european community

FEBRUARY 1974 NO. 173

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Cover: An autobahn before and after the German Government's "Never-on-Sunday" driving ban. Credit: United Press International Photo, New York. Europe's energy crisis received special emphasis at the Copenhagen "Summit" (see page 6), stems from growing dependence on Mideast oil (see page 9), and has focused attention on alternate transportation systems (see page 14).

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The member countries of the European Community are Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom.

Community News

Commission Reviews US-EC Relations

"Several major negotiations to be conducted during the next few years will seek to evolve a modified structure of economic relations among nations. . . . The relationship between the European Community and the United States is a vital element in international economic relations. But that relationship is constantly evolving as each party redefines both its own political identity and its own role in world affairs." Thus begins the EC Commission's annual note on EC-US relations that seeks "a more thorough understanding" of the technical issues "in this period of change."

The issues explored in the note include agriculture, nontariff barriers, American investment in Europe, preferential agreements, the international monetary situation, and the new round of General Agreement on Tariffs and Trade (GATT) negotiations. Also discussed are Japanese-EC trade relations.

In conclusion, the note cautions that "these technical details should not lead to an eclipse of the shared common interest in developing and supporting an international economic system that will further the prosperity not only of the citizens of both Europe and America but also that of the whole world, nor to an overlooking of the many interests and ideals that Europe and America have in common beyond the economic domain."

Copies of the note "The European Community and the United States in 1973" may be obtained from the Washington or New York offices of the European Community Information Service.

Europe as Europeans See It

Initial results of an EC Commission public opinion poll show significant differences in attitudes between people in the six original Member States and those in the three new Member States. The poll, published November 27 by the Commission, covered representative samples of the population in each Member State, for a total of 13,000 persons aged 15 years and older. The poll was commissioned last September. Eight polling organizations participated.

A majority of those polled believed that certain problems, such as major negotiations with the United States and the Soviet Union, aid to the "Third World," and scientific research, would be better handled by a European government than by individual national governments. But the list of such "Europeanizable" problems was longer in the original "Six" than in the three new Member States.

A majority also answered affirmatively to the question "If one of the EC countries is in serious economic difficulties, should the other EC countries come to its assistance?" Again, however, the degree of "European" response was different in the old and the new Member States. The highest number of "yes's" came in Italy—88 per cent—and the lowest in Britain—59 per cent. Ireland, although a new Member State, recorded an 80 per cent "yes" answer.

To the question "Do you believe that belonging to the Common Market is a good thing for you personally?" about five out of 10 in the original Six and in Ireland answered affirmatively, compared with two in Britain and three in Denmark.

Roughly two out of three respondents in the Six were in favor of European political union, contrasted with 35 per cent in Ireland, 28 per cent in Denmark, and 26 per cent in Britain. Support was similarly varied for a directly-elected European Parliament.

Of the problems with which the Community now deals, almost all the respondents regarded the same ones as the most important: modernization of European agriculture, coordination of social policies, and development of a common energy policy.

Interest in the Common Market was lowest in Belgium (10 per cent), headquarters of the EC Commission, and highest in Germany (31 per cent). Most Europeans felt they were insufficiently informed about EC matters.

South American-EC Dialogue Continues

The EC generalized preference system's technical operation and the mutual promotion and expansion of trade focused the fourth round of talks between the European Community and the Special Latin American Coordination Commission (CECLA). Participating in the November 28 meeting in Brussels were the EC Member States' Permanent Representatives, EC Commission representatives, and Latin American Heads of Mission to the Community.

A "joint working party on trade questions," set up at the previous meeting, reported a common viewpoint on fostering trade between the two areas, in particular Latin American exports to the Community. The working party was instructed to continue its research in 1974.

On December 19, the EC signed a trade treaty with Brazil, involving most-favored-nation clauses, reduced tariffs on Brazil's soluble coffee and cocoa butter, and new arrangements for Brazilian beef.

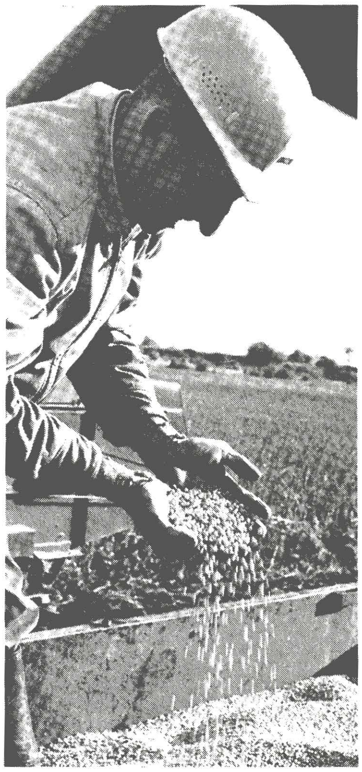
Europe First

A majority of West Germans view European integration as having priority over reunification of West and East Germany, according to a recent survey made by EMNID, a West German polling institute which has been surveying German public opinion on reunification since 1951.

The latest poll results found 65 per cent of those interviewed giving European integration prime importance. Only 24 per cent held that view in 1965.

The poll also found increased pessimism regarding the prospects for reunification. Only 9 per cent thought it feasible, whereas 43 per cent thought it was in 1953. Eighty-five per cent, a 33 point increase since 1953, were either uncertain or thought reunification was no longer possible.

US Farm Exports to the Community Rise



Soybean harvesting in Springfield, Ohio. Credit: US Department of Agriculture Photo by Roy Clark.

"Vaulting to the highest level in history, US farm exports to the expanded European Community in fiscal 1973 rose to an unprecedented \$3.59 billion—a whopping 47 per cent over last year's," according to the US Department of Agriculture. The US-EC farm trade balance in 1972-73 was \$2.7 billion in the United States' favor.

This surplus more than offset the US deficit on industrial trade with the Community and resulted in an overall US surplus of \$51 million in trade with the Community, according to figures reported in the December 3 issue of the Agriculture Department's publication *Foreign Agriculture*. This surplus contrasts, the publication said, with US statistics for the previous fiscal year, when the United States had an overall \$297 million trade deficit with the Community.

Fiscal 1973 marks the fourth consecutive year that US farm exports to the Community have increased, the publication said. On the other hand, the publication pointed out, the US share of the Community's agricultural market has continued to edge downward.

Increased feedgrain exports and higher-valued sales of soybeans and soybean products were major factors in the improved US farm trade balance with the Community in 1972-73.

Common Auto Standards Combat Air and Noise Pollution

The EC Commission has renewed its attack against noise and air pollution in two recent actions for Community-wide auto standards (see *European Community* No. 169, page 11).

Mufflers on European automobiles will be subject to more stringent examinations according to a Commission directive of November 7. The Commission was acting under authority already granted by the Council of Ministers. To ensure that cars meet the Community's "admissible sound level" standards, the Commission specifies that road tests at regular intervals and special "on the ramp" checks be made on auto-noise control devices. In particular, the Commission hopes to ensure that car mufflers cannot be tampered with after examination. The new measure goes into effect this year.

The Commission's December 6 proposals to the Council of Ministers would allow automobile gasoline to contain no more than 0.4 grams of lead per liter (1.06 quarts) by January 1, 1976. After January 1, 1978, the top limit for "regular" gasoline would be reduced to 0.15 grams of lead per liter. The proposals would also prevent producers from increasing the amounts of other pollutant chemicals in gasoline.

Community Social Action Seminars

In developing the Community's social policy, the EC Commission sponsored two seminars in December to gather expert opinion for future action.

A December 10-14 seminar in Mulhouse, France, discussed the professional readaptation of adult handicapped persons. Sixty experts attended. The group drew up recommendations for the optimal use of European Social Fund money in this field.

On December 4-6 in Brussels, the Commission organized a European seminar to discuss social action for migrant workers and their families, a major social problem in the Community (see *European Community* No. 170, page 7). Forty social workers dealing with migrants attended.

EC Commission Proposals to Improve Living and Working Conditions

Proposals for a European Foundation for the Improvement of Living and Working Conditions, a General Committee on Safety at Work, and an enlarged Mines Safety and Health Commission were sent in December to the Council of Ministers by the Commission. The proposals concern three of the priority actions listed in the Commission draft social action program, sent to the Council on October 24 (see *European Community* No. 172, page 17).

Seeking ways to improve living conditions, Foundation studies would delve into problems of ecology, energy production, recreation facilities, urban renewal and restoration, family and health security, immigration, and the integration of non-European peoples into Community society. In the interest of bettering working conditions, the Foundation would, for instance, explore ideas for upgrading the worker's position.

It would also study problems facing parts of the labor force such as young people, the handicapped, and immigrants.

The Foundation, guided by an administrative board representing the Member States and the Commission, would concentrate on organizing and financing relevant studies, promoting pilot experiments, broadening the exchange of ideas, and cooperating with specialized institutes in non-member countries. Operating costs for its first full year of operation are estimated at 4.5 million units of account (UA). (One UA equals one 1970 dollar.)

The General Committee on Safety at Work would consist of 18 Government representatives (two from each Member State) and 18 representatives from professional organizations. The Committee's task would be to gather information on the development of safety conditions and the prevention of work hazards in all sectors of the economy except for industries coming under the responsibility of the Mines Safety and Health Commission.

Consumer Policy Framework Proposed

A draft program for consumer information and protection, which would lay the groundwork for a Community consumer policy, was sent in December to the Council of Ministers by the Commission. The program stresses that the consumer must be seen as a person with valid social and environmental concerns, not merely as a purchaser of goods and services. EC consumer policy, the Commission said, should ensure more complete and accurate information, minimize health and safety risks of goods and services, explain clearly Community policies and measures, and improve consumer participation in matters affecting their interests.

EC Commission Vice President Carlo Scarascia Mugnozza, responsible for consumer information and protection.

The program gives priority to raising health and safety standards for goods, particularly foods and dangerous products; eliminating deceptive business practices, such as supplying unsolicited goods, unfair contracts, and misleading advertising, and securing fair terms for leases of equipment with the option to buy and other forms of credit. In the consumer information field, priority is given to providing clear explanations and comparative statistics on prices, improving labeling, and giving wide exposure to EC consumer-related policies and actions.

Council Calls for Anti-Inflation Measures

The EC Council of Ministers has called on the nine Member States to take emergency action to combat inflation. The December 4 recommendations included:

- a strict curb on growth in spending
- a review of business and trade subsidies
- reduction of public investment commitments, especially in construction
- greater medium- and long-term borrowing to cover budget deficits
- faster tax collection, but restraint on tax methods which boost demand
- stricter management of finances of central and local authorities

Specifically to curb price increases, the Council called for:

- quantitative control of monetary aggregates
- aid to productive investment, especially in the energy sector
- an end to compensation for sales of foreign currencies
- savings inducements through adjustment of the interest rate hierarchy.

Other optional measures suggested included:

- strict surveillance of pricing methods and profit margins
- stricter rules on the posting of prices
- a freeze on public services dues through March 31, 1974
- stricter control of price abuse resulting from a controlling market position
- a consumer information campaign concerning mass-production prices.

Month in Brief

DECEMBER 1973

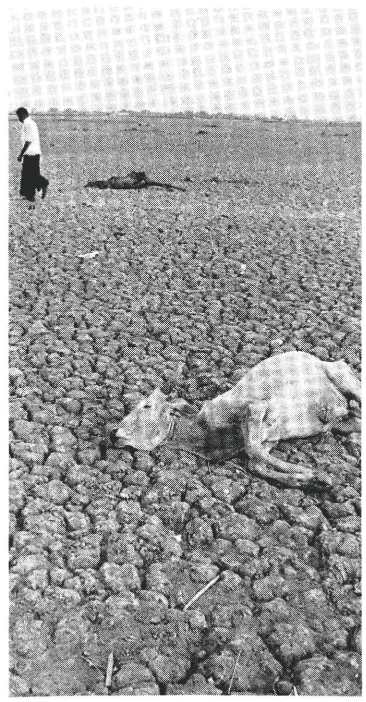
3-4 Council of Ministers meets in Brussels to discuss finance.
3-4 Council of Ministers meets in Brussels to discuss general affairs.
6-7 Council of Ministers meets in Brussels to discuss science and technology.
10 Council of Ministers meets in Brussels to discuss the EC budget (see page 5).
10-11 Council of Ministers meets in Brussels to discuss agriculture.
10-14 European Parliament holds plenary session in Strasbourg, France.
11 Council of Ministers meets in Brussels to discuss social affairs.
14-15 Heads of State or Government meet at the "Summit" in Copenhagen, Denmark (see page 6).
17-18 Council of Ministers meets in Brussels to discuss energy, finance, and general affairs.

Community Aids Drought-Stricken African Countries

The EC Council of Ministers, at its budget meeting on December 10, earmarked 35 million units of account (UA) in aid in 1974 for drought-stricken countries in Africa's Sahel region and Ethiopia. (One UA equals one 1970 dollar.)

The funds will help finance structural projects to build food stocks and re-establish agricultural and stock farming productivity in the disaster areas. These projects include improving water supplies by drilling new wells and deepening existing ones; developing cultivation of essential crops; creating government grain stocks to feed six million people over three months; stockpiling cattle feed; and instituting health measures for calves and lambs.

Under Council review is the Commission's December 12 proposal to send a total of UA 52 million in food aid to these areas. The Sahel would receive 100,000 tons of cereals, 12,000 tons of powdered milk, and 4,700 tons of butter-oil. Ethiopia would be allocated 20,000 tons of cereals, 2,500 tons of powdered milk, and 1,300 tons of butter-oil.



An oasis became a desert last year in Senegal, one of the Sahel countries receiving EC aid. Credit: Agence France Press Service Photographique, Paris.

In 1973, Community food aid to the Sahel totaled an estimated UA 27 million, including 107,000 tons of cereals and 13,120 tons of powdered milk. Ethiopia received 5,000 tons of cereals and 120 tons of powdered milk.

First "Fireside Summit"

The "Nine" Meet in Cold and Snowy Copenhagen

Graphic illustration of the winter facing Europe came with the blizzard that hit Copenhagen December 14-15 during the first of what promises to be many "fireside Summits" of the EC Heads of State or Government. The Copenhagen streets were blowing with snow and, except for taxis and buses, were bare of traffic. Danes shivered in homes without hot water. British Prime Minister Edward Heath had, just before his departure for Copenhagen, announced on television that heavy power cuts would have to be made and industrial work weeks reduced.

In these circumstances, the Summit's call for the EC Council of Ministers to decide in principle, by the end of February, on proposals "to ensure the orderly functioning of the Common Market for energy" was none too soon. Other circumstances included four Arab foreign ministers, whose presence in Copenhagen seemed to accord the European Community a degree of recognition and solidarity often not invested by even its friends.

Was the Summit a success? Certainly it had not been a flop. Only the week before a story in the Belgian newspaper *Le Soir* said the Summit would be playing for "double or nothing," that the Community was poised on the brink of collapse or resurrection. By the Summit's end, this point had been safely passed. But the real answer lies ahead, in whether the 10-point statement agreed to by the "Nine" is achieved. The statement, in place of a more formal communiqué, was made public by the President in Office of the EC Council of Ministers, Danish Prime Minister Anker Joergensen, at the Summit's conclusion.

TOWARD A EUROPEAN IDENTITY

In the statement's first point, the Nine affirmed "their common will that Europe should speak with one voice in important world affairs." Toward this end, the Nine adopted a "declaration on the European identity" which, while keeping in mind the Community's "dynamic nature," defines principles for future action:

- Unity is necessary to the survival of European civilization.

French President Georges Pompidou (left), who initiated the "Fireside Summit," and Danish Prime Minister Anker Joergensen, President-in-Office of the EC Council of Ministers. Credit: C. Lambiotte, EC Commission Photothèque, Brussels.

The nine Heads of State or Government in Copenhagen's Bella Centret (left to right): Belg and EC Council President-in-Office Anker Joergensen, German Chancellor Willy Brandt, Ir

- Cultural diversity, common values and principles, converging attitudes and interests, and the goal of a united Europe give "the European identity its originality and its own dynamism."
- The construction of a united Europe "is open to other European nations who share the same ideals and objectives."
- The Nine's close ties with other countries will continue to evolve and "constitute an assurance of progress and international equilibrium."
- Europe "must unite and speak increasingly with a single voice if it wants to make itself heard and play its proper role in the world."
- The Community, the world's largest trading group, cannot be a closed entity and intends "to exert a positive influence on world economic relations with a view to the greater well-being of all."
- The EC countries who belong to the Atlantic alliance "consider that in the present circumstances there is no alternative to the security provided by the nuclear weapons of the United States and by the presence of North American forces in Europe."
- As Europe unites, it takes on new international obligations and "should progressively define common positions in the sphere of foreign policy."
- This common foreign policy will follow the principles of "harmonious and constructive relations," respect for "the distinct character of the European entity," and bilateral contacts based on Community positions.
- Links with member countries of the Council of Europe should be strengthened.
- The Community intends "progressively to put into operation a policy for development aid on a worldwide scale."
- Historical links with Mediterranean and African countries will be maintained, and the Nine will "cooperate over the establish-

me Minister Edmond Leburton, Dutch Prime Minister Johannes Marten den Uyl, Italian Prime Minister Mariano Rumor, French President Georges Pompidou, Danish Prime Minister me Minister Liam Cosgrave, Luxembourg Prime Minister Pierre Werner, and British Prime Minister Edward Heath. Credit: C. Lambiotte, EC Commission Photothèque, Brussels.

ment and maintenance of peace, stability, and progress" in the Mideast.

• Close US-EC ties "are mutually beneficial and must be preserved. . . . The Nine intend to maintain their constructive dialogue and to develop their cooperation with the United States on the basis of equality and in a spirit of friendship."
• The Nine "also remain determined to engage in close cooperation and to pursue a constructive dialogue with other industrialized countries, such as Japan and Canada."
• The Nine are determined to carry détente forward on a reciprocal basis.
• The Nine intend to intensify their relations with the Peoples Republic of China, other Asian nations, and Latin American countries.
• Conscious of their responsibilities, the Nine are resolved to intensify their efforts in trade and development aid for the "Third World" and to strengthen international cooperation to these ends.
• The Nine will participate in international negotiations in "an outward-looking spirit" and will contribute to international progress by adopting common positions in international organizations, notably the United Nations and its specialized agencies.
• European unity and a common foreign policy are mutually dependent.

TOWARD EUROPEAN UNION

The second point in Joergensen's statement said that the Nine had agreed to speed up work toward achieving European union by 1980. This goal was first set at the Paris Summit in October 1972, when the Nine said they intended "to transform the whole complex of their relations into a European union."

Third, the Heads of Government or State decided to meet more frequently. "These meetings will be held whenever justified by the circumstances and when it appears necessary to provide a stimulus or to lay down further guidelines for the construction of a United Europe . . . [and] whenever the international situation so requires." The initiative for such meetings was left to the EC Member State holding the rotating Office of President of the EC Council of Ministers at the time. In 1974, the office falls to Germany, whose Chancellor Willy Brandt recently called for a "European government" (see *European Community* No. 172, page 13).

Fourth, the EC Member States' foreign ministers were called upon to establish a common procedure for handling crisis situations, such as the recent Mideast and attendant energy crisis.

Fifth, the Nine "confirmed their support for the policy of international détente which respects the independence and security of each state and the rules laid down in the Charter of the United Nations for the prevention and settlement of conflicts."

Sixth, the Nine agreed that their "growing unity would strengthen the West as a whole and will be beneficial for the relationship between Europe and the United States."

Seventh, the Heads of State or Government "welcomed the convening of a peace conference in Geneva and called on the participants to make every effort to achieve a just and lasting settlement at an early date. The nine Governments are ready to assist in the search for peace and in the guaranteeing of a settlement." Reaffirming their united stand on the Mideast question (see *European Community* No. 172, page 4), the Nine said the security of all Mideast states, whether Israel or the Arab countries, can only be based on United Nations (UN) Security Council Resolution 242, taking into account the legitimate rights of the Palestinians. The Nine said "the requirements of sovereignty and security can be met by the conclusion of peace agree-

The "Summit" attracted approximately 1000 journalists from all over the world. Here EC Commission President François-Xavier Ortoli fends off photographers. Credit: C. Lambiotte, EC Commission Photothèque, Brussels.

ments including, among other arrangements, international guarantees and the establishment of demilitarized zones."

Eighth, the Heads of State or Government called for more rapid progress toward full economic and monetary union. In particular, they called for a common position on international monetary reform, increased instruments at the disposal of the European Monetary Cooperation Fund, and strengthened coordination to create capital stability in Europe. Regional development policy, strengthened EC institutions, social policy, international trade in primary and raw material, and a common policy for industry, science, and technology also received attention from the nine Heads of Government or State.

Ninth, the question of energy was deemed so important that the Nine released a separate statement on the subject (see accompanying box).

Tenth and finally, the Heads of State or Government said they were "convinced that a United Europe will be able to play a role consonant with its history and its abilities in the service of economic and social progress in the Community, of the growth and industrialization of developing countries, and of peace between all nations."

Energy at the "Summit"

"The situation produced by the energy crisis is a threat to the world economy as a whole, affecting not only developed but also developing countries. A prolonged scarcity of energy resources would have grave effects on production, employment, and balances of payment within the Community." Thus began the "Nine's" statement on the energy crisis, released by the President in Office of the EC Council of Ministers, Danish Prime Minister Anker Joergensen, following the Copenhagen Summit.

The Heads of State or Government agreed that the Community must take immediate and effective action, notably:

- The Council should adopt Community instruments to enable the Commission to establish comprehensive energy balance sheets covering all relevant aspects of the Community's energy situation. This balance sheet should include all present or foreseeable repercussions of the energy supply situation on production, employment, prices, and balances of payments, as well as on monetary reserves.
- The Commission should present the Council with proposals to ensure the orderly functioning of the Common Market for energy. The Council, in principle, should make its decisions before February 28. In particular, the Commission proposals should seek joint solutions to the problems raised by the energy crisis and should ensure that all Member States introduce concerted and equitable measures to save energy.
- With a view to securing the Community's energy supplies, the Council will adopt a comprehensive Community program on alternative energy sources. This program will be designed to promote supply diversification through developing existing resources, accelerating research in new energy sources, and creating new production capacities, notably a European capacity for uranium enrichment through concerted harmonious development of existing projects.
- Negotiations should begin with oil-producing countries on comprehensive arrangements for cooperation on economic and industrial development, industrial investments, and stable energy supplies at reasonable prices.
- With other oil-consuming countries within the framework of the Organization for Economic Cooperation and Development (OECD), studies should be launched on ways to deal with the common short- and long-term energy problems of consumer countries.
- The Council should establish an "energy committee" of senior officials responsible for carrying out the energy policy measures adopted by the Council.

Chronology of a Crisis

Energy Shortage Hits Europe

VINCENT ROBERTS, *former American official in the Organization for Economic Cooperation and Development*

"... It is important to understand that the current petroleum crisis which is shaking European solidarity and threatens the very roots of our economies is in fact simply an extension of a series of events that developed in the Near East in the past...," wrote Henri Simonet, the EC Commission Vice President responsible for the Community's energy policy, in an article appearing in November in the Brussels newspaper *Le Soir.* He went on to describe Europe's and other industrialized regions' overwhelming dependence on Mideast oil. For Europe, oil now provides 67 per cent of its energy requirements, and three-fourths of its crude petroleum comes from the Mideast. For Japan, dependence on the Mideast is nearer 80 per cent. The once oil-rich United States takes in 15 per cent of Arabian and Iranian petroleum supplies to make up deficits in its growing consumer demand.

In size and importance, petroleum and its byproducts easily comprise today's leading industry and tower as one of the most significant factors in international trade and transport. Statistics, both on producer country revenues and oil company earnings and sales, are spelled out in digital superlatives.

It was only during this century and especially in the past 25 years that industrialized countries switched from coal to oil as their primary energy source. Now it powers their industries and transport systems, heats or cools their homes and commercial establishments, provides electricity for light and an endless list of consumer appliances from dishwashers to power-driven carving knives. It is also the basic ingredient for many chemicals, pharmaceuticals, artificial fibers, and fertilizers—the latter indispensable in the battle to feed the world.

Not surprisingly, petroleum has come to be one of the world's leading political commodities—particularly when it comes from what is perhaps the world's most consistently turbulent region. Why, then, have the present boycott and shortages taken importing countries by surprise? Even as late as August 1973, an opinion poll in the United States found that only 2 per cent of those queried felt that a crisis impended. A chronological review of the past quarter century shows that ample warnings have been given.

THE FIRST ALARM

The first alarm came in 1948, but no one was listening.

Western Europe and Japan, concentrating on postwar economic recovery, had set high production goals. Energy in large doses was needed. As in pre-war days, it came from coal. In 1948, a typical year, 300 million tons were mined in Western Europe but fell short of needs. Additional supplies had to be imported from the United States. A switch to petroleum made economic sense, particularly since rapidly increasing supplies—cheap, clean, and efficient—were available in the Persian Gulf States, only a short haul through the Suez Canal to Mediterranean and Atlantic ports. US Marshall Plan officials in Europe approved the use of aid dollars for purchases of refinery plant and equipment from the United States and crude oil from the Mideast. At the time, Persian and Arab wells were operated on pre-war concessions by eight international oil companies—the "majors"—three of which were European based, the rest American.

No one questioned a continuous and increasing supply from foreign sources. The major oil companies, according to their agreements with host countries, made all executive decisions for production, transport, prices, and market distribution. France or Britain occupied most of the Arab states under protectorate or mandate arrangements. Their troops kept order. The area's ruling monarchs' main concern was to maximize cash income in the shortest time possible.

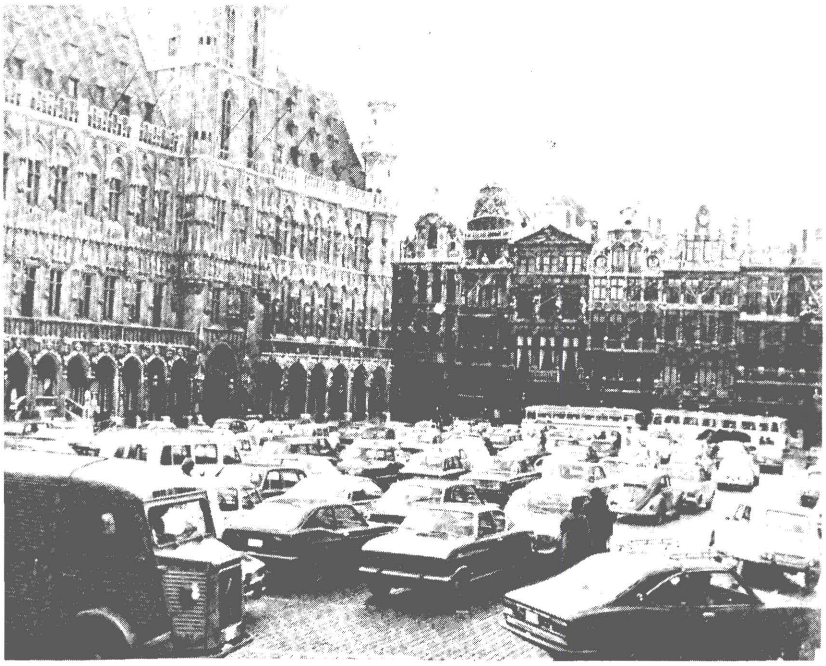
Yet by 1948 France had already withdrawn from Syria and Lebanon, and Britain that year gave up its Palestinian mandate. The state of Israel came into being. Simultaneously, Egypt, joined by Syria, attacked the new state. The shooting war ended the following year with Israel unconquered.

During the conflict the Arab oil producing states embargoed petroleum for those countries siding with Israel and closed the pipeline between Iraq and Haifa. But the boycott failed, primarily because Western Europe had only begun its switchover from coal. The latter still met 75 per cent of its energy requirements, oil only 10 per cent.

ANOTHER WAR, ANOTHER ALARM

The Fifties marked an unprecedented growth rate for Western Europe and saw world petroleum production double. By 1960, the Mideast and North Africa were producing 274 million metric tons of crude oil annually, and the EC Member States were consuming nearly 93 million metric tons of this petroleum. (Total EC consumption was 120 million metric tons.)

A bicycle pool is one way to beat the fuel shortage. This 10-man bike was built in Veldhausen, Germany. Credit: United Press International Photo, New York.



Before and after the "never-on-Sunday" driving ban in Belgium: Brussels' Grand' Place on Saturday, November 17 (left) and on Sunday, November 18 (right). Credit: United Press International Photo, New York.

Meanwhile, the Mideast saw rising political and military conflicts. Extremists assassinated King Abdullah of Jordan. Iran ordered nationalization of its petroleum industry, then controlled largely by the Anglo-Iranian Oil Company. Flows were interrupted off and on for the following two years. Iran had become the first to challenge the tight controls of major oil firms.

France, Britain, and the United States organized what was called the Middle East Defense Command to restore tranquility in the area around the Suez Canal. Egypt, among others, was asked to join, but upon the Soviet Union's urgings, refused. On July 23, 1952, an Army coup d'état in Egypt tumbled King Farouk, who was replaced in 1954 by Gamal Abdel Nasser.

On July 26, 1956, Nasser nationalized the Suez Canal and touched off another Mideast war.

With the failure of urgent consultations and United Nations (UN) resolutions, France and Britain on October 31 bombed Egyptian military bases, and Israel occupied the Gaza Strip and almost all of Sinai. Thereupon, Egypt blocked the Suez Canal, and Syria blew up the key pipeline that crossed its territory from Iraq to Lebanon. Western Europe was effectively severed from its petroleum sources.

In November, British and French paratroopers took Port Said, and Saudi Arabia broke off relations with both countries. The second oil embargo had in effect begun, but with an important difference—alternate supplies from across the Atlantic were not forthcoming. Instead, the United States called for force withdrawals on all sides. Once more UN emergency forces arrived, and a ceasefire was observed. In December, France and England withdrew their troops.

For the moment at least, Western Europe became aware of the danger to its economies of a petroleum shortage. The Paris-based Organization for European Economic Cooperation (OEEC began coordinating member countries' policies through a network of "committees"—coal, oil, maritime transport, and economic. Studies were made on the growing shortages of energy. The problem was lodged finally in a "Petroleum Emergency Group," within which member government and OEEC personnel met with international oil company representatives. The momentary crisis was partially solved through the establishment of a reserve pool for oil, from which 200,000 tons of oil products were distributed every 10 days to help member countries with special supply problems. Later, in 1958, the OEEC recommended future measures for joint action to avoid exposure to another embargo.

Also in 1958, the OEEC took a major step toward establishing an alternate energy source—nuclear power for peaceful uses—through its European Nuclear Energy Agency. Pilot plants and research laboratories were soon set up in partnership with the European Atomic Energy Community (Euratom), including the "Dragon" project in Winfrith, England.

The next year, 1959, saw two significant events for the increasingly energy-conscious West. The Eisenhower Administration set up a mandatory quota system limiting oil imports to about 10 per cent of demand. The system, based on the logic of national security, was meant to encourage domestic industry to expand oil production and reserves. Also in 1959, the major oil companies in the Mideast and North Africa unilaterally decided to reduce prices for oil exports. The resultant reduction in the producer countries' revenues caused them to join together in the Organization of Petroleum Exporting Countries (OPEC). This organization would give them a more decisive role in petroleum production, refining, transport, and marketing.

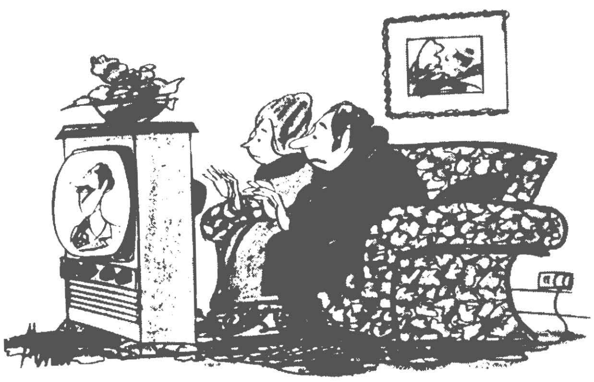
THE SIX-DAY WAR

During the Sixties, world oil production again more than doubled to an annual output of 2 billion metric tons a year. The consuming world rose to meet the additional flows. In 1966, petroleum replaced coal as West Europe's primary source of energy. That year the six EC members imported 260 million metric tons of crude petroleum, 235 million from the Near East and North Africa.

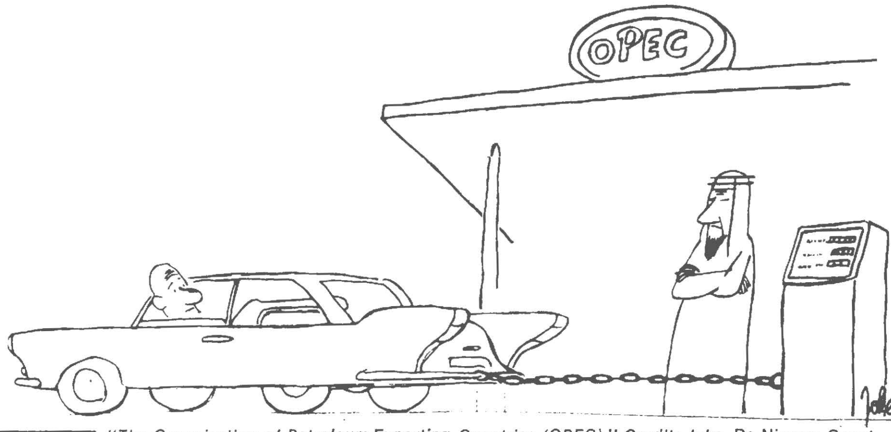
By 1970, Western Europe was consuming 619 million tons of crude a year. North America's annual consumption was 764 million tons; and Japan, 160 million tons.

With increased production and consumption, however, came the other factor in the equation—mounting hostilities in the Mideast, skirmishes, bombings, minings, killings. In 1967, Syria accused Israel of a military buildup and put its own army on alert. Israel said it was arming in the wake of Egyptian mobilization. UN Secretary-General U Thant ordered UN emergency forces out of the armistice line. Twelve Arab countries pledged that an attack against one was an attack against all. The United Arab Republic closed the Gulf of Akaba to all shipping carrying strategic supplies to Israel. In world capitals statesmen once again began holding urgent meetings. Discussions were stepped up in the United Nations. The Soviet Union began moving warships through the Dardanelles to the Mediterranean. French President Charles de Gaulle announced that France would be neutral.

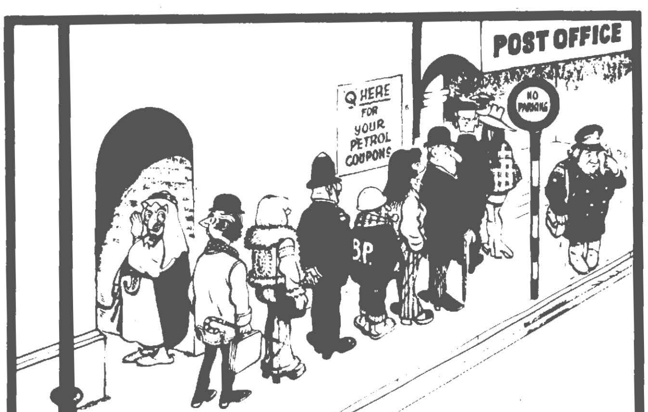
On June 5, Israel launched the first wave of an all-out air attack against Egyptian airfields in the Sinai, around the Suez, and near Cairo. General fighting in the air and on the ground broke out on all sides, and once again the Suez Canal was closed; it has not reopened since. Six days later fighting terminated in the



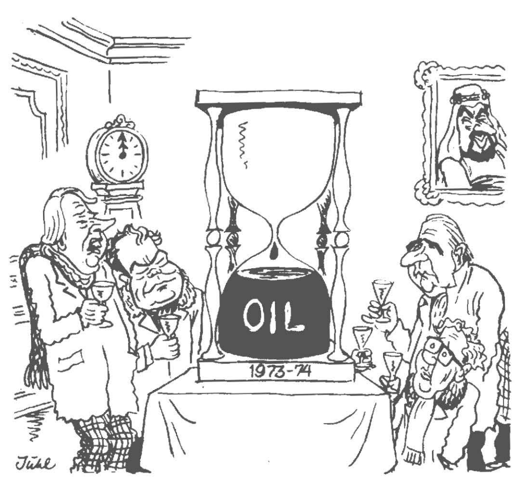
Credit: Punch, *London. Rothco Cartoons Inc., Yonkers, New York.*



"The Organization of Petroleum Exporting Countries (OPEC)." Credit: Joke, De Nieuwe Gazet, *Antwerp, Belgium. Rothco Cartoons Inc., Yonkers, New York.*



"Psst! Wanna buy a camel?" Credit: Emmwood, The Daily Mail, *London. Rothco Cartoons Inc., Yonkers, New York.*



"Happy New Year!" Credit: Juhl, P.I.B., *Copenhagen. Rothco Cartoons Inc., Yonkers, New York.*

National Emergency Energy Measures

December 1973	Speed Limits Cut	Sunday Driving Ban	Gas Rationing	Heating Oil Allocated	Display Lighting Cut	Shortened Working Hours
Netherlands	×	×	×	×	×	2
Italy	×	×		×	×	×
Britain	×		1	×	×	×
Belgium	×	×		×	×	2
Denmark	×	×		×	×	
Germany	×	×		×		2
Ireland	×		1	×	×	
Luxembourg	×	×		×		
France	×				×	2

1—coupons issued 2—only for auto industry

usual sputtering ceasefire. Israel claimed the territory she now occupied as vitally strategic for defense and remained in possession of the Golan Heights and all of Sinai. Israel was urged to return to her pre-1967 borders by UN Resolution 242, but refused.

During the six-day conflict, some of the more politically minded Arab states again imposed an oil boycott for pro-Israel Western users. Again it failed as far as Western Europe was concerned. Although now greatly dependent on oil for their economies, Western Europe could tap increased supplies in North Africa, Nigeria, Eastern Europe, and Venezuela. The boycott was called off.

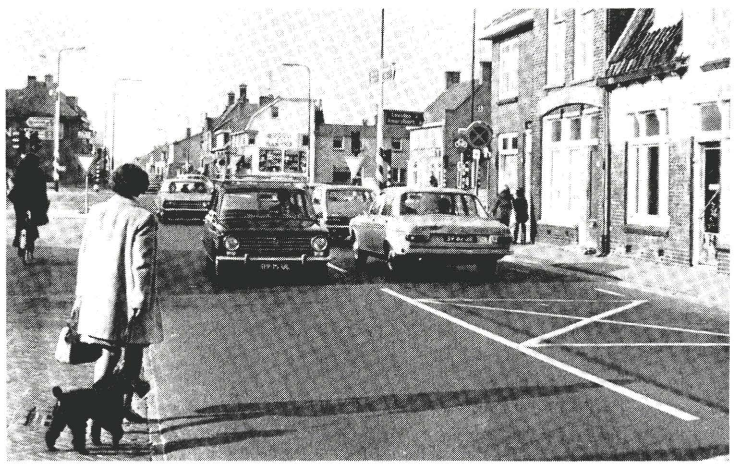
PRODUCERS RAISE VOICES

As the Seventies began, the EC member countries consumed 416 million metric tons of oil, compared to 120 million tons only 10 years before. Imports from the Mideast and Africa rose from 93.3 million metric tons in 1960 to 376.5 million in 1970. At the same time, drastic and sometimes violent changes began to overtake the world petroleum industry. As the balance between demand and supply narrowed, the oil producing states realized that their known reserves of non-renewable fossil fuels had a limited run. They began to take charge of their oil flows, and concessionaire oil companies found themselves taking rather than giving orders.

The voice of the producer states through the OPEC began edging a few decibels higher in meetings with the international oil firms. OPEC specialists had done their homework well. They knew that the known world oil reserves, once estimated to last for at least 40 years, had dropped to 35 years at present consumption, and that as demand kept rising in industrialized countries, as well as in developing countries, the supplies of known reserves could be used up in some 20 years. That forecast was confirmed by a "working document" of the European Parliament, which stated that 87 per cent of oil and 73 per cent of natural gas reserves could be exhausted by the year 2000.

In a series of historic confrontations in Teheran and Tripoli beginning in 1971, OPEC won over the oil companies hands-down.

Woudenberg, the Netherlands, before and after the Dutch Government's "Never-on-Sunday" driving ban. Credit: United Press International Photo, New York.



Romans line up to buy bicycles as Italy banned Sunday driving and closed gas stations on weekends. Credit: United Press International Photo, New York.

EC Commission Vice President Simonet, in a speech in Belgium last year, put it this way: "The producer countries now determine prices and the quantities produced. . . . I am convinced that the supplying of our countries with oil no longer rests on the mechanisms set up by the oil companies. It is now necessary for consumer states to find ways of negotiating directly with producing states."

The European Parliament report predicted that if production were even to double by 1985, the profit for producer countries would rise to an astronomical $227 billion. The question arises: what to do with all the money? As the producers cast about for places to lodge their fortunes—usually in Eurocurrency markets or national banks (with $1 billion in "overnight" deposits in New York banks alone)—they naturally seek strong currencies. During the "dollar crisis" of February-March 1973, one petroleum country, according to the European Parliament report, was said to have moved $2 billion on European exchanges. In the face of gyrating currency markets, producing countries have yet another reason for leaving their oil in the ground, and consuming countries have yet another reason to worry from where their energy will come.

THE CRUNCH BEGINS

In April 1973, President Richard M. Nixon delivered an "energy message" in which he abolished the old quota system. This action would mean more US reliance on Mideast imports and, at the same time, a greater demand on world production and export supplies.

Coincidentally on the following day, the EC Commission published its "Guidelines and Priority Actions under the Community Energy Policy." A major goal was to establish some mechanism through which major consumer areas—in particular, the Community, the United States, and Japan—would coordinate efforts to meet the approaching petroleum shortages. The interests of both producer countries and those developing countries needing increased supplies of oil would be kept under constant consideration. The cooperation would have these objectives:

- reduce the risk of out-bidding for scarce supplies and avoid dangerous confrontations
- exchange information, especially on oil movements in and out of consumer countries
- harmonize stockpiling plans and take all necessary action that would cushion the impact of any crisis, including apportionment measures for the parties affected by a crisis
- coordinate rationing provisions
- establish cooperation for a mutual scientific research and development program for new sources of energy and new uses for known resources—in particular deep-sea oil prospecting and nuclear energy.

In shaping a common energy policy, the Commission pointed to the necessity of mutual trust and cooperation with oil-exporting countries. The Community, it was observed, is not only a market for petroleum supplies but also for commodities and manufactures. Thus, the Community might increase its assistance in helping producer countries develop natural resources and industrialization.

Another Commission goal was to organize the Community's oil market to preserve effective competition and freedom of movement within the Community. The Commission also called for "closer cooperation between public authorities and the oil companies." Public authorities would be kept fully acquainted with the supply companies' technical and financial capacity and thus would be able to protect consumers against unjustified price rises.

On May 22-23, the EC Council of Ministers agreed in principle to the Commission's guidelines and invited the Commission to submit proposals by not later than year's end to begin to put the guidelines into effect. On July 25, the Commission made six proposals to the Council concerning cooperation with other energy importers, relations with energy exporters, and the organization of the EC oil market.

The Community's movement toward a common energy policy has, of course, gained urgency in the aftermath of the "October war," the fourth Mideast conflict in 25 years; so much urgency that member countries have had to resort to unilateral emergency actions (shorter work weeks, gas rationing, driving bans, for example). . . . So much urgency that "energy" dominated the Copenhagen "Summit" of the Nine (see page 6). . . .

Rails Save Energy

European Railway Network Proposed for 1985

MARTIN U. MAUTHNER, *senior editor in the EC Commission's Directorate General for Information*

As Europe's 66 million car owners begin to feel the "petrol pinch" more acutely than ever before, Europe's railway auhorities have come along with a daring plan for an integrated, high-speed rail network that could cut by up to half today's traveling times between most European cities.

The plan was drawn up by the national railroad authorities working together within the Paris-based International Union of Railways (IUR). On the basis of detailed studies, experts formed a "master plan for a future European railway" that would cost an estimated $25 billion to realize by 1985.

The plan, the most ambitious since tracks were first laid in Europe, would modernize rail networks in the way that modern highways have radically altered auto transportation. In addition, the plan marks the first time that official representatives of one type of transport have jointly presented an overall European plan to governments in Eastern and Western Europe. (The Soviet Union and Albania are the only countries in Europe not represented in the IUR.)

SAVE ENVIRONMENT AND ENERGY

Speed, punctuality, comfort, and nearly hazard-free travel would characterize train service under the plan. Moreover, the new trains and lines would cause less environmental damage than roads, cars, and planes. Most importantly, given the present oil shortage, the new rail system would use far less energy than alternate transport systems. The IUR cited independent research by bodies such as the Battelle Institute to show the average energy savings in gallons per passenger every kilometer (five-eighth mile): suburban train traveling at 44 miles per hour (m.p.h.) consumes 0.0014 gallons; express train at 100 m.p.h., 0.0018 gallons; turbo-train at 162 m.p.h., 0.0053 gallons; average aircraft, 0.0225 gallons. While a five-axle truck uses 0.0082 gallons to transport a metric ton of merchandise per kilometer, a train needs only 0.0024 gallons.

To map a "basic network," the planners identified heavily populated centers with high employment, such as the national capitals and major industrial areas like Milan, Stuttgart, Marseille, and Birmingham. Railway links between these centers constitute the 24,840-mile master plan, out of the European system's total length of roughly 155,250 miles.

The planners recommended modernizing 8,694 miles of existing lines and building 3,726 miles of new lines. Unlike new high-speed lines elsewhere (in Japan, for example), the new lines would carry conventional trains and be compatible with existing tracks.

To attract passengers, especially to inter-city services, the experts recommended that train trips should not take more than two-thirds of the time taken by an automobile averaging 55 m.p.h. Total travel time, including the average wait between trains, should not exceed the normal time taken by auto. Target times by rail would therefore be 195 minutes between Amsterdam and Luxembourg (292 minutes today), 100 minutes between Cologn and Brussels (135 minutes), 140 minutes between Rome and Florence (280 minutes), and 160 minutes between Madrid and Valencia (578 minutes). Between major centers trains should d part at least every two hours, the planners urged. Up to distanc of 300 miles, passengers should be able to go to their destinati and back between 7 a.m. and 9 p.m. the same day.

The train journey should equal the air journey, including trav to and from airports and 75 minutes for delays and formalities a airports. This train travel time is already possible for distances to 185 miles—a good average distance between European citi For 300-mile journeys, trains would have to travel at 125 m.p.h. Thus traveling times by rail would be cut to about 135 minutes f the runs between London and Luxembourg, Frankfurt and Berl and Paris and Zurich, compared with the present travel time, respectively, of 700 minutes, 533 minutes, and 360 minutes.

Journeys between 300 miles and 500 miles should not excee traveling time by car averaging 55 m.p.h. plus an hour's rest, th planners said. The target time for the train trip between Birmin ham and Brussels should therefore be about five hours. Journe by rail over 500 miles should take no more than eight to 12 hou in 1985: for example, depart Madrid at 9 p.m. and arrive Paris—789 miles away—at 9 a.m. the next day (compared with 15 hou today).

IUR officials emphasized, however, that the new rail network should complement, not replace, road and air services. As example, they cited the plan to build a rail link, between the prese highways, from the main Dutch airport, Schiphol, to Amsterda and Rotterdam.

To achieve these goals, trains would have to average 84 m.p To compensate for stops and starts and slow stretches, the tracks would have to accommodate trains traveling up to 125 m.p.h. New lines should be designed for a 186 m.p.h. limit, the experts recommended. Double-track lines should be able to handle up to 220 trains a day; single-track lines, about 60 trair Freight trains should be able to average 55 m.p.h.

QUESTION REMAINS

The master plan itself, however, leaves unanswered one big qu tion: will it get off the ground? At the moment, only three new lines are under construction: the link between Belgrade and B between Rome and Florence, and between Warsaw and Katowice. IUR and Italian railway authorities recently showed a gro of European rail experts and journalists their new luxury Trans Europe Express cars (including smartly dressed hostesses) an the construction on the "Direttissima" line between Rome and Florence. It will shorten the rail time between the two cities by half. To build a straighter track through the Apennines, a serie of tunnels and bridges are under construction, of which the mo spectacular is the nearly completed viaduct over the Paglia Ri one of the world's longest railway bridges.

A superhighway between Berne and Zurich, Switzerland, takes more space than two rail tracks along the same route. Credit: International Union of Railways Photo, Paris.

Although ambitious, the master plan for Europe's rail system is termed relatively modest by railway experts. In comparison with Europe's road system it is modest: 3,105,000 miles of roads and 10,557 miles of superhighways versus 155,250 miles of railroads. The railway experts claim that the proposed 3,726 miles of new lines could be laid in three years, if given the same priority as highways—roughly 1,242 miles of which are built a year. Construction costs per mile, the experts say, would be appreciably lower for a high-speed 186 m.p.h. track than for a four-lane *autobahn* built on moderately hilly ground, for a railway line with a far higher load capacity takes up a much narrower strip of land than a superhighway.

The master plan includes five routes that the planners say are vital for Europe's prosperity:

- The Barcelona-Narbonne line handles a large part of the traffic between Spain and France but has become a serious bottleneck. Different French and Spanish track gauges worsen the situation. The plan calls for extended switching yards, facilities for gauge changing, and the doubling of single tracks.
- The 32-mile "Chunnel"—including 22 miles under the sea—with a two-track, high-speed rail link between Britain and the Continent is expected to attract considerable traffic (see page 16). Thus, the Chunnel should be connected to a 829-mile, high-speed network on the Continent linking at least London, Paris, Brussels, Frankfurt, and Amsterdam.
- Although now competing with the Brenner highway, the 276-mile line over the Brenner Pass linking Munich and Verona is expected to reach its capacity limit by 1979. Over 90 per cent of its traffic, mainly freight, is international. Congestion and steep gradients slow down traffic. The master plan calls for extra tracks, a new switching yard near Munich, and a new frontier station.
- Comprising two lines, through the St. Gotthard and Simplon tunnels, the Basle-Milan route links northern Italy with the industrial areas of northwestern Europe. The St. Gotthard route is nearly beyond capacity now, and a big traffic increase—10 million tons—is predicted by 1985. The plan calls for a new Gotthard stretch, involving a 28-mile tunnel at a lower level than the present one and easier gradient. Trains would be able to move at 125 m.p.h. and the route's annual capacity would rise to 40 million tons.
- The Turin-Chambéry route, which joins the railway complexes of northern Italy and the Rhône-Alps region, has steep gradients, small-radius curves, overburdened switching yards, and slow customs formalities. Traffic in 1985 is expected to be 155 per cent up on 1972 figures. Immediate improvements should include new and extended switching yards in Italy and France and a doubling of part of the track. Later the existing track itself could be improved.

Whether these ambitious plans do indeed get off the ground remains to be seen, but their desirability and feasibility increase every day that Europe continues to face the "petrol pinch."

The "Chunnel"

English Channel Tunnel to Link Britain With Continent

WILL J. RECKMAN, *editor of the Dutch edition of* European Community

In November the British and French Governments signed the Channel Tunnel Treaty. Construction of the 32-mile "Chunnel" is expected to be completed by 1980 at an estimated cost of $2.1 billion. Plans for a fixed link across the English Channel are not new, however. There follows a narrative of the Chunnel's history.

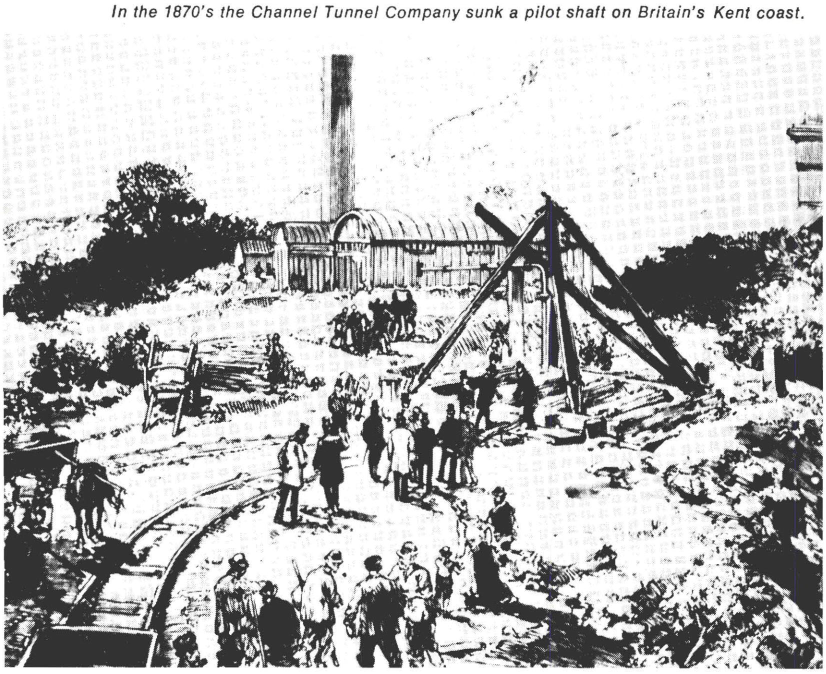
Plans for a fixed link between France and Britain date back two centuries. The feasibility and desirability of the plans have varied as often and as much as relations between the two countries—as the high and low tides in the Channel itself.

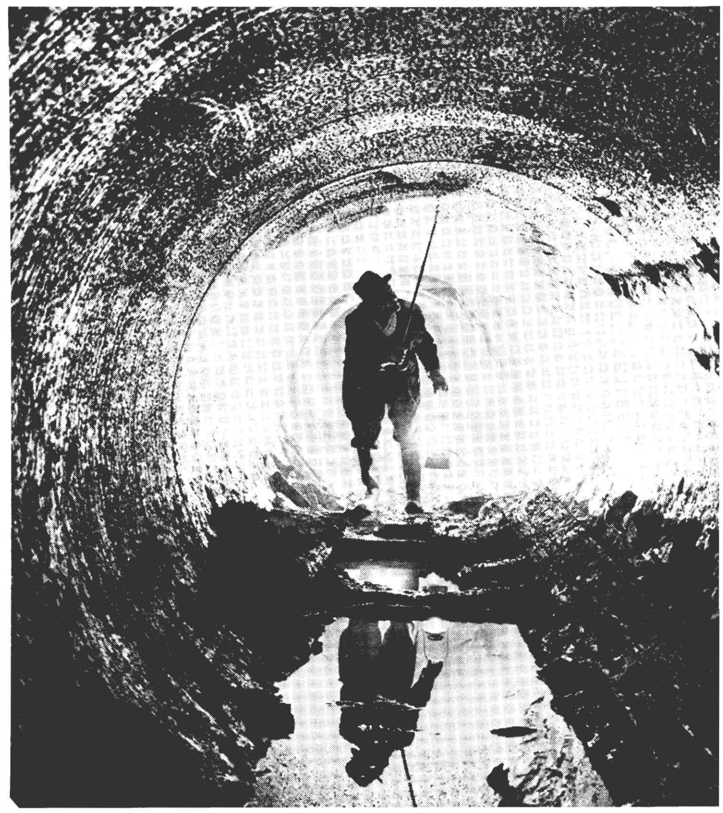
In 1751 the Academy of Amiens organized a contest for the design of such a link. "Perhaps our grandchildren will be able to travel in coaches from Calais [France] to Folkstone [England] over a road constructed in a tunnel and illuminated with torches," the Academy optimistically stated. The belief that a channel tunnel was possible gained credence from developments in the British mining industry. If it was possible to dig mineshafts more than a mile long, it should also be possible to construct a tunnel under the 26-mile channel!

Napoleon Bonaparte, who in 1802 had concluded a peace treaty with Britain, strongly believed in a fixed link between the two countries. Such a link, he hoped, would contribute to a lasting peace. He and British Prime Minister Charles James Fox reached an agreement in principle about the construction of a tunnel. Napoleon's staff engineer Albert Mathieu Faviez was ordered to come up with a tunnel design.

Peace lasted only a short while, however. Napoleon, who by now had crowned himself Emperor, was soon planning to invad Britain with a 200,000-man army.

In the 1870's the Channel Tunnel Company sunk a pilot shaft on Britain's Kent coast.





The pilot tunnel built a mile into the Channel near Dover, England, in the 1870's.

After Waterloo, plans for a fixed link across the Channel returned with the peace. Thomas de Gramond, a Frenchman, launched a new design in 1834. Gramond, an engineer who also held law and medical degrees, actually had three plans. The firs involved a bridge in the form of a cylinder which rested on some 400 pylons. The second plan centered around a colossal dam which would have three bridged gaps. The third and last plan called for a tunnel.

To examine the Channel bottom, Gramond tied heavy rocks c his arms and legs and lowered himself from small fishing boats. He used inflated pigs' bladders to send soil samples to the surface.

On the English side of the Channel, interest in a fixed link was also revived. John Wilson, impressed by the cast-iron construction of the Crystal Palace exhibition center in London, planned to use the same material to build tunnel segments. Queen Victoria, who putatively suffered from seasickness attacks whenev she set foot aboard any type of ship, was said to have received the tunnel plans with great enthusiasm. When in 1856 she paid a state visit to Paris, Napoleon III, wanting to seal the Entente Cordiale, offered her the latest French tunnel design.

A few years later Britain and France signed the first real international trade agreement in Europe. Transporting goods rapidly between the two countries became important. A tunnel became a must. Gramond and William Low, a Scottish mining engineer, together began to draw up plans for the tunnel. At the 1867 Paris world exhibition, a scale model of their tunnel was on show. Once again, however, the tunnel plans were torpedoed, this time by the Franco-Prussian War of 1870.

The British went ahead on their own, however, and in 1872 founded the Channel Tunnel Company. The new company's brochure noted that the tunnel would enable people to cross the channel to France "safely and in comfort and without seasickness at a depth of 350 feet below sea level and about 200 feet beneath the sea bottom."

CHUNNEL PLANS POP CHAMPAGNE CORKS

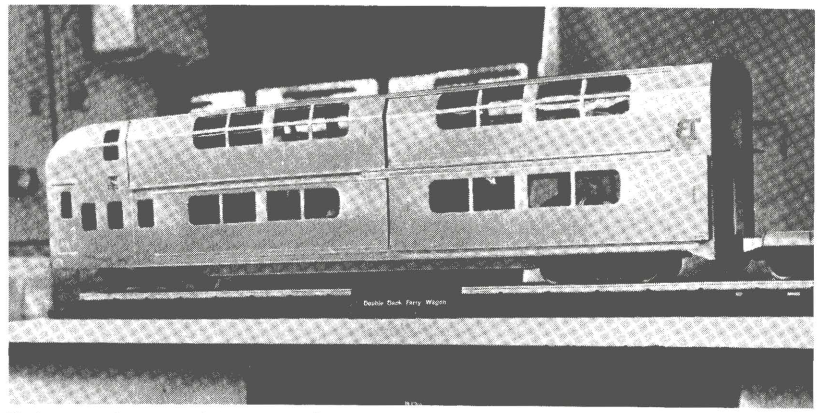
Low's design was used as a basis for construction. The engineer calculated that it would take 15,000 men five years to build the tunnel at a total cost of 10 million pounds.

Three years later the French followed the British initiative by founding the Association Française du Chemin de Fer Sous-Marin. Michel Chevalier was appointed "master tunnel builder." In 1874 the French began the actual digging. In 1881 the British followed suit using a drill of 7 feet in diameter. The builders hoped to advance more than 25 yards each day.

On May 30, 1876, the French-British tunnel agreement was signed. The tunnel would run from Dover to Cap Gris Nez. Financial backing came from railroads.

In the years that followed, every new phase in the tunnel construction was greeted with a salvo of champagne corks and a series of endless speeches sketching great expectations for the future: "Think of it! You lunch in London and dine the same day in Paris." "After the opera and a late supper in London you board the night train to be awakened by a charming French chambermaid the next morning in Paris." The high expectations can still be seen in an inscription scratched by a workman on the first tunnel segments on the English side: "This tunnel was started in 1880, William Sharp." Sharp's and the other workmen's endeavor never advanced farther than a little over one mile, for in Britain the mood was changing.

An ever-increasing number of British began to regret the prospective loss of "splendid isolation." Vocal opposition mounted, with pamphlets spelling out the tunnel's dangers and disadvantages. The most popular pamphlet, entitled "The Battle of Dorking," contained a fictionalized account of a French-British battle fought on British soil. But the changed mood was not only due to fear of French military aggression. The British people were also afraid of being contaminated by "those dreadful French morals." The anti-tunnel campaign was strongly supported by the Anglican Church. There were questions asked in Parliament.



Model of a "double deck ferry wagon" that may be used to carry private automobiles through the "Chunnel."

TUNNEL MIGHT RAPE BRITANNIA

A Parliamentary commission was formed, composed of five Lords and five members of the House of Commons, including Winston S. Churchill, to investigate the tunnel's pros and cons. After long deliberations, the commission decided by six-to-four votes against the tunnel. Said Churchill: "So far England's reputation has depended on her being virgo intacta." The rape of Britannia by a tunnel! On July 1, 1882, the British Parliament voted to halt tunnel construction. And the work stopped under the Channel: at 6,043 feet on the British side, 6,034 feet on the French side.

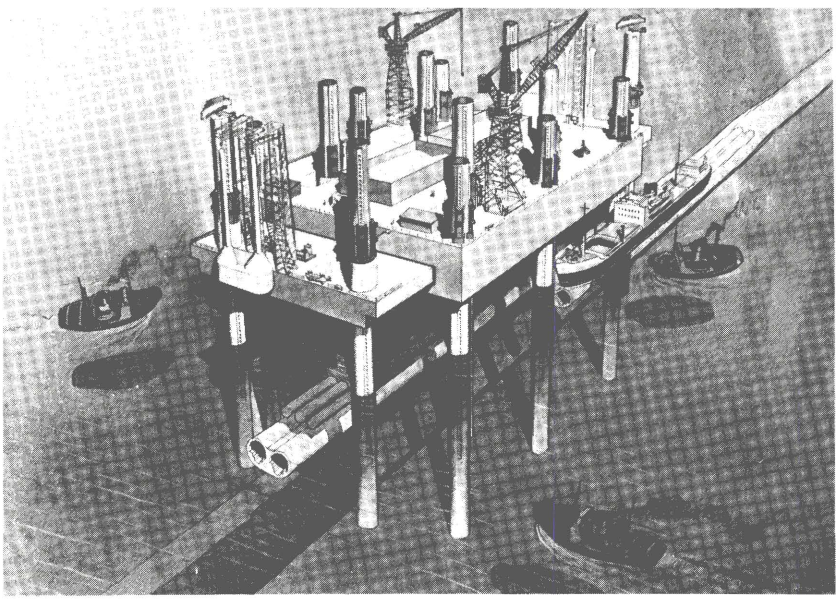
During World War I, however, there was cause for regret. For a tunnel would have been extremely handy when Britain had to ship men and equipment to the French front. Marshal Ferdinand Foch, allied commander in chief and honorary president of the French tunnel company, declared in 1922: "If there had been a tunnel, the Germans would probably have thought twice before attacking us. And, if, despite that undersea link, they had attacked as they did, I'm sure that a tunnel could have shortened the war by two years."

British military leaders, however, remained opposed to plans for a tunnel. As late as 1959, Field Marshal Bernard Law Montgomery, speaking about the tunnel plans, said, "This is just what our Russian enemies are waiting for." Trade and business circles, however, have consistently been in favor of a tunnel.

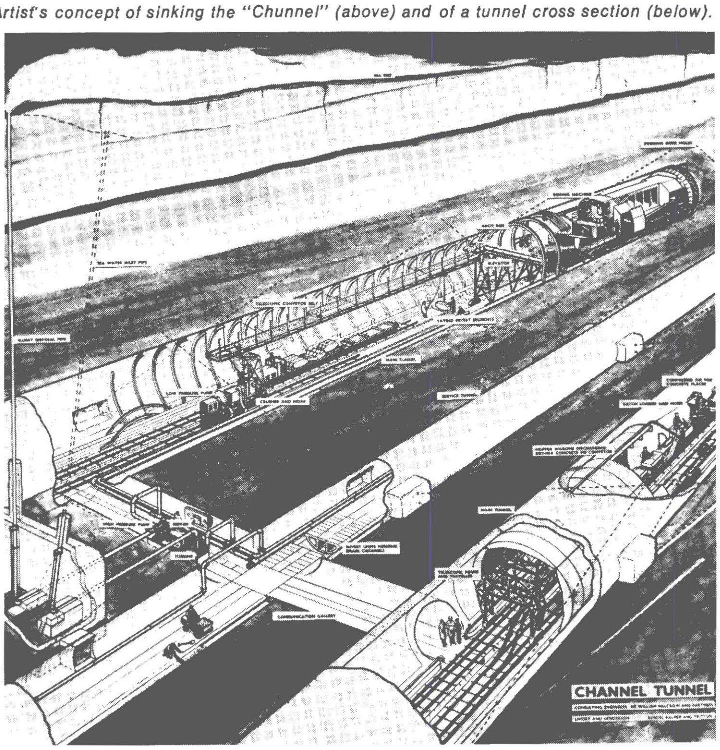
PARLIAMENT OPPOSES TUNNEL AGAIN

During a meeting between the French and British Governments in July 1924 the tunnel plans were discussed again. In Britain, a commission, established to examine all the benefits and problems of a tunnel, gave a favorable opinion. Before the commission's findings reached Parliament, however, the British Government changed. Prime Minister Stanley Baldwin was succeeded by James Ramsey MacDonald, and MacDonald was opposed to the plans. On January 30, 1930, the House of Commons decided by a vote of 179-to-172 that the tunnel plans should remain where they were—in the icebox. By this time, however, Winston Churchill was in favor of the tunnel. He said, "I do not hesitate to say it. The decision not to build a tunnel is a bad decision."

Shortly after World War II, the tunnel plans were again taken out of the deep freeze. In January 1948 French and British engineers compared their ideas and designs. They reached the conclusion that a two-tier tunnel, with a railway line on the bottom tier and a dual highway on the top tier, would be the most efficient tunnel.



Artist's concept of sinking the "Chunnel" (above) and of a tunnel cross section (below).



In 1950 the British Parliament decided to hold a Channel tunnel debate. Earlier a Parliamentary commission had stated: "In this age of rockets and superbombers it is doubtful, to say the least, whether a Channel tunnel could increase the danger of invasion. The tunnel brings us 26 miles closer to a lasting peace

The Channel plans were furthered in 1956 with the closing of the Suez Canal. The Suez Canal Company wanted new projects in which to invest its capital. The Company's statutes were changed, and a new company was founded to invest in a Chann tunnel. Ten per cent of the new company's capital was Americar The American participation stemmed from a stormy Channel crossing by two wealthy New York sisters. They wrote their banker husbands of the Channel crossing's hazards and accom panying seasickness.

CHUNNEL TAKES CONCRETE SHAPE

Through the Sixties, plans for a tunnel continued to gain momen tum. The Economic Commission of the Council of Europe adopted a motion in September 1960 asking all Council member to arouse public opinion for the tunnel plans. In 1966, when Britain was being thwarted from joining the European Community, the only positive note in a joint British-French communiqué was the mention of plans for the tunnel. The only disagreement abou the tunnel centered around financing methods. France was in favor of private capital, while Harold Wilson's British Labour Government favored public spending. In July 1971, when negotiations for British entry into the Community were finally concluded, British Prime Minister Edward Heath said: "The Channe is no longer a barrier when the greater powers are bridging space itself."

Finally, with British entry into the Community last January, the tunnel plans began to take concrete shape—a ratification, as it were, of Britain's now being part of "Europe." The capital is to come both from government-guaranteed bonds in international money markets and from a consortia of private companies. The towns of Cheriton, on the British side, and Fréthun, on the Frenc side, are to be the connecting points.

Opposition to the Chunnel persists, however. Village resident in Britain's Kent are apprehensive about the traffic the tunnel would no doubt bring. Ferry workers may be thrown out of work. Airlines may lose passengers on their Paris-to-London route. The "Channel Tunnel Opposition Association" is grinding out pamphlets.

But the era when a London newspaper ran the headline "Storms over the Channel—Continent Isolated" is over forever. And so are the days when Britain and France had to question each other's military intentions. The Chunnel signals a united Western Europe.

Whither Multinationals?

Commission Proposes Common EC Policy

"A century from now it seems quite likely that people will look back on the second half of the Twentieth Century as a . . . period of societal transition in which the nation-state and its supporting religion of nationalism readjusted to accommodate various new forms of international structure for the benefit of its peoples and society as a whole."—**Professor John Fayerweather,** "The Internationalization of Business," in *American Academy of Political and Social Science Annual,* Volume 402, Philadelphia, Pa.

The European Community, itself a readjustment to the nation-state, is now seeking to accommodate the growing phenomena of multinational, or transnational, corporations. The EC Council of Ministers has under review possible guidelines, submitted by the Commission on November 7, for a comprehensive Community-level policy toward multinationals, the importance of which is seen in the following statistics:

About 15 per cent of investments in the EC Member States are of foreign origin, according to the Commission's communication to the Council. As a percentage of manufacturers' turnovers or sales, the figures are: 9 per cent in Britain, 10 per cent in France, 15 per cent in the Netherlands, and 33 per cent in Belgium. As a percentage of companies' share capital, the figures are: 14 per cent in Italy and 18 per cent in Germany. Comparable figures for the remaining EC countries—Denmark, Ireland, and Luxembourg—were not available. On average, two-thirds of their investments are from countries outside the Community.

The United States accounts for 40-50 per cent of all foreign investment in the EC countries. Of the world's total foreign investments, the United States accounts for 60 per cent. Two EC countries, Britain and the Netherlands, also invest heavily abroad. The US-EC direct investment balance, however, is approximately four-to-one in the United States' favor. Only the Netherlands has a positive balance with the United States.

The sectors of the EC economy most affected by foreign investments, the Commission said, include computers, hydrocarbons, foods, plastics, electrical engineering, and automobiles.

The ratio of new installations to takeovers of existing firms is approximately seven-to-three in Belgium and Britain, and nine-to-two in Germany. The level of foreign participation in subsidiaries is about 80 per cent in Belgium, the United Kingdom (90 per cent in the case of US subsidiaries), and Germany.

WHY MULTINATIONALS?

The reasons for the growth of multinationals, the Commission found, are many. The desire to cut labor costs and to avoid trade barriers significantly influences investments only in developing countries. Cutting transport costs is an important consideration only for heavy products, in which few multinationals are interested. Winning a foothold in an attractive market, the Commission found, seems to be the chief motivation for multinationals. Normally the initiative comes from a country or undertaking having a lead in technology or competitiveness. Also important are political factors. For example, the speed-up in British investment in the Community is largely due to British entry into the Community, and increasing Japanese investment in Europe is a natural result of the Japanese Government's present commercial and monetary policy.

Another reason often cited for multinational growth concerns tax avoidance, but the Commission found little concrete information available on such an emotional subject. Certainly, widespread opportunities for tax avoidance do exist where a business is being carried on in several different countries, each with a different tax structure. The prices charged in group inter-company transactions and fees for industrial property or management can obviously be manipulated to produce minimum tax assessments, while profits can be moved to countries with the smallest tax. Rightly or wrongly, domestic undertakings tend to see the possibility of tax avoidance as a serious threat to fair competition and as one of the chief reasons for the rapid expansion of multinationals.

Whatever the reasons for multinational proliferation, the Commission found their growth phenomenal. The total value of industrial assets under foreign control throughout the world in 1972, according to one estimate, was $240 billion, two-thirds of which were in industrialized countries. The corresponding turnover of $320 billion was equal in size to world trade.

Undertakings under foreign control provide 30 per cent of Belgium's and 24 per cent of Britain's manufactured exports. Subsidiaries of foreign firms in Belgium export 63 per cent of their output and in the Netherlands 55 per cent.

Transactions between companies in the same multinational group also account for a substantial proportion of external trade. Exports by subsidiaries of foreign firms to undertakings belonging to the same group, as a proportion of total exports of manufactured goods, stand at 33 per cent in Canada and 10 per cent in Belgium and Britain. In addition, in countries which are big investors, exports by parent establishments to their subsidiaries account for over 20 per cent of US and 12 per cent of British sales overseas.

Subsidiaries of foreign undertakings generally have restrictions on their freedom to export. In the great majority of cases, while the "home" market (their country of location) is reserved to them, they are barred from the parent company's market. The export-marketing area of foreign subsidiaries is, however, larger than is generally thought, the Commission found. In Belgium, for example, exports by susidiaries of foreign, and especially American, firms are directed more toward non-EC countries than are Belgian firms' exports.

The Commission cited recent studies by the Bank Jordaan, the International Chamber of Commerce, and the US Department of Commerce that seem to show that, in the medium term, direct investment abroad benefits the investing country's balance of payments. Failing a large and continuous increase in foreign investment, or financing carried out chiefly by capital import, this investment will therefore generally have a neutral or adverse effect on the host country's balance of payments. Capital inflows and outflows for foreign investment do not in general exceed 3 per cent to 4 per cent of the total inward and outward flow in the balance of payments.

Critics often attribute to the multinationals a major impact on monetary speculation. Studies carried out in the United Kingdom did not detect any more abnormal currency movements on the part of multinationals in years of monetary upheaval than in "normal" years. It is usual practice, however, for multinationals to seek to avoid foreign exchange losses by moving their liquid assets about, or by means of leads and lags in payments between subsidiaries. This process has accentuated the speculative monetary movements of recent years.

EMPLOYMENT AND MANAGEMENT

The Commission also looked into the finances, management, and employment aspects of multinationals.

According to a Belgian survey, foreign subsidiaries are capitalized 43 per cent from inside and 57 per cent from outside Belgium. Cases where the subsidiaries concerned go to the capital market in the parents' country, or to the international market, are exceptional. In 1969, the financial resources of American-owned subsidiaries are estimated to have originated as follows: 15 per cent from the United States; 26 per cent from non-US capital markets; 56 per cent from the subsidiaries' cash flows.

The proportion of industrial employment provided by foreign undertakings is 4 per cent in France, 7 per cent in the United Kingdom, and 18 per cent in Belgium. Between 1964 and 1968, foreign investment in Belgium created 70 per cent of the jobs produced by new investment. Ninety-eight per cent of the net number of industrial jobs created by foreign undertakings in the period 1963-68 (including those created by undertakings set up or taken over earlier) were due to companies set up by new investment, against 2 per cent attributable to acquisitions.

Gross hourly and monthly wages and salaries paid by foreign undertakings seem to be, on average, slightly higher than those paid by indigenous ones. Foreign undertakings would appear to have a greater tendency to link wage agreements with productivity.

Only in countries in which trade union representation in the undertaking is not yet taken for granted have foreign firms a tendency not to recognize the unions. In the United Kingdom, foreign firms have fewer strikes than domestic ones. The "hire and fire" labor policies, abrupt plant closings, or mass dismissals, of which foreign undertakings have been often accused, have become rarer, or less sudden, in recent years.

In Belgium, about half of the multinationals' managerial staffs (chairman of the board of directors, managing director, genera manager, departmental managers) are of non-Belgian nationali The proportion of local representation varies, however, with: th length of time that the subsidiary has been established; geographical remoteness from the parent firm; the local stake in th subsidiary's capital; the job (90 per cent of personnel and research managers are nationals, compared with only 60 per cen of general managers or controllers, and 40 per cent of managin directors). Local freedom in decision-making varies from the ve slight, as regards capital spending, to the very great in personn and remuneration matters.

At least three-quarters of foreign subsidiaries are branches c very large undertakings. In Belgium, foreign subsidiaries accou for 1.6 per cent of the total number of firms, but they make up 28.6 per cent of those in the "1,000 workers or more" category. Italy, companies under foreign control are, on average, four tir larger than purely Italian companies. Although foreign holding make up 20 per cent of the capital of all German companies, th account for 47 per cent of those of $240 million or more.

IMPACT ON DEVELOPMENT

In the field of science and technology, foreign investment can take two forms: the subsidiary's own, even independent, resea activities; technology brought in from outside and assimilated l the subsidiary. A British *ad hoc* survey failed to produce a con clusive answer to the question whether foreign investment has favorable or unfavorable effect on the level of technology. At a events, since the subsidiary is generally set up on the basis of parent company's technological attainments, research activity usually on a small scale, and the technology balance is almost always in deficit.

In Japan, research expenditure by undertakings in which the is a foreign holding is less than half the Japanese average. In Belgium, a quarter of the foreign subsidiaries undertake their own research operations, with a certain degree of independen in half these cases. The takeover of an undertaking does not seem to exert a preponderant influence on the level of researc the Commission concluded.

Half of the Belgian undertakings under foreign control pay know-how or license fees to their parent company. A survey by the Kienbaum Institut showed that there are some foreign subsidiaries with a surplus on the balance of such fees. This is not all typical, however. In 1969, in Germany, out of all undertakin with a substantial movement of fees and royalties, the balance was in a three-to-one surplus in the case of German firms, and a one-to-100 deficit where the undertakings were under foreig control.

On the plus side, in Europe foreign multinationals display greater flexibility than indigenous firms in their response to go ernment incentives for the development of backward regions. This flexibility results from their size, experience, and freedon from tradition in locating plants. Multinationals are more willing than indigenous undertakings to invest in recently industrialized regions, provided of course that there are no serious structural disadvantages. A sufficient labor supply is generally the most important factor, financial incentives being only a secondary consideration. In the Belgian province of Limburg, where industrialization began only recently, 58 per cent of the jobs result from foreign investment.

Greater flexibility in choice of location has another side, however. Multinationals are equally flexible in disinvestment, either in the cessation or relocation of production.

NATIONAL POLICIES VARY

All non-Communist countries except Japan encourage foreign investments which create employment. A large number of the Organization for Economic Cooperation and Development (OECD) countries, however, place restrictions on foreign investments through various methods: Australia, Canada, Finland, Japan, Norway, Spain, Sweden, and the United States prohibit any investment from certain countries. Australia, Britain, Finland, France, Japan, Norway, Spain, and Sweden maintain government authorization or control over foreign investment. Britain, Portugal, Switzerland, and the United States have special regulations governing undertakings under foreign control. Canada and the United States exclude foreign-controlled undertakings from certain benefits or certain markets.

In addition, certain national regulations which are in principle nondiscriminatory, such as regulations on mergers or takeover bids, may be used to stop foreign investments. Similarly, political decisions made without legal basis can effectively thwart foreign investments.

Within the Community, France has regulations requiring authorization for extra-Community investments. Belgium requires authorization for foreign takeover bids and notification of acquisitions of major holdings. The United Kingdom exercises control over foreign investments through foreign exchange controls and competition laws. In certain cases, EC Member Governments have imposed a veto or laid down conditions on purely political grounds.

On the other hand, the Commission found that European undertakings often face discriminatory treatment in attempting to invest directly in the US market:

- Foreign investments are prohibited in certain sectors, such as mining concessions, radio-communications, and shipping under the US flag. Licenses for the atomic energy sector may be granted only to US firms and citizens.
- Obtaining work permits for non-US personnel is often difficult.
- The "Buy American" Act penalizes certain imported goods, thus making it hard for an overseas firm to gain the necessary market experience before deciding where to locate a new production plant. Moreover, the act also affects certain goods produced by foreign subsidiaries in the United States.
- US banks must obey very strict rules to finance foreign groups.
- Foreign undertakings are not authorized to make share issues of less than $200,000.
- Share issues, acquisitions of holdings, takeover bids, and share exchanges face, through the Securities and Exchange Commission, onerous formalities.
- The Interest Equalization Tax handicaps foreign undertakings wishing to be financed on the US capital market.

The biggest obstacle to foreign-based firms in the United States, however, stems not from discriminatory practices but from very strong competition within the US economy. Thus, foreign undertakings often find it best to establish themselves on the US market through a takeover or a joint subsidiary. This procedure, however, involves the danger of antitrust proceedings, especially in the case of large undertakings.

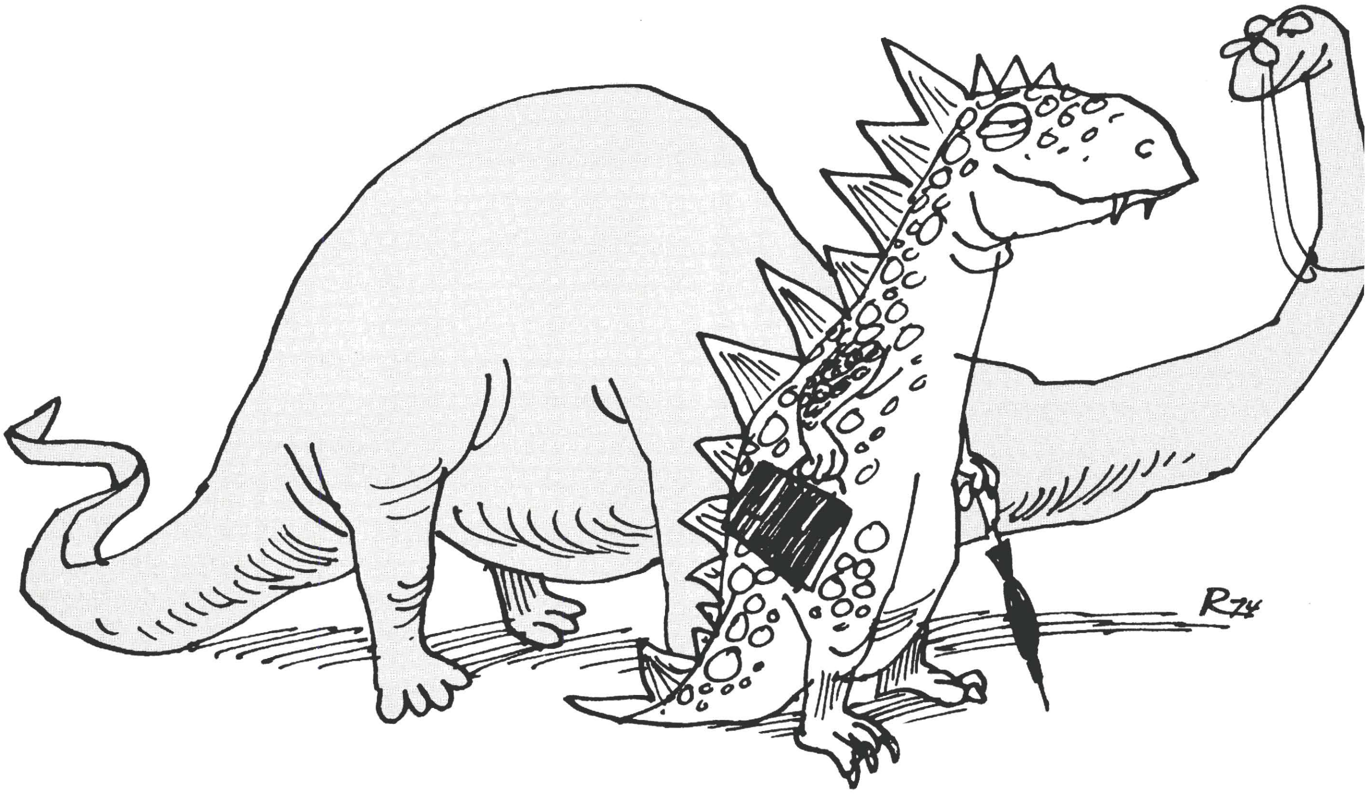
Since the majority of multinational companies are US-based, the Commission considered American viewpoints particularly significant. US labor unions, for example, have recently been campaigning strongly against subsidiaries abroad. The multinationals' chief motive, some labor leaders say, is to evade US social conditions and standards, while their chief effect amounts to the exporting of jobs. An opposing view is that if jobs are created abroad it is only because US exports are no longer competitive. The loss of jobs, it is said, would have happened in any case. In addition, investment abroad has the advantage of generating orders for capital goods and semifinished products. Objective studies on this subject are scanty, but, as far as they go, they appear to support the latter view, the Commission said.

COMMISSION ACTS

On balance, the Commission's experience and thinking favor a multinational approach to industry. As early as 1970, in a memorandum on industrial policy, the Commission regretted that European industry was still too centered on the nation-state and too slow to adapt to a European scale. This slowness was due in part to legal and fiscal obstacles. The Commission's view was broadly supported by the 1972 Paris "Summit" of the EC Heads of State or Government.

At the same time, the Commission is well aware that multinationals are associated in the public mind more with fears and anxiety than with future prosperity, for multinational undertakings have reached a size and a geographical spread that is beginning to dwarf national trade unions and even public authorities. To allay anxiety about multinationals, the Commission believes that suitable counterweights must be introduced at the Community and international level.

It is toward this end that the Commission submitted its November 7 draft resolution to the Council of Ministers. The resolution recognizes "the increasing impact multinational corporations



have on the political, economic, and social life of the countries in which they operate" and the consequent need for a common EC policy. That policy, the Commission said, should take account of both the positive and negative contributions of multinationals. In particular, the policy should:

- protect employees in mergers
- create EC rules on stock exchange operations and investment fund origins
- institute cooperation between and amalgamation of national stock exchange authorities
- aim for international assistance and cooperation measures regarding information, monitoring, tax recovery, and the drawing up of a joint schedule of transfer price and license fees
- establish a body of law on groups of companies
- improve information gathering on multinationals' international activities.

The Commission emphasized that any supervisory measures should neither impede multinationals' positive contributions nor discriminate between international companies based in the Community and "foreign" firms. Instead, EC action should induce multinationals to avoid compromising present EC policies, particularly in the industrial, social, and regional spheres, and strengthen competition within the Common Market.

Since the multinational phenomenon is by definition worldwide, the Commission also emphasized that any actions to be effective must be taken on an international—not just a Community—level. Consistent with this international approach, EC Commission Vice President Wilhelm Haferkamp, in a February 15, 1973, address to the European Parliament, called for a "constructive dialogue with the United States on the investment policies of multinational corporations." Too, the Community is participating in discussions within the OECD and the United Nations.

Modern Dinosaurs

Multinational corporations have been called the dinosaurs of modern times. But are they more like the tyrannosaur—only 40 feet tall but carnivorous—or the brontosaurus—much bigger at 120 feet but harmlessly vegetarian?

In more prosaic terms, this question was the focus of a special expert group set up at the request of several United Nations (UN) bodies to look into the multinational phenomenon. The UN Economic and Social Committee had registered its "deep concern . . . at the size and power of the multinational corporations which in many instances surpasses the united resources of the host country itself." The International Labor Office had worried about the possibility of multinationals causing serious social disruption. The UN Conference on Trade and Development (UNCTAD) had expressed concern that multinationals would lead to restrictions in world competition. The General Agreement on Tariffs and Trade (GATT) had voiced fears that multinationals would impair world trade.

Since early 1973 in New York and since last November in Geneva, the UN expert group has been holding a series of "hearings," with "witnesses" that include both theoreticians and practitioners, consumers and producers, proponents and opponents. Even the membership of the expert group was so arranged that no conclusions would be easy or simple. It includes, for example, former EC Commission President Sicco L. Mansholt and a director of a multinational firm convicted and fined by the EC Commission for violating Community law.

General agreement was reached, however, on the premise that multinationals are creatures of economies of scale and ever widening markets. This economic system has resulted in part from regional integration (as in Western Europe) and from general liberalization of world trade. Giovanni Agnelli, the head of Fiat S.p.A., put it this way: "Multinationals are a response to a specific need in the development of human society for the organization on a worldwide basis of finance, raw material supplies, and technology. If multinationals have grown so quickly, it is because they are better equipped than any other existing organization to do this."

A few isolated voices, however, have brought into question the whole economic system. Professor Stephen Hymer, of the New School of Social Research, accused the UN group of shortsightedness since its mandate took the existing international economic system for granted and merely asked how things could be improved within this framework. Ralph Nader stated that the world would be much better off if it were highly decentralized. But no real alternatives to the present system, in which the multinationals have grown so great, were proposed, not even by the participants from Communist countries.

A similarly provocative question was raised concerning multinationals in developing countries. Do multinationals bring with them a way of life which the highly developed countries themselves find increasingly intolerable?

Is it possible to separate the advantages brought by multinationals—employment opportunities, financial management, planning and organization, technological application and innovation—from their less attractive baggage, such as tax avoidance, cartel and monopoly practices, repeated political and economic interference through bribery and financial backing to "counter-revolutionary" forces, and the instigation of confrontations between their country of origin and the host countries?

Any answer must be reached on an international level, the UN group agreed. After testimony from EC Commissioner Altiero Spinelli on the Commission's November 7 communication on an EC multinational policy, Lashmi Kant Jha, former Indian Ambassador to the United States, suggested that the EC Commission's proposals might be taken as "an example well worth considering for the United Nations" as an international model for multinational behavior. A proposal for such a code of good conduct might be one of the results of the UN expert group discussions. Later, these rules could be codified into a sort of GATT for investments rather than for trade. It has even been suggested that the creation of a statute for an "international company" might be modeled on the "European company" statute.

UN proposals are, however, unlikely for at least a year. For the moment, the prevailing trend is to try to wash the beast, whether tyrannosaur or brontosaurus, without getting it wet. One representative of a multinational firm made no bones about it: "If people expect us to be well behaved and never do anything bad, we shall have to see whether business is still viable in such conditions."

—**ERICH REYHL**, *economic editor of* Die National Zeitung, *Basle, Switzerland*

Recent Books

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

Strategic and Long-Range Planning of the Multinational Corporation. By John Snow Schwendiman. Praeger Publishers, New York, 1973. 150 pages with tables, appendix, notes, and bibliography. $15.00

A presentation, geared to businessmen, of the key elements involved in successful international corporate planning systems.

The author takes as his theme the question of "how can international strategic and long-range planning best serve the goal of making optimum strategy decisions that will provide maximum profit in the long run?" He relates the theory and literature of corporate planning to the international firm and its problems and then develops a simple conceptual model of the principal elements in an ideal international planning process, including how to gear it to human needs. Results of interviews with executives and planners in a number of major international automobile, chemical, and electrical equipment companies are given.

Branches and Subsidiaries in the European Common Market: Legal and Tax Aspects. Contributions by members of the Association Européenne d' Etudes Juridiques et Fiscales. Kluwer-Harrap Handbooks, London, 1973. 199 pages.

A collection of articles on "the choice of the type of companies and the choice between branches and subsidiaries as these choices present themselves to investors who envisage setting up businesses in the various countries of the EEC."

The economic and business conditions of each EC country are discussed by respective national lawyers. With the exception of Luxembourg, where only holding companies are discussed, the cases of each country are arranged in a parallel manner to facilitate comparison.

The Impact of US Investment in Europe: A Case Study of the Automotive and Computer Industries. By Y. S. Hu. Praeger Publishers, New York, 1973. 291 pages with tables and notes.

A study of the impact of US investment in Europe and of multinational corporations on the automotive and computer industries.

The book covers the causes of US investment in Europe, the Common Market's impact on US investment, national government and industry response in Europe to the American challenge in the auto and computer sectors, the comparative performance records of US and European firms, and the effects and implications of US investment in Europe. The author documents his study with extensive statistics and primary research. He posits his conclusions as possible policy guidelines.

1974 European Community Directory and Diary. Institute of Public Administration, Dublin, 1973. 237 pages with tables, maps, glossary, and index.

A directory, a desk diary, a digest of statistical and other information, and a handy reference book to the European Community.

The directory-diary provides lists of EC institutions, addresses, staffs, and functions, as well as photographs and biographies of leading EC officials. The digest provides a chronology of Community developments, a detailed statistical portrait of the "Nine," and an atlas. The diary presents each week on two facing pages to the reader and indicates public holidays in the Member States, European trade fairs, and other notable events.

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 office, 277 Park Avenue, New York City 10017.

REPORT ON THE REFORM OF THE WORLD MONETARY SYSTEM. *Working Document No. 60/73,* European Parliament, Luxembourg, May 28, 1973, 23 pages .... $.50
Report by European Parliament Member Klaus Arndt for the Parliament's Committee on Economic and Monetary Affairs.

HARMONISED NOMENCLATURE FOR THE FOREIGN TRADE STATISTICS OF THE EEC COUNTRIES (NIMEXE). Statistical Office of the European Communities, Luxembourg, 1972, 608 pages $15.00
Nomenclature subdividing the Customs Tariff Nomenclature of the European Communities (CCT), which is based on the 1955 Brussels Tariff Nomenclature (BTN), for statistical reporting of trade data. Contains a concordance with the Statistical and Tariff Classification (CST), or the Standard International Trade Classification (SITC). Revised as of January 1, 1972.

COMPARATIVE TABLES OF THE SOCIAL SECURITY SYSTEMS RELATING TO EMPLOYEES IN THE THREE NEW MEMBER STATES OF THE EUROPEAN COMMUNITIES: DENMARK, IRELAND, UNITED KINGDOM. Commission of the European Communities, Luxembourg, 1973, 59 pages . $.60
Contains synoptic tables comparing the social security regulations in force in the three new members as of July 1, 1972. Includes explanatory notes on each branch of social security and describes the legislation governing benefits and the conditions under which benefits are granted and current rates.

THE YEAR OF EUROPE: PROSPECTS FOR AMERICAN-EUROPEAN RELATIONS. European Community Information Service, London, June 1973, 7 pages . . free
Reprint of articles by Pierre Uri, David Fouquet, and Leonard B. Tennyson on US-European relations. Originally published in the June 1973 issue of European Community.

A SHORT CHRONICLE OF UNITED STATES-EUROPEAN COMMUNITY RELATIONS. European Community Information Service, Washington, 1973, 32 pages ...... free
By Boyd France. *Brochure reviewing US involvement in European unification and US policy toward Europe since World War II.*

EUROPEAN PATENT. European Community Information Service, Brussels, 1973, 14 pages .... free
Brochure describing the development of a European patent system. Outlines the main features of the Convention establishing a European System for the Grant of Patents and the draft Convention for the European Patent for the Common Market.

REPORT BY ALTIERO SPINELLI—MEETING OF THE ISTITUTO AFFARI INTERNAZIONALI, ROMA, 21-24 NOVEMBER 1973. Commission of the European Communities, Brussels, 1973, 14 pages .... free
Speech by Altiero Spinelli, member of the Commission of the European Communities. Reviews the development of the enlarged Community in 1973, highlighting economic and monetary union, US-European relations, and the energy crisis. Discusses political unity, the need for institutional reform, and the role of Italy in European integration.

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