

# *europaean community*

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**Cover:** Canadian Prime Minister Pierre Trudeau, flanked by EC Commission President François-Xavier Ortoli (left) and Commission Vice President Christopher Soames, in Brussels to explore Canada's European option. See page 3. Photo by Jean Guyaux, Brussels.

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# Canadian-EC Relations

Trudeau's Brussels Visit Stirs Some Thinking

CLIVE BAXTER, Ottawa editor for Canada's leading economic weekly The Financial Post

If Europeans were a little confused by the recent visit to the Community headquarters in Brussels of Canada's Prime Minister Pierre Trudeau, they weren't alone. Canadians, too, were generally confused.

Not that they weren't glad he went. Almost certainly most Canadians, be they businessmen, government officials, or just plain citizens, feel it would be better if Canada could have closer relations with what is going to become a massive world force. It is only when you start talking about what kind of closer relations that you run into widespread confusion and disagreement. That, it appears, goes just as much for the Canadian Prime Minister as any man in the street.

As Trudeau set off on this mission, the general objective was clearly set out. It came both from his own staff briefing the press and from some of his own remarks. Basically it was that Canada was looking for some kind of special new relationship with the European Community. What it meant no one really knew, however. Most of us on the journalistic front assumed when the actual Brussels meeting took place we would all learn precisely what Trudeau had in mind.

Well, as everyone knows now, we didn't. Trudeau had his meetings with EC Commission President François-Xavier Ortoli and Commission Vice President Christopher Soames, responsible for EC external relations, but not much appeared to happen. Afterwards, at a press conference in Brussels, Trudeau admitted things hadn't gone all that well. Indeed, in a remark-

ably frank admission, Trudeau said that his talks with the Community had convinced Brussels that the Canadian argument was "banal." He went on to say the talks had put him in a position where "I concede that they are forcing us to put on our thinking caps."

If, from all that, the various Brussels-based journalists came away with the impression the Canadians are behaving in a rather strange and pointless way, it is hard to persuade them otherwise. Taken strictly on its own account, based on what actually happened during those talks, Canada didn't look too good. It appeared—with real support from the facts presented—that Canada hadn't bothered to think what it wanted in international life from the Community, let alone what it should give to win it.

## THE COMMONWEALTH CHRONICLE

Yet, finding the right role for Canada with the European Community is difficult. It is simple enough to sneer at what has or has not been done; it is much harder to offer an alternative. To understand the problem one really has to go back to the early Thirties.

That was when Britain set up the Commonwealth. It was a very different world then. Britain was still immensely rich and powerful. Its old colonies, like Canada and Australia, were still mainly known for their basic goods—raw materials like wood, paper, iron ore, and wheat.

So it was perfectly logical for Britain to offer tariff preferences

Canadian Prime Minister Trudeau (second from left, facing camera) meets with EC Commission members in Brussels. "I concede that they are forcing us to put on our thinking caps," he said afterwards.



—almost always zero rate in fact—for all outside Commonwealth goods, and to insist on an equivalent advantage for its advanced manufactured goods. And that was what happened.

But, for Canada at least, it had a profound secondary result. As the United States still faced high tariffs on most goods in Canada, major US companies set up factories in Canada—both to supply the local Canadian market and to gain duty free access to Britain. US investment poured into Canada. Much faster than anyone had predicted, Canada began to swing from being a simple raw materials producer to becoming a relatively big league manufacturer.

World War II, of course, simply sent this spurting further ahead. While Europe faced unspeakable damage, Canada kept expanding. Postwar planners in Ottawa and elsewhere faced a remarkable future. There was Europe, a wreck. There were Canada and the United States with unlimited futures. And, on top of that, Canada had two extra advantages: It still had that special market in Britain and virtually unlimited raw materials at home. If war could be prevented with the Soviet Union—the only visible risk—Canada's future was stunning. It was not unreasonable to think, if one didn't actually say it, that clearly Europe would drag along somewhere far, far down the prosperity ladder.

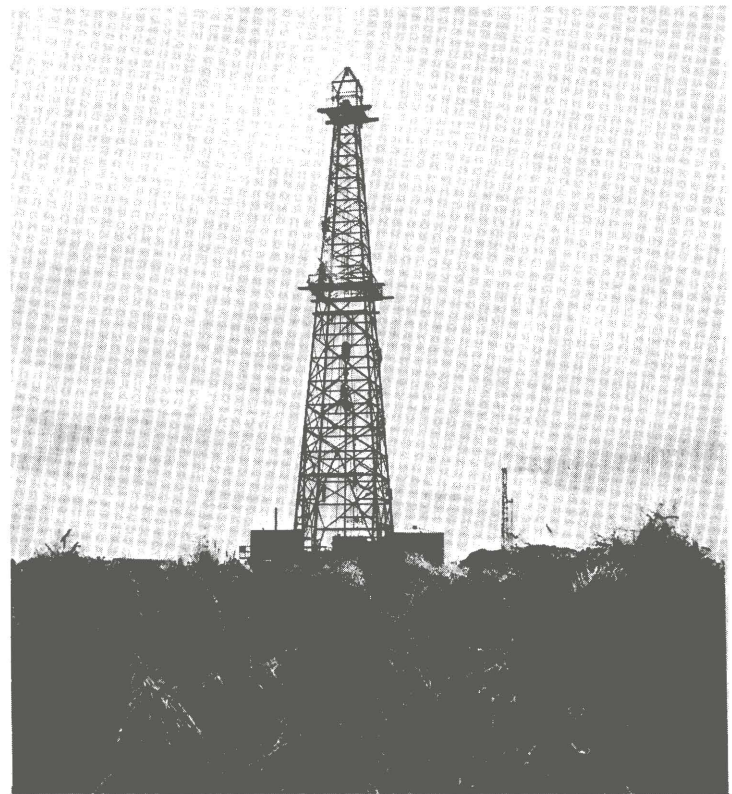
#### **“HORROR” OF BRITISH EC ENTRY**

Canadian thinking didn't really change much through the Fifties and on into 1961. The European Community had formed, and that looked like pretty good news. After all, if the Europeans got richer, they could buy more Canadian goods.

But then, to the horror of the Canadian Government—the Conservatives led by Prime Minister John Diefenbaker—Britain decided to join the Community too. Suddenly that Commonwealth preference was going to go. Suddenly the world was going to change. Odds are that a nationwide Canadian vote would have run heavily against Britain's joining the Community. Only a handful of smarter economists who had watched Britain closely felt differently. They saw EC membership as Britain's only real hope. But they were a tiny minority.

I remember very well the mood when, early in 1962, the British sent Secretary of State for Commonwealth Relations Duncan Sandys over to Canada to explain exactly what Britain was doing. He asked, from a firm list of points for which Canada wanted compensation, what specific points should be brought up at the Brussels negotiations. It was, by any standard, a sad meeting. Sandys was tired (he had just flown in from Australia) and grumpy. Certainly it would have been hard to have picked a worse man in tactful terms. On the Canadian side, the Diefenbaker Government quite literally took the position that this switch by Britain was unacceptable.

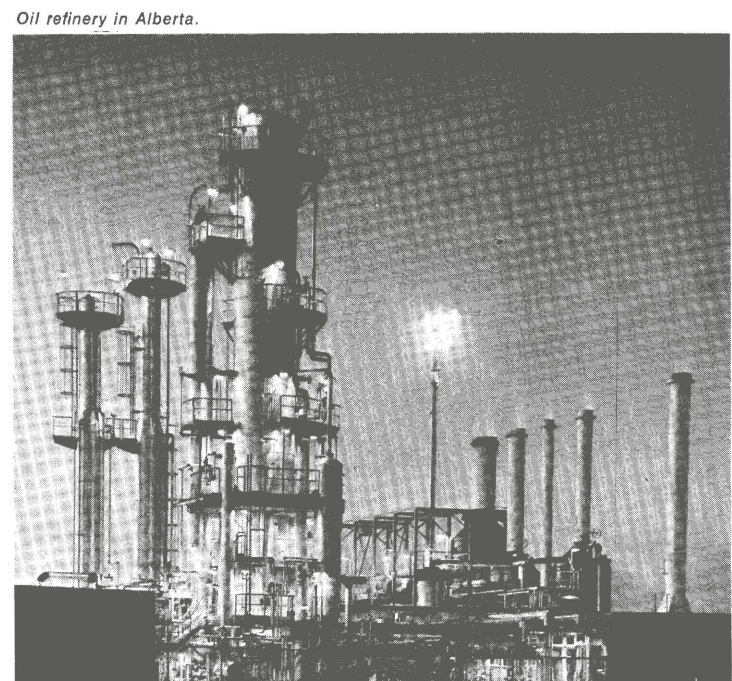
The talks were due to last two days. In fact they broke down and ended midway through the first. What was going to happen?



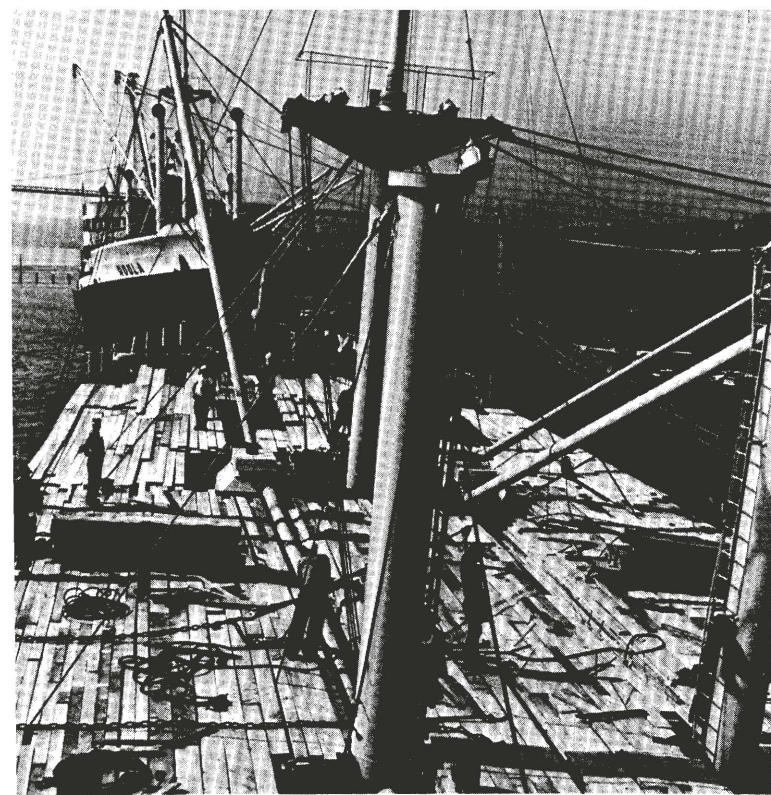
*Twin harvests in Alberta—oil and wheat.*



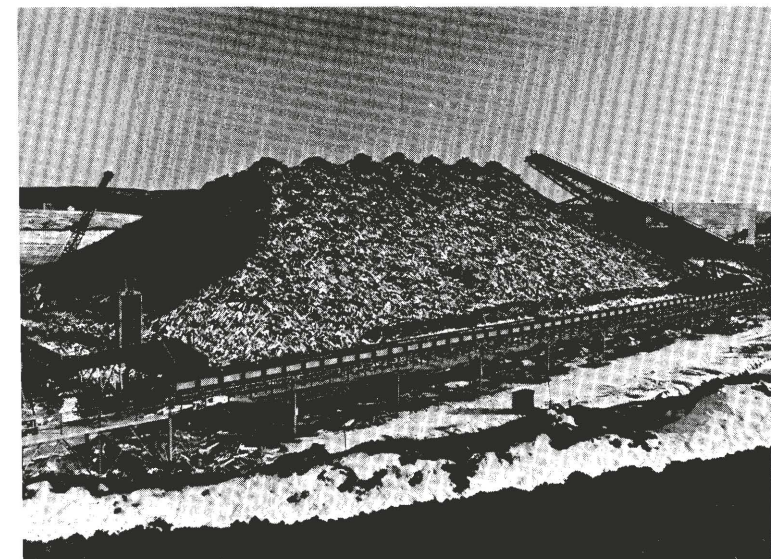
*Asbestos mining in Quebec.*



*Oil refinery in Alberta.*



Lumber aboard a British freighter in Vancouver for export.



Wood storage for a paper mill in New Brunswick.

Open pit copper mine in British Columbia.



Well, in fact, French President Charles de Gaulle saved everything as Ottawa then saw it, by blocking Britain's entry into the Community, and everyone could relax.

But, really, one couldn't relax. The incident had had a profound influence on the more thinking Canadians. They had begun to recognize that Britain was a relatively sinking market, that one way or another it was dropping its tariffs anyway and the Commonwealth advantage there was fading, and above all Europe was a force to pay attention to.

### CRUCIAL PROBLEM

So the next decade saw Canada's position change literally 100 per cent. When Britain was ready to try for EC membership again it had total support from Canada. What had been the great market for Canada had faded, and having Canada's old friend and connection inside the European Community would be a great advantage.

Except there was one crucial problem. With the end of the Commonwealth as an economic-trading force, the world was re-shaping. From now on it was consisting, in Canada's view, of four great powers (the United States, the European Community, the Soviet Union, and China), one slightly lesser power (Japan), and then the minor league. Where in the postwar dreams it had seemed Canada was going to be right at the top of the second league, with Europe almost in the third league, that had all changed.

What was more, in that great 1930-on period, US investment had flowed so fast into Canada, the latter country had become, inadvertently, almost a US subsidiary. The ownership figures are amazing. A third of all Canadian industry is foreign-owned—and in all but a handful of cases that means US-owned. In key industries, US investment is often almost total.

It made sense for US firms to go to Canada to produce goods for Canada and for Britain. But now it makes more sense to look at the whole EC market, and that means it probably makes more sense to build those stoves or whatever they may be in the United States or Europe, leaving the Canadian plant to build for local consumption.

As a general rule, then, a foreign-owned company finds it really attractive to export to the Community—or anywhere else for that matter—only if it is dealing in raw materials. In other words, a US-owned iron ore mine would sensibly export if the market looked interesting.

But long ago Canada became a manufacturing economy. Canada has all those raw materials, but producing them creates perhaps 20 per cent of the country's jobs. The worst thing, in Canadian eyes, would be for a foreign-owned company to dig up and export some material that would, in turn, be developed into a manufactured end product and sent back to Canada. And that has been more and more the trend.

That is what was behind Trudeau's thinking and remarks dur-

ing his EC visit. As he told the same press conference in Brussels, "We are telling the Europeans bilaterally and as a Community: You may think you are going to be able to take all our raw materials out, but you aren't. . . . We are defining our policies and if you want to get in there, you'd better embark on this process of negotiations."

### TRUDEAU'S THINKING

What does that mean? I wish I could tell you. Most Canadians would like to know. But partly it means something that is no secret: The Canadian Government is now working on legislation to make it impossible for foreign institutions or companies to buy Canadian material sources and then ship out raw materials. It clearly affects the European Community, but it affects the United States far more.

Perhaps Trudeau was saying to the Community that, in the future if it wants to buy Canada's raw materials it is going to have to give Canada a matching preference on manufactured goods as well. I suspect that was behind it. But if he did he hit a brick wall, and now his staff denies that was his point at all. And, again, this is clearly an approach that has to be put into the General Agreement on Tariffs and Trade (GATT) negotiations and not just in bilateral talks.

If I had to bet on what was the most likely explanation of what Trudeau was trying to achieve, I would put it this way:

- Although they deny it, unconsciously many EC officials facing the world tend to think of "North America." That means the United States and, oh yes, Canada too. Something has to be done to break that.
- Canada does happen to have raw materials the Community desperately needs in the years ahead. Remind the officials, and the public, of that. Do it over and over so they begin to think of Canada as a separate force.
- The United States is by far Canada's best friend, but still enough is enough. If Canada is to be an independent force in the world, Canadians have to get closer and better off with the other powers. That means, above all, the European Community. Canada has an EC emissary in Brussels, the EC is about to open "an office" in Ottawa. Make sure the two sides get and keep talking.
- US ownership of Canadian industry is dangerously high. Ottawa wants to stimulate Canadian buying back. But, when that becomes too much, the next best thing is to extend the foreign ownership to others instead of so much being US-owned. Again, the European Community, along with Japan, are the two likely investing centers. So attract their attention.

If those are indeed Trudeau's targets, each makes some sense. Each, too, has the advantage of being potentially relatively easy to achieve. On the other hand, to go much further would seem almost impossible.

Even if Canada could somehow force the European Com-

## "Purely a Coincidence"

As Prime Minister Pierre Elliott Trudeau prepared to depart for Brussels, Europeans interested in his country's natural resources were touring Canada. The delegation of EC Commission officials and representatives from European forest-based industries made their October 5-19 trip at the Canadian Government's invitation and within the framework of the regular EC-Canadian consultation meetings. It was, the joint press release noted, the first time EC and Canadian Government officials and industrial representatives had met together to consider "problems and opportunities in a particular industrial sector."

The Europeans, during their visit to Ottawa, Vancouver, Quebec, and Montreal, met with Canadian Minister of Industry, Trade, and Commerce Alastair Gillespie, federal officials, provincial authorities, and forest industry spokesmen. While indicating Canada's intention to remain a dependable supplier of forest products, Canadian officials outlined those factors which have led to the development of new policies designed to achieve increased processing of Canadian resources prior to their export.

On their part, the Europeans, expressing themselves in terms of growing demand for imported wood fiber, sought to determine means to assure themselves of an orderly and continuing supply for their market. Note was taken of the important effect the forthcoming "Tokyo Round" of multilateral negotiations could have on international trade in this sector. It was agreed that a continuing dialogue between Canada and the Community is needed "to maximize mutual benefits."

Asked about the timing of the Canadian visit, one European replied that Trudeau's trip to Brussels was "purely a coincidence."

munity to extend some special privileges—which would seem impossible—it would mean Canada would have to do the same in return. And would Canada contemplate doing something that puts the Community in a better position than the United States? Not likely. That 1930 Commonwealth situation was very different. Now Washington would be furious and would no doubt retaliate, which Canada would dread.

So there it stands. In the months ahead EC officials, just like Canadians, may be able to find out what Ottawa is really trying for. But if that makes the Community think about Canada and the EC-Canadian joint future, I wouldn't be surprised if Trudeau hasn't in fact achieved most of what he went to Brussels for that October 23-25 visit. And Trudeau's scheduled December visit to Washington might cause some thinking too.

# The European Aircraft Industry

## Competition and/or Cooperation Across the Atlantic

CHRISTOPHER REDMAN, a British writer for the Brussels newsletter *European Report*

*General Dynamics' FY-16, Northrop's Cobra YF-17, Dassault's F-16, or Saab's Viggen. . . . That is the question.*

*In late January, a decision is expected on whether a US, French, or Swedish military aircraft will replace 350 aging F-104 Starfighters in the North Atlantic Treaty Organization (NATO) countries of Belgium, Denmark, the Netherlands, and Norway. These countries' choice, its importance and implications for the American aerospace industry, has been well covered in the US press. But what does it—and other recent aerospace developments—mean for Europe?*

Few European aircraft manufacturers would disagree with the forecast that they are headed for some extremely bumpy weather. The recent cancellation by Britain's Hawker Siddeley of its HS-146 short haul jet, after a year's development involving expenditure of \$19.2 million, dramatically underlined the problem facing all European manufacturers in this "high risk" sector. Escalating development costs and a contracting world market for planes have combined to transform an already highly competitive sector into a cut-throat industry where the ability to sell the finished product can mean the difference, not between high and low profits, but between continued existence and bankruptcy. Can the Community afford to see its aircraft industry go under?

Quite apart from political or prestige considerations, the arguments in favor of a viable EC aircraft industry are strong ones. First and foremost, there is a lot of money to be made in the world aerospace market. Earnings from French and British exports of aircraft and aerospace equipment for the first five months of 1974 have been approximately \$900 million and \$600 million, respectively. Figures like these indicate an export performance which few industrial sectors could rival and for a Community struggling to improve its terms of trade, the export potential of the aerospace sector is a vital consideration.

From the social point of view, the EC aerospace industry provides direct employment for over 400,000 workers. Indirectly, however, the number of jobs created is even greater, for recent generations of sophisticated and technologically complex aircraft have necessitated developments in other industries, such as electronics, chemicals, and metallurgy.

In terms of European security, the need for Community-produced missiles and military aircraft, though less pressing in view of the wide range of up-to-date US products to choose from, is no less obvious. Military aircraft are expensive and, if bought abroad, can offset any foreign exchange benefits accruing from aerospace exports in the civil sector. The Starfighter replacement contract alone could be worth \$3.6 billion over the next 5-to-10 years.

### "EVERYTHING GOING" FOR AMERICANS

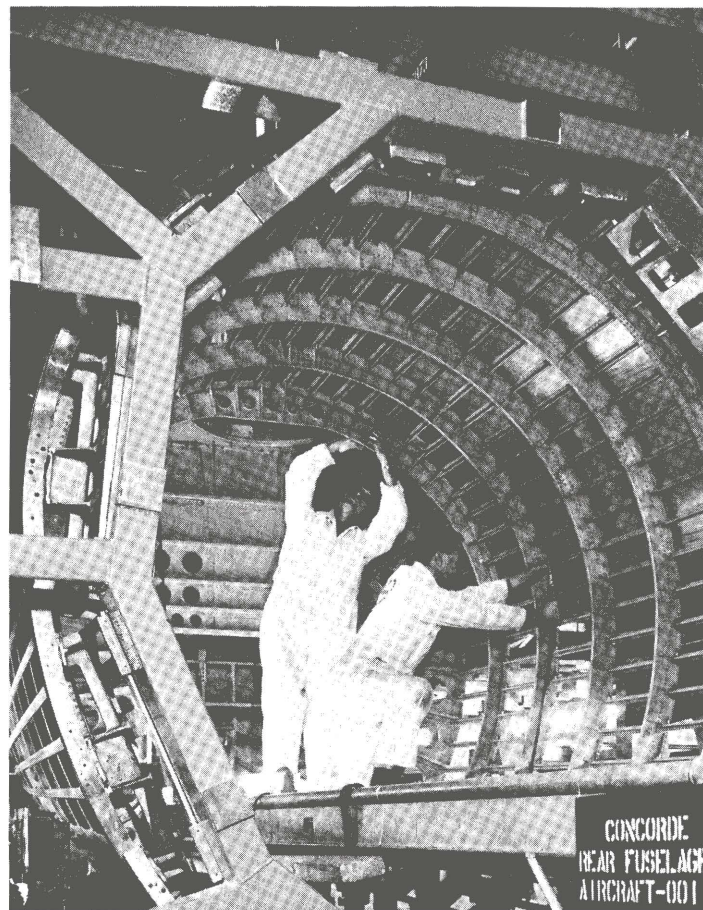
The all important question facing the European aircraft industry

is whether it will be able to remain profitable, independent, and competitive, or whether it will merely become a subcontractor producing airframes and aero-engines for the giant US aircraft manufacturers. The highly concentrated American aircraft companies have everything going for them.

A large home market for all types of aircraft protected by a 5 per cent customs tariff, massive government purchasing (in particular of military aircraft), and the production "know-how" developed over long years of successful plane building, combine to make the US aircraft industry a formidable competitor. The economies of scale resulting from long production runs, the monetary advantage deriving from dollar devaluations, and the added impetus given by the US Eximbank (which provides export credits for aeronautical products), all help to make US planes cheaper and hence more competitive than equivalent European aircraft.

Last year, for example, Sabena, the Belgian state-owned airline, chose American Boeing 737's rather than Mercure 100's from Dassault of France, because the 737's were approximately 20 per cent cheaper than the French planes. It would appear, therefore, that on the sales front—even on its home ground—the European aircraft industry is not in a particularly strong position and is certainly not geared to making inroads into American domination of the market outside Europe.

*British Aircraft Corporation workers in Weybridge, England, assemble Concorde fin.*



One of the major problems facing the European industry is one of size. From the point of view of skill and inventiveness, Europe's plane manufacturers can hold their own with those of the United States. However, in terms of cost-efficiency (or the ability to produce a plane at a price which minimizes development costs), Europe comes well behind, for development costs are concentrated on a reduced number of planes whose selling prices are consequently higher.

The size problem goes further than this. Development expenditure has escalated rapidly in the last few years and few of Europe's relatively small-scale aircraft manufacturers are in a position to assume by themselves the financial risks involved in modern-day development. The industry has a record of expensive failures (TSR-2 in Britain, to name but one), and if it were not for the fact that some European governments have consistently bailed out their respective industries during cash crises, many of the well-known European aircraft names would not be around today.

The European industry's needs were summed up in a report prepared for the EC Commission before it drew up its proposals for the aircraft industry in 1972: "The considerable and growing complexity and expense of aircraft materials required production units of ever greater dimensions. . . . Even if the main production enterprises subcontract part of the work to smaller enterprises, the principal firm assumes the overall industrial risk: *it is therefore advantageous that this sort of enterprise should be both big and highly concentrated.*"

The comparatively small European industry is also increasingly exposed to the risks of mounting development costs (hence the Hawker Siddeley 146 cancellation) on the one hand, and the dismal prospect of a short-term contraction of the world market on the other. With the world's airlines under heavy cost pressure in the aftermath of the oil crisis and having at the same time to cope with increased security and running expenses (not to mention a decline in air traffic as a result of higher prices), few of the major aircraft customers will be in a position to put national considerations before those of price when it comes to buying replacement aircraft. The yardstick will be one of cost, and on present indications the European industry is going to lose out.

## TWO COURSES OF ACTION

In view of the current inflationary situation and the uncertainty facing the future of the aircraft industry, Europe's aircraft industry must be nationalized in order to survive as an independent entity into the Eighties. At the risk of over-simplifying the issue, it can be argued that there are basically two possible courses of action open to the aircraft industry in Europe if it is to remain European. The first option is for full structural integration involving transnational mergers, with the end product being a highly concentrated industry with possibly one or two European airframe manufacturers and a similar number of aero-



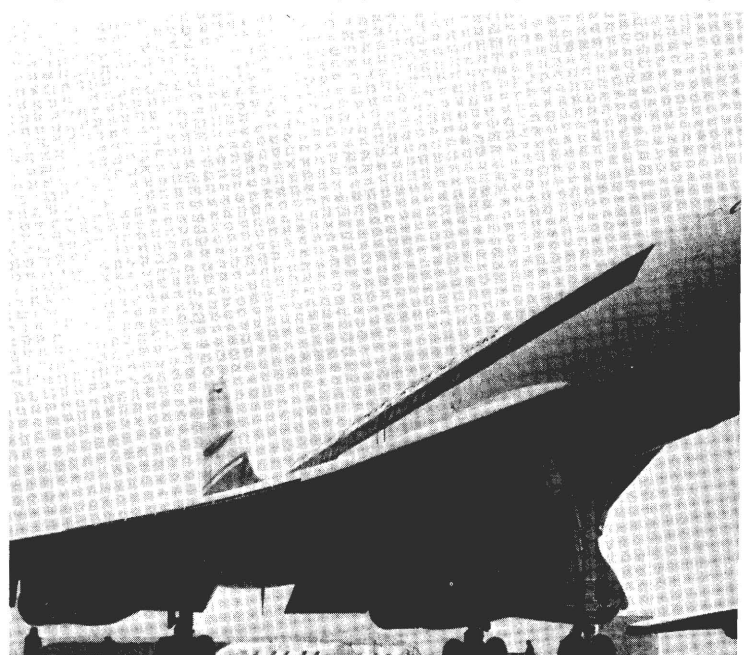
*The European Airbus, a product of advanced technical and economic cooperation among*

engine producers. The second possibility, and one which the industry itself appears to favor, is that of transnational collaboration on specific projects.

The leading exponent of structural integration has been the EC Commission itself, which in its 1972 memorandum to the Council concerning the "industrial and technological policy measures to be taken in the aviation sector," recommended as one of its "conditions for success," maximum use of the size factor. The Commission argued that the industry should be composed of a few large transnational enterprises involving two or three major airframe builders and one large group to produce engines.

Though aware of the theoretical need for concentrations of this kind, none of the leading European aircraft manufacturers have seemed overly enthusiastic in practice about merging their interests. Instead, they have tended toward the alternative course of cross-frontier collaboration in an attempt to spread the load of development costs and at the same time secure a larger market for the finished product. For example, the Fokker F-27 Friendship produced by the German-Dutch combine Fokker-VFW has been an extremely successful short-hand aircraft, and the A-300B airbus could be a best seller if it gets off the

*The Anglo-French Concorde: "The money spent on its development could have bought c*







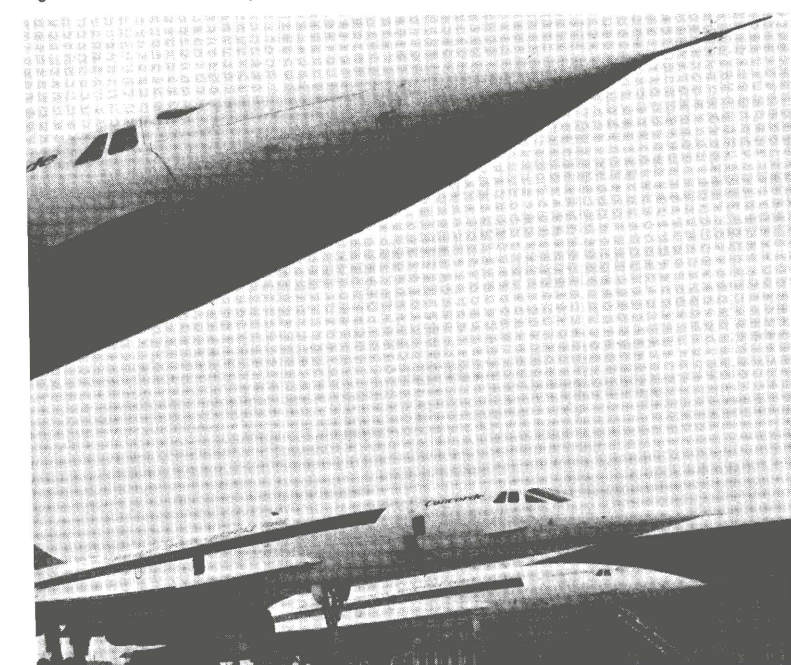
panies in different EC member countries.

ground.

Such ventures, however, have their disadvantages as well. Problems of language and approach, political instability of administrations, changing budgetary priorities, and the understandable reluctance to transfer hard-won technology, all stand in the way of the smooth development of a project. Nevertheless, a number of aircraft, both civil and military, are now produced on a transnational basis in Europe.

In its 1972 aviation industry proposals, the EC Commission recommended a number of measures which would facilitate effective intra-Community cooperation. These included the concentration of state subsidies on a few rationally chosen projects, Community contracts for industrial innovation and development, EC export credits (as an answer to the credits granted by the "Eximbanks" of Japan and the United States), and guarantees to protect the Community industry against parity changes in the world currencies and unforeseen cost rises. All in all, the Commission's proposals sought to introduce the necessary incentives and support to build a Community aircraft industry fully independent of the Americans and capable of competing with them. So far, however, the nine EC member states have not acted on the Commission's proposals, in spite of the Council's

ing interest in all of the major US aircraft and component industries!"



December 1973 resolution on industrial policy to reach initial decisions on the aeronautics sector by March 1974.

## TO SURVIVE

Some member states' governments, however, at this year's Farnborough International Airshow in Britain persuaded a number of the leading European aircraft manufacturers to sign an agreement to work together to meet European airline requirements in the Eighties. Signatories included the British Aircraft Corporation (UK) and Hawker Siddeley Aviation (UK), Aero-spaciale (France), Dornier, Messerschmitt-Bölkow-Blohm (Germany), and VFW-Fokker (Germany/Netherlands). The companies claimed that they were planning a "joint response to the future requirements of their national airlines." Such a group working toward a concerted policy for supplying European civil aviation's future needs could form the basis of an integrated European aircraft industry, although this is still a long way off.

It would be no exaggeration to say that Europe's aircraft industry at present hangs in the balance. The HS-146 will be scrapped unless the British Government is prepared to mount a rescue operation. The Anglo-French Concorde is in difficulties (a rather bizarre aspect of this ailing project, pointed out last year by the American business magazine *Forbes*, is that the money spent on developing the Concorde could have bought controlling interest in all of the major US aircraft and component industries!). And other European collaborative ventures, such as the Panavia Multi Role Combat aircraft, could well find themselves in trouble if the present economic problems besetting European industry get any worse.

The European aviation industry cannot afford any more expensive failures. The key to survival in the near future lies in collaboration. Whether this collaboration will be essentially intra-European remains to be seen. At the World Aerospace Conference in San Francisco in October, Rolls-Royce Chairman Kenneth Keith forecast that, in view of market opportunities and high costs, the next major aero-engine development projects will be a cooperative venture between European and American manufacturers.

It could well be that this forecast holds true for the aviation industry as a whole and if this is so it raises the possibility of a third line of development for Europe's aircraft industry. Instead of intra-EC collaboration or structural integration there could well develop trans-Atlantic collaboration on a hitherto unprecedented scale. Whether this in fact results in a situation where Europe becomes a subcontractor to an American parent industry depends very much on whether the European industry can cooperate with the Americans on a basis of equality. This in turn will depend on the viability of the European industry. From the EC point of view, it has to be hoped that if and when the next aviation boom comes, there will be a European aircraft industry around to profit from it.

# Ralf Dahrendorf "On Record"

## The New London School of Economics Head Gives Last Interview as EC Commissioner

Ralf Dahrendorf, changing hats in October from EC Commissioner to London School of Economics (LSE) Director, is determined to "contribute to the construction of Europe through different means but with the same intensity." His LSE appointment, he says, will allow him to "combine in a unique way" his experiences "as a man of science and as a politician." Dahrendorf, a German, also sees his 10-year appointment as the first non-British LSE head as indicative of "the new European possibilities."

Dahrendorf's past academic career includes teaching sociology at the Universities of Hamburg, Tuebingen, and Constance and visiting professorships at Harvard and Columbia. He also spent a year at the Center for Advanced Studies in Palo Alto, California, and did postgraduate work at the LSE.

His political career began in 1968, the year of student unrest in Europe. As one of the professors most respected by the students, Dahrendorf became a Liberal Party member of the Landtag (state legislature) of Baden-Wuerttemberg. In 1969 he was elected to the Bundestag (federal legislature) and became Parliamentary Undersecretary for Foreign Affairs.

Dahrendorf joined the Commission in 1970 and for two years was responsible for EC external relations. In 1973 he assumed responsibility for research, science, and education. The following interview was conducted on September 25, a few days before Dahrendorf's departure from the Commission, by Adolf-Peter Koof, editor of the German edition of *European Community*.

**This year has been one of "crisis" for the European Community, and recently the EC Commission has come under attack from various quarters in the member states. Is Europe's crisis a crisis of an "incompetent" Commission?**

*Europe's crisis is the result of the member states' inability to make decisions, with particular reference to the proposals put forward by the EC Commission in 1973. These proposals were formulated, on the one hand as a means of implementing the fundamental decisions taken at the 1972 Paris "Summit" and, on the other hand, in reply to the challenges the Community had to face during 1973.*

*Naturally, no European institution can remain unaffected by a trend which makes two things clear: first, that the European Community cannot cope with external problems facing it in the Seventies—for example, in the currency and energy sectors—in the same way as in the Fifties; second, that in a worsening social and economic climate each member state makes inordinate efforts to find advantages for itself at the expense of its partners. Although no European institution can remain unaffected by such developments, the EC Commission still remains a model of what is possible at a European level.*

**The September 14 Paris "fireside" meeting of the EC member state leaders is but one of many recent signs of a tendency**

**which has been called the "bypassing of Brussels." Will this road inevitably lead away from integration?**

*If by "Brussels" is meant the type of activity that marked the European Community's creation, then my answer is no. European union, which is still feasible and worth striving for, is more than just an extension of what we already have. In addition to the existing Community, other European initiatives need to be taken. Consequently, unlike many other Europeans, I have never taken such a critical view of, for example, the political cooperation in the framework in the Davignon Committee. To this extent, therefore, parallel approaches constitute no threat to the aim of European union.*

**Isn't this new emerging Europe, which you once described as the "international" Europe, highly susceptible to national crises and pressures?**

*Most certainly. This is the background to the expanding organization of political cooperation, such as the fireside summits and the "quiet hour" for frank discussions at EC Council meetings. The heads of government, governments, and parliaments must recognize, however, that there can be nothing more dangerous at this stage than the continued pursuit of policies which seek national advantages at the expense of one's partners.*

**Are you thinking of a possible reversion to national agricultural policies?**

*For years most member states have regarded the agricultural market as an instrument for securing national advantages. Paris has long derived such advantages from the common agricultural policy. Bonn, in turn, has been able to secure similar advantages through the countervailing import system. The new member states, too, have obtained similar advantages from the agricultural market. Also, moves have recently been afoot to dilute even further the common agricultural policy. But, at the same time, European agricultural policy is in far too much of a muddle to be the nucleus of any new nationalism. Rather, I see the beginnings of this nationalism in the member states' hesitation to stand shoulder to shoulder in the energy crisis.*

**Do you look askance at the so-called Franco-German entente?**

*I believe Franco-German friendship is one of the pillars of post-war European politics. During the months when there seemed to be little substance in the contacts between the late French President Georges Pompidou and former German Chancellor Willy Brandt, I specifically made a point of launching certain initiatives aimed at reconsolidating this cornerstone of European unity. Notwithstanding, direct contacts are not enough. They are merely an aspect of a new style in foreign policy that is oriented toward a restricted number of capitals and that would ignore the many small countries and the framework of international rules.*

**You are alluding to US Secretary of State Henry A. Kissinger's world with its five poles?**

*Precisely. Thus I hope—and it now looks as though this will be the case—that the new improvement in direct relations between Paris and Bonn will be understood as a step in the direction of participation by all EC member states and toward an open approach at an international level.*

**You cannot deny that Germany and France have far bigger interests on a world scale than, say, Luxembourg and Denmark? Is there not a case here for bilateralism?**

*Germany and France alone are incapable of safeguarding their worldwide interests. Neither Germany nor France is in great demand in the world save in their capacity as members of the European Community. A German or a French foreign minister visiting Latin America, Southeast Asia, or even Japan or the United States will devote only a part of his discussions to bilateral matters, while conducting the bulk of his discussions as a representative of the European Community. The European Community is more than just Germany and France, plus perhaps Italy and the United Kingdom. The European Community is, in its very essence, a system in which the medium-sized and smaller countries work together with equal rights.*

**The European Community owes its existence to pressure from outside. As this pressure has fallen off, so too integration has stagnated. Can Europe develop without pressures and threats from outside?**

*A certain amount of pressure from outside is not only helpful but in fact essential for the development of European union. This is particularly true nowadays, because it is no longer an easy matter to pinpoint large social groups demanding and promoting European union in furtherance of their own interests. The trade unions are split on the European question. The political parties share, as a general rule, that lukewarm feeling for Europe, vacillating between positive and negative, which characterizes the population as a whole. Strictly speaking, this leaves only the representatives of business and industry, that is, those who can directly see the advantages of operating in a wider area.*

*If, in the light of such social and political circumstances, one is still convinced that cooperation among the medium-sized and smaller countries of Europe is in the deep-seated interests of the majority of our people, then one must come to the conviction that a certain amount of outside pressure is necessary to make these interests once more visible.*

**What form would this pressure have to take?**

*I am very happy that we have broken free of the world of the Cold War and now live in a world geared toward the European Conference on Security and Cooperation. There can be absolutely no question today of a European Community motivated by*



*Ralf Dahrendorf, as an EC Commissioner, ready to field questions from the European Parliament.*

*a hostility toward the Communist countries. Outside pressure, however, can take on other forms. Europe has come to realize that subdivision into a third and fourth world, that is, a world of rich and poor developing countries, represents a challenge.*

*The fact that joint action is required of the European countries in order to assert their self-determination in a world dominated by the superpowers should be placed in the same category as outside pressures. Neither superpower constitutes a military pressure, but then it is no longer a secret that we are progressively moving from a period of militarily oriented policy into a period of economically oriented policy. These international developments in economics and politics may provide the incentive to reactivate European integration.*

**Will this economic pressure come first and foremost from the United States?**

*The economic pressure will certainly not come directly from the United States but actions by the United States on a world economic scale already compel Europeans to draw closer together.*

**How do you explain the fact that the citizens of the nine member states were prepared to pull together during the energy crisis and all tighten their belts, while the governments, on the other hand, were unable to find any common ground?**

*This major failure on the part of the governments in October-November 1973 resulted from a mistaken appraisal of public opinion. The fact that we were not even able to organize, for example, a common ban on Sunday driving is a failure which will be laid at our door for many a day to come.*

**At least the Germans have now shown their solidarity with the Italians over the latter's balance-of-payments difficulties. Can Bonn's granting of this credit to Rome be described as a European act?**

*From what I have heard about the origin of this loan, I find it hard to regard it as the result of European action. Furthermore, there is a certain amount of bilateralism underlying this loan. I am aware that the way to a Community loan is not as easy as it appears to many people at first sight. The technical, legal, and economic problems associated with Community loans, however, can be solved. [On October 21, the problems were solved with*

the EC Council's agreement to borrow up to \$3 billion from oil-producing countries to relend to EC countries with payments deficits.]

### **Are the Germans the paymasters of Europe?**

*Since a number of German Government representatives started using such phrases a year ago, the policy on Europe has gotten onto a completely wrong track. Anybody who sees Europe only in terms of "paying or not paying" has failed to realize that the point at issue is a joint policy, in which the right of co-determination can and should be exercised.*

*I sometimes have the feeling that after years and years during which Germany's representatives thought they had to pay in order to buy their way back into international society, there are now a number of German representatives who feel they should not pay in order to make quite clear that Germany is somebody again. Both of these approaches are equally wrong.*

*The EC regional policy is not a matter of Germany putting its hand in its pocket but of its helping to determine and shape policies for Europe's underdeveloped regions. Similarly, in the case of monetary policy, it was not a question of whether Germany should pay or not, but of what exactly Germany wanted and what resources it had available to this end. Anybody who talks about the "German paymaster" testifies to his or her inability to shake off the shackles of Germany's past.*

### **Is the German Government short of ideas?**

*We should be on our guard against simple formulations. The original Europe, which sought to progress systematically from the customs union to economic and monetary union and thence to political union has achieved great things, but has now run out of steam. The same is true of the Europe which assumed that the mere existence of common institutions was bound to lead to common policies. Fundamentally, there is hardly anyone and perhaps no single country in Europe of which it can be said that it systematically expounds a clear-cut notion of Europe.*

*Nevertheless, Germany should do something to clarify just what its spokesmen mean when they say that the policy on Europe is a top priority in German politics. If people persist in making such claims, then this should somehow be reflected in the EC Council of Ministers meetings or in the scrupulous observance of the EC Treaties, including the timely nomination of Commission members. Thus I am less concerned by Germany's shortage of ideas than by this amazing gap between high-sounding declarations and practical deeds.*

### **Is the fact that up to the time of this interview no one has been nominated to succeed you indicative of a lack of Bonn's interest in Brussels?**

*It is no longer an easy matter to find a political personality in Bonn who is prepared to join the EC Commission. I presume that*

*the reason for this can be attributed to the same uncertainties of motivation to which I have already referred. Many a Bonn politician must be wondering whether by deciding for Europe he will in fact be ending his career rather than furthering it.*

### **Now you are going to England, and in fact you even once described yourself as "a man on the borderline between Germany and Great Britain." Have the hopes which you pinned on British entry into the European Community been fulfilled?**

*The long list of Community difficulties in 1973 and the specifically British difficulties of 1974 ruled out the chance of Britain's infusing the Community with the spirit of international open-mindedness and democracy which many Europeans had expected Britain's entry to provide. I hope that it will eventually come to be realized in Great Britain, although I am rather sceptical on this point, that the Community is neither as terrible nor as important as many British people believe. Just as the Community does not mark the end of the sovereignty of the British House of Commons, so too the Community will not, on its own, provide Britain with a solution to its economic problems.*

### **Do you regard as legitimate the referendum on the new terms of entry promised by the British Labor Government?**

*I have no comments to make at this juncture as regards the discussion of British constitutional matters. I only hope that between now and any referendum a discussion will be launched in which the great emotional issues will have no place—sovereignty or non-sovereignty, salvation or otherwise from dire straits—and in which the Community will be seen and analyzed for what it really is.*

### **The polyhistorian André Malraux said recently on French radio, "Europe is nothing more than a pale red patch on the map," and on another occasion, "Europe is a Christian-inspired myth." What does Europe mean to Ralf Dahrendorf, academic and politician?**

*Europe is more than the European Community. The European Community, however, is a prototype showing what can be done in Europe. The Community provides a model for any attempt by medium-sized and smaller countries to work together to increase the prosperity of their citizens and guarantee themselves a role in the world, without assuming the arrogance of a world power.*

*But the European Community will continue to remain such a prototype, only for as long as it shows respect to all in its internal dealings, the openness and generosity which it showed, for example, in its negotiations with those countries remaining within the European Free Trade Association and, in a quite different way, at the Conference on Security and Cooperation in Europe. In other words, I regard the Community as a model of possible power without concomitant arrogance, that is, a great political hope.*

# Tourism and Europe

*Traditions, Trends, and Projections*

**PETER ODRICH** *staff writer for the German daily Frankfurter Allgemeine Zeitung*

As tourists, Americans often accord Europe more unity than even the most dedicated EC officials. "Where will you vacation next summer?" "Europe"—rather than "England," "France," or "Italy"—is the usual reply.

At the same time, however, as American visitors are well aware, each EC country is different, in tourism as in everything else. Now, between holiday seasons, their European hosts once again take stock of tourism as an industry and a way of life.

The EC countries have long been the world's greatest tourism market, whether the criteria are the number of tourists, the average cost of the trip, or the distance traveled. Indeed, European interest in tourism dates from the Middle Ages. Differences among the several countries have emerged over the centuries.

Some EC countries primarily receive tourists. Other EC countries primarily generate tourists. Yet other EC countries display both tendencies. Although becoming less obvious, these differences will probably never entirely disappear. Certainly, the European Community will never be considered a monolithic tourism bloc.

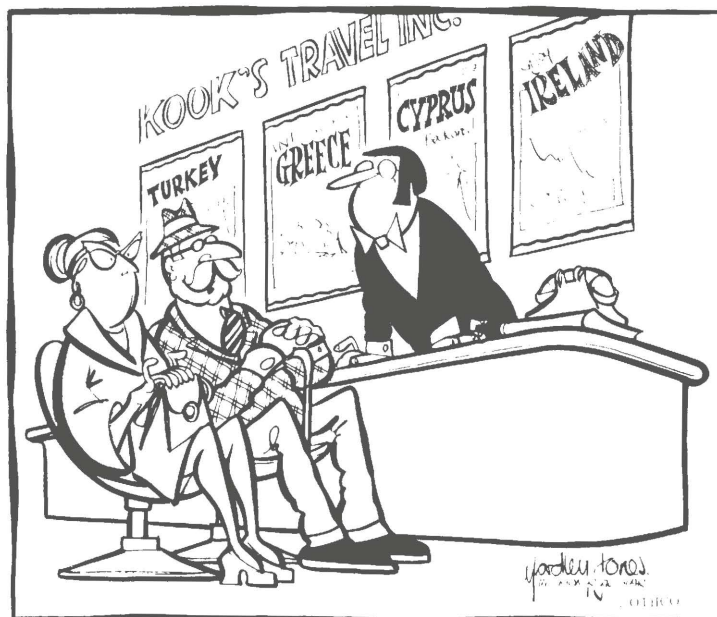
## DATA LACKING

The differences are difficult to quantify, for adequate official data are lacking. For example, certain countries only record the total number of foreign visitors, without noting their nationalities. It is thus difficult to distinguish between intra-EC tourism from tourist exchanges with non-EC countries.

A very limited amount of data is available, however, from the *Deutsche Reisebüro Verband* (DRV, the German Travel Bureau Association). The figures show that in 1971 EC countries received approximately 100-120 million foreign visitors. But no distinction is made between visitors from EC countries and non-EC countries, and transient visitors are counted along with persons who spend their entire vacation in EC countries.

On the basis of these admittedly inadequate tourism statistics, a number of basic characteristics and trends can be determined. Italy, which welcomed 33.23 million foreign tourists in 1971, is unquestionably the greatest tourist host in the Community as well as in the world. Italy is perhaps the best example of a Community country that primarily receives tourists. This is supported by statistics for German-Italian tourism. In 1971, approximately 6 million Germans visited Italy, while the Federal Republic of Germany only received 375,000 Italian tourists. For Italy, welcoming tourists has long been one of its chief sources of foreign exchange and employment.

Excluding Denmark, whose tourist statistics are misleading due to the great number of transient travelers, the country holding second place in the Community for tourists is France. In 1971, France registered 19.2 million foreign visitors. Like Italy, France has a large tourist "surplus." Thus, for example, 2.1 million Germans entered France while only 684,000 French crossed



*Isn't there anywhere the natives are not restless . . . ?* Jones, Montreal Star, Canada

the border into Germany during 1971.

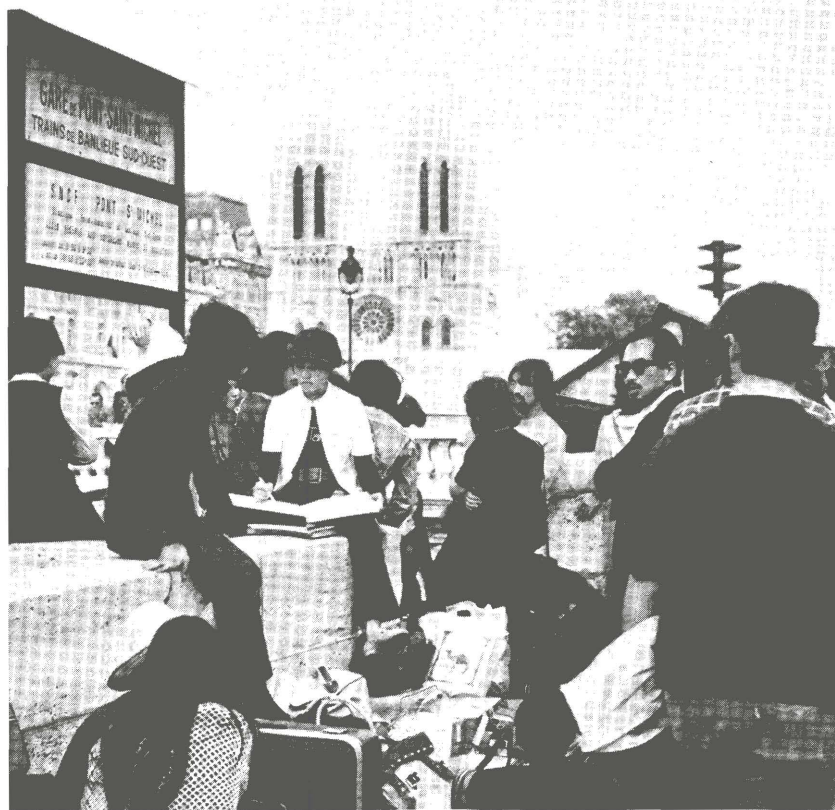
While Italy and France account for the greatest tourist surpluses in the Community, at the other extreme Britain and Germany are traditionally the two biggest tourist-generating countries. For the latter countries, tourism accounts for a major outflow of foreign exchange.

The German shortfall in foreign currency due to tourism increases every year. In 1973, foreign travelers spent \$2.1 billion in Germany, as compared to German tourists' spending \$6.3 billion abroad. The 1973 tourist deficit of \$4.2 billion, almost three times the 1969 deficit, had a significant impact on Germany's usual balance of payments surplus.

## TOURISM AND TRADE

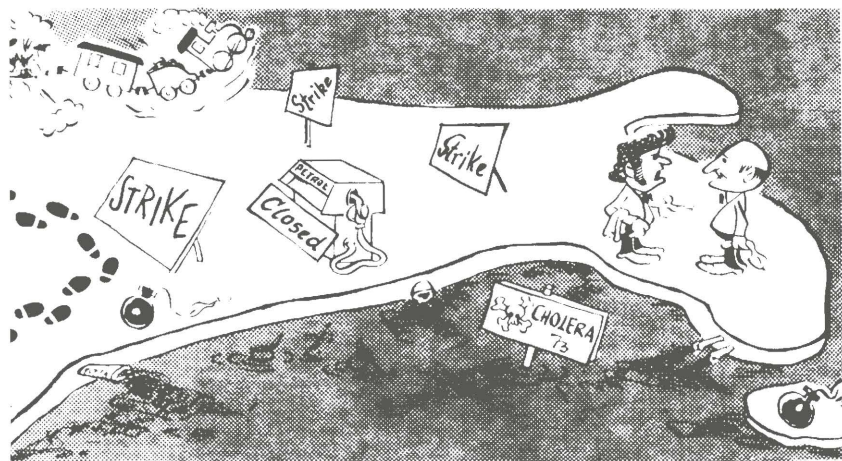
To consider this outflow of currency as only a burden, however, would be a mistake. Practically all the countries that show a sizeable surplus of tourists traveling abroad are the same countries that export a great deal. Often—and this is the case with Germany and Britain—there is a large flow of exports precisely to those countries that receive a particularly large number of tourists, countries that would be unable to import as much without tourist-generated foreign exchange. Tourism and trade thus become mutually supporting—without one, the other would suffer. Spain, host to countless German tourists and at the same time an important trade partner of Germany, offers a good example.

The Netherlands, Luxembourg, Belgium, Denmark, and Ireland have neither a surplus nor a deficit in tourism. Granted, they



Chinese tourists group for sightseeing in Paris.

occasionally realize a positive or negative balance in tourist-generated foreign exchange; but, compared to total receipts and expenditures in tourism, the deficit or surplus remains relatively insignificant. At the same time, tourism remains a major



"I can't understand why we have no tourists!" Bac, Northwest Zeitung, Oldenburg, Germany.

## Tourist Gloom

The energy crisis and general economic gloom in 1974 are taking their toll on tourism in the European Community, as recently compiled statistics show.

In the first four months of the year tourist arrivals were down 6 per cent in Italy. In Denmark they were down 4 per cent in the first seven months, and in Britain 1 per cent in the first six.

The number of nights those tourists that did arrive were spending in the country was also down in several places—in Denmark by 6 per cent in the first four months and in Germany by 6 per cent in the first three.

Although arrivals were up in the Netherlands by 6 per cent in the first three months, by 2 per cent in Germany (five months) and France (three months), and by 1 per cent in Ireland in the first half of the year, and although the length of stay increased in Italy and the Netherlands by 4 per cent in the first three months, these increases were still below average.

The Organization for Economic Cooperation and Development (OECD), which compiled the statistics, believes that with a considerable slowdown in the rate of consumer spending predicted for next year, things will get worse before they get better.

source of income, particularly for these small countries. For example, Denmark's earnings from tourism totalled the equivalent of \$500 million in 1971. In the same year, the Netherlands accrued approximately \$727 million from tourism.

The intensity of tourist advertising abroad demonstrates how important these countries consider the role of tourism to their national economies, especially in its impact on the net flow of international payments. This advertising involves not only promoting the traditional tourist flow but attracting business as well. The national airlines of small European countries, for example, offer businessmen extremely attractive arrangements for flights and stopovers.

Not to be neglected is "tourism" for government officials, both on official and unofficial visits. In 1968, 1.68 million government officials visited EC member countries, and this number is expected to triple by 1975. At first glance, these figures seem relatively low, but consideration must be given to officials' purchasing power.

Thus, although based on a long tradition, tourism in the EC countries increases every year in economic importance—so important that perhaps one day the European Community institutions will develop a common tourism policy.

# Community News

## US-EC Relations

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### Hartman, Sonnenfeldt Visit Commission

In Brussels October 29 to inform the North Atlantic Treaty Organization (NATO) on the results of US Secretary of State Henry A. Kissinger's talks in the Soviet Union, Under Secretary of State for European Affairs Arthur Hartman and State Department advisor Helmut Sonnenfeldt paid a visit to the EC Commission to discuss a broad range of issues affecting US-EC relations.

Conducted in the spirit of "mutual cooperation and consultation"

set forth by the "Gymnich Agreement" in June, the US-EC discussions focused on the prospects of imminent passage of the US trade bill, enhanced energy cooperation, and aid to developing countries. Commission officials stressed that the talks did not concern specific proposals or changes in policy, but were intended to reinforce the mechanisms of consultation between the Community and the United States on matters of common interest.

### Butz and Lardinois Discuss Food

Europeans can expect sizeable increases in US grain exports next year as American farmers "will be going all out to produce record crops in 1975 due to strong price levels and favorable world markets," US Secretary of Agriculture Earl L. Butz said in a joint press conference with EC Agricultural Commissioner Petrus J. Lardinois in Brussels November 4.

Butz commended the cooperative spirit of the Community's voluntary decision to reduce feed grain consumption by 10 per cent in the wake of the disappointing

1974 US harvest. The Community's action represents "a sharing of the burden of world supply fluctuations, and could be an important step forward in our world trade relations," said Butz.

En route to the world food conference in Rome (see *European Community* No. 181, page 3), Butz met with Lardinois for talks on the world grain and soybean market. They also discussed positions at the food conference, food aid, possible US beef import limitations, and possible US countervailing duties on dairy products.

### Eberle Briefs EC Leaders on US Economy

The United States remains committed to an open market approach for international economic cooperation, White House Special Representative for Trade Negotiations William D. Eberle told EC Commission members and European leaders in briefing them on President Gerald R. Ford's new economic program.

During a Brussels press conference the same day, October 9, Eberle said the United States would not apply a system of export controls, but would seek voluntary cooperation agreements on certain commodities. EC Commission President François-Xavier Ortoli told the press that the briefing had led to good understanding

of the principles behind Ford's program.

Eberle met with Ortoli, Commission Vice President Christopher

Soames, Belgian Premier Leo Tindemans, and several member state ambassadors to the European Communities.

### US, EC Businessmen Talk Petrodollars

A call for a four-party conference of private business leaders from the United States, the European Community, Japan, and the Arab world highlighted October 30-31 discussions in Brussels by industrial and banking delegates from the United States and Europe.

Hosted by the Confederation of Industries of the European Community (UNICE), the meeting brought together representatives from the American Chamber of Commerce and the National Association of Manufacturers and their European counterparts, as

part of an annual dialogue initiated two years ago by US and European businessmen.

The conferees were principally concerned with the question of oil prices and the recycling of petrodollars back into the Western economies. Some of the delegates had recently made visits to sound out Arab governments and business leaders about opening contacts at a private business level. From these visits came the proposal for a four-party conference tentatively scheduled for next spring in Geneva.

## External Relations

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### EC Commission Seeks Freer Trade

"A new attempt to further liberalize trade would be one of the most effective ways to prevent sliding back into protectionism," Commission Vice President Christopher Soames said at an October 23 Brussels news conference on the Commission's communication to the Council on the upcoming world trade talks.

The Commission, in spite of threatening recession and the resultant temptation to "beggar-neighbor policies," asked the

Council for the green light to go to Geneva to negotiate freer trade at the "Tokyo Round" of negotiations within the General Agreement on Tariffs and Trade (GATT).

The request for explicit guidelines deals with tariffs, nontariff barriers, export restrictions, safeguard clauses, agriculture, state-trading countries, and the developing world. On June 20, 1973, the Council adopted an "overall concept" allowing the Community to take a common position.

### Euro-Arab Dialogue Moves Forward

The EC Commission and the Organization of Arab Petroleum Exporting Countries (OAPEC) have agreed to develop regular contacts and exchange technical in-

formation on their activities.

The agreement was reached during talks between OAPEC Secretary General Ali Attiga, Commission Vice President Henri Simonet,

and Commissioner Claude Cheysson in Brussels October 7-8. Simonet and Cheysson are responsible for EC energy policy and development cooperation, respectively.

The talks were the first of their

kind between OAPEC and the Community. The Euro-Arab dialogue also involves discussions with the Arab League, a group which includes countries that are not oil producers.

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## Turkey-EC Association Council Meets

Turkish Foreign Minister Turan Gunes, in Luxembourg October 14 for an EC-Turkey Association Council meeting, reaffirmed Turkey's wish that association should eventually lead to full EC membership.

The Turks expressed concern over the erosion of their margin of preference as the Community expands its other preferential links (via association tie-ups with a growing number of African and Mediterranean states and the generalized preference system for all developing countries). The Turkish trade deficit with the

Community has been growing in the last couple of years.

The two sides, nevertheless, "emphasized the spirit of mutual goodwill" which has always prevailed in their relations and "expressed their conviction that this spirit would in the future enable mutually acceptable solutions to be found to the various problems which might arise." The ministers also took the opportunity of this meeting to have an unofficial discussion of the situation in Cyprus.

Turkey has been an EC associate member since 1964. Greece and Cyprus are also associates.

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## EFTA Sales to EC Down But Still Large

European Free Trade Association's (EFTA) exports to the United States outpaced those to the European Community during January-June 1974, according to September EFTA statistics.

EFTA's imports from the United States went up 2 per cent while its imports from the Community dropped 1 per cent during that period. EFTA's trade with the Common Market is nearly 10 times that with the United States, however.

About 52 per cent of EFTA's

June imports (\$4.6 billion) came from the Community (\$2.4 billion). The United States accounted for nearly 7 per cent, or \$300 million. EFTA exported a total of \$4.9 million in June, of which 22 per cent went to the Community (\$1.8 million) and nearly 6 per cent to the United States (\$300 million). The EFTA countries—Iceland, Sweden, Finland, Portugal, Switzerland, Norway, and Austria—have special EC trading links, negotiated during EC enlargement to include two former EFTA countries.

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## Tunisia and the Community Negotiate

Negotiations for an enlarged agreement between the European Community and Tunisia opened in Brussels October 29-30.

The original EC-Tunisia agreement, concluded in 1969, expired on September 1. From this trade

agreement, the Community and Tunisia hope to develop broad economic cooperation and the gradual establishment of a free trade area. The Community is conducting similar negotiations with other Mediterranean countries.

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## EC-Asian Commercial Cooperations Pacts

Negotiations began with Pakistan, Bangladesh, and Sri Lanka in early November on concluding commercial cooperation agreements with the Community along the lines of the existing EC-India agreement. The EC Council agreed on negotiating mandates for the Commission on October 15.

The agreements would be non-preferential trade pacts for five years on a most-favored-nation basis. A joint committee of the two sides would be set up to examine problems, such as non-

tariff barriers, and areas of potential cooperation, such as trade promotion.

Specific trade concessions are not normally incorporated in agreements of this type since they will always be applied to the rest of the world as well in the case of the EC common external tariff or to all other developing countries in the case of changes in the EC generalized preference system. Nevertheless, the negotiations may provide an opportunity for these three countries to frame some tariff demands.

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## Bangladesh Signs EC Trade Agreement

Three agreements to help boost the exports of one of the world's poorest countries—Bangladesh—were signed with the European Community in Brussels October 24.

The agreements provide for tariff concessions at Community frontiers for jute products, hand-woven fabrics, and handicrafts.

The jute agreement is the most important of the three, for exports of raw and processed jute bring in four-fifths of Bangladesh's foreign exchange.

Bangladesh is also in the process of negotiating a broad agreement with the Community to embrace commercial cooperation.

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## Commission Wants Mexican Negotiations

The EC Commission asked the Council in October for a mandate to negotiate a commercial cooperation agreement with Mexico.

The Community currently has no formal trade ties with Mexico, and the possibility of an agreement was first raised by the Mexican President on an official visit to the Community in early 1973. Exploratory talks have been going on since then to see what form of agreement would best suit the two

sides.

The commercial cooperation accord, similar to the one already in effect with India, would provide a framework for developing trade relations over a period of years, rather than tariff concessions as such, and would oversee the functioning of any sectoral agreements which may be concluded. A joint committee set up under the agreement would provide a forum for discussing problems.

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## Hillery Travels to Yugoslavia

Patrick J. Hillery, EC Commission Vice President responsible for social affairs, paid an official visit to Yugoslavia October 9-13.

The problems of Yugoslav migrant workers in the Community

were among the topics discussed. In addition, meetings with trade union leaders and factory visits gave Hillery direct contact with Yugoslav experiences in self-management techniques in industry.



## Economy

### Community Runs \$25-30 Billion Oil Deficit

The European Community's 1974 trade deficit with the members of the Organization of Petroleum Exporting Countries (OPEC) could reach \$25-30 billion dollars, the EC Commission said in answer to a written question from the European Parliament October 29.

EC oil imports from the OPEC countries are expected to reach \$40 billion this year as compared to the 1973 \$16 billion figure. EC imports for the first five months of 1974 totaled \$16 billion, compared

with \$6 billion for the same period last year. 1974 EC exports to the OPEC nations should reach \$12 billion as compared to \$8 billion last year.

The Commission said the OPEC nations are expected to import \$10 billion in Japanese and US goods this year (\$7 billion in 1973). OPEC oil exports to these countries should total some \$25 billion in 1974, more than double the 1973 \$10 billion figure.

### Spinelli Calls for United Aircraft Industry

Only through a truly united European aircraft industry will Common Market aircraft manufacturers be able to compete on an equal footing with US companies in military sales, Commissioner Altiero Spinelli told the European Association of Aeronautic Material Builders (AECMA) October 28.

Spinelli said Europe's aircraft companies should avoid costly

competition among themselves and work together to develop the most advanced equipment. A European industry, he said, would require common administration and financing. A Commission report on the entire aircraft sector will be sent to the Council of Ministers early next year. (See page 7 for further discussion of the European aircraft industry).

### Community Economic Picture Worsens

The economic situation in the Community continues to deteriorate.

Unemployment was up in all the member states in August—in some cases to well over twice the previous year's levels. Except in Luxembourg, where only 43 people are unemployed, there is no member state with less than 2.3 per cent unemployment (the German level); in Ireland it is close to 7 per cent.

Although the overall level of inflation everywhere continues to be alarming, a number of EC countries managed to slow the

rate of increase in August. Six of the "Nine" had lower rates of price rises in August than in July. Top marks go to Germany where prices remained stable during the month and the annual rate of inflation to August 1974 was 6.9 per cent, the same as in 1973 and a record for the industrialized world. Only the Netherlands, where the annual rate of inflation through August was 9.8 per cent, came close to matching this performance. At the other end of the scale was Italy at 20.4 per cent (where prices went up by 2.3 per cent in August alone), Ireland at

17.9 per cent, Britain at 16.9 per cent, Denmark at 16 per cent, Belgium at 14.6 per cent, France at 14.5 per cent, and Luxembourg at 10.2 per cent.

In the industrialized world outside the European Community, Japan, Greece, Iceland, Portugal, and Turkey were all doing far worse than any of the EC countries, but Austria, Norway, Sweden, Canada, and the United States were all faring relatively

well. Thus, the average rate for the European Community (13.7 per cent) remained a little higher than the rate for the industrialized world as a whole (13.4 per cent).

In the balance-of-trade picture, Britain, France, and Italy all have serious deficits. Whereas in 1973 three EC countries had a surplus—Belgium, Germany, and France—only Belgium (by the skin of its teeth) and Germany have stayed in the black this year.

### Haferkamp Calls for Economic Solidarity

Never has international cooperation been more necessary than today to combat world inflation and overcome the oil-induced balance of payments disequilibria, Commission Vice President Wilhelm Haferkamp told the European Parliament in Strasbourg October 15.

Failure to grapple with inflation could imperil the democratic, economic, and social order of the industrialized countries of the West, Haferkamp said. The fight against inflation and the dangers of a regressive trend called for concert at the international level, and the Commissioner accordingly welcomed the US Government's

willingness in its new economic program to work in close cooperation with its trading partners.

Regarding balance-of-payments disequilibria, Haferkamp detailed the Commission proposal for a petrodollar loan, adopted by the Council on October 21.

Haferkamp concluded, "It is more important than ever before that all the forces in society should share in these economic efforts. It is more important than ever before that through the European Parliament the urgent need for shoulder-to-shoulder help and cooperation in the Community should be conveyed to the national parliaments."

### Fight Against Inflation Has Priority

The October session of the Community's Economic and Social Committee concluded that the fight against inflation must be the number one priority of EC economic policy.

The Committee endorsed the Commission's own annual report on the economic situation in the Community, which reached this same conclusion. The Committee emphasized, however, that in deciding what action to take the member states must attempt to ensure that the level of employment is maintained and steps

must be taken to cushion the social effects of unemployment.

Many Committee members felt that the Commission had been overly optimistic in its already gloomy forecast. The Commission predicted 3.5 per cent growth in real gross domestic product and stable employment levels in 1975. Given the recent radical changes in the terms of trade in the world, however, many Committee members thought the Commission's proposals were based too much on traditional economic theories and did not tackle the new realities.

The Committee stressed that member states should act together as a matter of urgency to work out an energy strategy, define potential energy savings, arrange mutual financial assistance, and achieve closer coordination of credit and interest rate policies.

The new president of the Committee is Henri Canonge, director general of France's National Confederation of Cooperative Societies and Agricultural Credit. He succeeds German labor leader Alfons Lappas.

from declining production regions to expanding ones.

Guidelines for the medium-term energy policy also call for an adjustment of coal production among the member states. More concentrated coal-mining regions, such as Britain, Germany, and the Lorraine area in France, which together account for 87 per cent of total EC coal production, would be encouraged to step up production as less efficient regions are phased out.

As imports from traditional sup-

pliers, such as the United States, have stagnated in recent years, the Commission plans to call for a new import policy ensuring free access to the world market for all consumers, as well as aiding EC firms which may wish to engage in joint ventures in the coal industry of third countries. Finally, after consulting the Council, the Commission on October 18 authorized Belgium, Britain, France, Germany, and the Netherlands to grant new coal industry subsidies totaling about \$800 million.

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## European Shoe Industry Needs Help

Measures to help Europe's imperiled shoe industry are being considered by the EC Commission, which received a study in October from representatives of the European shoe and tanning industry.

Formerly the largest producers and exporters in the world, the European shoemakers have run into severe price and supply difficulties and new, competing shoe manufacturing industries in areas of traditional supply.

The Community is self-sufficient for about 60 per cent of leather from cow hides, but must import practically all sheep and goat leather. Difficulties in collecting and processing the skins prevent African associate countries from

supplying more, so the Community remains highly dependent on imports from the United States and South America, where strong shoemaking industries have been established. Notably, Brazil has posed serious obstacles to French and Italian shoemakers by limiting exports of leather and applying customs duties of more than 100 per cent on shoe imports into Brazil.

In response to such developments, the Commission is pondering measures concerning supplies, promotion of technology, and enhanced trade. Since 300,000 to 500,000 Europeans are employed in this sector, social policy will also be involved.

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## Simonet Comments on "Twelve" Accord

EC member states signing any agreement made within the "Group of Twelve" energy-consuming nations may run counter to EC Treaty provisions for free movement of goods and EC common commercial policy regulations, EC Commission Vice President Henri Simonet said at an October 26 press conference in Brussels.

The Twelve, who tentatively agreed to set up an oil-sharing plan during crises, consist of the EC member states (excluding

France), the United States, Canada, Norway, and Japan. Simonet said the Commission believes the problem could be overcome if the Community participated in any such agreement or if the member states set up a system complying with Treaty provisions.

If France decides to join the group, then the EC Commission would likely become a full member of the Twelve's energy agency. Otherwise, the Commission would probably have observer status.

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## Energy

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### Coal Industry Gets EC Assistance

Maintaining current levels of coal production in the Community (approximately 250 million tons annually) will play a key role in the Community's new medium-term energy policy, scheduled for Council discussion in mid-December. In order to bolster the sagging fortunes of the European coal industry, Commission experts have formulated a series of measures to enhance that sector's structural, manpower recruitment, and financial aid policies.

A highly labor-intensive industry, the Community coal sector

employs some 335,500 workers below ground. About 63 per cent of the miners in Britain, and a little more than half of all miners in the Community, are older than 40 years of age, an age imbalance which has led Commission experts to advocate a new recruitment policy to:

- offer the work force a high level of technical training
- attract young people to the coal industry, at worker and executive levels, through lucrative and safe career prospects
- encourage manpower mobility

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### EIB Loan for US-Danish Oil Venture

A Danish-US group has received an \$8 million loan for offshore oil drilling from the European Investment Bank (EIB).

The money will go toward purchase and conversion by the group—Atwood Lauritzen Offshore Drilling K/S, a joint venture

of Atwood Oceanics, of Houston, and the Lauritzen group, of Copenhagen—of a ship to be used in offshore oil drilling.

The ship, ready in 1975, will be able to drill more than 3 miles deep. The loan is for 12 years at 10.5 per cent interest.

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## Social Policy

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### Toward Improved Working Conditions

An EC Commission-sponsored conference on "Work Organization, Technical Development, and

Motivation of the Individual" was held in Brussels November 5-7.

Experts from governments, em-

employers' and workers' organizations, research institutes, and universities discussed the adaptation problems which exist or could arise in the near future between workers, industrial enterprises, and society as a whole. Also discussed were the social, political, technological, economic, and training aspects of organizing work in such a way as to make it more satisfying and meaningful for the individual.

The conference stems from the Commission's social action program, adopted by the Council January 21, to promote the con-

tinued improvement of working life. The conference was preceded by four specialized one-day seminars held in Brussels in September which covered:

- automation, robots, artificial intelligence
- automobile industry
- service industry (banks, insurance, administration)
- light and heavy industries.

Commission Vice President Patrick Hillery, responsible for social affairs, chaired the conference, and Commissioner Altiero Spinelli, responsible for industrial affairs, welcomed the participants.

The cereal, 150,000 tons to be supplied by the Community and 150,000 tons by the EC member states, would be sent as quickly as possible, with the remaining

700,000 tons sold at a special negotiated price. Delivery costs would be paid by the Community through the 1974-75 urgent aid fund.

## Honduras Receives EC Assistance

Within a week after Honduras was devastated by a cyclone, the European Community had decided to release 90 tons of powdered milk from the stocks it keeps at the International Red Cross's disposal and to spend \$300,000 in relief.

Of the relief money, \$150,000 went to airfreight the powdered milk and \$150,000 for purchasing clothing and medicine. This effort was supplementary to any bilateral giving by EC member states.

## Mutual Recognition of Medical Degrees

Some time next year there could be agreement among EC member states on recognizing doctors' right to practice freely in any EC country and on acknowledging the equivalence of their qualifications.

The EC Commission has proposed setting up a consultative committee to assist the Commis-

sion in formulating legislation. Doctors, university professors, hospital representatives, and health ministry officials would sit on the committee. The doctors would be the first of the licensed professions to gain freedom to offer services throughout the Community.

## Commission Hears Consumers' Voice

The fourth meeting of the EC Consumers' Advisory Committee, held in Brussels October 18, included a broad discussion on matters relating to the EC agricultural policy.

The Committee asked that Commissioner Petrus J. Lardinois, responsible for EC farm policy, hear the consumers' point of view be-

fore any decisions are made for the coming marketing year. Lardinois was scheduled to meet with the consumer representatives on November 8.

The Committee also discussed possible Commission proposals on consumer credit, which the Committee generally favored.

## Food and Development Aid

### Aid for India Urged by Commission

In an attempt to avert widespread famine in India, which has been hit hard by cost increases in raw materials and poor wheat harvests leading to a shortfall of 10 million

tons of cereals this year, the EC Commission called in October for special aid measures to answer India's request for 1 million tons of cereal from the Community.

## Agriculture

### EC Guarantees Sugar for Britain

Panic-buying of sugar in Britain should cease after the EC Council's October 22 decision to subsidize British sugar imports from world suppliers.

Faced with a potential sugar shortage this winter of 600,000 tons, Britain looked likely to have to make up the difference by buying at a price well above what it normally pays for sugar imports. But now the Community will buy sugar on the world market and sell

it to Britain at the usual price with the Community subsidizing the difference. The system can be applied to any EC country.

The Council meeting in Luxembourg also decided to boost EC sugar production to levels of self-sufficiency. To increase next season's production by about 2 million tons, the "Nine" agreed to increase the amount of sugar for which farmers can expect an EC-guaranteed price.

### Community Extends Beef Import Ban

The Community has prolonged indefinitely its six-month ban on imports on beef, which was to expire October 31. The situation in the beef and veal market—with one cow being sold recently for just \$7—was regarded as still too precarious and consumption too depressed to allow the ban to be lifted.

Although the Community has taken measures to boost producer prices and help farmers through a difficult phase, these are taking time to make themselves felt and prolongation of the ban is regarded as essential

if they are to work fully. However, consultations with the major beef-exporting countries are continuing on long-term solutions to the problem.

In mid-October Commission officials went to Washington for informal talks with the United States, Japan, New Zealand, Australia, and Latin American countries. In addition, producers from 17 countries themselves had talks in Brussels October 21-23 under the aegis of the International Federation of Agricultural Producers on how to get through this "critical" phase.

## Parliament Criticizes EC Farm Policy

At a time when the EC Commission is embarking on a major re-assessment of the common agricultural policy at the request of the member states, the policy has come under fire from the European Parliament.

In an October discussion on next year's agricultural budget, the European Parliament's committee on agriculture stated that it considers the agricultural market policy "particularly short-sighted. It harms farmers and consumers and threatens the unity of the common agricultural policy since national governments are led to

take purely national measures to combat the serious situation confronting their farmers."

The first step to reform, in the committee's view, is to improve the statistical base upon which market policy is based. In addition, marketing networks need to be improved, and "it is of the utmost urgency to take measures for the implementation of structural reform, to aid mountainous areas and priority agricultural areas. Equally important, the instruments of market policy should be adapted to achieve a balanced market."

## Lardinois Addresses Stockbreeders

The stocktaking of the EC common agricultural policy agreed to by farm ministers in Luxembourg October 3 will not be allowed to hold up the normal evolution and progress of the policy, according to EC Agricultural Commissioner Petrus J. Lardinois.

The stocktaking is not due to be completed until February 1975, but Lardinois, speaking at the opening of the International Stockbreeders' Conference in Utrecht on October 10, promised to sub-

mit price and reform proposals for next year during November.

Lardinois warned, on the other hand, that too much emphasis on keeping prices down in the beef sector, for example, could discourage farmers and lead to long-term shortage. He alerted his audience to the fact that there is already a serious grain shortage looming in Europe this winter. The resulting shortage of foodstuffs could lead to cutbacks in poultry, egg, and pork production.

## Competition Policy

### Potash Producers End EC Infringements

Two European potash producers have ended discriminatory sales practices which had violated EC competition rules, in compliance with a May 11 Commission decision.

The Commission had asked the German company Kali und Salz AG and the French company SARL Société Commerciale des Potasses et de l'Azote (SCPA) to stop selling potash products in the Netherlands and Italy through

a joint distributor. SCPA was also required to stop distributing its products in Germany through a Kali und Salz controlled company.

Both companies now channel production through separate and independent organizations, have ended production and distribution information exchanges, and have reorganized their respective distribution channels in the rest of the Community.

## French Alcohol Monopoly Under Attack

France has been asked by the EC Commission to modify a system of taxes levied on imports of alcohol from the three new member states—Britain, Denmark, and Ireland.

These taxes, which mainly affect imports of whisky and gin from Britain and Ireland, are considered by the Commission to be discriminatory as long as there is

no equivalent levy on comparable alcohol produced in France. This request is the latest in a series of interventions by the Commission—most of which have been complied with in the meantime—to get the French Government to bring its alcohol monopoly into line with EC rules.

## Restrictive Plate Glass Agreement Ends

A cumulative rebate agreement which restricted competition in the plate glass sector will be eliminated December 31, following EC Commission intervention.

Under the agreement, the German company Gur-Kartell had given control of the plate glass

market to the strongest sales agencies in this field, St. Gobain/Pont-a-Mousson and BSN, of France. The two agencies also agreed to separate a series of business activities which they had been developing together in France and Germany.

## Science and Technology

### EC Pioneers Computer Development

A \$750,000 contract has been awarded to a Franco-British consortium by a group of nine European nations and the European Atomic Energy Community (Euratom) to develop switching systems which will make it possible to hook up computers which have till now appeared incompatible.

The two firms involved—Logica, of Britain, and SESA, of France—describe the contract as "arguably the most important assignment yet awarded to the Euro-

pean computer consultancy industry." The participating nations are four EC countries—Britain, Italy, France, the Netherlands—and Switzerland, Portugal, Yugoslavia, Sweden, and Norway. The countries are cooperating in the framework of a scientific committee, known as COST, set up under the aegis of the Community (see *European Community* No. 177, page 19). The EC Commission will act as financial controller.

## Community Assists Textile Research

Textile industry research in the Community is to receive more than \$250,000 from EC funds over the next three years.

These funds will meet about one third of the cost of three projects which will look into the thermal treatment of chemical fibers,

the treatment of textiles in an organic solvent, and fireproofing of textile fibers by radiation grafting. The purpose of the program is better understanding of man-made fibers in the interests of fighting pollution and protecting the consumer.

## Institutions

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### Parliament Proposes Direct Elections

Impatient with waiting for member states to draw up proposals for direct election to the European Parliament, the Parliament's political affairs committee has drawn up its own draft convention.

The draft convention proposes replacing the present body, whose members are nominated from national parliaments, by an institution elected with the following membership principles in mind:

- the number of members should be determined for all the EC

countries in proportion to their populations

- no EC country should have less than six members

- Parliament should itself make a proposal to the Council of Ministers on the total number of members and not leave this to other institutions

- the total number of members should not be so great as to render it impossible for Parliament to perform its present duties.

### Budget Powers Wanted by Parliament

A delegation from the European Parliament, headed by its President, Cornelis Berkhouwer, backed up by budgetary experts and the leaders of each political group in the Parliament, met the EC Council on October 14 to discuss how much budgetary power should be ceded to the Parliament by the Council.

Although the Council is ready to give the Parliament the right to accept or reject the budget outright, the Council is loath to give it the final say over individual budget items. Further consultation will be needed before a compromise is worked out, but Berkhouwer nevertheless described this meeting as "fruitful."

## Environment

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### Improving Waste Disposal

Commission proposals designed to give a more rational, Community-wide pattern to disposal, retrieval, and recycling of most kinds of waste are under study by the Council.

Local authorities—the traditional waste collectors—no longer have the resources or know-how to cope with mounting waste, one of the most harmful sources of pollution to health and environment.

The Commission, in its September proposals, did not suggest identical national waste disposal

systems; each country can decide how it wants to tackle the problem. But the Commission believes that throughout the Community there should be a system of licensing for firms in the field. The proposals cover all kinds of waste except radioactive, agricultural, mining, and oil wastes.

In addition, the Commission adheres to the principle that the polluter should pay—either by taking care of disposal or recycling himself or by paying someone else to do it.

## Commission Attacks Water Pollution

The fight against river and sea pollution should be harmonized, the EC Commission stated on October 23.

In a proposal to the Council, the Commission called for harmonization of the three international conventions covering river

and sea pollution. The Paris Convention deals with sea pollution, the Strasbourg Convention protects international streams, and the Rhine Convention is concerned with chemical pollution of the Rhine.

### Iron and Steel Pollution

A conference on technical measures for prevention of pollution in Europe's iron and steel industry was held in Luxembourg September 24-26.

Organized by the EC Commis-

sion, the meeting concentrated on results of relevant research and study projects carried out under the European Coal and Steel Community's research program, initiated in 1958.

## Regional Policy

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### Thomson Calls for Balanced Aid

"The Community in any meaningful sense cannot survive without an EC regional policy," Commissioner George Thomson said in an address to the International European Training Center in Venice October 11.

A necessary "precondition for the convergence of economic policies," according to Thomson, the regional policy is designed to balance Community expenditure in a way that encourages rich and

poor member countries to dovetail their economic policies.

Of the six original EC countries, Italy has the lowest gross domestic product per person and one of the most economically troubled regions, the Mezzogiorno, and therefore deserves more Community aid, according to Thomson. Italy represents 29 per cent of the total EC population but has received 26.4 per cent of total EC grants, loans, and subsidies.

## Member States

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### British Deficit Not Community-Caused

Membership in the European Community has not caused Britain's cost-of-living and balance-of-payments troubles, according to the EC Commission.

In answer to a written question from the European Parliament, the Commission said that Britain's

balance-of-payments had begun to deteriorate before the 1973 EC enlargement. The main reasons for the drop, the Commission said, were the sterling devaluation and rising world commodity prices.

British trade with the EC "Six" outpaced trade with the third

countries during 1973, the Commission said. British exports to the Six rose 38 per cent while imports went up 54 per cent. Its exports to the rest of the world went up by only 25 per cent; imports rose 39 per cent.

In answer to another European Parliament question, the Commission blamed British inflation mainly on the unprecedented rise in world commodity prices, large labor cost increases, and the devaluation of the pound sterling.

**10** Commissioner Petrus J. Lardinois opens International Stockbreeders Conference in Utrecht, the Netherlands (see page 20).

**11** United Nations General Assembly grants European Community observer status (see *European Community* No. 181, page 22).

**11** Commissioner George Thomson addresses International European Training Center in Venice, Italy (see page 21).

**14** EC-Turkey Association Council meets in Luxembourg (see page 16).

**14** Commission's Energy Committee meets in Brussels to discuss oil prices.

**14-18** European Parliament holds plenary session in Strasbourg, France, discusses budgetary powers and direct elections (see page 21).

**15** Commission Vice President Wilhelm Haferkamp addresses European Parliament on economic policy (see page 17).

**15** Council meets in Luxembourg to discuss external relations, in particular the EC position at World Food Conference (see *European Community* No. 181, pages 3 and 22) and relations with Canada (see page 3).

**15** "Nine" hold informal meeting in Luxembourg on political cooperation (see page 10 for discussion about these types of meetings).

**18** Commission's Consumer Advisory Committee meets in Brussels (see page 19).

**18** Commission holds special session in Brussels to take inventory of common agricultural policy.

**18** Commission authorizes member state subsidies to coal industry (see page 18).

**21** Council, meeting in Luxembourg, agrees to a Community loan for petrodollars (see *European Community* No. 181, page 22).

**21-22** Council meets in Luxembourg to discuss agriculture, agrees to subsidize British sugar imports (see page 19).

**22-24** Community's Economic and Social Committee meets in Brussels (see page 17).

**23** Commission proposes harmonization of water pollution conventions (see page 21).

**23** Italy, following a Commission ruling, lifts mandatory deposits on agricultural imports, except for coffee, tea, spices, and certain wines and liquors.

**23** Commission Vice President Christopher Soames holds Brussels news conference on guidelines for multilateral trade negotiations (see page 15).

**23-25** Canadian Prime Minister Pierre Elliott Trudeau visits Brussels (see page 3).

**24** Bangladesh-EC trade agreement is signed in Brussels (see page 16).

**24** French President Valéry Giscard d'Estaing, at Paris news conference, announces "Summit" meeting to be held before year's end.

**26** Commission Vice President Henri Simonet holds news conference in Brussels (see page 18).

**28** Commissioner Altiero Spinelli addresses European aircraft industry meeting in Brussels (see page 17).

**28** European Parliament's political committee studies draft report on direct elections to the Parliament (see page 21).

**29** US Under Secretary of State for European Affairs Arthur Hartman and State Department advisor Helmut Sonnenfeldt visit Brussels (see page 15).

**29-30** Tunisia and Community open negotiations in Brussels (see page 16).

**30-31** US and EC businessmen meet in Brussels (see page 15).

**31** Commissioner Claude Cheysson, responsible for development aid, visits Togo.

## Callaghan Says EC Now More Flexible

The European Community has become much more flexible in its approach to problems and has taken greater account of individual member country needs, British Secretary of State for Foreign and Commonwealth Affairs James Callaghan told the House of Commons October 31.

Callaghan spoke in the House debate on Queen Elizabeth's October 30 speech to Parliament. Noting "a greater sense of realism in the Community," he said

the world economic crisis, and new European leadership, "together with the new French Government's efforts to get the Community to work more in the interests of all its members, have produced a greater readiness to look at problems with fresh eyes."

Callaghan's Labor Party won a slim parliamentary majority in Britain's October 10 general election and has promised a referendum on EC membership within a year.

## Community Calendar

### OCTOBER

**1-2** Commission Vice President Henri Simonet, responsible for energy policy, pays unofficial visit to United States.

**2-3** Council meets in Luxembourg to discuss agriculture, agrees on 5 per cent price increase (see *European Community* No. 181, pages 6 and 20).

**3** Council meets in Luxembourg to discuss development aid, decides on \$150 million contribution to UN emergency fund for developing countries hardest hit by rising food and oil prices (see *European Community* No. 181, pages 5 and 22).

**3-4** Negotiations for an EC-Israel trade agreement resume in Brussels (see *European Community* No. 181, page 19).

**4** Commission Vice President Christopher Soames holds Brus-

sels news conference on his trip to the Far East (see *European Community* No. 181, pages 18-19).

**7** Organization of Arab Petroleum Exporting Countries (OAPEC) Secretary General Ali Attiga visits Brussels for talks with Commission (see page 15).

**7-9** Commissioner Petrus J. Lardinois and agricultural ministers hold informal meeting in Aix-Les-Bains, France.

**9** European Coal and Steel Community issues \$7.5 million public bond on the Luxembourg capital market.

**9** White House Special Representative for Trade Negotiations William D. Eberle visits Brussels.

**9-13** Commission Vice President Patrick J. Hillery visits Yugoslavia (see page 16).

**10** General election in Britain, Labor Party wins parliamentary majority (see page 22).

# Europe Update

CANADIAN-EC RELATIONS (see page 3) brought together delegations from the European Parliament and the Canadian Parliament for their first formal meeting, November 12-13, in Strasbourg, France. The Canadians, led by Senate Liberal leader George Van Roggen and House of Commons Liberal leader Albanie Morin, reiterated Prime Minister Pierre Elliott Trudeau's call for strengthened ties with the Community to stimulate trade, investment, and energy cooperation. "Our primary motive in seeking rapprochement with the Community," said one Canadian representative, "is to convince the Europeans that we are a different country, with different problems, than the United States." In reply to rumors that the United States is "irritated" by Canada's overtures to the Community, the representative said that Canada and the United States "have lived in a constant state of mutual and healthy irritation."

EC DEVELOPMENT AID'S FUTURE was outlined in a "fresco" presented to the press by Commissioner Claude Cheysson November 5 in Brussels. In emphasizing the unique character of EC development policy, Cheysson said flexibility is necessary to handle the varying needs and degrees of "Third World" underdevelopment: financial aid for the poorest countries; guaranteed access to EC markets for countries with some resources; trade and industrial cooperation with countries rich in raw materials.

A US-EC LABOR information program brought AFL-CIO Research Department Director Nat Goldfinger to Brussels November 11-12. Talks with EC Commission officials centered on US labor attitudes toward EC-US trade, the upcoming world trade talks, inflation, and unemployment.

GUIDO BRUNNER replaces Ralf Dahrendorf as EC Commissioner responsible for research, science, and education (see page 10). Prior to his appointment to the 13-member Commission, announced November 13, Brunner headed the German Foreign Office planning staff. In this capacity he represented Germany at the Conference on Security and Cooperation (CSCE) in Helsinki and Geneva. A career diplomat, Brunner also served as Foreign Ministry spokesman (1970-72), as a member of Germany's observer mission to the United Nations (UN) (1960-68), and as a member of the German delegations to the Nuclear Non-Proliferation Treaty negotiations (1966 and 1968, Geneva), to the UN Conferences on Trade and Development (UNCTAD) (1964, Geneva, and 1968, New Delhi), and to the International Telecommunications Satellite Consortium (Intelsat) negotiations (1969-71, Washington). Born in Madrid, May 27, 1930, Brunner has law degrees from the Universities of Munich and Madrid.

US, EC BUSINESSMEN have set up three working groups to explore problems and areas of joint cooperation in energy conservation, international trade, and mutual investment. The groups were organized following the second annual meeting of US and European industrial and banking executives, in Brussels October 30-31 (see page 15).

ERSKINE H. CHILDERS, President of Ireland, is dead at the age of 69. Childers, who was President from March 1973 till his death November 17, was a dedicated advocate of European unity and played a leading role in the May 1972 Irish referendum to join the Community.

ENVIRONMENTAL ACTION for the Community got underway through a series of measures adopted by the Council November 7. The action program includes guidelines for the "polluter pays" principle, directives for recycling waste oil and for standardized treatment of drinking water, a resolution to conserve energy resources, and agreement on future EC participation in international conventions.

# 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 European Community Information Service, 277 Park Avenue, New York City 10017.*

**NATIONAL ACCOUNTS AGGREGATES 1951-1972.** Statistical Office of the European Communities, Luxembourg, 1973, 79 pages, \$1.50  
*Presents aggregate data, total and per capita, for the nine member countries, the Community of Six and Nine, the United States, and Japan in both units of account and national currencies at current and 1963 prices. Provides updated figures pending publication of the first yearbook of national accounts, based on the European System of Integrated Economic Accounts (ESA), planned for 1974.*

**COORDINATION OF INVESTMENTS IN TRANSPORT INFRASTRUCTURES.** *Transport Series* No. 3, Commission of the European Communities, Brussels, 1973, 87 pages . . . . . \$5.00  
*Defines an appropriate framework for the development of a Commu-*

*nity policy towards the appraisal of investment in transport infrastructure. Considers pricing, forecasting, and benefits. Makes some preliminary recommendations.*

**INFORMATION BROCHURE SHOWING THE PRINCIPAL ACTIVITIES OF THE VARIOUS SERVICES OF THE COMMISSION OF THE EUROPEAN COMMUNITIES.** Commission of the European Communities, Brussels, 1974, 73 pages . . . . . free  
*Outlines the responsibilities and functions of each of the Commission's services and directorates.*

**EC-CANADA EXPLORE POSSIBLE TRADE ACCORD.** *Background Note No. 17/74*, European Community Information Service, Washington, D.C., October 3, 1974, 5 pages . . . . . free  
*Covers the exploratory talks between Canada and the Community on a trade cooperation agreement, EC-Canadian trade, and the effects of British membership on Canada.*

**EUROPEAN DEVELOPMENT FUND.** Commission of the European Communities, Brussels, 1974, 112 pages . . . . . free  
*Brochure on the management of financial and technical cooperation between the EEC and the*

*Associated States in 1973. Breaks down aid by sector and country. Statistical annexes with data on the first, second, and third funds and general economic indicators for the African, Caribbean and Pacific States.*

**INDUSTRIAL STATISTICS YEAR-BOOK 1973.** Statistical Office of the European Communities, Luxembourg, 1974, 170 pages . . \$4.00  
*Contains data, in physical units, on the production of approximately 500 products in the nine member states for the years 1958 and 1965 through 1972 and indices of production.*

**PROSPECTS FOR COOPERATIVE INDUSTRIAL RESEARCH IN THE EUROPEAN ECONOMIC COMMUNITY.** EUR 5061 e, Commission of the European Communities, Luxembourg, 1974, 198 pages . . \$6.00  
*Proceedings of a conference held at Rotterdam April 25-27, 1973, organized by the Committee of Directors of Research Associations. Papers cover national public and private structures and systems of funding industrial research, the role of industrial research associations, Community industrial policy, and future collaboration between European research associations.*

**REPORT ON THE COMMUNICATION FROM THE COMMISSION OF THE EUROPEAN COMMUNITIES TO THE COUNCIL ON A COMMUNITY POLICY ON DATA-PROCESSING.** *Working Document No. 153/74*, European Parliament, Luxembourg, July 2, 1974, 32 pages . . . . . \$5.00  
*Report by Pierre-Bernard Cousté for the Committee for Economic and Monetary Affairs. Discusses promotion of a European-based data processing industry and market.*

**REPORT ON THE PRINCIPLES OF THE COMMON TRANSPORT POLICY AND ON THE COMMUNICATION FROM THE COMMISSION TO THE COUNCIL ON THE DEVELOPMENT OF THE COMMON TRANSPORT POLICY.** *Working Document No. 215/74*, European Parliament, Luxembourg, September 16, 1974, 164 pages . . . \$2.00  
*Report by K. Heinz Mursch for the Committee on Regional Policy and Transport. Reproduces the Commission communication with recommendations for changes. Discusses the need for a transport policy including capacity, pricing and cost factors. Annexes contain Council decisions and resolutions on transport.*

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