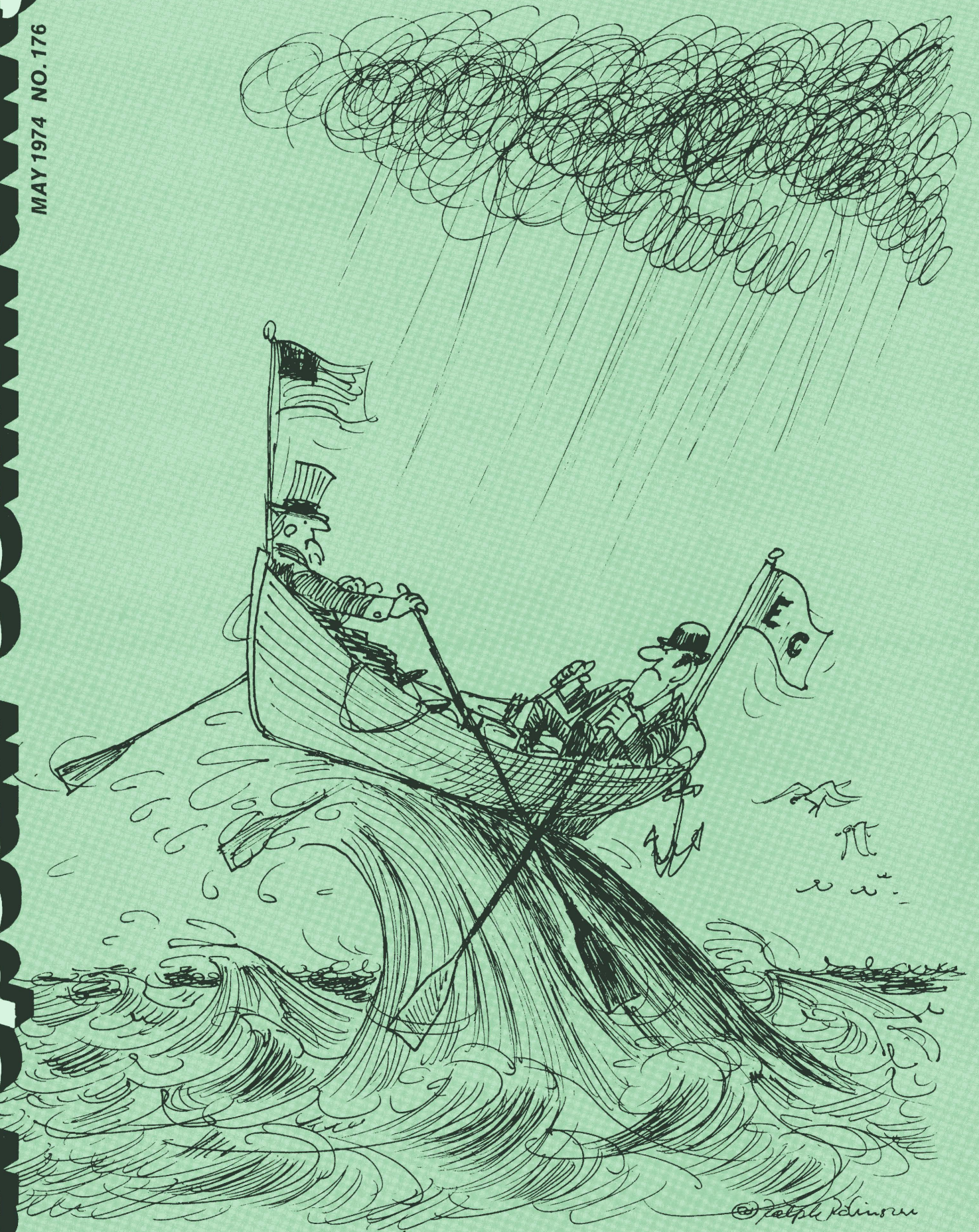


European Community

MAY 1974 NO. 176



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Dateline Europe

FRENCH PRESIDENT GEORGES POMPIDOU'S DEATH on April 2 occasioned the following statement from the EC Commission:

"President Pompidou did a great deal for the idea of Europe and for the realization of this idea. By his death, Europe is losing a man who believed deeply in its construction, to which the Commission is devoting itself, and who was convinced, as we are, that France has an eminent role to play in this great work." The European Parliament also expressed its regret and sympathy. (Elections for a new French President were scheduled for early May, adding a new dimension to Europe's "crisis politics" [see page 16].)

GREAT BRITAIN, which joined the Community when President Georges Pompidou lifted the French veto to British entry, now plans to renegotiate its EC membership terms (see page 10). At the April 1-2 EC Council of Ministers meeting in Luxembourg, James Callaghan, Secretary of State for Foreign and Commonwealth Affairs in the new British Labour Government, formally announced that Britain would submit detailed proposals for renegotiating membership terms. The proposals would cover the common agricultural policy, the EC budget, and aid policies. Callaghan also called for close EC cooperation with the United States: "Only if the 'Nine' work harmoniously with the United States on economic issues in the framework of the Community, and political issues in the framework of political cooperation, shall we surmount the difficulties to which President Richard M. Nixon and Secretary of State Henry A. Kissinger have recently drawn attention."

EC COMMISSION REACTION to the British announcement took the initial form of a statement by Commission President Francois-Xavier Ortoli at the April 1-2 Council meeting. "The Community," Or-

toli said, "is in a continuous state of creation and does not lack flexibility." At the same time, however, the EC Commission President emphasized that creation and change cannot call into question the Community's bases, structures, and laws.

A JOINT DECLARATION by the Presidents of the EC Council and Commission calls for action "to overcome the stagnation which is threatening the Community." The declaration, presented at the April 1-2 Council meeting, said the action guideline for the coming months must "ensure the existence of the Community, prevent any disintegration, and keep it moving, in particular in all those fields in which important decisions have soon to be made." The fields cited included monetary, regional, and energy policies as well as the Community's external relations. The declaration also called for improving the EC decision-making process and strengthening the European Parliament's budgetary powers.

CORNELIS BERKHOUWER, President of the European Parliament, told members of the Washington press corps on April 17 that the "construction of Europe" must take place within the Atlantic framework. "I take distance from the myth that European unification must take place in opposition to the United States. I'm not afraid of American dominance over Europe," Berkhouwer said. "I also take issue with the idea that European unity must take place under the hegemony of one big EC member state."

THE UNITED NATIONS (UN) GENERAL ASSEMBLY SPECIAL SESSION on raw materials and development heard from German Foreign Minister Walter Scheel on April 10 in his capacity as President in Office of the EC Council of Ministers. He said the Community is committed to a strengthened multilateral economic system and will "continue its strenuous efforts to maintain and expand development aid both bilaterally and through multilateral institutions." The Community will play an active part in tackling the critical problems caused by rising raw material prices for developing countries, he said. In sum, Scheel said "the mandate of our time" should be the "humanization of mankind."

Community News

US-EC Relations

"That there is now a crisis in relations between the United States and Europe cannot be disguised," according to Jens Otto Krag, Head

of the EC Commission's Delegation to the United States (see page 11). Transatlantic dialogue—whether through conferences or libraries—helps cut through what Krag calls "the haze of misunderstandings."

"Crisis" Conference

Jens Otto Krag, Head of the Delegation of the Commission of the European Communities to Washington, exchanged views on US-EC relations with Secretary of State Henry A. Kissinger at a March 19-20 Washington Conference on "The Corporate Stake in Meeting the Crisis in the Atlantic Alliance." The conference was sponsored by the Johns Hopkins School of Advanced International Management and Development Institute and the Atlantic Council.

Kissinger said President Richard M. Nixon did not intend to cast doubt on his commitment to help defend Europe.

Krag suggested the creation of consultation machinery to avoid further misunderstandings on both sides, such as those regarding the US peace-making role in the Middle East, or the EC March 4 initiative for cooperation with the Arab countries. He pointed out that the EC cooperation plan was a decision of principle.

Kissinger replied that he "very much" agreed with the spirit of Krag's remarks and pointed out that the United States does not object to the European initiative toward the Arab countries. Difficulties arose, he continued, because of inadequate consultation. Kissinger concluded by saying that a European effort is good, but its range should be discussed to avoid a competitive situation with the United States.

Other participants in the conference included US Federal Energy Office Administrator William

E. Simon, US Presidential Assistant Peter M. Flanigan, Italian Ambassador to the United States Egidio Ortona, US Under Secretary of State for Security Assistance William H. Donaldson, US Representative Barber B. Conable Jr. (R-NY), US Under Secretary of Treasury for Monetary Affairs Paul A. Volcker, and US Special Representative for Trade Negotiations William D. Eberle.

Speed of Events

The problem in US-European relations, according to EC Commission President François-Xavier Ortoli, is that mentality and behavior have not caught up with recent events.

These events, Ortoli told a March 21 Belgian-American Association meeting in Brussels, include the Mideast conflict, the energy crisis, the international economy's rapid evolution, and détente. Thus, the Commission President said, US-EC relations "must be based on present facts, not past principles."

Although the "Nine" must assert themselves as a distinct and new entity, Ortoli said, common challenges to Europe and the United States "must be faced in common." He added that the Community will "never forget American help in building Europe."

Library of Congress

An exhibit on "The Law of the European Communities" opened at the Law Library of the Library of Congress in Washington on March 4. It features materials from the

Law Library's European Communities collection.

Documents shown include the Community Treaties, the official EC law gazettes, collections of Court of Justice decisions, and legal periodicals, treatises, and commentaries on EC law. Maps and other material supplied by the European Community Information Service are also on display.

The exhibit was to continue through May 31 in the foyer of the Law Library Reading Room, Second Floor, Main Building.

Business Dialogue

A dialogue between American and European business leaders is essential for dealing with industry's

future problems, representatives of European industrial federations and US business organizations concluded at a March 18 meeting in Brussels.

Delegates of the Union of Industrial Federations of the European Community (UNICE) and leaders of major US business organizations met under the cochairmanship of UNICE President Paul Huvelin and Archie Davis, chairman of the US Chamber of Commerce Executive Committee. The group developed plans for a plenary meeting of US-EC business leaders this fall. Joint US-EC task forces were set up to prepare reports for the session on major current problems, particularly on the energy crisis.

Economic and Monetary Union (EMU)

The goal of complete economic and monetary union (EMU) by 1980 is the keystone around which all EC activities are based. Despite

recent setbacks (see *European Community* No. 175, page 17), the goal remains in sight.

Capital Market

Further progress toward EMU is the Common Market's only hope of survival, EC Commission Vice President Wilhelm Haferkamp told the German Banking Conference in Bonn on March 12. Haferkamp is responsible for EC economic and financial affairs.

Although the second stage of EMU was due to begin this year, he said, planned monetary union is in danger of disintegrating into national components. EMU is in trouble, he continued, because Europe began its monetary integration too late, EC Member State economic policy aims differ too much, and EC economic policy and coordinating bodies have been too loosely knit.

Although monetary integration must become the new incentive for complete European integra-

tion, Haferkamp pointed out that most of the plans for EMU are still on the drawing boards and lack any links with markets, banks, or firms. Haferkamp called for a permanent European-level dialogue and a concerted attitude by Member State central and commercial banks toward the world monetary situation. Furthermore, he said, the capital market should be liberalized to iron out structural and productivity differences within the Community. He also called for a coordinated EC Member State policy to control deteriorating balance of payments and currency floats.

Haferkamp recommended that a monetary alliance aimed at cooperation with the oil producing countries be formed between the Community and the leading industrialized countries, especially the United States.

External Relations

The EC "Nine" do not yet speak with one voice in all external rela-

Arab Cooperation

A plan for wide-ranging cooperation between the European Community and 20 Arab countries was adopted by the nine EC foreign ministers in Brussels on March 4. Announcing the plan at a press conference the same day, acting President of the Council of Ministers and German Foreign Minister Walter Scheel said he had been authorized to open talks with representatives of the "Twenty." Afterward, he said, the Ministers hope to set up joint EC-Arab working groups to discuss industry, technology, agriculture, transport, energy, and research. Finally, a full-scale conference of Arab and EC foreign ministers would be held.

These talks, according to Scheel, will neither affect Middle East peace efforts nor replace a world energy meeting under United Nations auspices. Furthermore, he said, this European approach to the Arab states and the bilateral agreements between some EC Member States and Arab countries would complement each other. Any future EC-Israel dialogue, he added, would be of a different nature. The Community's Mediterranean policy would not be brought into the EC-Arab talks, Scheel said.

Talks With COMECON

The EC Commission stands ready to have exploratory talks with East Europe's Council for Mutual Economic Assistance (COMECON), Commission Vice President Christopher Soames told the European Parliament on March 13 in Stras-

tions, but they are trying. Even without a common foreign policy, however, a single voice is heard in trade and aid.

bourg, France.

Soames said the European Community's September 1973 reply to COMECON's overture to the Council was "in no sense a negative one." COMECON General Secretary Nicolai Fedeyev suggested possible EC-COMECON cooperation during a meeting with the EC Council of Ministers President in Copenhagen, August 27, 1973.

In its reply, the Council said EC institutions had taken note of the meeting and declared that if COMECON wished to pursue the matter with the Community further, it should do so through the Commission, which is responsible for such requests.

Damascus Visit

Syrian Government officials invited EC Commissioner Claude Cheysson to visit Damascus March 25-26. Cheysson is responsible for the European Community's development policy.

Syria is one of the countries to be included in the Community's projected Mediterranean policy. The other Arab countries to be included are Algeria, Tunisia, Morocco, Libya, Egypt, Lebanon, and Jordan.

Bangladesh Talks

Negotiations for a trade agreement between the European Community and Bangladesh were authorized by the Council of Ministers on February 19. The agreement, to be negotiated by the EC Commission, would cover trade in artifacts, silk, and waste silk fabrics woven on hand looms.

Food Aid

Emergency supplies of powdered milk have been airlifted to the Republic of Niger by several EC Member States at the Commission's request. A 305-ton supply of the milk was flown to Niger March 8-28 in answer to an urgent appeal for European Community aid from Niger's President Diiori Hamani. The shipment is part of the 3,200 tons of powdered milk allocated to Niger under the 1974 EC food aid program.

Sea Law Stance

The Council of Ministers should adopt a common EC position for the June International Conference on the Law of the Seas in Caracas, Venezuela, according to a March 21 Commission communication.

The Caracas conference will investigate all aspects of ocean law and exploitation, including environmental standards, sea bed mining, territorial and economic jurisdiction, boundaries, and oceanography research.

Economy

"No news is good news," the saw has it. Europe's economic news, al-

Latin America

EC Commission Vice President Carlo Scarascia-Mugnozza led a Commission delegation at a colloquium on European Community relations with Latin America in Punta Del Este, Uruguay, March 4-5.

The Commission also organized a series of Latin American seminars on the operation of the EC generalized preference system. They were held on March 8 in Montevideo, Uruguay, March 11-12 in El Salvador, San Salvador, and March 14-15 in Bogota, Colombia. Similar seminars were sponsored by the Commission in Asia during December 1973.

On March 20 in Brussels, representatives of Uruguay, Argentina, and Paraguay stressed their need to retain orderly access to the Community beef market in a meeting with Petrus J. Lardinois, EC Commissioner responsible for agriculture. Any disturbance in meat exports to the Community, the delegation stressed, could cause hardship to Latin American meat industry workers.

though often old due to "statistical time lags," seems to confirm the adage, as two recently published reports indicate.

Consumers

European consumers think the general economic situation will worsen this year, according to the EC Commission's fifth consumer attitude survey of 25,000 families in the EC "Six." The sampling was conducted in October 1973.

The percentages of people who expressed pessimism about the economy ranged from a low of 37 per cent in the Netherlands to a high of 66 per cent in Italy. Dutch attitudes had improved consider-

ably since the Commission's first survey, in April 1972. In Italy, on the other hand, pessimists had increased 13 per cent.

Except in the Netherlands, more families thought the economy would worsen over the next 12 months than did in April 1972. Although the percentage of families expecting a downturn was about the same throughout (averaging 35 per cent), it had increased by 12 per cent in Germany, 16 per cent in Italy, 11 per cent in France, and 3 per cent in Belgium since the first survey. The Netherlands, by

contrast, dropped 25 points from 61 per cent to 36 per cent.

Concurrently, optimism about the future rose in the Netherlands (up 15 per cent) and fell in the other countries by an average of 8 per cent.

The Commission's poll reflected the Community's high inflation rate. In all countries, a majority thought prices had gone up sharply during the past year (50 per cent in Germany, 68 per cent in the Netherlands, 69 per cent in Italy, 76 per cent in France, and 80 per cent in Belgium). A strong majority in France (about 74 per cent) expected a steeper rise in prices. Families were less pessimistic about prices in the other countries, ranging from 12 per cent in Germany to 23 per cent in Italy. About half the Italians, Germans, and Dutch felt inflation would continue at its current rate. Only 14 per cent thought so in France.

Most families saw their financial situation as unchanged over the last 12 months, ranging from 54 per cent in Germany to 63 per cent in France. Only a small percentage thought it had gotten worse, ranging from 3 per cent in the Netherlands to 6 per cent in Italy. About 62 per cent of all families expected their situation to stay the same over the next year. Asked if October was a good time to buy, a majority said "yes" in Belgium (59 per cent) and France (55 per cent). Forty-eight per cent agreed in the Netherlands, 31 per cent in Germany, and 29 per cent in Italy.

Oil Shortage

The European Community's economy has begun to show the effects of the energy crisis, according to the Commission's "Notes on the Economic Situation," compiled in December 1973.

EC industrial activity continued to expand rapidly until mid-December, the report found, until petroleum product shortages forced

some industrial firms to cut back production. The Commission also reported a drop in consumer demand for certain products due to energy economy measures.

Although the employment situation has been under considerable strain since the crisis began, it did not show up in the November statistics. The number of unfilled jobs still rose during that month except in Germany, and Italy's unemployment level fell further. The Commission did find a sharp rise in shortened working hours, however. Consumer prices, especially gasoline, heating oil, finished product, and food, continued to climb rapidly throughout the Community.

Despite large surpluses in Germany and France's improved trade account, the Commission said the EC trade deficit had widened.

Per Capita GNP

Denmark and Germany led the Common Market in per capita income during 1972, according to a report recently published by the Statistical Office of the European Community (EUROSTAT). The report was compiled from national account statistics.

The per capita gross national product was 3,884 units of account (UA) in Denmark and UA 3,841 in Germany. (One unit of account equals one 1971 dollar.)

France and the Benelux countries (Belgium, the Netherlands, and Luxembourg) were close behind, averaging UA 3,489 and UA 3,297 respectively. Following were Britain (UA 2,673), Italy (UA 2,008) and Ireland (UA 1,777). The per capita average for the entire Community was UA 3,046.

EUROSTAT is integrating the national statistical accounts into a European economic account system (SEC). Its first annual report based on the SEC system will be published in the next few months.

Energy

The topic of energy needs no

introduction. The EC institutions are trying to develop a common EC energy policy.

World Energy Use

World energy consumption nearly doubled between 1960 and 1972, growing at an annual average rate of 5.6 per cent, according to a report recently published by the Statistical Office of the European Community (EUROSTAT). The annual energy growth rate was slightly lower than the world average in the European Community (5.5 per cent) and the United States (5.1 per cent), higher in the original Community (6.8 per cent), and rose sharply in Japan (15.7 per cent).

Annual petroleum consumption in the original EC "Six" rose from 327 million to 641 million tons between 1960 and 1972. Japanese annual consumption, in 1960-71, rose from 90 million tons to 254 million tons. In 1971, according to EUROSTAT, the EC "Nine" consumed 840 million tons of oil, or about three times Japanese consumption, half US consumption (1,679 million tons), and about the same as the Soviet Union's (798 million tons).

The world's increasing use of energy, according to the report, was marked by a sharp change in patterns of consumption between 1960 and 1971. During that period, most countries made a sharp transition from coal to petroleum and stepped up their use of natural gas (see *European Community* No. 173, page 9).

The Community's coal consumption dropped by more than 2 per cent annually, from 64 per cent to 27.7 per cent of total energy consumption. EC crude oil consumption, on the other hand, grew by about 14 per cent annually, from 28.5 per cent to

58.2 per cent. EC natural gas consumption jumped from 1.7 per cent in 1960 to 9.5 per cent in 1971. Much more natural gas was used in the United States and the Soviet Union than in the Common Market over the last decade.

North Sea Oil

North Sea oil resources belong entirely to the Member States having jurisdiction over them, the Commission said March 20 in answer to a written question from European Parliamentarian Lord Charles O'Hagan.

Member State exploitation of North Sea oil, the Commission said, would be subject to Common Market Treaty provisions on free movement of goods and the right of establishment.

North Sea oil reserves in 1980 could cover about 15 per cent of the European Community's oil requirements. The technical and economic advantages to the Member States having sovereignty over parts of the North Sea, according to the Commission, will eventually benefit the whole Community.

Tidal Power Plants

Tidal power plants will probably not do much to solve the European Community's energy problems, the Commission said February 28, answering a written question from European Parliament Members Willi Muller and Helmut Kater (Social Democratic Group).

Citing the Rance tidal plant on the French coast of the English Channel, the Commission said the amount of power generated from

such a plant depends on tides and lunar and solar cycles. Tidal power plants cannot be used at capacity for more than about 2,000 hours a year. A reserve production capacity to make up for drops in the plant's output could not be economically created, the Commission said. Furthermore, only the coasts of Normandy, Brittany, England, and Wales have the proper tidal conditions for these plants.

The Commission pointed out another disadvantage of tidal plants—their environmental danger. A marine dam several miles long could alter the landscape, affect hydrology and animal life, and endanger shipping, the Commission said.

Environment

Ecology subsumes all nation-states; there is one earth and one environment; all actions are interrelated. Thus, in the environ-

Polluter Pays

A communication and draft recommendation defining the application of the "polluter pays" principle throughout the European Community was sent to the Council by the Commission in March.

The "polluter pays" principle, accepted by the Council in approving the EC environmental action program July 19, 1973, states that individuals or firms responsible for pollution should bear the costs of preventing or reducing pollution to the level set by national quality standards.

The communication offers a broad formula for identifying polluters. Where pollution results from a production process or providing for a service, antipollution costs would be paid by the producer or service provider. In the

Natural Gas

A pilot project to produce a substitute high grade natural gas from coal on a commercial basis is underway in Scotland, the Commission said February 11, answering a written question from European Parliament Member Willi Muller (Social Democratic Group).

A coal gasification plant has been set up in Westfield to perfect the so-called normal Lurgi Process and to determine its economic viability. The project was designed to widen the range of types of coal used and to seek ways to overcome problems of methanization and purification of the gas produced.

mental field, perhaps more than any other, the EC "Nine" recognize the need for a common policy. Guidelines for that policy were adopted in July 1973, and steps are now underway to realize it.

case of pollution caused by the use of products (cars, tin cans, nonbiodegradable detergents, etc.), the costs would fall on the user, as a percentage of the product price.

Industrial polluters would be subject to levies to be used either to finance collective purification plants or to give grants to help polluters pay for the installation of treatment equipment. Firms unable to meet quality standards because of economic, technical, and social reasons would be given additional time to comply and may receive temporary Member State financial aid. The "polluter pays" principle would not apply to firms benefiting from aids granted under other EC policies (regional, social, research) which cover part of the costs they would normally have to bear.

Pollution Studies

Technical measures to prevent pollution in the European Community's iron and steel industry will be examined at an information session sponsored by the EC Commission, September 24-25. Results of research and study projects in this field will be reviewed and forecasts analyzed.

The Commission has also begun preparing a series of reports establishing criteria for evaluating the existence of noise and certain chemical pollutants in water and the atmosphere. The reports, covering such pollutants as carbon monoxide, lead, cadmium, mercury, and sulphur, will be completed this year.

Auto Exhausts

Automobile pollution in the European Community will be further reduced if the Council of Ministers approves a Commission proposal to tighten a 1970 Council directive limiting motor vehicle exhaust pollutants.

Social Policy

The EC "Nine," as stated in the 1972 Paris "Summit" communiqué, believe social achievement

Situation Report

Social and labor conditions are improving in the European Community, according to a February Commission report.

Economic expansion during the first half of 1973, according to the report, helped improve employment and lower unemployment. The job situation improved fastest in Britain, Ireland, Denmark, and France. Italy and Ireland had the highest structural unemployment

The proposal would lower permissible emission limits on carbon monoxide by 20 per cent and unused hydrocarbons by 15 per cent. Vehicles would have to keep within the new emission limits at any idle adjustment. According to the proposal, new types of vehicles built after October 1, 1975, would have to meet the new provisions as would all other new vehicles after October 1, 1976.

Research Program

The European Community's third five-year research program for technological prevention and control of pollution in the iron and steel industry was recently approved by the Council of Ministers. The Consultative Committee of the European Coal and Steel Community also approved the 10 million unit of account (UA) program. (One UA equals \$1.20635 at current rates.) Unlike the two earlier programs, research will be done on industrial water and noise pollution in addition to atmospheric pollution.

is as important as the achievement of economic and monetary union. A "European social union," in the words of German Chancellor Willy Brandt, is the goal.

according to the report.

Female workers are often no more than a reserve labor force, the Commission said. They are hired most often during times of high economic activity and the first to be laid off during a slowdown. Employment of young, aged, and handicapped workers also follows this pattern.

The professional and technical training of workers to qualify them for better jobs is being developed in many Member States. Systems

for maintaining workers' salary during training periods are becoming more widely accepted in the Community, the report said.

Anti-inflationary measures such as wage and price controls have had little effect on inflation, the Commission said. Therefore, the trend toward raising low salaries faster than high salaries tapered off in 1973. Housing is becoming more and more of a problem in the Community, since land and construction costs are high.

The Commission said the trend for more and more European women to work is moving faster than the Member States can adjust to changing family needs. As a result, there is the shortage of adequate day care centers.

The report said family allowances had been increased in Belgium, France, and Ireland, will go up in Italy, and are under study in Britain and Germany. Social problems confronting migrant workers, the Commission said, are far from being solved despite efforts by public and private organizations to provide additional social services.

The year of the British, Danish, and Irish accession to the Community was marked by important social security reforms in those states. National health services were set up in Denmark and re-organized in Britain, and social security benefits were extended in Ireland.

ESC Activities

In the first year since being given the right to initiate studies, the European Community's Economic and Social Committee (ESC) compiled three studies and delivered 75 opinions to EC institutions, according to its 1973 activity report. ESC was given the right of initiative at the October 1972 EC "Summit" meeting in Paris. Previously it could deliver opinions only when consulted.

ESC is divided into three working groups—employers, labor, and consumers. The 144-member body held nine plenary sessions last year.

The Committee's recommendations included a call for:

- coordinating European Social Fund and Regional Development Fund activities to remove regional imbalances
- representing "trade circles" on the regional aid-granting bodies
- creating an EC social policy which provides job security, reasonable incomes before and after retirement, and a healthy environment
- improving European Company Statute embodying worker participation and encouraging "technological progress and innovation"
- improving the common agricultural policy (CAP) by reviewing farm product price relationships, differences between farm and consumer prices, disparity of agricultural incomes and the consequences of increasing imbalances between milk and beef production, and speeding up modernization and integration of the CAP into other EC policies.

Conferences

Plans got underway at a February 18 meeting in Bonn, Germany, for two tripartite conferences on the European Community's social policy and on the economic effects of the energy crisis. Governments, institutions, and the management and labor sides of industry will participate in these conferences, which were requested by EC trade union organizations.

German Minister of Labor and Social Affairs Walter Arendt organized the meeting, which was attended by his colleagues from other Member States as well as Patrick Hillery, Vice President of the Commission, responsible for EC social affairs.

Agriculture

The Community's common agricultural policy (CAP) is frequently criticized both within the Com-

munity and outside (see page 10). Whether these criticisms are valid is the source of infinite argument, but there can be no dispute that the CAP has been one of the main vehicles in European integra-

Farm Prices Set

Farm produce prices will go up by an average of 9 per cent in the European Community in 1974-75, the Council of Ministers decided on March 25.

In the cereals sector, the target price for durum wheat was raised 15 per cent, common wheat 6 per cent, corn 6.5 per cent, and rice 6 per cent. Beef and veal went up 6 per cent and 4 per cent, respectively. The price of milk was increased 8 per cent. Sugar prices were raised by an average of 6.2 per cent, and tobacco went up 5 per cent. Olive oil prices stay the same.

The Council asked the Commission to report on the effects of Member State energy measures on agricultural competition. The Commission report, along with relevant proposals, should be completed before June 1. It will review the situation for every product, paying most attention to fisheries, horticulture, and other energy-dependent type farm

Guarantee Fund

The EC Commission's second financial report on European Agricultural Guidance and Guarantee Fund (EAGGF) expenditures, covering 1972, was sent to the Council of Ministers and the European Parliament in March.

The fund's guidance section spent 2.44 billion units of account (UA) for export subsidies and price support. (One UA equals \$1.20635 at current rates.) Cereal and dairy sector expenditures

amounted to 66 per cent of the total. Of the UA 997 million spent in the cereals sector, UA 616 million went for export subsidies. Dairy expenditures totaled UA 611 million.

EC Wheat Sale

European Community Member States will be allowed to sell up to 500,000 tons of stockpiled soft wheat, the EC Commission announced on March 8. Up to 200,000 tons of wheat can be exported to third countries, while 300,000 tons will be directed toward the Community's traditional wheat customers in the Mediterranean basin. The wheat will be for sale until May 31, 1974. Earlier this year, the Commission approved the sale of 185,000 tons of wheat to third countries.

New Forests

A five-year afforestation program costing 680 million units of account (UA) (\$820 million) has been proposed to the Council of Ministers by the EC Commission. The plan would improve existing forests, start new ones, protect agriculture, create employment, and cut European timber imports, now running at nearly \$5-6 billion a year. The European Agricultural Guidance and Guarantee Fund will reimburse Member States for a quarter of their forestry investments under the plan.

EC aid will cover 60-90 per cent of approved projects, with the higher proportions going to mountainous and other poor regions. Three quarters of the projects will be on land now used for agriculture.

Harmonization

To make the Common Market a true common market requires joint

policies in all fields. One method to achieve common policies is through harmonization of national laws and standards.

Mutual Recognition

Mutual recognition of professional qualifications throughout the European Community was the topic of a recent Commission proposal to accelerate freedom of establishment of self-employed persons. The draft resolution gave guidelines for future Council discussions of the problem.

The guidelines call for maintaining the quality of professional training in the Community while avoiding specific provisions, since Member State standards are already similar. The draft resolution also maintains that EC rules and procedures in this field should be made adaptable to new scientific and educational developments in the Member States. Additionally, the Commission called for setting up advisory committees of professionals and instructors to aid the Commission in its work.

Educational Market

A draft program to add a European dimension to education, increase mobility at all educational levels, and improve opportunities for migrant workers' children was sent to the Council of Ministers by the Commission on March 7.

The proposal defines EC education priorities and initial action. The Commission called for intensive EC-level efforts to improve foreign language teaching, encourage European studies at all levels, promote collaboration between higher education institutions, and investigate the possible extension of the idea of "European Schools." Six European Schools have been set up in the

original EC countries to provide children of European civil servants with an education transcending national language, customs, and attitudes.

As an initial step toward allowing free movement of teachers, researchers, administrators, and students throughout the Community, the Commission proposed holding a general hearing on mutual recognition of diplomas. Additionally, the program calls for developing pilot projects to enable teachers to gain experience in other Member States.

Children of migrant workers would be given a better chance at an education which would help them meet the standards applied in their home countries as well as integrate them into the society of the country in which they live.

Corporate Accounts

European Community investors will find transnational transactions easier if the Council of Ministers adopts the Commission's February 18 proposals to harmonize Member State laws on limited liability company annual accounts. The proposals would amend the Commission's November 1971 draft directive on harmonizing national laws on the content, publication, and methods of evaluating limited company accounts and management reports.

The amendments incorporate the European Parliament's recommendations and take into account the laws of the new EC Members (Britain, Denmark, and Ireland). They would

- add flexibility to company account formats

- define certain principles for evaluating assets
- broaden Member State powers to allow companies to use methods for valuing certain capital assets to show inflation effects (on the basis of replacement value, for instance)
- breakdown company turnover figures, dividing industrial and commercial activity results into separate categories.

Construction Codes

A report on goals and methods for harmonizing EC Member State building regulations is being prepared, at the Commission's request, by a group of national con-

struction industry experts, Altiero Spinelli announced in a February 2 speech. Spinelli, Commissioner responsible for industrial affairs, spoke at the opening of the Constructa 1974 Fair in Hanover, Germany.

He said the Commission was working with trade and industry representatives to promote an action program for the building sector. The program would: establish a common nomenclature and framework for granting Community-wide validity to estimates, harmonize existing Member State construction codes and rules, and encourage research for the economic development of the industry and human welfare.

People

Do men make history, or does history make men? Whatever the

answer, certain names stand out in Europe's long, hard march toward unity—Jean Monnet, Paul-Henri Spaak, Walter Hallstein, Jean Rey, Sicco L. Mansholt, and now . . .

Spinelli

The time has come for the European Community to decide whether or not it wants to maintain solidarity and joint identity vis-à-vis the outside world, Altiero Spinelli said in accepting the 1974 Robert Schuman Prize for his contribution to the cause of European unity (see page 16). Spinelli, EC Commissioner responsible for industrial policy, spoke at the Rheinische Friedrich-Wilhelm University, Bonn, Germany, March 12.

The Common Market, according to Spinelli, has met many setbacks and defeats recently. The Community's only recent positive successes have been the accession of its three new members (Britain, Denmark, and Ireland) and the fact that every black African State has sought negotiations for association with the Community.

Speaking on the lack of Member

State commitment to the principles of European identity, Spinelli said that Council of Ministers and Ministers' Political Cooperation Committee meetings have become periodical gatherings producing nothing. Decisions are postponed because each minister presents his own government's point of view and declares his inability to negotiate or compromise. The only EC institution capable of developing transnational groupings of political forces, Spinelli said, is the European Parliament.

Should the Heads of State or Government decide to move toward European solidarity, Spinelli recommended a declaration placing all matters of joint European interest in the hands of a democratically elected European Government. This would require ratifying a treaty containing a constitution for such a government.

Ortoli

François-Xavier Ortoli, President of the Commission of the European Communities, will become Chairman of the College of Europe's Administrative Board on September 1. Ortoli will succeed former EC Commission President Jean Rey, who has held the advisory post since 1964. Ortoli was named by representatives of the 13 European states which finance the College.

The College of Europe, founded in Bruges, Belgium, in 1949, is the oldest postgraduate institute for European studies. The courses and research program concentrate on the European integration process. Twenty-five nationalities were represented in the 1973-74 student body, 13 in the faculty. During 1973, the College overhauled its entire program, nearly doubling enrollment, enlarging the faculty, and broadening and reorganizing the course program.

Member States

All eyes in Brussels watched the February 28 general elections in Britain, although the EC Commission is independent from and uninvolved with domestic politics in the Member States. The British Labour Party, under the leadership

of Harold Wilson, had threatened to renegotiate EC membership terms if it returned to power. As it turned out, the Labour Party did return to power (see page 16). What will happen, of course, remains to be seen, but, in the meantime, two EC Commissioners sought to dispel the EC's current unpopularity in Britain.

Catalyst

In a March 8 address at Britain's York University, EC Commissioner George Thomson said the coming into office of the British Labour Government at a time of serious reappraisal of the European Community may act as a constructive catalyst for Europe.

Thomson, a cabinet officer in the previous Labour Government, said through EC membership Britain is able to buy food cheaper on the Community market than on the world market.

British Gains

Membership in the European Community has proved to be beneficial for Britain, Petrus J. Lardinois, EC Commissioner responsible for agriculture, told the Farmers Club in London March 8. Lardinois pointed out that problems such as inflation, energy supplies, unemployment, and balance-of-payments deficits affect the entire Common Market and can only be solved on a Community basis through common EC policies.

Correction

The name of H. Johannes Witteveen, managing director of the International Monetary Fund (IMF), was incorrectly used as the author of the article "Energy and Money" (*European Community* No. 175, pages 15-16). The byline of John Nielsen, an American freelance journalist based in Brussels, was inadvertently omitted. The article, which originally appeared in the February issue of the French edition of *European Community*, was Nielsen's interpretation of Witteveen's remarks during his January trip to the IMF's Committee of Twenty meeting in Rome. The article should in no way be taken as a statement by Witteveen or the IMF.

Community Calendar

MARCH

1 Commission proposes strengthened auto pollution standards (see page 7).

4 Commission discusses proposals for the Community's regional policy.

4 Council adopts a plan for wide-ranging cooperation between the Community and 20 Arab countries (see page 5).

7 Commission discusses a common energy policy and food aid to developing countries and reports that the Court of Justice has upheld its antitrust decision against the American Commercial Solvents group (see *European Community* No. 169, page 15). The Commission adopts a draft program for a common educational market, including mutual recognition of professional qualifications (see page 9).

8 Commissioner Petrus J. Lardinois, responsible for the common agricultural policy, addresses the Farmers Club in London (see page 10).

8 Commissioner George Thomson, responsible for EC regional policy, speaks at Britain's University of York (see page 10).

11 Commissioner Petrus J. Lardinois, returning from London, tells a Brussels news conference that renegotiation of British terms of entry into the Community is unnecessary.

11-15 European Parliament holds plenary session in Strasbourg, France. Debates cover common energy research, the value-added tax (VAT), the creation of a European university, and the alleged violation of human rights in Spain. The Commission also meets in Strasbourg in order to answer questions from the European Parliament.

12 Commissioner Altiero Spinelli

receives the 1974 Robert Schuman Prize (see page 9).

15 Commission rules that a British steel company's acquisition of a British distributing company does not violate EC antitrust law.

18 Delegates from major US business organizations and the Union of Industrial Federations of the European Community (UNICE) meet in Brussels (see page 4).

19 Commission requests Member States to take emergency measures to dispatch food aid to Niger.

19 Commission proposes a directive for animal protection.

19 Commission authorizes Member States to take protective measures against aphtous fever in livestock.

21 Council discusses the common agricultural policy.

21 Commission proposes that exceptional aid be given to developing countries hard hit by international monetary fluctuations. Proposals are also made for a common maritime law and for a common social policy.

21 Swedish Government asks the Commission to be included in the Community's nuclear fusion program.

21-23 Council of Agricultural Ministers sets farm prices for 1974-75 (see page 8).

21-23 US Special Representative for Trade Negotiations William D. Eberle meets with EC Commission representatives in Brussels.

26 The Consumer Consulting Committee holds its second meeting in Brussels. It asks the EC Commission for information on multinational corporations and price structures.

28 The Commission registers "indignation that a new series of arrests and deportations are taking place in Greece."

Puzzling Over US-EC Relations

Misunderstandings Must Be Cleared Up

JENS OTTO KRAG, *Head of the Delegation of the Commission of the European Communities to the United States*

Former Danish Prime Minister Jens Otto Krag became the EC Commission's Head of Delegation to the United States in January. In one of his first public appearances in this capacity, he addressed the Washington Institute of Foreign Affairs on March 20. An adaptation of his address follows.

That there is now a crisis in relations between the United States and Europe cannot be disguised. This is nothing new. Such a crisis has been under way for quite a while. If a specific date should be named as a start of the crisis, one could point to Secretary of State Henry A. Kissinger's April 1973 speech for a "New Atlantic Charter."

This speech was regarded by some people in Europe as an American attempt to link security and military policy with economic policy. It was feared that economic concessions by the European Community would be made a prior condition to US commitments for protecting Western Europe under the atomic umbrella and for stationing troops, aircraft, ships, and nuclear warheads in Western Europe. When this US policy was compared to an almost simultaneous policy of détente with the Soviet Union, it was seen by some people as the last step of an attempt to make Western Europe part of an American-Soviet condominium.

Evaluating these alleged US ulterior motives, one should take into account that such motives are in direct contradiction to the words used by Dr. Kissinger in his "New Atlantic Charter" speech. He emphasized that President Richard M. Nixon, after talks with political leaders in Great Britain, France, Germany, Italy, and other European nations, had aimed "to lay the basis for a new era of creativity in the West." He sought "a new Atlantic charter" to "deal with Atlantic problems comprehensively." According to Dr. Kissinger, "the political, military, and economic issues in Atlantic relations are linked by reality, not by our choice nor for the tactical purpose of trading one off against the other."

The United States further proposed that "by the time the President travels to Europe toward the end of the year [1973]" the new charter would be ready for signing, and asked "our friends in Europe, Canada, and ultimately Japan to join us in this effort."

CRISIS SHARPENED

The European reaction to the American initiative was mixed. First of all, Europe as such was not equipped to answer in a unified way to the various aspects of the American proposal. Hence the need was seen for two declarations: an Atlantic alliance statement dealing with security and a US-European statement on political-economic principles. Furthermore, the "Nine" wanted a definition of European identity. These demands sharpened the crisis. Some people in the United States had the im-



Jens Otto Krag, Head of the Delegation of the Commission of the European Communities to the United States.

pression that a European identity had to be defined in a way which created distance between Europe and the United States, a definition contrary to Dr. Kissinger's declared intentions.

The "October War" in the Middle East and the oil crisis, badly hurting European countries' balances of payments and energy supplies, resulted in a number of bilateral deals with oil-producing Arab countries to secure oil deliveries, often as barter arrangements for sensitive goods such as weapons. Such actions were seen in US Government circles as showing a lack of solidarity with American endeavors to stop the war, to find a lasting peace solution, and to secure Israel's existence. Naturally, such developments heightened mounting Atlantic tensions.

The United States felt it had to put its troops on alert around the world. This alert was decided without prior consultations with the West European members of the Atlantic alliance and, as far as Europe knows, without consulting Canada. Western Europe felt that this was a breach of the obligation to prior consultations between allies.

The February 11-13 Washington Energy Conference gave rise to dramatic encounters between French Foreign Minister Michel Jobert and the American representatives. The conference ended in a communiqué which for all practical purposes followed the American train of thought. Twelve of the 13 participants endorsed the whole communiqué, while France, with one voice,



"If a specific date should be named as a start of the crisis, one could point to Secretary of State Henry A. Kissinger's April 1973 speech for a 'New Atlantic Charter'."

dissented on two major issues. This result left bitterness in some European circles and raised the question of whether the Americans had deliberately tried to split the Nine. This suggestion was strongly refuted by US Government officials.

On March 4, the Nine unanimously decided on an initiative for political and economic cooperation with 20 Arab nations. The US Administration received this move like a slap in the face. Although some prior information had been received by the US State Department, reasonable prior information, permitting thorough consultations, had not been made. Further, the European initiative was viewed as an attempt to topple Dr. Kissinger while he, at great political risk, was shuttling back and forth in the Middle East trying to create a basis for a lasting peace and to lift the oil embargo. The US State Department feared that the initiative of the nine EC countries could be seen as a step which would encourage the Arabs to a sharper course—an additional risk for Dr. Kissinger's negotiation policy, which, if successful, would benefit Western Europe even more than the world at large.

HARSH BUT POSITIVE

Dr. Kissinger's remarks to Congressmen's wives on March 11 can only be seen as an academic exercise which was not intended for publication. Dr. Kissinger's textbook definition of the term "legitimacy" has nothing to do with whether or not European governments were created legally. Even if one accepts this lenient explanation and even though Dr. Kissinger publicly expressed regrets, the incident is still another link in the long chain

of misunderstandings between the powers on either shore of the Atlantic.

President Nixon's Chicago speech on March 15 contained some very harsh words, which will not be quoted here. I would, however, like to point out that it also contained some very positive terms concerning US-European relations. After saying that until the Europeans are willing "to sit down and cooperate on the economic and political front as well as on the security front, no meeting of heads of government should be scheduled," the President continued: "I believe we will work out the cooperation." After mentioning the main problems, he President said: "I do not mean to leave this question with the impression that the European and American alliance is shattered. It is not. I do indicate, however, that it is a time when Europeans as well as we must sit down and determine that we are either going to go along together on both the security and the economic and political fronts or we will go separately."

That President Nixon for the time being does not want to go to Europe is to be regretted, although it can be understood. His speech also indicates, however, that he wishes negotiations and constant Atlantic cooperation.

The US-European crisis, which has long been underway and to which a long array of statements and events have been added, cannot be as deep as given by the impression of words shouted across the Atlantic. None of the fundamentals, which so far have made Atlantic cooperation a necessity for both parties, have changed. US military forces in Europe protect first and foremost the United States and create at the same time a relative security for Europe.

CREATIVE SILENCE

Many factors have added to this crisis, but the most important of these factors stems from misunderstandings. Europe and the United States speak different languages. The dialogue across the Atlantic has for a long time given rise to more problems than solutions. The consultation machinery, which should be a safeguard against misunderstandings between allies, has proven inadequate.

Before President Nixon's visit to the Soviet Union in June, these misunderstandings should be cleared up. A pause of creative silence would undoubtedly help. This should be followed by new understandings made through confidential high-level talks.

Finding adequate and effective machinery for consultations is more important than signing declarations. New attempts at negotiations should not, however, be tried before the storm has blown over, and the haze of misunderstandings been removed.

Finally, a quote from an article by James Reston in *The New York Times* on March 6 should be added: "... the greatest danger to Europe is American frustration and isolation," not American supremacy.

Recent US-EC Differences Are Part of Changing International "Club" Life

DAVID BINDER, diplomatic correspondent, The New York Times' Washington Bureau

European Community regularly presents opinions on US-European relations. The opinions do not necessarily reflect the policies or views of the Commission of the European Communities. Beginning with the following article, the opinions will comprise a series called **Atlantic Forum**. Persons interested in contributing to **Atlantic Forum** may submit manuscript proposals to The Editor, European Community, Suite 707, 2100 M Street, NW, Washington, DC 20037.

The **Forum** series becomes ever more timely since there now appears to be, in the words of Jens Otto Krag, Head of the EC Commission's Delegation to Washington, "a crisis in relations between the United States and Europe" (see page 11). The crisis surfaced at the February 11-13 Washington Energy Conference (see European Community No. 175, page 8), in Secretary of State Henry A. Kissinger's March 11 remarks to Congressional wives, and in President Richard M. Nixon's March 15 address to Chicago businessmen. Here, an American journalist who has been a correspondent in Europe offers his view of the recent events.

To understand what is going on between the United States and the European Community, let us imagine that international life is conducted by a series of clubs—many of them with overlapping memberships. As in real life, some clubs ascribe their reason for being to the existence of another, opposing club: the case, for example, with the North Atlantic Treaty Organization (NATO) in the West and the Warsaw Pact in the East.

With the emergence of superpower nuclear parity and the beginnings of East-West détente, club memberships and alliances have become increasingly confused and blurred. Since the 1944 Bretton Woods Conference, for instance, there has been a kind of international (Western) currency club of doughty standing. Most members also belong to the General Agreement on Tariffs and Trade (GATT) club. Lately club elders have had to contend with such diverse phenomena as multinational corporations able to shift vast sums across borders with the speed of sound and the new money power of Japan and of the oil-producing Arab states.

There is the thermonuclear club of the United States, the Soviet Union, and China. Poking up on the horizon are a Moslem club, a Latin American club, an oil-producing club, an oil-consuming club, and, perhaps, a "Third World" club. On the Communist side of the world there are, in addition to the Warsaw Pact, the Council for Mutual Economic Assistance (COMECON) club for economic integration and the International Communist and Workers Movement for ideological affairs. Unsurprisingly, the Soviet Union, as the oldest nuclear superpower of the Communist lot, has set itself up as the arbiter of club membership. At present and for the predictable future, it is firmly excluding China, the younger nuclear power.

Carrying this analogy over to the Western side, let us con-

sider the United States as a founding member of the thermo-nuclear club, the NATO club, and the monetary and trade clubs. Too, the United States is ranking member in what may be called the Western industrial state club, a successor to the Western civilization and "Free World" clubs.

Finally, then, there is the nine-member European Community club, outgrowth of the six-member European Coal and Steel Community club and of that abortive band that never got a clubhouse back in the Fifties, the European Defense Community.

It is a large and rich club, the European Community, with a population of 253 million and per capita gross national product (GNP) of about \$3,000. It has the physical potential to become a nuclear-economic superpower. But it remains a peculiar entity in contemporary international club life because it lacks true leadership. Its decisions are at the mercy of the one member who says "No," "Non," or "Nein."

REVITALIZING THE CLUBS

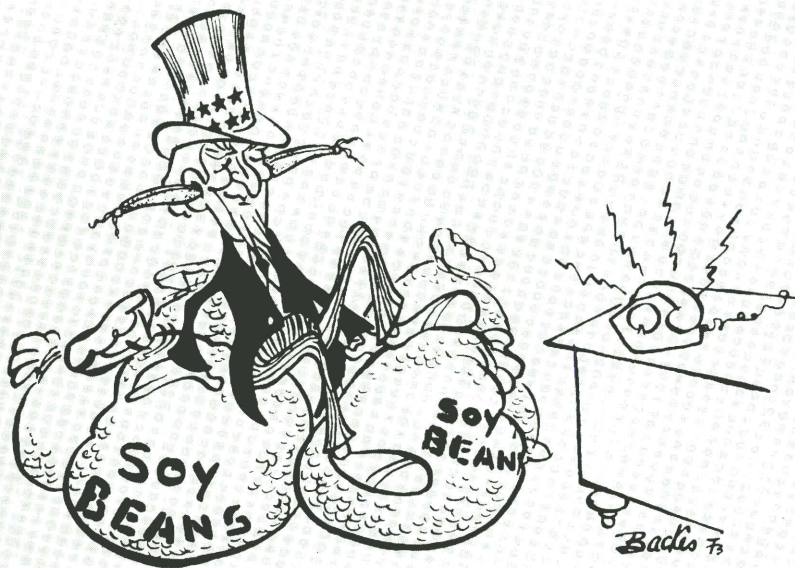
It was against this setting that Secretary of State Henry A. Kissinger made his memorable "New Atlantic Charter" speech on April 23, 1973, in New York, saying to the Western Europeans (and, by the way, to the Japanese): "We need a shared view of the world we seek to build."

He spoke in the manner of the chairman of a number of clubs, and what he seemed to be saying was that the clubs in which the United States was most interested had to be reorganized or at least revitalized to meet the challenges of coming decades. The point of the Atlantic dialogue he had launched, he said last October 12, was to consider "how the Western nations envisage the world in which they may want to live or may have to live over the next 25 years."

At the time of Kissinger's April speech, those of us who were observing the reaction in Europe had the overwhelming impression that most Europeans did not grasp what he was talking about—then or later. One early and scathing response from Herbert Wehner, the German Social Democratic leader, suggested that Kissinger's call to enroll the United States, Western Europe, and Japan in one great club was "the sketch of a monster."

Despite Kissinger's latterday assertion that he had "cleared" his concept in prior talks with French President Georges Pompidou, German Chancellor Willy Brandt, British Prime Minister Edward Heath, Luxembourg Foreign Minister Gaston Thorn, and Italian Premier Giulio Andreotti, a rereading of the April speech leaves one with a lack of clarity. What was driving him, and what drives him now? Why have he and President Richard M. Nixon been so harsh in condemning the West Europeans for failing "to cooperate" and in warning them of dire consequences? Both have spoken of the threatening revival of American isolationism. But was this all?

After all, the response of the "Nine," as it came out last July,



"An urgent call from Brussels." Backes, Donau Kurier, Germany.

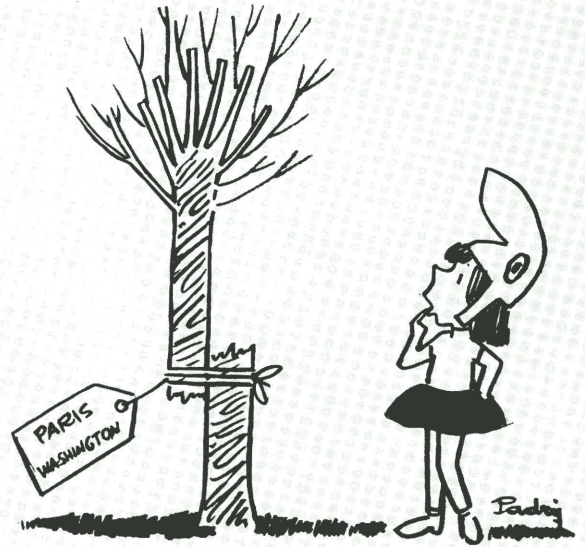


"Getting ready for the next round." Padry, Le Hérisson, Paris.

CARTOONISTS' VIEWS OF RECENT US-EUROPEAN DIFFERENCES



"Just a minute—I'm not dead yet!" Padry, Le Hérisson, Paris.



"What kind of fruit can we expect this to bear?" Padry, Le Hérisson, Paris.

was to take Kissinger's call as a stimulus to organize their club and to begin at last to develop an authentic European voice, a genuine European identity in addressing the United States. "All right," they seemed to be saying, "now we have a chance to prove that there is such a thing as 'Europe,' or at least the beginnings of such." They had already practiced some "European" approaches at the United Nations in the previous fall, during the monetary discussions of the winter, and at the Helsinki stage of the Conference on Security and Cooperation in Europe (CSCE) in the late spring.

UNWANTED RESPONSE?

This response was just what Kissinger did not want. He had been led to believe, he said—or led himself to believe—that the Europeans would come flocking to say in so many words: "Yes, let's all get together and face the problems of the 1980's and 1990's together." And, Kissinger believed, the whole exercise, the dialogue, would be finished by July 1973, or so. He and the President would fly to Europe and put a ribbon on the package, and the new club system would be fixed. Much later he admitted

that he had gravely "misjudged" the temper and intentions of the Europeans, particularly the French. He was plainly aggrieved.

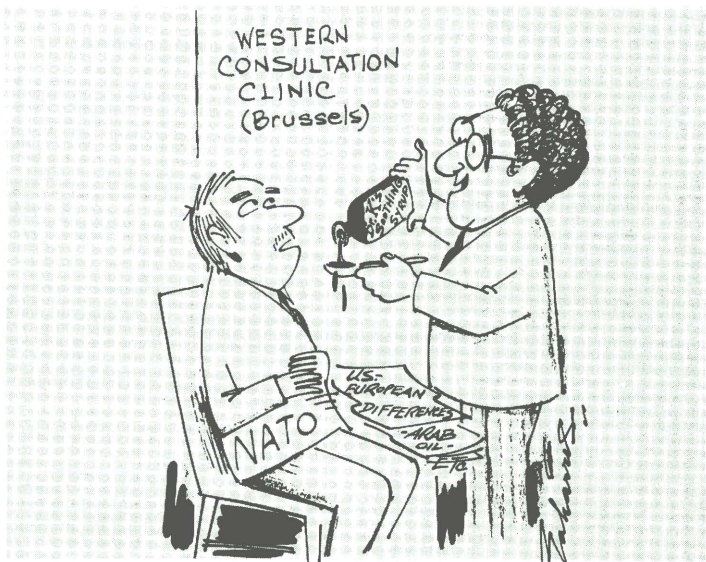
He was in effect saying, "Let's organize the world" (he recently called it "a new international system"). The Europeans were saying, "Let's organize Europe."

The Soviets were playing his game. The Chinese, too. The Latin Americans gave signs of cooperating (although they later rejected his call for a "new Western Hemisphere community" at the February conference of foreign ministers in Mexico City). Only the Europeans had flatly rejected his demand for "partnership"—again on French insistence.

Adding insult, the Nine developed and adopted their own policy toward 20 Arab states on the day—March 4—that he was in Brussels to talk about his latest Mideast adventures before the NATO Council (see page 5). After that came the US threats, private and then public, that the EC club could not have it both ways—with protection by US nuclear power in the NATO club and going it alone on political-economic matters. Still, neither Kissinger nor Nixon had offered a deeper reason for their anger,



"If this is 'The Year of Europe,' the sooner it's over the better." Holland, The Sunday Telegraph, London.



"This should be good for what ails you!" E. A. Harris, Rothco Original, Yonkers, New York.

for their warnings.

I, fresh from a long sojourn in Europe, confess that Kissinger struck me initially as a man obsessed. But, aside from the show-business of American politics, obsessed with what? Not until his repetition of the *leitmotif* of "nuclear holocaust" and "structure of world peace" had become familiar did I begin to sense what he was talking about. Then on November 21, at a press conference, in reference to the West European stance during the Middle East war, he remarked: "One cannot avoid the perhaps melancholy conclusions that some of our European allies saw their interests so different from those of the United States that they were prepared to break ranks with the United States on a matter of very grave international consequence. . . ."

THE ANATOMY OF MELANCHOLY

Melancholy is a European, an un-American, attitude, if you will. The United States does not have a society geared for despondency. Americans fight gloom the way they fight body odor. Kissinger, the American, fights his European melancholy with equal fervor, seeking "charters," "agreements," and "treaties" to

exorcise the feeling of despair. In the back of his mind are visions of Auschwitz and Hiroshima and Nagasaki. His is an apocalyptic vision, and those who do not share it make him melancholic.

In more practical terms, Kissinger's is less a fear of Soviet or Chinese power, whose external limits and internal preoccupations he knows, than a fear of the "in-betweens"—the half-powers that may become whole powers. He has said that he is less worried about Soviet penetration of Latin America than he is about the spread of nonalignment and neutralism in the southern part of the Western Hemisphere. By the same token, he sees maintenance of US forces in Western Europe in part as a shield against the spread of neutralism on the Continent.

Neutralism is what his melancholy is about, it would seem, and what his "Atlantic dialogue" is about. He wants the West Europeans to share his *Weltanschauung*, if not his melancholy. He wants them to share his view of how the clubs should operate too: the energy club; the trade club; the monetary club, and the security club. In the case of the European Community, he wants its members to feel inspired to "cooperate" and "consult" with the United States on all these club matters together and regularly. He feels that, as the chief dues payer for West European security, the United States has a right to sit in as an honorary member on the European club's decision-making sessions.

However, it must be clear to Kissinger, the melancholic visionary, that the European "Nine" are not going to be worth much as a US "partner" until they find a way of becoming "Europe." Meanwhile, the strong United States can fare well enough in the world, doing its superpower things, with a weak Europe more or less at its side. The Middle East crisis gave evidence of this.

In early March after the Brussels embarrassment, Kissinger mused about the possibility of a US showdown with France, which he felt was fundamentally "hostile" to American policy. He considered the peril of splitting other West European governments down the middle between those who sided with Paris and those who sided with Washington. For him it was a long-range consideration, perhaps a matter of as many as six years. He also pooh-pooed the idea of competition with France, for instance, in the Arab world, saying France couldn't match the United States in a million years.

So, what is to become of the Western club?

On March 15 in Chicago, President Nixon said he would refuse to participate in "papering over" US-European differences in concert with other heads of government. He is not at the moment, the strongest President the United States has known. Neither are the leaders of the Nine manifesting much strength, individually or in concert. But the United States is strong, and Western Europe is, well, not strong. Nixon and Kissinger can easily afford to "paper over" the difficulties and the melancholy. They probably will, and it won't hurt international club life one bit.

Crisis Politics

Cabinet Shuffles, Frequent Elections, Minority Governments, and Coalitions Become the Rule in the "Nine"

RICHARD C. LONGWORTH, *European diplomatic correspondent for United Press International*

As the European Community faces a "state of crisis" (see European Community No. 175, pages 8 and 12), so too do many of its individual Member States. Whether the chicken or the egg came first is, of course, moot, but the crises are mutually reinforcing and also have an impact on US-European relations (see page 15). Here, an American journalist based in Brussels presents an interpretive primer on European politics.

As though by malevolent design, progress toward a united Europe has slowed at the moment that the Community's nine member governments appear too weak to act separately.

"Parliamentary democracy in Western Europe is struck with crisis," Norwegian Premier Trygve Bratelli said, speaking both for Norway and for the "Nine." And in the EC Commission, Altiero Spinelli, one of the last keepers of the European federalist faith, described the union to which he has devoted his life as "the Europe of bureaucrats, the Europe of secret sessions, the Europe of perpetual intergovernmental negotiation, the Europe of the refusal of democratic participation. . . . The European venture could well turn out to be one of the many political ventures that break down before being fully realized. . . . Europe, which should and can emerge, nonetheless is in the process of destroying itself."

Gloomy words, which cannot be taken totally at face value. No one in Brussels anticipates the collapse of the Common Market, or the breakdown of the customs and agricultural unions, or even the withdrawal of Britain. No barricades block the streets of Europe, and no parliaments or presidencies have been abolished by men on horseback. If the people are turned off by the political system itself, they do not show it by their voting turn-outs (70-80 per cent).

STARTLING FACT

But neither is the situation healthy, either at the national or Community level. To cite one startling fact—not one member of the Nine has a one-party majority government. Instead:

- British Conservative Edward Heath chose to test his Government's strength against the coal miners at the polls on February 28. The voters rejected him, and Britain found itself, after a weekend of indecision, with a minority government led by the Labour Party and Harold Wilson. The balance of power rested either with the Liberal Party, which refused to join a coalition, or with a band of Celtic nationalists, who were not asked. British commentators wonder how long Wilson's Government will last.
- Simultaneously with the British governmental crisis, Belgium and Italy went through government crises. Belgium's ended with an election that left the Catholic parties slightly stronger, the Socialist parties slightly weaker, and the age-old French-Flemish problem basically untouched. In Italy, Premier Mariano Rumor formed a new three-party coalition, Italy's thirty-sixth govern-

ment since 1943, that was immediately menaced by the divisive May 12 referendum on repeal of the three-year-old divorce law.

- French President Georges Pompidou clearly is not in the best of health, although whether his ailment is critical or only an uncomfortable arthritis is the topic of perennial Paris debate. In the uncertainty, Pompidou's ministers jockey for the succession. The President himself seemed to be playing games with them when, in early March, he fired Premier Pierre Messmer in the morning and rehired him in the afternoon at the head of an almost identical cabinet. *Le Monde* called the sleight of hand "a joke," and a public opinion poll showed 36 per cent less confidence in the new Messmer Government than the old one.

- Proportional representation has gotten out of control in Holland, where there are five parties in the government and 14 in Parliament. The present government was formed last year after a record crisis of 165 days. (See *European Community* No. 168, page 18.) Although the caretaker government of the time had no mandate to make major decisions, the country ticked along just fine—a common experience in the Benelux nations, where able bureaucracies keep public life running efficiently.

- Denmark made headlines late last year when it turned out its Socialist-led government and so divided its vote that the Liberal Democratic Party, which heads the new coalition, got only 22.3 per cent of the votes. But the most startling aspect of the election was the fact that a new party named the Progressives, formed barely two years earlier, got the second highest vote total—15.9 per cent. The Progressives are led by Mogens Gilstup, a controversial lawyer who boasts that he pays no taxes, wants to abolish Denmark's foreign service (except for the Brussels embassy—he is an EC supporter), and says he is serious when he advocates replacing Danish defenses with a single telephone number that would tell callers in Russian, "We surrender." The vote for Gilstup was clearly a protest against the system as a whole.

- It has become a truism that, 29 years after World War II, Germany has emerged as the strongest, most stable government in Western Europe. But latest reports from Germany are disquieting. Chancellor Willy Brandt is under attack for concentrating on foreign affairs to the neglect of domestic matters, while a far-left bloc increases its influence in his Social Democratic Party. Rumors spread that Brandt is bored and will step down. When the Social Democrats lost their majority position in their Hamburg stronghold, Finance Minister Helmut Schmidt, a Hamburg native and a leading contender for Brandt's job, said too many voters believe that "our party now pays more attention to the interests of young academicians than to those of working men."

- Although politically stable, neither of the two remaining EC countries, Ireland and Luxembourg, has a majority party in their respective legislatures.



"European movement. . . ." After a painting by Pieter Bruegel. Behrendt, Het Parool, Amsterdam.

As in all political situations, specifically local causes lie behind many of the governments' problems. German voters seemed disillusioned with Brandt's *Ostpolitik*. Taxes take an average 50 per cent from each Dane's paycheck. Britain groans under record deficits and, at the time of the election, three-day work weeks.

There are also problems common to all the EC countries, and they show no sign of going away. First and foremost is inflation, which eroded real incomes at an average rate of 8 per cent last year and, according to the Organization for Economic Cooperation and Development (OECD), will go up by some 12 per cent this year. Governments have lost credibility through their failure to deal with inflation. The Common Market, collectively, has so far proved unequal to the task, trying in 1972 to cure inflation by proclamation and in 1973 by a collection of recommendations that the Member States, having made them, proceeded to ignore. Indeed, France and Italy have chosen inflation over unemployment as the lesser of two evils. Yet the Common Market is, after all, a mechanism for coordinating economic policy. Many Brussels Eurocrats fear that, if it flunks this basic test, it will never again be taken seriously as anything more than a paper mill.

Another common problem is the oil crisis, which hit the Community before it was prepared to cope with it. The Commission predicts stagflation in Europe this year, but the Nine have been unable so far to do anything to meet the threat. Instead, the most incisive action so far has come from the Washington Energy Conference (see *European Community* No. 175, page 8)—and, with France boycotting the conference's work, it was not the Community's finest hour.

The sad fact is that the crises within the nine governments reinforce the crisis in the Community, and vice versa. The European Community is still less than the sum of its parts. When its member governments needed it, it has often proved too weak to help. This, in turn, has sapped the governments' strength and left them preoccupied with their troubles at home. There is no

strength or will left over to move forward toward European unity. "National problems are more important than European ones," says the French newspaper *Combat*.

European economic and monetary union is a case in point. Had a substantial reserve fund been set up earlier, it might have helped avoid the present monetary drift—three of the four major EC currencies (the pound, franc, and lira) floating against the others (see *European Community* No. 175, page 17). But the fund was not there to help and, with the currencies floating, the Nine have been forced to postpone any new action toward the goal of economic and monetary union by 1980.

WHETSTONE OF ADVERSARY

There is a school of thought that says European unity must be sharpened on the whetstone of a common adversary. The Soviet Union no longer fills this bill, but the United States was being prepared for this role. Certainly, the dollar's dive, the coming world trade talks, and last year's soybean embargo offered ample scope for a hostility on which most Europeans could agree. But the French, who were dealing this hand, overplayed it, especially at the Washington Energy Conference. As a result, France ended up isolated, while the other eight EC countries lined up with the Americans.

Spinelli spoke with disgust of this "absurd" European posture toward Washington. The Community, he said, "has so far refused even to try to form a global vision of European policy vis-à-vis our main world partner. We always prefer to appear vassals, sometimes docile and at other times rebellious, but still vassals."

The democrats, federalists, and Atlanticists who rebuilt Europe after World War II and framed both the Community and the Western alliance are, like Spinelli, growing old. The new generation of leaders seems to think more along nationalist lines; despite the rhetoric of the Nine's "European Identity" statement last December at the "Fireside Summit" (see *European Community* No. 173, page 6). With the exception of Brandt, there is no towering figure among these men. The European press has begun to bemoan this shortage of "statesmen" and to contrast the politicians of today with the Adenauers and Schumans of yesterday.

The worry is growing that the Community—and possibly Continental democracy—are "fair-weather phenomena," as the Commission put it in its recent declaration on the "State of the Community" (see *European Community* No. 175, page 12). Certainly, valuable time was wasted during the prosperous years in the building of Europe. As a result, economic turbulence has struck before the Community is ready to meet it. With no core of unity to sustain them, the Nine are left to ride the storm alone. The other, more optimistic, view is that the Community will face the present crisis as it has others in the past—as a challenge worth the fight for a united Europe.

800 Million Poor

New Aid Programs Go Directly to "Third World" Farmers

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

Once again the late fall rains have failed in the sub-Sahara regions of West Africa (the Sahel), and specters of drought and famine have reappeared. Again, developed countries and international aid agencies, including the European Community's European Development Fund (EDF), are planning emergency programs to save the lives of men and animals.

Last year's drought in the Sahel, which took the lives of an estimated 100,000 people and wiped out some 70 per cent of the livestock (see *European Community* No. 168, page 6), was seen as an unfortunate but cyclical and predictable phenomenon. It was worsened, however, by years of erosive farming techniques that had denuded the land of what little organic content and moisture-retention capacity it once had.

Agronomists had repeatedly warned of the dangers of over-cultivating subsistence crops. But rapid population increases, the extension of cash crop farming (particularly of groundnuts), and the antiquated natural grazing of livestock (instead of fodder-farming) continued to drain the land.

Today, however, not only in the Sahel but throughout the "Third World," development specialists are introducing a revolutionary program called "integrated rural development." Basically, it aims at increased agricultural output under controlled conditions among peasant farmers heretofore unreached by foreign assistance projects. In turn, it calls for a fundamental change in the lives and habits of what a report from the Organization for Economic Cooperation and Development (OECD) Development and Assistance Committee (DAC) estimates at "over a billion and a quarter people scattered over enormous expanses and hard to contact let alone subject to continuous persuasion, education, and help."

EUROPEAN ENGINEERS

Central to the program are a number of West European consulting engineering firms, some linked to governments, others independent, but all experienced—and dedicated—in years of rural development work at project level. On February 12-13, representatives of these companies assembled at a seminar in Washington which they had organized under the sponsorship of the parent association, the European Council of Consulting Engineering Firms (CEBI). Meeting at World Bank (International Bank for Reconstruction and Development, IBRD) headquarters, they exchanged views with Bank officials and discussed field experiences in integrated rural development programs. The many projects which the firms have undertaken have been financed by not only the World Bank and its soft loan agency (the International Development Association) but also other multi-lateral foreign aid agencies, including the European Community's EDF, as well as individual country donor programs.

At the World Bank's annual meeting, last September in Nairobi, Bank President Robert S. McNamara pointed to the "absolute poverty" of the 70 per cent of developing countries'

populations that live in rural, agricultural areas. He proposed that aid be channeled directly to these 800 million poor. In the past, billions of dollars in foreign aid had gone largely into developing countries' industries and supporting infrastructures (such as transport and energy). But capital-intensive industries do not necessarily spill-over into labor-intensive agriculture, and industrial growth does not automatically mean national growth and broad distribution of national income.

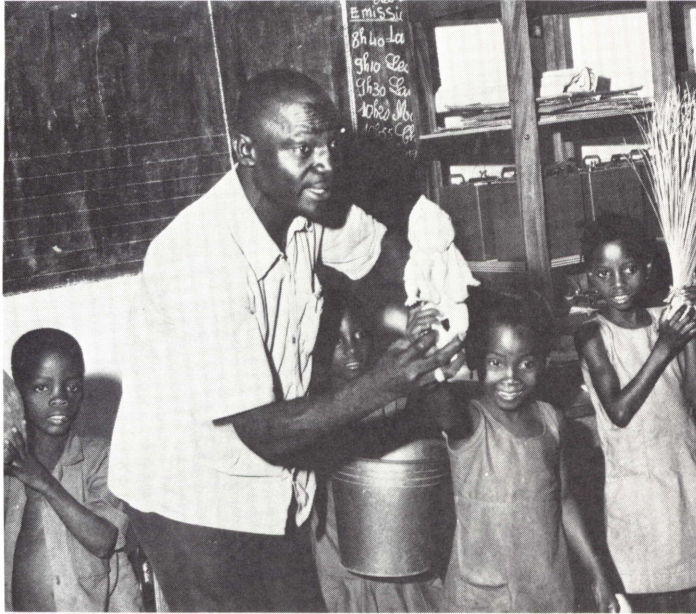
According to projected data released at the February seminar, the Bank institutions will increase lending to agricultural projects for a total of \$3.7 billion during the next five years. This sum will approximate an annual average of \$800 million, compared to a yearly average of \$167 million between 1962 and 1970.

EDF AID TO AGRICULTURE

The European Development Fund has also announced that its allocation of funds to the rural sector in the 19 African Associates, among others, will have been increased from 20 per cent to

Palm oil plant nursery in Toumangie, Ivory Coast. International aid helps develop such projects, which diversify and increase agricultural output and raise the standard of living in rural areas.





A basic objective of international aid—"functional literacy among the peasant farmers."

40 per cent during the current aid-giving period ending in 1975. A recent EDF publication says:

"Agriculture continues to occupy the first place in the economies of the Associated States and it is in this sector that priority is given to raising the standard of living of the mass of the population. Water supplies in the villages must be developed, methods of cultivation and livestock breeding improved, and marketing made more efficient."

In the past, agriculture assistance projects favored the more advanced farmers and plantation owners. They were better placed, equipped, and qualified to take advantage of new farming techniques developed in research centers, particularly the new high-yield rice and wheat seeds of the "green revolution." It was assumed that other, poorer farmers in the Third World would follow suit. Now, however, according to one expert at the February seminar, "It seems important to us to aim directly at the poorest farmers rather than hope for a hypothetical transmission effect."

That, in more recent years, is what the consulting-engineering firms, contracted by recipient governments and financed by aid agencies such as the EDF, have done—setting up projects in areas where the more disadvantaged farmers live. The firms have conducted regional area studies, often by aerial photography and soon perhaps through satellites, for a broad view of agricultural potential. They have brought drainage skills for modern irrigation systems and taught farmers personally or through pilot farm projects. They have established demonstration courses to teach farmers line-sowing, fertilizer application,

and weeding. They have helped the peasants to establish cooperatives for the joint purchase of modern machinery and to take advantage of credit services, communal storage, and marketing techniques. Above all, they have trained local counterpart specialists to carry on after they depart.

PSYCHOLOGICAL ADJUSTMENTS

Psychologically, the farmers had to be convinced of the modern techniques' worth. The consultants found that farmers refused to adjust to new productivity methods unless they saw at least a 50 per cent increase in annual production. These methods included rotating crops for soil efficiency and mixing food crops with cash export products that would (perhaps for the first time) bring in cash income.

An interim report by one of the consulting companies noted that developing countries' food imports, especially rice, had risen in recent years to meet fast-growing demands caused by annual population increases of 3-5 per cent. To meet this increased local consumption, new strains of food crop seeds of sorghum and millet, developed by national research stations, were introduced. Rice growing with improved genetic seeds took on a new importance.

The European Development Fund has financed rice growing projects, with modern technological inputs, in West and Central Africa and in Madagascar. For one such program on the east and west coasts of Madagascar, 30 specialists advised 80,000 peasant farmers on rice production. The Japanese system of using nursery lots and line transplantation, together with modern tending and harvesting implements, were introduced. In the third year of the program, an annual increase of 50,000 tons of rice was achieved.

Another boon for rural development in the poorer countries is the expanding market demand for cotton at attractive prices. The French trade journal *Techniques et Développement* reports that the 1972-73 world crop was a record 12,800,000 tons. While China and India, along with the Soviet Union and the United States, accounted for 70 per cent of the total, smaller, developing countries substantially increased their share. As an example, four Central American countries doubled their production that crop year, and African states, such as Egypt and the Sudan, increased output threefold. The trend can be expected to continue, the journal said, in view of developing countries' growing demand for the natural product, which now, given high oil prices, competes favorably with petroleum-based artificial fibers in the world market.

FUNCTIONAL LITERACY

Although seminar conferees agreed that no universal formula could be used for rural development and that each region and project had to be planned and administered individually, one objective was seen as basic—functional literacy among the



Husking coconuts at a government research station in Port-Bouet, Ivory Coast. Research in the Ivory Coast, aided by the World Bank, has led to the development of an early-maturing and high-yielding hybrid coconut palm.

peasant farmers. Without that, training was difficult, if not impossible. One successful project, described by René Dumont, a well-known French agronomist, is taking place today in Mali, West Africa.

There, 2,500 functional literacy classes are conducted each year for a total of 100,000 children and adults. Within a year, peasants learn to read, write, count, and generally grasp the basics of farm economics. The 2,500 teachers, themselves mainly graduates of previous courses, are unpaid volunteers. The school buildings are constructed by villagers without pay.

Dumont advocates substituting such functional literacy schools for the conventional education systems, usually modeled after European colonial school systems—which failed to train enough students for the technical jobs in development and produced at the higher levels a bare minimum of graduates, often belonging to the population's elite. Dumont would, in fact, enlarge the present village literacy schools to combine teaching with manual work on school truck gardens and farms. In this way, whole village populations would be brought to a new understanding of modern agricultural techniques.

As an additional advantage, functional literacy helps rural dwellers to form farm cooperatives. Cooperatives offer joint action in training, community-shared equipment, credit at fair terms, advantageous markets for produce, and protection against dishonest leaders and visiting middlemen.

Reports published in 1972 by the United Nations Institute for Research and Development (UNITAR) in Geneva describe the history and make-up of farmers' cooperatives in developing countries. Originally, the cooperatives were exclusively colonial settlers' organizations. Now, however, they have assumed high socio-economic importance in the rural societies of developing

countries. Government attempts to make them paternal or political bodies are often fiercely resisted. During the Sixties, cooperatives were blatantly exploited by some administrative personnel and middlemen. Payments to farmers for their cotton after marketing were often not honestly shared or not made at all. More recently, although improvements have been made, some seminar representatives felt much more could be done.

THE HUMAN SIDE

One UN report describes the birth of fishing cooperatives in Ghana. The report also illustrates the human side of rural development.

Ghana, one of the developing countries discussing in Brussels possible association with the European Community, is neither the poorest of developing countries nor among the richest. With a population of over 9 million, gross national product per capita averages about \$250 a year. Ghanaians are the world's leading producers of cocoa—now a gratifying foreign currency earner. For the Ghanaian, cocoa-cropping is a prestigious enterprise—much loftier than, say, fishing. And herein lies a poignant twist to the project report.

During the Sixties, a high dam, financed by multilateral aid agencies and the local government and supervised by several European consulting-engineering firms, was built on the Volta River. The objective was to create new energy and irrigation sources. With apprehension, local farming families watched the waters of the artificial lake cover their fertile farmland and cocoa crops along with houses, villages, and arteries of communication. Arrangements had, of course, been made to resettle the farmers, and about 80,000 actually were moved to 50 new villages.

But there was another purpose for the lake—fish. The government, which hoped to replace costly imports of carp with stocks from the lake, tried to change the local farmers into fishermen. The farmers resisted. Not only did fishing have a social stigma, but the peasants, with the exception of a minority group called Tongus, simply did not know how to fish commercially and could not see any monetary advantage to be had in any case.

The project administrators brought in modern equipment, including motor boats and nylon nets, which greatly impressed the Tongus, who had been using canoes and traps. The others expected, the report stated, that the government should do the fishing for them.

Eventually, after much persuasion and training in catching carp the modern way, more and more of the farmers took up the new profession. They were helped to create fishing cooperatives. They found a new way of life, including jolly meetings during the fishing season and marketing trips to distant towns. They also found themselves with more income than ever before. In a single year they caught and marketed more than 20,000 metric tons of fish. In previous years the haul had been 6-7 tons.

China and Europe

People's Republic Applauds EC Unity

DICK WILSON, a British author specializing in Asian affairs.

*As President Richard M. Nixon's 1972 "China trip" heralded a new era in US-Chinese relations, so too have the People's Republic's relations with Europe been changing in recent years. There follows an analysis of EC-Chinese relations, reprinted with permission from Commonwealth magazine. Commonwealth, published six times a year, is available on subscription from the Royal Commonwealth Society, Northumberland Avenue, London WC2 N 5BJ. Dick Wilson, whose most recent books are *The Long March* and *The Future Role of Singapore*, is the former editor of the *Far Eastern Economic Review* in Hong Kong and the former financial editor of the *Straits Times* in Singapore.*

Secretary of State Henry A. Kissinger observed to a colleague after one of his visits to Peking that Chinese Prime Minister Chou En-lai showed a better appreciation of European problems than any European leader did. No flattery was intended. The leaders of the West European nations have, in a sense, been over-protected by the US postwar umbrella and have come to be almost fully absorbed by their internal problems—culminating in their belated attempt to unite into a single European Community.

The view of the West European situation as seen from the distance, both geographical and ideological, of Peking could, as some thoughtful Europeans concede, be more realistic than that seen through rose-tinted spectacles nearer home. To be specific, West Europe is in danger of losing its American protection at a time when Soviet expansionism is not yet proved to be dead and when the West European defense system is neither strong enough nor coordinated enough to offer a credible deterrent to Russian power.

This kind of talk is unfashionable in détente-conscious West European capitals, where attention is devoted to cementing reconciliation with the Soviet "bear" and relaxing the tensions which have gripped the continent since the days of Hitler.

But the Chinese Communist leaders, devoted students of European politics in their youth, have been through the fire of Soviet hostility. They see in West Europe a rich prize for Russian expansionism, and because of this common enemy they look forward to the day when the West Europeans will sink their petty nationalistic differences and form a new center of power to vie with the United States and the Soviet Union. "America and Russia," said Chou En-lai to some visiting Dutch parliamentarians in the middle of 1973, "are not to be trusted; Europe must build up her own strength."

EC ENLARGEMENT WELCOMED

China thus officially welcomed the accession of Britain, Denmark, and Ireland to the Community in 1973. As the Chinese Premier put it to French President Georges Pompidou during the latter's visit to Peking in September 1973: "We . . . support the peoples of Europe in uniting themselves to support their sover-



The late French President Georges Pompidou (left) and Chinese Premier Chou En-lai wave to young dancers in Shanghai during the former's September 1973 visit to China.

eighty and independence." He went on to comment that "the cause of European unity, if it is carried out well, will contribute to the improvement of the situation in Europe and the whole world."

But the Chinese interest in the Community is as a potential vehicle for European political and military unity. The People's Republic has not yet sought diplomatic accreditation with the Community and not made any approaches for commercial negotiations with it—although trade is the one external area in which national sovereignty has been to some degree submerged in favor of the EC Commission in Brussels.

There is a Chinese Embassy in Brussels, although its leaders are not fluent French-speakers, and some of its members have ventured into the EC Commission building. On one occasion a group from its commercial section called on Roland de Kergolay, a deputy director general for external relations under EC Commission Vice President Christopher Soames, and apparently inquired about some aspects of EC external relations, both political and economic.

China already has bilateral trade agreements with two of the EC "Nine," namely Germany and Italy. These agreements will expire at the end of 1974. Any extension of these arrangements and any negotiations aimed at facilitating China's commercial exchanges with any one of the Nine will henceforth have to be negotiated with the EC Commission. Thus, China is regarded in "Eurocrat" circles as about to join the lengthening list of countries seeking formal trade agreements with the Community—a list which includes Malaysia, Pakistan, Bangladesh, Sri Lanka, Singapore, several Latin American states, Japan, and possibly in the near future some East European nations.



A "peace delegation" from the People's Republic of China arrives in Rome last year.

SECOND MOST IMPORTANT TRADING PARTNER

The Community as a collective unit is in fact China's second most important trade partner, yielding only to Japan in terms of value of exchange with the People's Republic. In 1972, China-EC trade reached a record \$840 million, representing almost one-sixth of China's global trade, which incidentally yielded to Peking a useful \$48 million surplus. During the first half of 1973, substantial increases in this trade indicated a likely total for the year of some \$1.2 billion, a good 40 per cent more than in 1972. There is good reason, therefore, for the Chinese to preserve this growing market for their goods and their commensurate opportunities to purchase European technology and equipment.

The immediate threat to their position is the same as that which worried India and the rest of the Asian Commonwealth, namely a deterioration of their stake in the British market following Britain's adherence to the EC Common External Tariff and Common Agricultural Policy.

With India, the main worry was over jute and tobacco; with China the anxiety lies over rabbit meat, honey, tea, plywood, porcelain, and shoes. On all these commodities the Chinese will have to climb a higher tariff wall into the United Kingdom—while their chief competitors (in Africa, in the Mediterranean, and among the former European Free Trade Association bloc) simultaneously gain varying degrees of tariff preferences.

India is to be "compensated" principally by amendments to the Community's complex generalized preference system for developing countries, to include export lines of particular in-

terest to India, and last December the two parties signed a commercial cooperation agreement (see *European Community* No. 174, page 6). China is not a beneficiary of the Community's generalized preference system, but now that Romania has been granted these preferences, there would seem to be no compelling reasons why China should not also qualify.

For this kind of arrangement and for any tariff changes which the Chinese might seek from Europe, a negotiation of some kind with the EC Commission would be necessary. At a later stage, if Peking were eventually to move towards acceptance of long-term credit on anything other than a project basis, then that would involve the Community as well as bilateral discussions with one or more of the Nine governments. One of the questions which the Chinese in Brussels have asked the Commission is whether an industrial project which they are commissioning from a consortium of firms situated in various EC countries involves the Commission in any way.

MYSTIFYING PHENOMENON

But the commercial consideration is the least significant in China's appraisal of this somewhat mystifying phenomenon—a Community of nine countries which professes to be working towards economic and monetary union and is exhibiting an increasing tendency to coordinate at least some aspects of foreign policy, but which technically remains a loose cooperative of sovereign states. Chou En-lai has embarrassed recent European visitors to Peking by his public assumption of an anti-superpower motivation on the part of the West Europeans.

While the Europeans are, beneath the skin, keen to assert their independence from—and equality with—the two giants on either hand, the Soviet Union and the United States, the Europeans have not quite made up their minds whether they want to pay the price for superpower status. To compete with Washington and Moscow for world leadership would entail unpleasant surrenders of petty national sovereignty by each of the Nine, as well as a cash outlay for the military muscle which the role would require. Public opinion in Europe, especially among the young, is unsympathetic to state activity, whether domestic or international, and most people would prefer to go on conciliating the Soviets under the cosy warmth of the American mantle. Even French Gaullists do not want the Americans to withdraw from Europe.

So China's exhortations and applause from the sidelines are, at best, ineffective and, at worst, embarrassing. But there is a body of opinion in Europe that holds in the long run the Community will be forced into the superpower game and that China would be its natural ally or partner in preventing Soviet expansion and maintaining a stable power balance across the Eurasian land mass from Brittany to Siberia. There are even those in Europe who predict a world in which stability, in the face of turmoil in the southern hemisphere, will be underpinned by an

informal understanding between the five "northern" power centers: the United States, the European Community, the Soviet Union, China, and Japan—constituting a "directoire" of the kind which came to manage the French Revolution at the end of the Eighteenth Century.

A DILEMMA

This line of thinking places China, of course, in a dilemma in the sense that Peking claims to support the rights of the "Third World" against the bloodsucking capitalist West, as well as to fly the banner of true Marxist socialism against the hypocrisy of the Soviet revisionists. It should be noted, therefore, that the Chinese distinguish between the national and class configurations in the European Community. When the British House of Commons endorsed Britain's entry into the Community, the *Peking Review* commented that "with growing financial and economic deterioration at home, the British monopoly class is hard at work to find a way out through participation in the Common Market so as to speed up its exploitation of the working people."

To the European Communists, who oppose the Community, the Chinese explain that it is for the European proletariat to

throw off his own chains, that China has for the time being to deal with Europe as it is, and that global strategic considerations make it clear to China, at least, that a strong Europe would be valuable insurance against the extension of Soviet hegemony of the kind witnessed recently in Czechoslovakia.

The Americans also view the European Community with mixed feelings. It was they who gave the pioneers of West European unity crucial postwar encouragement with the Marshall Plan, and they would welcome the reduction in their defense effort overseas which a full European union would facilitate. But the present halfway house is irritating to them, involving in one American view the maximum commercial disadvantage to the United States with the minimum political-cum-security advantage. The Russians are hostile, seeing the Community as a blow to their chances of playing the West European states off against each other and as eventually threatening the Soviet stranglehold over Eastern Europe.

The Chinese, by contrast, share Europe's ambition to escape domination by either Washington or Moscow. China, an Italian scholar has observed, "is the only major world power to desire, without reservations, that Europe should become more powerful."

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.

The Politics of the European Community. By Roy Pryce. Rowman and Littlefield, Totowa, New Jersey, 1973. 187 pages with appendix, suggestions for further reading, and index. \$6.75

A description and analysis of the political history, dynamics, decision-making processes, and future prospects of the European Community.

The author, former professor and director of the Centre for Contemporary European Studies at the University of Sussex and now a director in the EC Commission's Directorate General for Press and Information, presents an overall study of the process by which

Western Europe has gradually moved towards closer unity since 1950. The book's first part, "The Political System of the European Community," covers its historical development, discusses the political dynamics of integration, analyzes how the system works, and summarizes the Community's achievements and problems. The second part discusses the enlarged Community's political perspectives, including political characteristics, policy issues, the membership impact on Britain, and future prospects. The Paris "Summit's" communiqué is given in the appendix.

Economic Blocs and US Foreign Policy. By Ernest H. Preeg. National Planning Association (NPA Report Number 135), Washington, 1974. 202 pages with tables, index, and a list of NPA officers and publications. \$3.50

A study of basic trends shaping the international economic system and their implications for US policy.

The author, an economist and former member of the State De-

partment Planning and Coordination Staff, traces, in the book's first part, the international economy's evolution. The book's second part analyzes the "three poles of advanced industrial society": North America, Western Europe, and Japan. In the book's last part, a policy framework is presented that includes economic policies between and among the industrialized countries, developing countries, and international economic institutions. A speculative outlook on the world economy in 1984 completes the study.

European Food Processing Industry. Noyes Data Corporation, Park Ridge, New Jersey, and London, 1973. 263 pages with tables. \$36.00

A comprehensive market report on the food processing industry in Western Europe designed to help businessmen in sales, market research, development planning, acquisitions, and mergers.

The book surveys the food processing industry in 17 Western European countries: Austria, Belgium, Denmark, Finland, France,

Germany, Greece, Iceland, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. A chapter is devoted to each country, where the structure of the relevant industries (with emphasis on production, consumption, and trade statistics) is discussed.

New Techniques in Public Administration: A Reader. Edited by R. Martin Lees. College of Europe, Bruges, Belgium, 1972. 338 pages with tables, figures, and bibliographies.

The second of a two-volume reader on "systems concepts and the environment."

The book's three sections discuss urban development problems and environmental pollution and give a futures analysis case study of urbanization from 1970 to 1985. The latter is presented by Selwyn Enzer and Hal S. Becker, of the Institute for the Future, Middletown, Connecticut. The book is the ninth volume in the College of Europe's "Studies in Contemporary Europe Issues" series.

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.

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