffith, Casement, Kent, Devoy, Heuston, Skeffington, Colbert, MacBride, Connolly. Not for nothing did Joyce in *Ulysses*, the one great novel about Dublin and Ireland, give to his three main characters a Greek name, Daedalus; a Jewish name, Leopold Bloom; and a dactylic Celtic name, Malachi Mulligan.

Dublin and Ireland is a medley and a melting pot. Ever since the Danes it has been a battlefield and a crucible. To do business in Ireland one must be aware of the old sounds always murmuring, heard or unheard, like the sea, or like love — and then proceed with one's practical affairs in the strictly modern way. As we do.

The 11-Year Courtship

DOMINICK J. COYLE *staff correspondent in Dublin for the Financial Times.*

When the late Sean Lemass, former Prime Minister of Ireland, initiated the Government's 1961 decision to apply for membership in the Common Market, few Irish knew much about the embryonic economic grouping on the European mainland. Fewer cared.

Prime Minister Lemass, however, had established the reputation as the "father of the modern Irish economic miracle" and the electorate trusted his judgment. Prime Minister Lemass was convinced that a modern, progressive Ireland could not develop behind the protectionist tariff and quota walls which had hallmarked the young state's economic policies. Mr. Lemass set the country on course for Europe, although few people were aware of it at the time.

Today most Irishmen have been "sold" the European ideal, not so much as an opportunity but as a *fait accompli*. Mr. Lemass contributed to the inevitable when in 1965 he concluded delicate negotiations with the British Government on what was to become the Anglo-Irish Free Trade Area Agreement creating a miniature common market between two European islands. The walls of protectionism had started to crumble.

Britain supplies half of Ireland's total imports and buys approximately two-thirds of Irish exports. By the time the people voted on Irish entry to the Community in May, it was not difficult for them to envisage an extension of this free trade principle to the wider European domain. Also, the common farm policy had obvious advantages, since Irish agriculture employs more than 25 per cent of the country's total work force and represents roughly 50 per cent of all exports.

Ireland Had No Choice

Ireland had no choice on the question of joining the Community after the British Government had decided to apply for membership. The preferential entry of Irish exports to Britain would have been disturbed had the United Kingdom joined the Community while Ireland remained outside. The essential economic argument was negative: could Ireland afford to stay out if Britain joined?

The Government has stated that another motive for participating in the European experiment was that membership would enable Ireland "to participate fully with like-minded and democratic countries in the movement toward unity in Europe, based on ideals and objectives to which we as a nation can readily subscribe." Although the quantifiable economic arguments for Ireland's joining the Community seem more impressive than emotional arguments, the Irish inwardly do feel a part of the mainland, partially because of their historical involvement in spreading Christianity on the Continent.

Some Irishmen voted "yes" in the belief that an economic commitment to Europe would reduce Irish dependence on neighboring Britain, at a time when the two countries still face "unfinished business" over Northern Ireland. Economic barriers between the two parts of the island will disappear after Britain and Ireland enter the Community.

Once the decision in favor of Europe was made or accepted, the negotiations presented few problems, although



The late Sean Lemass, former Prime Minister of Ireland, spearheaded his country's first application for membership in the Common Market, in 1961.

Irish politicians felt obligated to remind the electorate constantly that they were fighting hard around the conference table in Brussels. Since agriculture was bound to benefit from the Community's higher price levels, the Irish negotiators, led by Minister for Foreign Affairs Patrick Hillery, concentrated on entry's implications for industry as a whole, with relatively peripheral concern for fishery safeguards, interim safeguards for some highly sensitive industries (such as automobile assembly), and the temporary maintenance of Anglo-Irish trading patterns.

Other marginal issues included animal and plant protection (Ireland has strict measures to prevent importation of hoof-and-mouth virus), dumping, and the sugar production quota, which temporarily threatened to become a domestic political consideration out of all proportion to its actual significance in either money or manpower terms. The largest single issue, however, concerned industrial development and the Irish Government's long established policy of offering fiscal and monetary incentives to entice foreign manufacturing companies into Ireland.

Ireland is still an essentially agricultural economy, although considerable progress has been made toward industrialization since the concept of national planning began in 1958. Cash grants for new industries have been a major attraction, but the greatest incentive now offered by the Government is a plan for full tax remissions on profits from exports. Such state aids to industry are, however, contrary to Common Market Treaty provisions. Dr. Hillery and his team, supported by the Government-established Industrial Development Authority, were eager to ensure either a continuation of current measures or their replacement by equally advantageous concessions, preferably of a fiscal nature.

Protocol on State Aids to Industry

Dr. Hillery's and his team's efforts were rewarded. A protocol to the Accession Treaty recognizes Ireland's position

in the application of the Treaty provisions on state aids to industry. The protocol calls on Community institutions to use the means at their disposal, including their financial resources, to assist the Irish Government in its industrial and economic development program to end unemployment, accelerate growth, lessen regional imbalances, and raise Irish standards of living to those of her future Community partners.

Ireland will be the poorest member of the enlarged Community. The contrast has been sharpened by recent miniscule national growth of little more than 2 per cent a year. Between 1967 and 1969, gross national product had risen by more than 5.5 per cent a year, but economic development apparently ran out of steam. Community membership comes at the right time to fuel economic development and help reduce the unacceptably high level of unemployment — 8 per cent of the labor force.

Prime Minister Lemass' policy of throwing open Irish doors to the cold winds of competition from abroad created its own dynamic force in the early Fifties and the first half of the Sixties, but the economy has now lost its momentum. It is time for another cold draft, this time from Europe. The results will not be all good. Exposure to Europe will certainly reduce the number of over-protected and, therefore, inefficient Irish industries. The efficient, however, will prosper. The prospect of European entry has already led many Irish companies to seek out their structural weaknesses. Rationalization and cooperation are becoming fairly common in industry. The farming community, too, (particularly the larger units) is gearing up for the changing competitive times ahead. Joining the Community, like all radical changes, will be painful for the Irish economy as a whole, but most Irish industrialists feel confident of meeting the challenge.

In the country, people still cut peat from the bogs and cart it home to fuel their winter hearth.



EC Goals and Irish Neutrality: Are They Compatible?

JOE CARROLL *Foreign Editor of the Irish Press.*

Of the enlarged Community's future partners, Ireland is the only neutral.

Ireland followed a neutral policy during World War II and, unlike any other current or future member of the Community of "Ten," declined to join the Atlantic Alliance created after the war. Ireland's unique position could pose some bothersome questions for the enlarged Community.

- How will membership in the Common Market affect that nation-island's neutrality?
- Will the Community's plans for political and economic union be thwarted by the presence of a neutral member?

Neither of these questions seemed to bother Joseph Luns, former Dutch Foreign Minister and current Secretary General of the North Atlantic Treaty Organization (NATO). While in Dublin on a speaking engagement within the last 18 months, Mr. Luns said that Ireland's neutrality was totally compatible with the Common Market Treaty. French Foreign Minister Maurice Schumann last March spoke of the positive contributions which Ireland will be able to make in Community discussions of foreign policy.

Neutrality Originated at Partition

When Ireland won independence in 1921 as the Irish Free State with dominion status in the British empire, the Irish Government used its unusual position to play a role out of all proportion to the size of the country in transforming the restrictive relations between Britain and the dominions into the virtually complete independence embodied in the 1931 Statute of Westminster. The failure of successive governments to solve the partition problem satisfactorily contributed largely to Ireland's decision to remain neutral in World War II and to refuse the invitation to join the Atlantic Alliance.

The isolationist trend involved in these important decisions was partially reversed by membership in the Council of Europe, the United Nations, and the Organization for European Cooperation and Development (OECD). These groups, however, were too large to give the Irish a feeling of real participation in international affairs. Although the problem of Northern Ireland continues to dominate national affairs, Irish entry into the enlarged Community may spur international consciousness, as did independence 50 years ago.

The economic aspects of Irish entry dominated the public debate before the May 10 referendum on the enlargement issue. (See *European Community*, No. 157, page 12.) Nonetheless, opponents to entry also voiced strong fears that full membership in the Common Market would sacrifice Ireland's political neutrality. Government spokesmen tried to allay fears by pointing out that neither the Rome Treaties, creating the European Economic Community (EEC) and the European Atomic Energy Community (Euratom), nor the Accession Treaty, signed by the Ten in January this year, involve military commitments. Ireland, therefore, undertakes no defense obligations in joining the Community as it exists today, the Government said.

The Government has, however, recognized the open-ended nature of the Community's movement toward "an ever closer union among European peoples" embodied in

the EEC Treaty's Preamble. Officials knew it would be unwise for Ireland to limit participation in the evolution toward political union.

In its January 1972 White Paper, the Government declared its desire "to join as a member of the enlarged Communities in working with the other member states toward the goal of political unification in Europe. It should, however, be emphasized that the Treaties of Rome and Paris [creating the European Coal and Steel Community] do not entail any military or defense commitments . . .". The following month Prime Minister John Lynch told the annual convention of the governing party, Fianna Fail, that the approval of the people would be sought in a referendum before Ireland would accept any military commitments that members might be asked to make in the future.

The Irish Government found itself in a delicate position when discussing the Community's future political development. In the earlier stages of Ireland's renewed application for Community membership, Ireland had told her future partners that Irish neutrality was neither rigid nor based on ideology and would not encumber Irish participation in the move toward political union. Having made that clear, however, the Government has since preferred to emphasize the country's freedom from military or "bloc" commitments in foreign policy.

Economic Consequences Take Precedence

For the first five years of Community membership, while the newcomers are integrating into the Community structure, the main Irish preoccupation will be with economic consequences. The Government may, therefore, be prevented from exploiting its freedom of action in foreign policy discussions as fully as the more ardent "Europeans" would wish.

The heads of state or governments of the Community of "Ten" are likely to reach unanimous agreement at their October summit in Paris on guidelines for the development of Community institutions, economic and monetary union, and external relations. Within these guidelines member countries will probably retain flexibility to emphasize different aspects. Ireland, as the poorest country of the enlarged Community, will especially strive for progress in the regional policy aspect of economic and monetary union. In the area of external policy, Ireland will seek relations with non-member countries based more on the universality of man than on military bloc considerations. On Community institutions, the Irish Government will probably be strongly attracted to a system which ensures freedom of action in areas of vital national interest and a maximum voice in Community policies for the smaller members.

Since signing the Accession Treaty in January, Ireland, along with the other prospective members, has participated in ministerial meetings preparing for the summit and in the regular meetings of the "Davignon Committee" which is studying closer cooperation in foreign policy. So far, there is no sign that Irish neutrality has hampered progress in these talks. The "Ten" seem to agree that, for the foreseeable future, matters involving common defense policies will be treated within NATO rather than through Community institutions.

Doomsday Reconsidered

RAYMOND BARRE *Vice President of the European Communities Commission*

Commission President Sicco L. Mansholt's letter to the Commission on the environment presented Community institutions and the European public with a new set of priorities for economic and social policy. In his letter (see European Community No. 157, page 16), Mr. Mansholt maintained that the Community of Ten would have the economic and political potential for European integration. He envisioned a society founded on a new political, ethical, and social basis that eliminated such burdens to mankind as depletion of natural resources, overpopulation, and environmental destruction.

This article has been adapted from Mr. Barre's June 9 note to the Commission entitled "Reflections on Mr. Mansholt's Letter to the Commission President."

The evident gravity of environmental problems should neither be exaggerated nor dramatized. The Club of Rome report, *Limits to Growth*, on which Mr. Mansholt's letter was based, took for granted that existing patterns of production and consumption would continue. It neglected the interaction between social evolution and technological development which could correct the very menaces cited in the report.

According to some American calculations, a significant reduction in the level of pollution would cost less than 2 per cent of the gross national product (GNP). It is not inconceivable, therefore, that if 5 per cent or 10 per cent of the annual GNP increase is devoted to antipollution endeavors, environmental deterioration could be reversed. Current literature on pollution often overlooks such rapid results as the drastic reduction of smog in London and Pittsburgh.

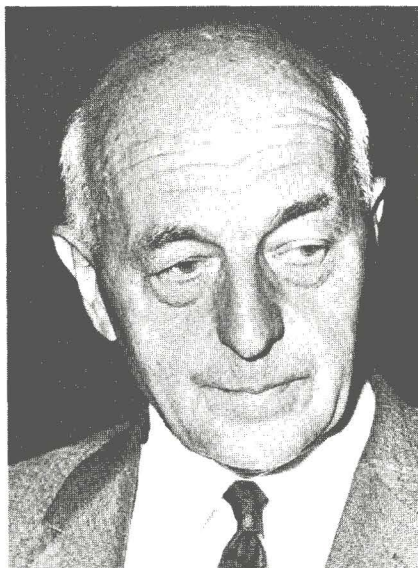
Economics and Politics Obstruct Action

The battle against pollution is an economic problem: who will pay for clean air? It thus develops into a political problem: should the promotion of the general interest be imposed on particular sectors of society? Technology can solve problems created by technology. The economic and political obstacles must be overcome.

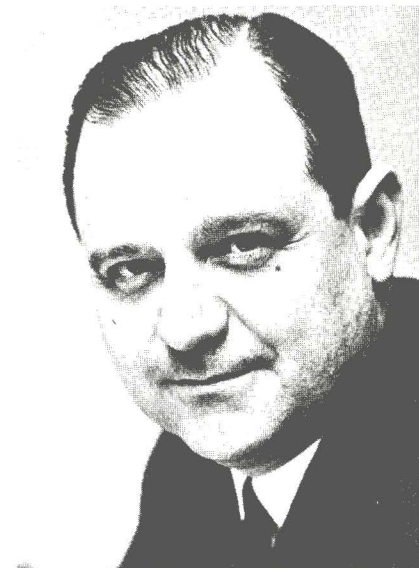
The depletion of natural resources should be viewed in a less apocalyptic fashion than some writers have adopted. For instance, such technological innovations as the cultivation of seaweed have introduced the possibility of an increase in food supply greater than total population growth.

For exhaustible mineral resources, the answer is not as easy. Their quantity is by definition limited, but total depletion is difficult to foresee. No one knows what wealth of resources the ocean will eventually yield. Technology in the year 2100 will undoubtedly be profoundly different from today's technology. Hopefully, future technology will consume fewer exhaustible natural resources. A rash action to stem use of such raw materials, as suggested by some, would detrimentally affect the developing countries.

The facts in the area of energy also justify reasonable optimism. Primary energy materials such as coal and oil will for forty years fulfill the need of 10 billion men consuming twice as much as US citizens now do. Fast breeder nuclear reactors, producing twice as much fuel as they



Sicco L. Mansholt



Raymond Barre

Mansholt's Points

In an interview with *European Community*, EC Commission President Sicco L. Mansholt called for

- a reduction in per capita income to economize energy and raw materials
- a substantial cut in the number of private cars in a decade's time
- re-urbanization, using less raw materials for building, and bringing workplaces and residences closer together
- top priority for energy research, especially solar power
- new tax laws to encourage and protect non-polluting and recycling industries and those producing more durable machines, vehicles, and appliances.

Proposing car rationing, the President said fossil fuels will be exhausted in "twenty or thirty years." Thermonuclear fuel might be available by about 2010, but there was need for an earlier solution and for more adequate safeguards against the radioactive contamination and effect on the world's heat balance of fissile fuel manufacture.

"Speaking more generally, how much energy can we afford to consume, since all energy production creates heat, 70 per cent of which is lost?" Mr. Mansholt asked. Solar power adds no unnatural pollution or heat and is "an issue we should go into urgently," he said.

Tax exemption for recycled products, which are cleaner but more expensive, would go with a "CR" (clean and recycled) certificate which the Community could issue, Mr. Mansholt suggested.

Mr. Mansholt considers advertising "more and more antisocial," as it "stimulates [purely] material growth." He said he did not, however, favor banning all advertising.

consume, could fulfill the same needs for a million years. Moreover, techniques now being studied could harness the sun for energy.

Two essential problems remain, clean air and pure water. There is no way to determine the purity of or the transportation possibilities for clean air and water by the year 2100. Air and water pollution must be dealt with today.

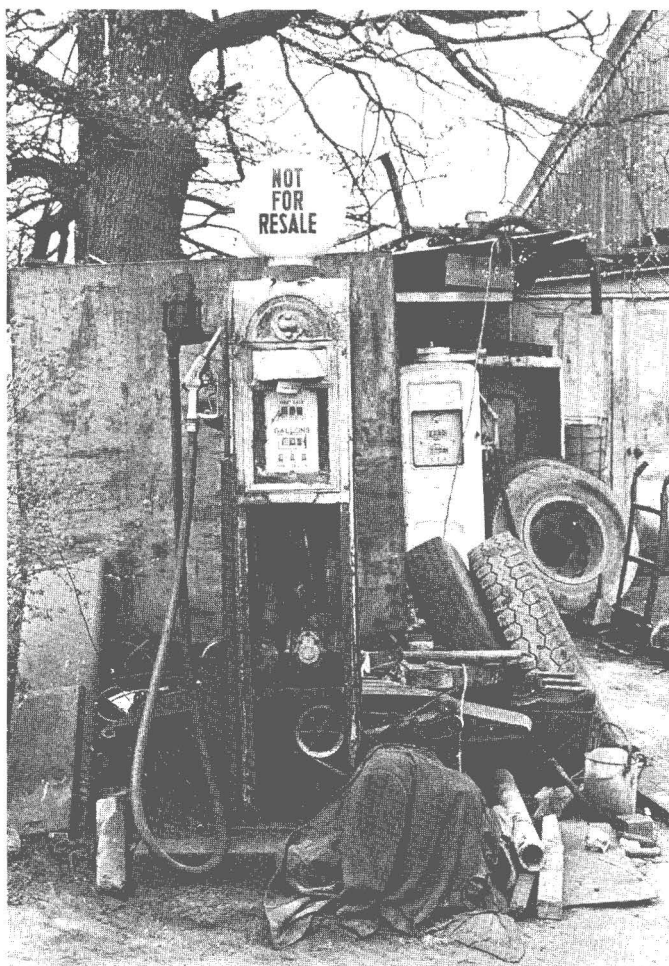
People Flock to Cities

The specter of overpopulation is not new. It recurs again and again throughout the history of economic thought. The overpopulation menace, however, must be understood in relative terms.

Some areas of the globe are overpopulated. Other underpopulated regions could absorb large numbers of people. There lies the crux of the problem. As mass migrations no longer occur as they did in the past, how will overcrowded regions, such as the Far East, balance demographic evolution with the growth of natural and economic resources?

The world faces a social problem of uneven distribution of resources and men, not a physical problem of overpopulation. Man will be able to deal with his environment

Recycling and prolonging the life of consumer goods are two ways to curb the resource waste pictured here at a junk yard in Corsham, Wiltshire, England. Mr. Barre recommends the Community-wide elimination of the value added tax on secondhand goods to foster long-term use.



only if he masters social relationships. Instead of dwelling on depletion of natural resources or overpopulation, man must redirect his attention to the repercussions of social and political inequality.

Economic Growth Should Not Be Curbed

The debate on acceptable limits of growth should not be reduced to a discussion of the rate of increase in GNP. GNP measures the quantitative performance of an economy; it has never been considered a measure of a society's well-being, too subjective a term for measurement.

A substantial decrease in Europe's economic growth rate is neither plausible nor desirable. It would be socially and politically unacceptable in Community countries for various reasons, including employment and the need to better living conditions for the poor. The quality of life is affected not only by pollution, but also by such material factors as housing, transportation, and working conditions. Modern societies must not eliminate economic growth, but neither should growth be sought at any cost. It must be controlled to provide social as well as economic benefits.

Raise Prices to Control Allocation

Mr. Mansholt recommends a combination of selective controls, indirect taxation, and research to reorient primary resource use, production methods, and consumer demand.

Direct control is the least effective way to prevent waste of primary resources. Gradual price increases would be a better incentive toward the same end, recycling. Price increases would also change consumption habits and increase developing countries' revenue.

Lengthening the durability of capital goods would slow the diffusion of technological progress and productivity growth. The life of consumer goods, however, should be extended. The Community could foster reuse of consumer goods by eliminating the paradoxical value added tax (a tax on each level of production and distribution) on secondhand goods. This action, of course, would not affect two major factors influencing consumer behavior, advertising and consumer education.

Community Action to Redirect Growth

The worker's fear of unemployment and the industrialist's need to remain competitive are probably the two greatest obstacles to redirecting economic growth to include social benefits.

European nations must work together to make change in employment a normal procedure rather than a demoralizing and costly experience. European nations must not only agree on common environmental measures so that individual companies will remain competitive, but they must also reduce balance-of-payments constraints. Here the Community, through economic and monetary union, can help reorient European economic growth.

The Commission must also establish priorities in the improvement of urban life, new transportation methods, and the fight against pollution, thereby arousing public opinion and promoting common action in an area vital to the Community's future.

Power to the People

THE COMMON MARKET TACKLES THE ENERGY CRISIS

Anyone trapped in an elevator midway up the Empire State Building during New York City's fabled "blackout" knows that electrical power and energy in general are not to be taken for granted. The six member countries of the European Community, with historically less abundant and more expensive energy sources than the United States, have never taken energy for granted and are now embarked upon a common Community policy for energy.

The United States and the Community are "in the same boat" when it comes to energy, according to European Commission Vice President Wilhelm Haferkamp, who conferred with US officials June 5-7 in Washington on the shared energy shortage. Mr. Haferkamp, the Commissioner responsible for energy, also visited the US Atomic Energy Commission headquarters in Germantown, Maryland, and made a two-day tour of oil and natural gas operations in Alaska.

Mr. Haferkamp's visit underlined the increasing importance of energy in the European Community. Internal energy consumption has tripled in the last twenty-one years; in 1971 consumption amounted to about 871 million tce (metric tons of coal equivalent). Investment in energy accounts for a quarter of all industrial investment. More than a million workers are employed in the energy field.

With increased industrialization, a rising standard of living, and the general expansion of the European economy, energy consumption should continue to grow at a 5 per cent rate in coming years. By 1985, internal Common Market energy consumption will reach 1.8 billion tce. One billion tce will be needed for industry, 570 million for domestic consumption, and 230 million for transport.

Fossil Fuels Meet Most EC Energy Needs

Like the United States, the Community relies less and less on coal to meet its energy requirements. Coal, which in 1950 met 70 per cent of the Common Market's energy needs, now supplies only 20 per cent.

Also like the United States, the Community is turning toward natural gas and oil. Natural gas now meets 11 per cent of the Common Market's energy demands, whereas twenty-one years ago it was rarely used as a fuel. Oil now supplies 60 per cent of the Community's energy requirements, up from 12 per cent in 1950.

The Community, in fact, is the world's greatest importer of oil — 412 million metric tons in 1971.

Contrary to optimistic expectations, nuclear energy has developed slowly in the Community. The 4,323 electrical megawatts produced by the Community's nuclear reactors in 1971 amounted to only 1 per cent of the Common Market's total energy consumption.

EC MAIN OIL SUPPLIERS

(in millions of metric tons)

	1970	1971
Mideast	194.6	234.8
North Africa	157.4	115.8
Equatorial Africa	24.3	35.8
Western Hemisphere	12.5	10.3

EC GROSS PRIMARY ENERGY CONSUMPTION

(in millions of tce*)

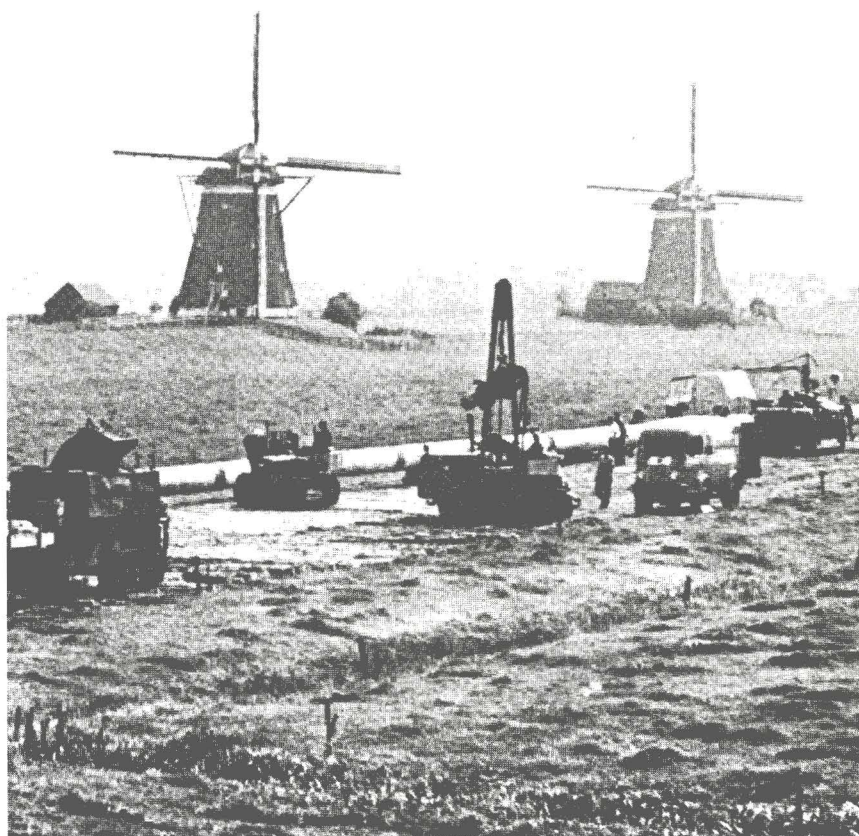
	1950	1960	1970	1971
Coal	210	243	189	177
Lignite	23	32	33	32
Oil	35	138	500	521
Natural Gas	1	12	73	93
Primary Electricity	31	39	49	48
TOTAL	300	464	844	871

* metric tons coal equivalent

Common Policies to Forestall Energy Crisis

Throughout the industrialized world, recurrent forecasts of an imminent energy crisis have generated interest in developing "national energy policies." In the United States, for example, a fifteen-month, \$2 million study recently undertaken by the Ford Foundation will, in the words of the Foundation President McGeorge Bundy, "help prepare an informed and reasoned base for a national energy policy."

Dutch excavation crews prepare to dig trenches for a natural gas transmission line. The pipes will be buried to preserve the landscape's original beauty.





With oil supplying 60 per cent of the Community's energy needs, such plants as the British Petroleum Depot at Hamburg Kohlbrand, Germany, are booming. The Olwerke Julius Schindler refinery is in the background.

In the European Community, a common energy policy is becoming a reality after many years of discussion. The objective of this policy is threefold

- to increase and coordinate efforts in research and development

- to secure an adequate supply of energy at low and stable prices

- to create a common market for energy.

Early this year the European Communities Council of Ministers agreed that member states should notify the Commission annually of investment plans for oil, natural gas, and electricity. Twice a year the member states must also tell the Commission how much crude oil and natural gas they have imported during the previous six months. In addition, each December 31 the Commission is to receive import projections for the coming year.

While only a first step, gathering and centralizing information is the point of departure for any new policy. On the basis of this information, the Commission will publish annual energy reports, including analyses both of the Community's past and future energy development and of world-wide energy needs and supplies.

Commission Proposes Larger Stockpiles

Since the Community depends on outside sources for two-thirds of its energy supplies, contingency plans are essential for future emergencies (such as the 1956 Suez Crisis). Thus, the Council adopted in December 1968 a directive requiring member countries to maintain a 65 day stockpile of oil, which the Commission has proposed be increased to 90 days.

The unpredictable supply of foreign oil is as much a problem for the Community as for the United States. Even with oil depletion allowances and import quotas to encourage domestic exploration, the United States may be spending \$15 billion a year for foreign oil by 1985.

The Community hopes to reduce reliance on oil by diversifying energy sources and increasing energy research and development. The development of nuclear energy would lessen the Community's dependence on foreign sources for energy, but the cost is often prohibitive. A Community program of loans for developing nuclear reactors is under consideration. To meet the Community's need for nuclear fuel, negotiations are underway with the United States for supplying enriched uranium.

Energy Policy Promotes Economic Unity

Besides its importance to keep homes and industry running, a common energy policy also promotes economic integration in Europe.

Because energy accounts for an average 8 per cent of the cost of industrial production, it influences a product's selling price. Differences in energy supply and national legislation on energy distort competition. Moreover, industry naturally sprouts in areas where energy is abundant and cheap, thus hampering regional development policies.

The Commission has made proposals for harmonization of national energy taxes and hopes for eventual harmonization in the construction and use of refineries, pipelines, and gas stations, and in energy prices.

The quest for objectives like these confirms the European Community's intention of becoming a true "common market."

Europe's Space Efforts Dwindle

DAVID CAIRNS

The rocky road to European space research coordination may still turn into a dead end.

After the debacle of the November 1970 European Space Conference (ESC) meeting in Brussels, Michael Donne, Aerospace Correspondent for the *Financial Times*, wrote that Europe's task was "to reach decisions which will set European space research affairs on a new road into the Seventies, with defined objectives in a coherent program in which all the constituent activities contribute something of value to the whole." (See *European Community No. 142, page 19.*) Has Mr. Donne's prescription been filled? The unequivocal answer is, unfortunately, "no."

The organizations now working on space research — mainly the European Space Research Organization (ESRO) and the European Launcher Development Organization (ELDO) — are in the midst of reorientation and reconstruction. ESRO is seeking to change its existing structure and aims. ELDO, with a reduced membership, is trying to construct a new launcher, Europa III, to replace the current launcher, Europa II. These changes are far from a coherent plan to coordinate European activities in space research. Rather, they are unconnected, *ad hoc* activities, remnants of the uncoordinated European space program of the Sixties.

Priorities Reordered

As Mr. Donne noted in 1971, ESRO was under considerable pressure to change its emphasis from scientific satellites to application satellites. Since his article, it has been agreed that the scientific satellites already approved by the ESRO Council will be constructed and put into operation. In the future, however, application satellites, such as the proposed Meteosat and Aerosat projects, will have top priority.

Meteosat, a sophisticated weather satellite, was originally proposed as a project for the French national space program. After its costs ballooned, however, France proposed that ESRO assume responsibility for it. In doing so, France saved the satellite from extinction by dividing its cost among the ten ESRO members (Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain, Sweden, Switzerland, and the United Kingdom). A satellite such as Aerosat, designed to be used over the crowded North Atlantic air routes, must be built with the knowledge and approval of the United States, because US ground controllers and aircraft will use it as much as European personnel and aircraft.

In negotiations with the United States on Aerosat specifications, difficulties arose over the waveband to be used in communications between the satellite and aircraft. The European proposal for a rather advanced system was opposed by the United States and many airlines which would have to install new and expensive receiving equipment in aircraft on North Atlantic routes.

David Cairns is doing research on ESRO and ELDO at the University of Keele, United Kingdom.

Europe Bypassed?

The European proposal was eventually accepted, because the suggested wavebands were less crowded and freer from interference than the very high frequency (VHF) wavebands in use. The European flush of victory quickly waned, however, when the United States switched responsibility for Aerosat negotiations to another government agency which began to search for an all-American solution to the Aerosat problem. If a US satellite is built, in effect bypassing Europe, then ESRO, which conducted the negotiations for Europe, will lose credence as a competent negotiator in future talks with the Americans.

As a result of a budget cut, ESRO has had to reorganize extensively. Two of the Organization's establishments — ESRIN, the European Space Research Institute, and ESRANGE, the European Sounding Rocket Range — are to be scaled down and other parts of the existing structure abandoned. With this creeping redefinition of its purposes and structure, ESRO is moving away from its founders' aims. Although made with the approval of ESRO's Council, changes are not being coordinated with other areas of European space activities. Further inter-governmental negotiations are needed before progress can resume toward the creation of a European Space Organization.

ELDO Disputes Entrenched

Within ELDO, it is becoming more and more difficult to reconcile conflicting viewpoints. At the Brussels meetings in 1970, three broad areas of dispute came under discussion:

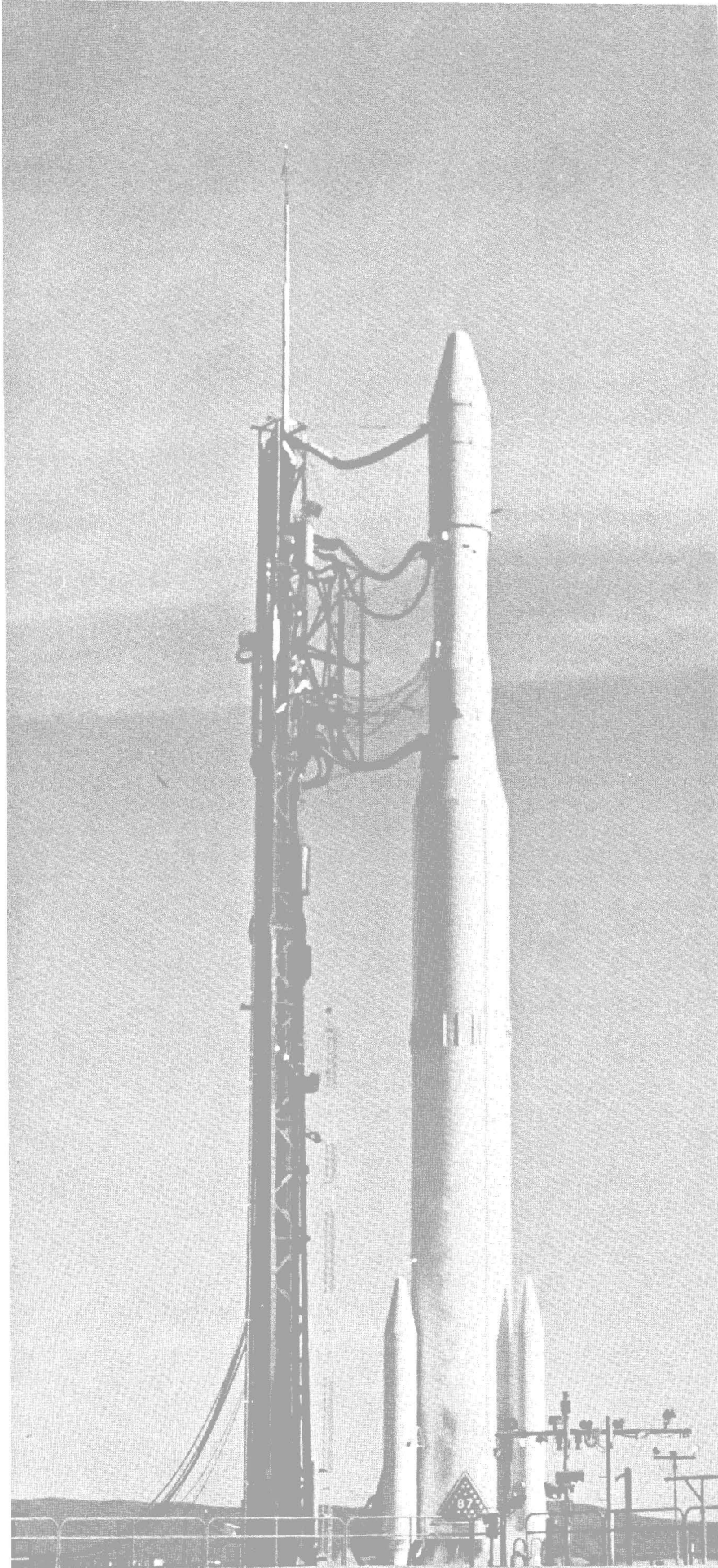
- How was a unified European Space Organization to be formed?
- Should Europe participate in the post-Apollo program?
- Should Europe develop a new launcher to succeed Europa II, in case negotiations with the United States proved unsatisfactory?

Because of the abrupt termination of the fourth European Space Conference in Brussels in 1970, none of these problems were settled. Plans for a unified European Space Organization were shelved. Chances for European participation in post-Apollo projects dimmed after the United States began redefining objectives and stretching the program's timetable. [*Technically, however, Europe does not make a decision until mid-July.*]

Three ELDO members — Britain, Italy, and Australia — declined to participate in the development and construction of the Europa III launcher, but the remaining four — France, Germany, Belgium, and the Netherlands — decided to go ahead.

The slowdown on the post-Apollo program has partly vindicated the decision to continue work on Europa III. It now appears that European participation in post-Apollo projects is not as important to the Americans as it once seemed. The cost of developing the new rocket has forced the four participating countries to reduce funds available for other projects. In addition, ELDO funds have been restricted pending a full report on Europa II's first launch failure in November 1971.

Europa II's failure, together with the long development



A European Space Research Organization satellite stands ready for launching by the US National Aeronautics and Space Administration. Launched on January 31, 1972, the spacecraft relays data for the study of interplanetary physics and the high latitude magnetosphere.

period of Europa III (the rocket is scheduled for flight trials in the late 1970's) has put pressure on the heavily committed ELDO members working on Europa III to reassess the project. Because Britain is not participating in the development of Europa III, Germany has assumed much of the financial burden for the project.

Some Germans fear that Europa III may face the same destiny as Europa II. The situation is similar to the one in the mid-1960's, when one member state, Britain, was paying a large share of the costs. Faced with a weak economy, Britain had to renegotiate its commitments. It is anybody's guess whether Germany's strong economy will enable it to continue paying the high costs of ELDO participation, or whether domestic political pressures will force a redistribution of costs. Either way, ELDO is again vulnerable to the kind of pressure which so disrupted its activities in the Sixties.

Europa III: An Insurance Policy

Europa III is intended to preserve an independent European ability to launch communications and application satellites should the United States refuse to do it for Europe. Exploratory talks with the United States followed the 1969-70 negotiations on the statutes of the International Telecommunications Satellite Consortium (Intelsat), an intergovernmental organization which oversees the launching and operation of most of the world's communications satellites. During these talks, the United States indicated it would launch other nations' communications and application satellites outside the Intelsat system. European satellites, incidentally, come into this category. The United States stipulated, however, that such satellites must be "compatible" with Intelsat arrangements.

Ambiguous Offer

So far no one knows whether the United States means that satellites should be technically compatible with existing Intelsat equipment, which seems on the face of it to be fair, or whether the satellites' purposes should not conflict with Intelsat's statutes, a potentially restrictive requirement. In this case, the United States has conceded just enough in negotiations to confuse the Europeans. Naturally enough, each European state interprets the meaning differently. Britain feels that now there can be no possible justification for continuing work on Europa III, whereas France and, to a lesser extent, Germany suspect the ambiguity of the offer. This confusion places further strain on the states hoping to continue the development of Europa III.

The Environment as Competitor

Intra-European cooperation in space research and technology is unquestionably on the decline. In addition to internal difficulties, space research is facing a new and strong competitor for public funds — the environment. Lobbying for the protection of the environment began in earnest in the early 1960's. Today, newspapers, radio, and television contain daily references to pollution, just as, a decade ago, they glamorized space research. Space has relinquished much of its appeal, perhaps justly, to the "environmentalists." The shift of public interest away from space research acts as a further constraint on European space cooperation. Only the creation of a unified European Space Organization could arrest this process and enable Europe's space scientists to decide upon their priorities and carry out their projects efficiently and successfully.

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.

The Gaullist Phenomenon: The Gaullist Movement in the Fifth Republic. By Jean Charlot, Praeger, New York, 1971. 205 pages with tables, and index. \$10.00.

An examination of the changes wrought by Gaullism on the French political system and on the electorate in the Fifth Republic.

The author contradicts the assumption that Gaullism is a passing phenomenon based on the charisma of General Charles de Gaulle (whose popularity in fact decreased while that of his party rose) and the Communist contention that it is the institutionalization of monopoly state capitalism leading to authoritarianism. The author points to the permanence of the "phenomenon" as evidenced by the smooth succession of Georges Pompidou to the presidency. Economic factors are ambiguous indicators of support for a party with left and right wings, so the author chose to limit himself to political changes. They represent something other than a cyclical return to authoritarianism or the administrative tradition. De Gaulle's changes were to pave the way to a dominant party system where the party would be voter-oriented rather than based on the prestige of the militants or the "notables." Pompidou's success has been in the continuity of institutions and of policies with a more European outlook and the substitution of reason for grandeur.

The European Economic Community and United Kingdom Engineering Companies. By the British Mechanical Engineering Confederation. Engineering, Chemical & Marine Press, London, 1971. 57 pages with bibliography.

This brief manual for British engineering firms entering the Common Market deals with the background to entry, prospects in an enlarged market, and specific policy areas for firms to consider.

The authors note that Great Britain will compete in a home market four times larger than it is now and will account for one-half of international trade (more than the United States) in engineering products. Enlargement should be a primary stimulus toward improved efficiency and specialization. Marketing, production, design, research and development, and personnel policies must be reevaluated in terms of the Community's environmental, financial,

fiscal, and legal regulations, all of which the authors survey.

La Communauté et les Pays Méditerranéens. Institut d'Etudes Européennes, University Libre de Bruxelles, Editions de l'Institut de Sociologie, Bruxelles, 1970. 172 pages.

A collection of papers read at a colloquium sponsored by the Institute for European Studies of Brussels on April 29, 1969, plus several complementary studies.

The eight presentations focus on European Community relations with six major Mediterranean areas: North Africa, Italy, Turkey, Spain, Yugoslavia, and Israel. Participants grant special emphasis to the Common Market's improvised "Mediterranean vocation," the series of associative ties binding it to the nations of the South. The natural response to economic needs, these links have no precise authorization in the Common Market Treaty. The capacity of the Common Market to shape ties of such diversity is viewed as symptomatic of Community health and flexibility.

Le Droit de la Concurrence des Communautés Européennes. By Xavier de Roux and Dominique Voillemot. Juridictionnaires Joly, Paris, 1972. 588 pages.

A treatise on competition law in the European Communities, with expository articles and legal texts.

The authors examine the deliberately fluid antitrust language of Articles 85 and 86 of the Common Market Treaty. In prohibiting "concerted practices" and "abuse of a dominant position," these provisions authorize the Common Market's growing determination to assure the free play of competitive forces. Numerous possible instances of violation are enumerated, along with means of recourse against Commission antitrust decisions. The study also weighs the prerogatives of Community versus corporate rights, outlines the investigative powers of the Commission, describes the sanctions brought for violations of Articles 85 and 86, and explores dumping practices.

La Nouvelle Douane Européenne. By Claude Jacquemart. Editions Jupiter, Paris, 1971. 676 pages with index and annexes.

A study of European customs procedures and regulations in Community terms.

Mr. Jacquemart's exploration concludes that customs administration among the Six is henceforth a supranational matter. He endeavors to show the true face of current customs law and practice within the Common Market and offers evidence of persisting imperfections to those who consider the customs union a *fait accompli*. In its scope and abundance of detail, the volume serves as an "encyclopedia" of Community customs theory and fact.

European Monetary Integration. By Peter Coffey and John R. Presley. Macmillan, St. Martin's Press, London, 1971. 131 pages with appendices and index.

An examination of Europe's quest for monetary union from 1944 to 1971 and recommendations for the final phase.

The authors analyze the historical background and the theoretical repercussions of European currency integration. They demonstrate that the 1970 Council of Ministers decision to achieve complete monetary union by 1980 was the result of a continuous and logical process spanning the postwar decade. The study reviews the efforts of "monetarists" and "economists" to shape the emerging Europe and concludes with a theoretical assessment of total monetary integration, a forecast for a European capital market, and proposals to ensure successful union.

Harmonization of European Company Laws. By Eric Stein. Bobbs-Merrill, Indianapolis, 1971. 558 pages with bibliography and index. \$22.50

An inquiry into the assimilation of national company law at Community level.

Mr. Stein is as much interested in the dynamics and methodology of the assimilation process as in the resulting new norms of positive law. He examines the extent to which the Common Market Treaty and Council directives have laid the groundwork for transnational coordination which must supplement national reform within each of the Six. The US "Common Market" is studied as a paradigm for the European Community experience. The author concentrates on the disparate development of company law in each Community nation, the politics of such divergence, and the mode of functioning of an evolved transnational lawmaking institution.

Trade and Investment Policies for the Seventies. Edited by Pierre Uri. Praeger, New York, 1971. 286 pages. \$12.50.

A transcript of the proceedings of a conference on the title topic in Tokyo, March 25-26, 1971, sponsored by the Atlantic Institute in Paris and the Keidanren (Federation of Economic Organizations).

Starting from the premise that trade and investment policies must be mutual coefficients, the participants assess the future of international trade, identifying a new orientation dictated by the international nature of production and distribution and by the emergence of regional giants such as the European Community. The special posture of Japan is examined closely, particularly the role played by Japanese general trading companies and the exceptional growth pattern exhibited by the Japanese economy.

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.

FIFTH GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITIES 1971. Commission of the European Communities, Brussels, February 1972, 479 pages \$4.00
The Commission's annual report. Contains a detailed description of the activities during 1971.

COMMON MARKET TACKLES THE ENERGY CRISIS. Background Information No. 14, 1972, European Community Information Service, Washington, DC, June 15, 1972, 5 pages free
Discusses energy needs and Community energy policy. Includes statistics on energy consumption and supply.

ELABORATION D'UNE METHODE MACRO-ECONOMIQUE POUR LE CALCUL DE LA CHARGE FISCALE INDIRECTE PESANT EN AMONT DES EXPLOITATIONS AGRICOLES DANS CHACUN DES SIX PAYS DE LA COMMUNAUTE. Série Concurrence—Rapprochement des Legislations No. 18, Commission of the European Communities, Brussels, 1971, 77 pages \$2.50
Analysis of the Community members' indirect taxes on agricultural, horticultural, forestry, and fish production. Includes statistics from 1963 to 1965. Discusses the application of the value added tax system to agriculture.

INDUSTRIAL POLICY IN THE COMMUNITY: MEMORANDUM FROM THE COMMISSION TO THE COUNCIL. Commission of the European Communities, Brussels, 1970, 385 pages free

English translation of a report first published by the Commission in March 1970. An analysis of the problems of industrial development in the Community.

REPORT OF THE WORKING PARTY EXAMINING THE PROBLEM OF THE ENLARGEMENT OF THE POWERS OF THE EUROPEAN PARLIAMENT. Commission of the European Communities, Brussels, March 25, 1972, 131 pages free

Report prepared under the supervision of Professor Georges Vedel. Describes the European Parliament's current powers and the need to strengthen the Parliament as well as the Community's other institutions.

THE EUROPEAN COMMUNITY AND THE UNITED STATES: 1972. Background Information No. 15, 1972, European Community Information Service, Washington, DC, June 21, 1972, 27 pages free

Updated version of "The Monetary and Commercial Relations Between the Community and the United States: Facts and Figures," published in October 1971 by the Official Spokesman's Group.

DEFINITIONS OF PROPER NAME DESCRIPTORS USED IN THE EURATOM-INIS NUCLEAR DOCUMENTATION SYSTEM. EUR 4806e, Commission of the European Communities, Luxembourg, March 1972, 62 pages \$1.70

By C. Vernimb. Defines 440 of so-called

proper name terms, such as GAMOW-TELLER RULES, which are used in the EURATOM-INIS Nuclear Documentation System. These definitions aid indexing and retrieval.

POLITIQUE SCIENTIFIQUE ET GOUVERNEMENTS. EUR 4773f, Commission of the European Communities, Ispra, Italy, March 1972, 96 pages \$2.50

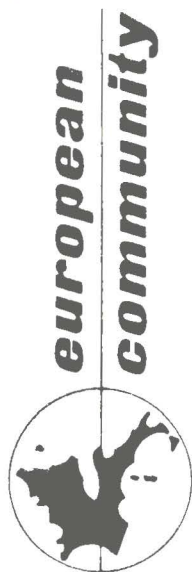
By G. Gueben. Compares the structure of science and research in the member countries of the European Community, The United Kingdom, and the United States.

LES INDICES DE CONCENTRATION ET LEUR APPLICATION CONCRETE AU SECTEUR DE L'AUTOMOBILE DANS LA COMMUNAUTE. Série Concurrence—Rapprochement des Legislations No. 17, Commission of the European Communities, Brussels, 1971, 91 pages \$3.00

Statistical analysis covering 1967-69 of the concentration in the automobile industry in the Community.

PROSPECTS FOR THE UNITED STATES OF THE ENLARGEMENT OF THE COMMUNITY IN TRADE AND ECONOMIC RELATIONS. European Community Information Service, Washington, DC, April 18, 1972, 13 pages free

Address by Pierre Malvé, Counselor for Economic and Trade Affairs at the Delegation of the Commission of the European Communities in Washington, before the Management Purchasing Association of New York.



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