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New Voices in the Boardroom?

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"European Companies"

EC Commission Proposal Would Encourage Transnational Business and Worker Participation

EDMUND FAWCETT, *Brussels correspondent for* The Economist

You may think that "SE" stands for "stock exchange" or "standard error," but if the EC Commissioner for internal market affairs, Finn Olav Gundelach, has his way, these initials could be appearing on the letterheads of Europe's biggest companies by the end of next year in place of "Ltd.," "SA," "AG," and other familiar symbols of incorporation among the EC "Nine." The two letters "SE" in fact stand for "Société Européenne," or in English "European Company." When tacked on to names like Shell, Honeywell, or Unilever, they should be read as a sure sign that these giants have quit the chaos of the Nine's separate business codes for the purified heights of the European company statute (ECS).

At the end of April after almost five years of reappraisal, the EC Commission came out at last with a fresh and, it is generally hoped, final draft of the ECS, which runs to around 800 pages (with comments). Legal experts in EC capitals are now scrutinizing its 284 articles to prepare ministers for a first round of discussions in the Council later this year. Once given the Nine's collective nod, this brave new plan will offer companies (American subsidiaries included) doing business in at least two EC countries the option of registering as a "European company" under the EC statute instead of under existing national laws.

The plan is not compulsory: Firms will be free to take up the offer or leave it as they wish. This is a marked change of approach from the stalled "fifth directive" on company law which seeks to impose common company structure as a matter of EC law. By itself the ECS will bring no tax advantage since different branches of new "European companies" will still be taxed by the countries where they register. Disputes under the ECS would be settled in the European Court of Justice. The bait with which Gundelach hopes to lure early takers is the assurance of freedom from frequent and often unpredictable changes in national law that can scramble well-laid investment plans. The hook on which he wants to draw them towards greater "industrial democracy" is worker participation.

FIZZ WITH EXCITEMENT

When first proposed in June 1970 as part of a general campaign to align the company laws of the original EC "Six," the ECS was touted chiefly as a device to ease the birth pangs of European multinationals. The proposal to give workers a minority say against shareholders in boardrooms was reckoned by many to be overbold at the time if not visionary. For the main aim of encouraging industrial mergers among the Six, large firms were offered the security of a single, EC-wide code and thoroughly simplified merger rules. Giving reluctant European companies such legal stilts to step over national barriers was, and still is, politically uncontroversial, although tax accountants and company lawyers will often fizz with excitement over some of the details.

Worker representation aside, the bulk of the draft statute remains much as it was: a coherent alternative body of company law complete with common accounting procedures, disclosure rules, minimum capital requirements (slightly reduced under the new proposal), and provisions for mergers and takeovers. Many changes were made to accommodate the three new EC members, but political heat is now coming from the revised proposal's suggestion that workers should share equally the taking of all strategic decisions in a "European company" as part of a troika with shareholders and independent board members.

In ironing out the many creases in the old proposal with over 60 interested pressure groups (including all the major union organizations and the bosses' federations) as well as with committees of the European Parliament, the Commission spent most time on the articles covering worker participation. Under the revised ECS, as before, the running of a "European company" will be split between a management board which takes week-to-week decisions and a supervisory board with power to hire and fire the management. The big change has come over who sits on the supervisory board. Under the original Commission proposal, shareholders could always count on two-thirds of the seats on the supervisory board, leaving the workers to make do with the rest.

Now, on the advice of the European Parliament, the Commission is seeking a three-way split: Shareholders and workers will start off on an equal footing with a third each, and will have to play for the other third. To elect these "independents" (who must be neither shareholders nor employees), a two-thirds majority is needed of workers and shareholders voting together.

However arcane it may sound, this is political arithmetic. Most companies view the troika as creeping socialism or worse. Many unions reckon it still does not go far enough, and some reject "participation" altogether. In Germany, where *Mitbestimmung* (codetermination) was first dreamt of, the Deutsche Gewerkschaftbund (DGB, the German Union Federation), demands a straight 50-50 split between shareholders and workers of the kind the German coal and steel industry has had since 1951. The German Government, worried lest foreign investors be scared away from Germany if workers there share boardroom power, is looking for some way to squeeze out of its reluctant backing of the union demands. The troika idea of Gundelach could be just what the German Government needs, and indeed, critics of the EC proposal suggest it is a neat way of pleasing the Germans by locking the Nine into a moderate position in advance, which unions will then find it hard to exceed.

Since 1970—when Germany was the only EC country with workers assured of a say, however small, in management—the fashion for a moderate degree of worker participation has caught on among the Nine's governments. In 1971 Holland wrote into law a requirement for workers in all large public companies to have a say on advisory boards. In its Companies Act of 1973, Denmark followed by giving workers the right to elect at least two board members in firms with over 50 employees. Luxembourg slipped aboard the bandwagon last year by demanding a third of board members in large companies (which in practice means the Arbed steel firm) be elected by workers. Even in France, once cold, the idea now has the backing of President Valéry Giscard d'Estaing, who believes that worker participation should be one of the cornerstones of the "advanced liberal society" he wishes France to become. The report on French company law reform, submitted in February by French industrialist Pierre Sudreau, recommends the innovation for France of a two-tier board with a third share of the votes on the supervisory board reserved for workers.

UNCONVINCED UNIONS

By no means all unions are convinced of the virtues of having workers in the boardroom. With its legalistic distinctions and complicated voting apparatus, *Mitbestimmung* is seen by many union critics as a sop to organized labor's demand for more power. Worker participation (the word was carefully chosen) does not mean worker control. France's communist-led Confédération Générale du Travail and Italy's Confederazione Generale Italiana del Lavoro are both wary of giving workers a voice with management, officially because they dismiss this as a reformist move, but more radical French and Italian workers complain that the real reason for this coolness is that the communist-led unions get on too well with management already.

Many British unions reckon their main task is to stick to the issues of wages and work conditions and not to get diverted into arguing over how the plant is run. Worker participation is rare (the John Lewis clothes chain is an exception). The main objection in Britain is that the presence of more than one union in a single industry would make common stance by workers on the board hard. The British Trades Union Conference (TUC), like its Irish counterpart, does back worker participation so long as the split on the board is half-and-half with the shareholders, but a basic suspicion is widespread among individual unions. British Chrysler's subsidiary experienced this for itself when its offer of worker participation to end a recent strike was rejected as an attempt to buy the workers off.

Gundelach is convinced of the danger of making the ECS proposals for worker participation so radical that it "will become a house in which few decide to live." On paper the supervisory board he is suggesting looks tough. Although insulated from regular wage bargaining (and all matters traditionally reserved for the clash of management and labor), the supervisory board would get regular reports on the company's state of health and would take the final say on takeover bids and plant closures. But the suggested voting rules are so drawn up that the balance of power will be held by the "independents," and unless more than two-thirds of the shareholding voters are asleep when the ballot takes place, these can be guaranteed to be moderates.

The unions have other demands to which the Commission has turned away. Employees that object to worker participation in principle would not be obliged to take seats on the board of a European company, but Gundelach is insisting that where there is a clash among the employees of a European company the workers in favor of taking up seats on the board need only carry their point by a straight 50 per cent majority. Some unions wanted a required majority of two-thirds, to make it easier to block worker participation in principle. Unions have no veto power over a company wanting to register under the ECS. If the employees do muster the necessary majority to reject taking seats on the board, the firm can go ahead and become a European company all the same. Besides the quite general fear that boardroom workers will start thinking for the benefit "of the company as a whole," unions wish to have spelt out that management remains legally responsible for the actions of the company. They fear, above all, dilution of union strength in the creation of European work councils and the eligibility of non-union employees both to vote for worker representatives and to sit themselves on the supervisory board.

The power in European companies of work councils—an entirely separate body from the supervisory board, representing interests of all employees—has been expanded since the original Commission proposals were framed. Looking after the interests of all the firm's workers—union and non-union—the work councils would have to be consulted by the management over closures, mergers, and mass redundancies. Work councils in theory are not meant in any way to interfere with collective bargaining, the preserve of the unions. Equally as serious are objections from the German unions and the British Labor Party to the idea of enfranchising non-union employees and allowing them to represent workers on the board.

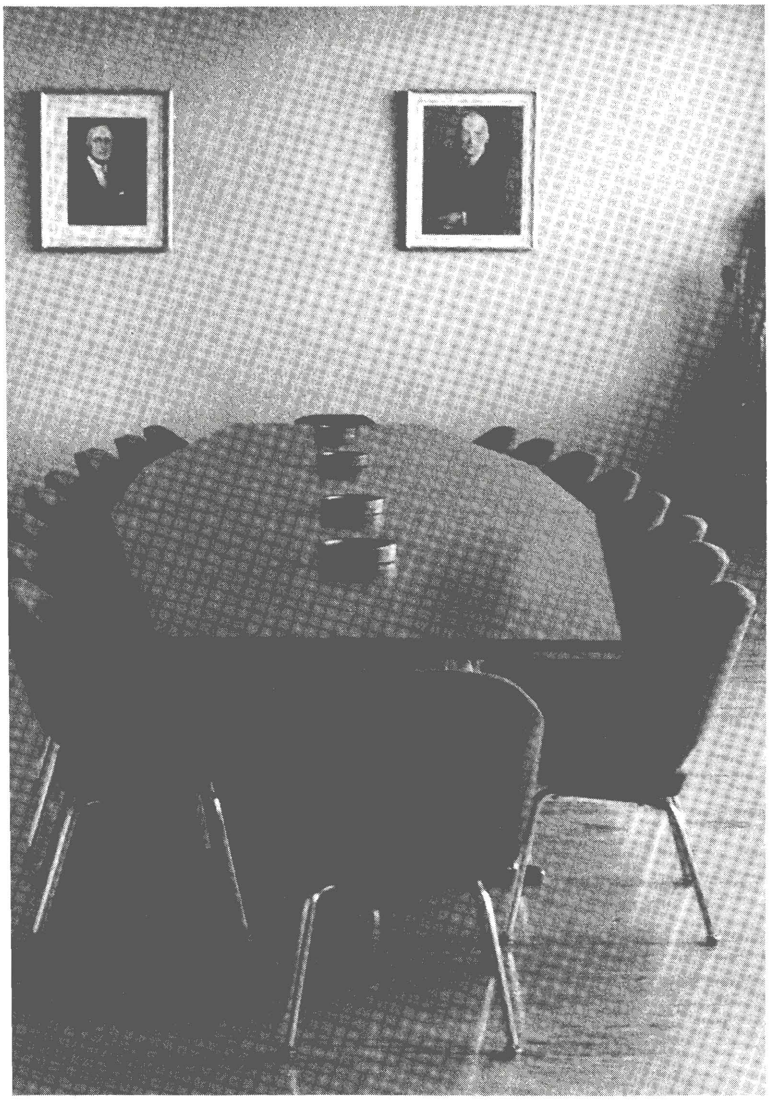
The range and detail of union criticism and hesitations such as these tend to bear out the view that the Commission's aim is as much to fix clear limits to how far worker participation should go as it is to act as a pace-setter for governments of the Nine. The European Employers' Federation (UNICE), while welcoming most of the ECS, is hostile to the plans for greater "industrial democracy" and believes the Commission has already gone much too far.

"CONVERGENCE" VERSUS "HARMONIZATION"

Gundelach is caught in the middle, not only between labor and management, but between the industrial democracy front-runners among the Nine like Germany and the laggards like Britain, Ireland, and Italy. Well aware of the failure of previous attempts to impose common solutions by EC law, Gundelach wants the Nine to move closer together by shared example instead and by gradual acceptance of common standards of industrial democracy. He has prepared a "green paper," due out shortly although circulating already in early drafts, spelling out the patchwork of varying labor relations and the role, if any, that workers already have in boardrooms in each of the Nine. The aim is for all future EC-wide plans in this area to be much more "flexible" than in the past and to take full account of national differences.

Not that the European Community is wholly free of its over-rigid past habit of wishing to have the Nine all marching abreast to the same destination. Even under the more "pragmatic" approach of Gundelach, the European Community's hands will still be tied. By proposing the ECS in its present form, the Commission has already committed itself firmly to a middle course over worker participation. The ECS may find no companies willing to accept its provisions of course, and it may sink like a rock in a pool. But workers, employers, and governments have been right to take its preparation seriously all the same. Even without the force of law, it marks a compromise and so carries weight as a result. A still more basic question is whether worker participation in any variety is the best common denominator for improving labor relations throughout the Nine, or indeed whether there is really a need for shared standards of industrial democracy at all.

Who sits on the board . . .? The boardroom of the Pirelli Rubber Corporation, Milan, Italy.



At root here is a clash between the European Community's stated goal of removing barriers to industrial efficiency within the Community and its ambitions to create a progressive social policy. Smooth and predictable labor relations throughout the Nine would ease long-range investment planning for large firms but might undermine unions. An example cited is the position of the German coal and steel industry: If it were to register under the ECS, could it by so doing contrive to give workers less representation (a third) on boards than they now have (a half)?

Questions like this will become acute if the fifth directive on company law is ever agreed to by the Nine. Proposed in November 1972, this seeks to achieve by EC law much of what the ECS aims to achieve voluntarily. (Commission officials point out, however, that to equate the two, the ECS proposal and the fifth directive, is like mixing apples and oranges. While the optional ECS would encourage transnational business operations, the fifth directive's compulsory "harmonization" of member states' company law would mean greater competition in a true common market.) The fifth directive would oblige all joint stock companies to have split boards (management and supervisory) and to put workers on the supervisory boards if the firm's work force is over 500.

The future of the fifth directive will be a test of whether "convergence," to use the EC slogans, really is replacing "harmonization" in Brussels. At the moment, early passage seems unlikely. Of the four earlier draft directives on company law, only the first was written into EC law (1968). The others are still blocked awaiting an okay from the Nine. The whole idea of sweeping away the differences between member states' business codes with a compulsory EC alternative is cast into doubt by the Nine's failure to agree how this should be done.

AMERICAN QUESTIONS

Part of the difficulty of harmonizing was the entry of Britain, which brought its own habits of accounting, along with its own bankruptcy rules (slated less to protect creditors, as among the Six, than shareholders). But much more importantly, it is recognized that without common tax treatment of companies' operating in the Nine, alignment of company laws by itself is really of secondary importance. The tax obstacles to companies in the Nine forming cross-frontier mergers can be formidable: A common requirement is to make foreign mergers a two-step affair in which the company taken over must be liquidated first in its home country, risking heavy capital gains tax on the difference between actual and book value of its shares. If an amalgamation takes the form of a parent in one country and a subsidiary in another, there is the risk of double taxation of dividends.

Businessmen are not pioneers. The companies most attracted to the ECS are those that will have to change least when registering as European companies. The statute is tailored close to German requirements, where two-tier boards are the rule and where workers are pressing for an even greater share of boardroom power than they would get under the ECS. Although some large British firms like ICI have expressed theoretical interest, the overall attitude of the Confederation of British Industry (CBI) is "wait-and-see." Two-tier boards and worker participation are both thoroughly foreign to Britain and meet scepticism from management and labor.

Company lawyers in Brussels are hard put to see in the draft ECS any great threat so far to the European subsidiaries of American companies. They have gotten used to "how slow the grass grows in Brussels," as one American EC watcher put it, and are likely to wait until they see the draft passed by the Nine before leaping to conclusions (or looking for new jobs). Among notable technical advantages mentioned is the comparative ease with which a European company could change its registered office from one EC country to another. Like the Europeans, they find tax obstacles more burdensome than the in-and-outs of various company laws in the Nine, and the Americans question why so much fuss is made about them. Lack of federal company law in the United States has not deterred companies there from operating nationwide.

American subsidiaries in Europe are as nervous as European firms about taking workers on to the board. Since registration under the ECS is optional, Americans question whether the handful of small advantages really outweigh this single heavy cost. What alarms them most is the danger that the ECS may merey be softening companies up for the imposition of worker participation if and when the compulsory fifth directive is passed. The more far-sighted American businessmen long ago accepted workers in boardrooms as becoming the rule throughout the Nine and that all companies will have to follow the lesson of subsidiaries operating in Germany by learning to live with worker participation.

Gundelach On Record

The EC Commission's revised proposal for a European company statute is now under consideration by the nine member states (see page 3). Here the Commissioner responsible for internal market affairs, and thus for the European company statute, answers questions from John Robinson, editor for the Brussels newsletter *European Report.* Gundelach visited the United States June 24-29 (see page 16).

What do you see as the major significance of the revised European company statute?

Gundelach: *Its importance is twofold: It provides the basis, so far lacking, for Community firms to establish in two or more member states without the usual legal impediments associated with operating in different countries; at the same time it does this in a way which gives workers a meaningful say in the way in which an international, or indeed multinational, enterprise is run.*

So the revised European company statute, once it is adopted by the "Nine," will simultaneously give a European and social dimension to enterpreneurial activity in the European Community. In this sense it should provide a response to two of the major problems facing European business today, namely: the need to operate competitively in a broad international framework, and the need to do so in a socially acceptable way—particularly in a climate of economic recession when jobs are at risk.

The European company is an optional legal form. It is a new possibility. It will not be forced upon companies against their will, and the provisions for workers' participation will not take effect against the will of the majority of the employees.

For many people, the European company plan is synonymous with a very advanced—some would say daring—form of workers' participation in the running of a company. What are the main characteristics of this codetermination system in the revised statute?

Gundelach: *Well, the European company is much more than just a formula for worker participation, you know: It deals with every aspect of law affecting the firm. But I agree that the industrial democracy component is of special significance, although I don't think "daring" is the word to describe it. Certainly it's innovative, because the Commission has seen it as its job to provide a legal framework able to meet the social demands not just for today, but for tomorrow and beyond. But it's not "daring" any longer to believe that workers' rights to have a say in the decisions affecting them should be formally recognized.*

The European Parliament recognized this when a large majority of its members—representing the full European political *spectrum—gave its backing to a system where a company's supervisory board, whose job would be to control the decisions taken by the management board and nominate directors, should be made up of one-third of shareholders and one-third of worker representatives, with the remaining third jointly appointed by them to represent general interests. In addition, the Parliament called for—and the Commission has recommended to the Nine—a single set of election rules for worker representation in the European company, and greater say for the European work councils in matters which affect the daily lives of the employees.*

But do you think Europe—its governments, businessmen, and workers—are ready for this sort of initiative?

Gundelach: *We're no longer in 1958, at the start of the Common Market, when only Germany of all the EC countries had rules for an enterprise-level industrial democracy. Times have changed a lot since then, so have attitudes. Support for worker participation has gathered strength, particularly in the last decade, with new legislation in several member states. Even in countries—like Belgium and the United Kingdom—where statutory provision for enterprise-level industrial democracy constitute a relatively new idea, much progress has been made in terms of sensitizing opinion.*

This process of course has been quickened and strengthened by the discussion and debate on the European company plan itself during the five years since it was first proposed in 1970. So the Commission's latest proposals are the logical culmination of these trends and discussions. My extensive consultations with unions, industry, and governments prior to the new proposal have convinced me that the Community as a whole is ready for the European company plan. My colleagues in the Commission share this view.

But we also recognize that European trade unions and European businesses do have their misgivings about some of the provisions in the proposals. I am aware of business uncertainty about operating in a new corporate framework, but business is also aware of the changing social and economic climate in which it is operating. Unnecessary industrial conflict and confrontation is a fact of the modern industrialized world. It is far better for employers and employees to attempt to resolve their differences in a common structure—however new it may seem—than continue in conflict.

The European company provides such a structure. Of course I'm not pretending that it is the miracle solution for economic society, but it does represent part of that answer—and one which, as I have said, has the broad backing of most European political parties as represented in the European Parliament.

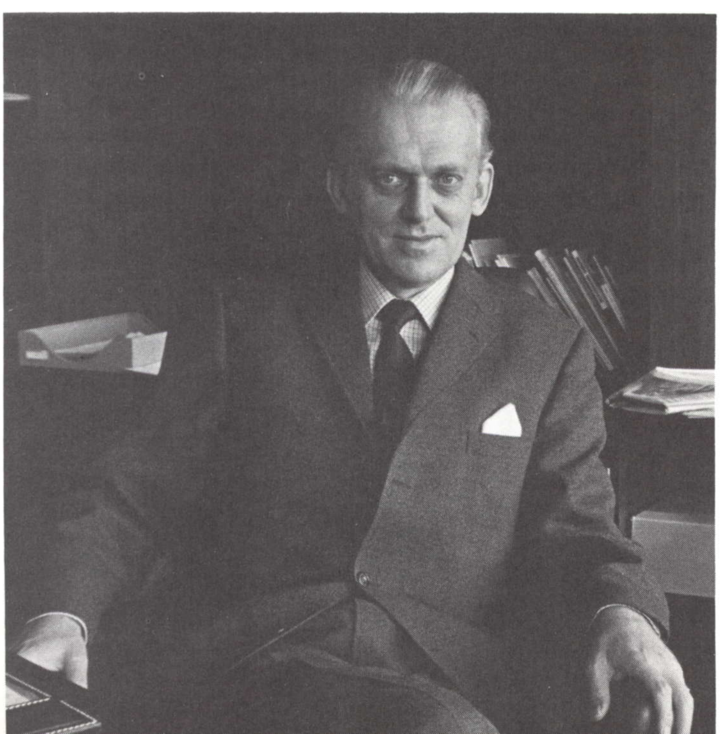
What is the link between the company statute and other company law work being undertaken in the European Community?

Gundelach: *Well, that link is best seen by looking at the differences. The European company statute is nothing less than a complete body of European company law. It contains provisions concerning every aspect of company activity, including worker participation, company structure, corporate accounting, minimum capital, and so forth. In this sense it's a real innovation but not one which involves any direct change in national laws.*

In both these respects—its optionality and its completeness—the company statute differs from the Commission's on-going work aimed at harmonizing individual aspects of the Nine's national company laws. We already have four proposed directives before the Council—on things like company disclosure and accounting, minimum capital, and the so-called "fifth directive" on worker participation and company structure—and these directives, when adopted by the Nine, would directly change national legislation. This is something that the European company plan does not intend to do.

But the Commission is currently preparing a "green paper" which discusses the problems involved in bringing about greater convergence between national company laws on precisely the issues of employee participation. Of course we realize that because of differing social and legal traditions such harmonization has to be attempted in a flexible framework—more flexible than was at first envisaged in our original proposal for a fifth directive back in 1972. The European company provides a model for future developments in company law, without imposing a fixed set of solutions on national legal traditions.

Finn Olav Gundelach in his EC Commission office.



Raw Materials

European Community and United States Confront "the Issue of the Year"

SARAH KEMEZIS, *Brussels correspondent for McGraw-Hill World News Service*

If the energy crisis and petrodollar recycling were the "in" issues last year, that dubious honor will surely fall to raw materials and creation of a new world economic order in 1975. As seen from Brussels the two questions are far from unrelated, with the failure of the recent French-inspired oil producer-consumer conference in Paris providing the vital link.

The Community's disproportionately high level of dependence on imports for its metals and other basic commodities has long been an accepted feature of the European economic scene. Despite growing threats from developing producer countries prior to the Paris conference, the European Community—like the less vulnerable United States—clung to the half belief, half hope that the "Third World" would never unite long enough to force basic changes in international economic relations.

Isolated instances of producer country cooperation such as formation of the copper producers' grouping (CIPEC) and other metal exporters' associations failed to shake European confidence that they were in control of the situation. Even the demands for fundamental change jointly sponsored by oil producers and other developing countries at the conference of non-aligned countries in Dakar last winter had little effect.

But the refusal of the Organization of Oil Exporting Countries (OPEC) to talk about energy in Paris unless the whole system of relations between industrialized and developing countries is reviewed opened European eyes—and to a degree American ones—to the power inherent in Third World solidarity. The result has been a scramble to come up with a policy which will meet legitimate developing country demands without irreparably damaging West European economies.

The Community depends on imports for 80-100 per cent of most major metals, nearly 100 per cent of its phosphates, and 60 per cent of its paper and related products. But actual or potential sources in other industrialized countries such as the United States, Canada, and Australia as well as the wide geographical dispersion of most of these products had convinced EC experts that the possibilities for effective OPEC-style action by developing world producers was very limited.

The April Paris conference showed, however, that the oil producers are well aware that they can provide the leverage to force reorganizing the structure of international commodity trading. The result has been a major review of raw materials on both sides of the Atlantic that is likely to continue throughout most of this year.

EC MODEL FOR ACTION

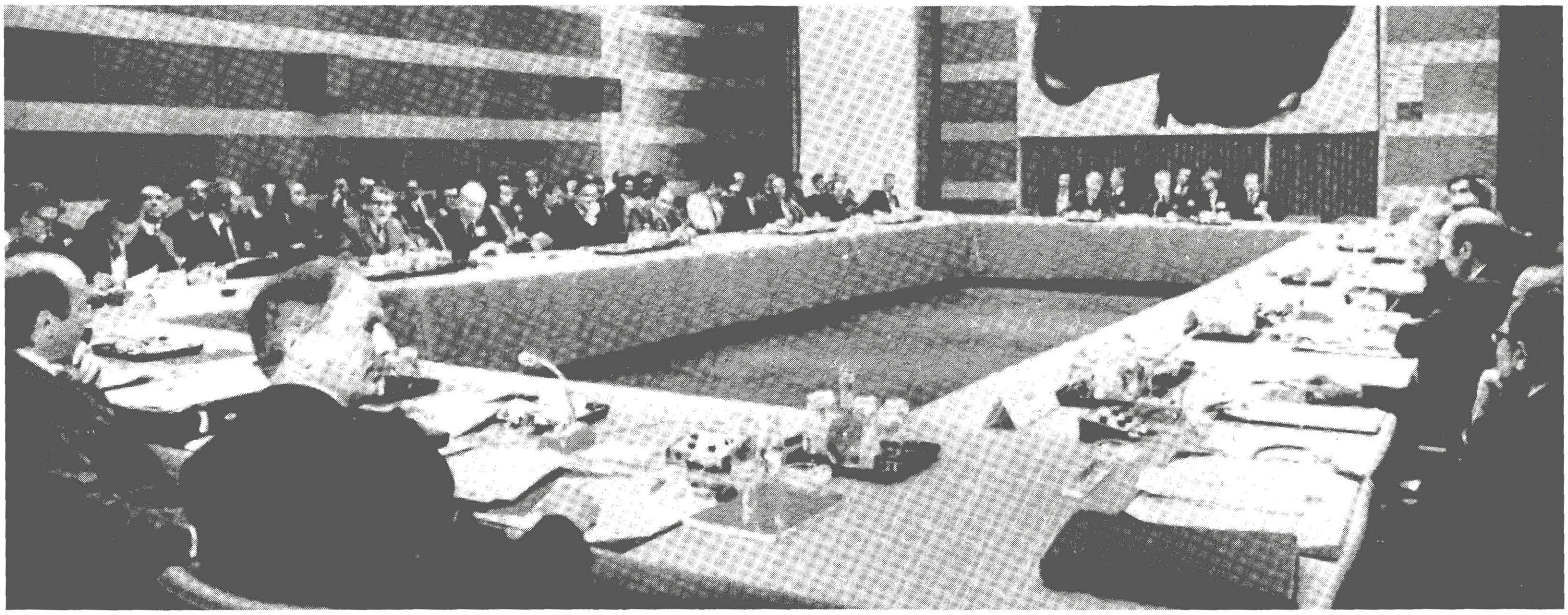
This said, it is necessary to back up and admit that the European Community has not been totally inactive in this field in the past. In preparing its mandate for the General Agreement on Tariffs and Trade (GATT) talks now underway in Geneva, the EC countries agreed that concessions should be made on tariffs on semi-processed and processed raw materials. The European Community also has a generalized preference plan for the developing countries, which was the first of its kind and which goes well beyond its US counterpart in opening markets to Third World industrial products.

Probably most importantly in terms of providing a model for broader action, earlier this year the Community adopted a system of export earning stabilization for the African, Pacific, and Caribbean countries with whom it has special ties within the framework of the Lomé Convention (see *European Community* No. 184, pages 5-10). This precedent-breaking agreement assures these countries compensation when world prices for many of the products on which their export receipts heavily depend go below a standard level. A similar but more broadly applicable plan is likely to form a major plank in any general raw materials policy resulting from the current review within the European Community.

Nonetheless, as late as this February the Commission brought out a paper on the Community's raw materials situation which retained the traditional viewpoint of commodities questions as merely a matter of meeting supply needs. Only in the last few months has the Commission changed its perspective to take account foremost of the needs of the developing countries. No mention was made in the February paper of an extension of a Lomé-style income stabilization plan. The possibility of further individual commodity agreements was suggested but not in an integrated context, such as that proposed by the United Nations Conference on Trade and Development (UNCTAD) Secretariat, in what now is considered a basic demand of developing world producers.

The major new concept broached in this Commission paper was that the Community itself should provide finance and guar-

"The April Paris conference showed that the oil producers are well aware that they can provide the leverage to force reorganizing the structure of international commodity trading." Here Messaud Ait Challal, Algerian delegation head to the conference, makes a point to a questioning reporter.



The Organization for Economic Cooperation and Development (OECD) energy committee meets at the Kleber Conference Center in Paris prior to the April oil producer-consumer conference, which "would open European eyes—and to a degree American ones—to the power inherent in Third World solidarity."

antee funds to encourage investment by private European industry in developing countries where investors normally hesitate to go because of fears of nationalization. The Commission also suggested decreasing the threat of such nationalization by helping developing country governments obtain stocks in European firms working within their borders.

This paper was never discussed in detail by the EC member states, though initial responses generally were positive. It did not include concrete proposals and has since been overtaken by new Commission documents whose titles reflect the basic change which has taken place in European thinking.

Instead of "The Community's Supplies of Raw Materials," the title of the February document, the Commission now is talking about "Raw Materials in Relations with the Developing Countries Which Export Raw Materials." A document so titled was adopted by the Commission in May and now is providing the basis for discussions among the EC member states at expert, Council of Ministers, and European Council level in attempts to reach a joint position for upcoming international conferences on the issue.

The basic starting point for the Commission's suggestions is in many ways as significant as the concrete ideas themselves. The Commission says the EC member states must develop a raw materials position which gives "an open and constructive answer to the preoccupations of the developing countries as set out in the integrated program proposed by the UNCTAD Secretariat."

DIFFERING EC AND US APPROACHES

This reflects a general willingness on the part of the Community to accept Third World demands at least as a basis for discussion, which is a clear divergence from the US approach. Another example of this difference was provided in the opening positions taken by the Europeans and Americans in preparatory talks in New York in June for the approaching seventh special session of the UN General Assembly on a "New World Economic Order."

The European Community came to these discussions ready to accept a provisional list of discussion items drawn up by the developing countries as the basis for debate on deciding a final agenda for the main meeting in the fall. The United States rejected this idea and brought out its own more limited suggestions for an agenda dropping such controversial points as indexation on which developing and industrialized countries are miles apart.

Whether this difference in EC and US approaches is merely strategic or fundamental remains to be seen, however, and will depend not on the issues both are willing to discuss but how far they are willing to go in practice.

Tackling this question head on, the Commission suggests in its latest paper first that all the various aspects of raw materials policy and developing country relations be seen as a whole and worked out in parallel fashion. This includes trade and industrial cooperation, commodity agreements to limit price fluctuations, export income stabilization plans, and special efforts for developing countries which have no substantial raw material exports.

What makes this linkage important is that it means taking the jump from viewing raw materials policy as simply a question of assuring supply while giving away as little as possible to seeing it as foremost a response to the needs and desires of developing countries. The Commission has by and large made this jump, and with the notable exception of the Germans initial talks indicate most of the member states gradually are following the Commission's lead.

In the view of many Europeans, American policy still is not taking this change in the world situation into account despite the substantial concessions made by US Secretary of State Henry A. Kissinger in his recent Kansas City and Organization for Economic Cooperation and Development (OECD) speeches. In the first place Europeans realize that Kissinger does not speak for the entire Ford Administration, much less for a Congress which would ultimately rule on any agreements made.

Secondly, the attitude taken in practice by the United States at the UN conference and in private discussions indicates to the Europeans that the Americans still are hoping to trade off isolated concessions for progress on the energy front, which is the real heart of the issue. One high Commission official recently described the US stance as "retreat tactics and not a real change of mind."

The Americans aren't the only ones balking at any suggestion of a new world economic order, however. In debates within the European Community the Germans are taking a hard line against anything smelling of radical change and are staunchly maintaining their opposition both to proposals likely to prove expensive and to moves interfering with operation of the free market.

The only idea which has inspired a positive response from the Germans so far has been an expansion of the International Monetary Fund (IMF) soft loan fund similar to what Kissinger proposed in Paris. While the other EC member states are not opposed to this idea—with the possible exception of the French who might object if gold were involved—the others see this as only one part of a much broader plan.

The Netherlands goes the furthest in calling on the European Community to meet developing country demands. The Dutch have even hinted they might accept moderate indexation, something which remains taboo in all the other EC member countries. The French, on the other hand, have brought their traditional *dirigiste* approach into the debate and are pushing for acceptance of far-reaching commodity agreements involving not only price control but market organization in the form of quotas and buying and supply commitments.

Such accords are, and are likely to remain, total anathema to the free-market-minded Germans. The most they are considered likely to accept along these lines would be a very low floor price for a limited number of commodities involving financial supports but no stocks.

Irish Foreign Minister and EC Council President Garret FitzGerald (left) and Senegalese Finance and Economic Affairs Minister Babacar Ba, who led the developing countries' negotiators, during the February 28 signing of the Lomé Convention. "This precedent-breaking agreement assures these developing countries compensation when world prices for many of the products on which their export receipts heavily depend go below standard level."

THE POOR AND THE POOREST

EC member state discussion on commodity agreements is still at a very general level, but the Commission has come out with a detailed study on which commodities might be adaptable to such accords and what type of agreements would be practical. Besides the three tropical products (coffee, cocoa, and tea) and tin, which already are or probably will be subject to international accords, and five products which the European Community previously agreed to discuss in GATT (wheat, maize, rice, sugar, and butter fats), the Commission singles out five additional raw materials which might lend themselves to commodity agreements. These are copper, zinc, lead, cotton, and wool.

The Commission suggests various approaches which might be taken to limiting price fluctuations for these commodities, some involving internationally controlled stocks as suggested by the UNCTAD Secretariat and others not. Such commodity agreements have the basic advantage of going the furthest of any possibly acceptable programs toward meeting the demands of developing countries.

Such agreements have severe disadvantages as well, however. The main two being that they could prove expensive and that they involve a level of interference with market forces distasteful to the Germans as well as to the United States.

The Commission admits that Lomé-style income support plans and/or an expanded IMF lending facility are more likely to get a sympathetic hearing from the EC member states, and discussions to date bear this out. The Commission has outlined two alternate concepts in income stabilization—one which would cover a large number of countries but only a few products and the other which would limit itself to the poorest countries but cover all products important for these countries' economies.

The EC member states are a long way from reaching a decision on this issue, since the concept itself has not been wholeheartedly accepted, but indications are that the latter approach will be closer to what finally emerges. The idea that the poorest countries should receive the major benefit from new measures has been generally agreed upon in preliminary discussions.

This policy raises two major problems, however. First, many of the poorest countries—with the Indian subcontinent the most obvious example—simply don't have many raw materials to export. Thus neither commodity agreements nor income stabilization plans based on raw materials export-earnings is likely to do them much good. Expansion of food aid programs and other traditional forms of assistance will probably be used to fill this gap. The second problem with this stance is that it may not satisfy oil-producing and other developing countries' demands for a total reorganization of world trade and economic patterns.

In fact both Commission and EC national government officials freely admit that numerous contradictions remain in their thinking on raw materials policy. Not the least of these stems from the fact that it is still unclear whether this policy is being prepared for the seventh special session of the UN General Assembly, for a renewal of the producer-consumer dialogue, or for a special UNCTAD session on raw materials scheduled for May 1976 in Nairobi.

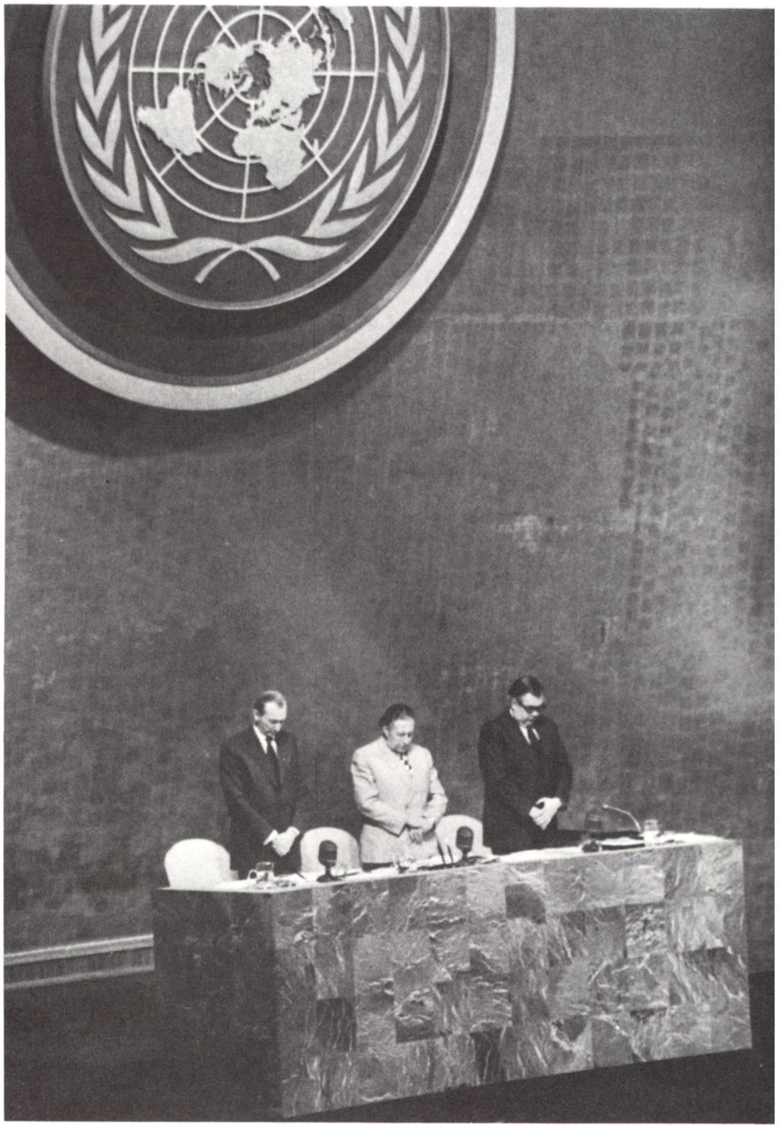
The diverse nature of developing country demands has further clouded the picture. Their shopping list drawn for the UN debate contains no less than 12 agenda items ranging from an integrated plan for regulation of raw material and commodity markets, to indexation, to reform of the international monetary system.

To this can be added the need to coordinate EC and US positions so that the industrialized world does not face an increasingly united Third World in a state of total disarray. Widely differing supply situations and the fact that the liberal end of US Government thinking tends to meet only the conservative end of EC thinking will not make this task simple.

Not that the Europeans have suddenly become more generous. If that were the case drawing up a policy would be much simpler. The crux of the matter is that, with the possible exception of the Germans, most European governments now feel that united pressure from oil producers and other developing countries is going to force them to accept substantial sacrifices given their weak oil and raw materials supply position.

The problem becomes how to do the most for the developing world while inflicting as little damage as possible on already weakened domestic economies. That is a tough question even for the economists, let alone the politicians.

United Nations (UN) Secretary General Kurt Waldheim, General Assembly President Leopoldo Benites, and Undersecretary General for Political and General Assembly Affairs Bradford Morse (left to right) bow their heads for a moment of silence at the close of the last special session on raw materials and development, May 1974.



Europe: the Small and the Big

Ethnic Expression Grows With European Integration and East-West Détente

DAVID BINDER, *diplomatic correspondent in* The New York Times *Washington bureau*

World history appears on the verge of a new era in which the relations and relationships between small and big powers are changing. There are sufficient examples to argue that the new era has already begun.

The main reason for the change, it would seem, is the achievement of nuclear parity between the two superpowers, the United States and the Soviet Union. The strategic balance between these two giants has also been strengthened by the emergence of China as a thermonuclear power, positioned to distract some of the attention of the Soviet military machine from its other global interests. This is the backdrop for the process of détente witnessed over the last six years. And it is also the setting which has some consequences for the larger and smaller nations of Europe.

It has been the fate of small nations since the beginning of nationhood more than 1000 years ago to become either the clients or the slaves of larger nations. To a degree this is still true today. But it can probably be safely said that at no time in history have small nations enjoyed so much independence and freedom. Not all small nations, to be sure. Nevertheless a steadily growing number of nations in Latin America, Africa, Asia, as well as in parts of Europe.

Independence and freedom of action on the part of small nations is manifest both in positive and negative senses. Consider, for a moment, the case of Greece and Turkey with relation to Cyprus. No amount of suasion or influence by the United States or Britain prevented the Turks from landing an invasion force on Cyprus to secure the future of the Turkish Cypriot minority. Nor has big power mediation succeeded yet in bringing about a solution to the Cyprus crisis.

Consider also the case of Portugal, which has set out on what its military leaders call a socialistic path without any intervention from the United States or other North Atlantic Treaty Organization (NATO) powers. For that matter, the new leaders in Lisbon have divested Portugal of its ancient African colonies—not because of outside pressure or the anti-colonial stance of the international community, but because the new Portuguese leaders saw it as a matter of national interest to grant independence to the overseas territories.

DIFFERENT EQUATION

In Eastern Europe the independence-liberty equation is clearly different, for the obvious reason that the Soviet Union—fueled in the past by Great Russian territorial ambitions and fired by Great Russian security fears—feels compelled to dominate a large portion of the region. Those fears and those ambitions may be traced back through Russian history and don't have much to do with socialism or communism now any more than in 1945 or 1939. But it seems that both the fears and the ambitions have receded in recent years—partly because of the Soviet Union's success in establishing a modern military might and partly because its current leaders have found it necessary and convenient to make political and commercial accommodations with the governments of the most powerful Western industrial countries.

In terms of the smaller nations on the fringes of Soviet territory this has meant a rather considerable change compared to the early postwar days of Stalinist oppression. This change was first seen in the Soviet Union's ability to live with a maverick Yugoslavia after 1948—grudgingly in the beginning, but now with a generally indulgent attitude toward Yugoslavia's genuine inde-

"Independence and freedom of action on the part of small nations is manifest both in positive and negative senses. Consider the case of Greece and Turkey with relation to Cyprus . . ." Here Greek Cypriot demonstrators storm the gate of the US Embassy in Nicosia last summer.

Scottish bagpipers marching in a Paris parade: "One could probably chart the rising curve of ethnicity alongside the rising curve of West European economic integration and find them virtually parallel."

pendence. It was seen again after 1963 when the Romanian communist leadership of Gheorghe Gheorghiu-Dej and later of Nicolae Ceausescu set and kept to a course of independence in foreign policy. Although still very annoyed about this, the Russians have demonstrated that they can live with it. It was also seen in the case of Finland, which has had to be very careful not to adopt policies deemed "anti-Soviet" in Moscow, but which has still managed to maintain a very considerable degree of independence in foreign policy and in trade and to conduct Finnish domestic affairs without notable interference.

Looking further along the fringes of the Soviet Union, one comes to Hungary, East Germany, Poland, and Czechoslovakia. Without dwelling on the tragic uprisings of 1953 and 1956, consider instead the situation of Central Europe in 1968, focused on the small nations of Czechs and Slovaks. Along with the "Prague spring" of that year, there was also a "Bratislava spring." For the crisis provoked by the decline and fall of the regime headed by Antonin Novotny was as much a matter of Slovak nationalism as it was of Czech reform policy. The outcome of that crisis was a disaster not alone for Czechoslovakia, for it dashed the hopes of reformers in other countries as well.

But it had several positive effects outside the Bohemian citadel. It confirmed Leonid Brezhnev in power in Moscow and his ability to conduct a genuine détente policy with the United States and West Germany. It also provided, in a negative sense, a salutary example of the limits of Soviet power in Central Europe. With Brezhnev confirmed in power the Soviet leadership was able to participate in negotiations on a new Berlin agreement and to conclude that agreement in 1971. Accommodations with West Germany and the United States accompanied the four-power Berlin package.

When Polish workers rose up to protest their employment conditions in Gdansk, Slupsk, and Szczecin in December 1970, there was no move by Soviet troops to intervene—no more so than there was a Soviet intervention in Romania in the wake of the Warsaw Pact invasion of Czechoslovakia in 1968. Nor was there an attempt to curb the relatively bold economic reform program in Hungary either in 1968 or in 1970. Since then, while remaining allies of the Soviet Union and subject to some of its whims, Hungary and Poland have been able to conduct substantive elements of their domestic policies in relative independence.

In other words, the degree and variety of independence in Eastern Europe has increased rather than decreased during the last years. This is, to my mind, a direct product of détente.

ETHNICITY AND INTEGRATION

The increased emphasis on ethnic identity in the Western world may also be a by-product of détente. After all, in periods of confrontation such as the Cold War it is more natural to submerge or ignore nuances of national differences. In periods of calm it is equally natural to recall the values and traditions that set one apart from other folk. We have seen in Western Europe the emergence of Scottish, Welsh, Basque, Irish, Breton, and Jura-Swiss nationalisms—all of which seem connected in some degree to the atmosphere of East-West détente.

Détente, and something more. One could probably chart the rising curve of ethnicity alongside the rising curve of West European economic integration and find them virtually parallel. That is to say, in the very degree that a supranational European identity becomes evident, the millenia-old identities of the long submerged minorities surface too. They rise like some sunken island of yore, with volcanic force, smoking and throwing off showers of sparks—some of them lethal, as in the case of the Basque ETA (*Euzkadi ta Askatuna,* meaning "Basque Land and Liberty") movement. One ignores such phenomena at one's peril. For the oppression of minorities has stirred more than one violent war on the European continent.

To understand why this is happening, we should perhaps pause and reflect on the Nineteenth Century, when the forces of nationalism were at work in their purest form. Nationalism in those years was, in the first place, an impassioned struggle for national unity. National unity was the cause articulated by France's Jules Michelet, Germany's Heinrich von Treitschke, Italy's Giuseppe Mazzini, Russia's Feodor Dostoevsky, as Hans Kohn, the great scholar of nationalism, made plain in his essays collected under the title *Prophets and Peoples.* The nations forged in part by the visions of these men—and of Poland's Adam Mickiewicz and Serbia's Vuk Karadzic—were nations dedicated to the recovery of national territory, of national glory, of national sense of mission. Theirs were causes totally opposed to the individuality or heritage of a Basque, or a Breton, or a Bavarian.

The Europe of monarchs which persisted for the most part until World War I was further deformed by that war, in which a Kaiser could shout at the outset in 1914, "I know no parties anymore, I know only Germans," and be cheered by all the hurrah patriots of the day. What of Hesse, allied by blood with the House of Romanov? What of the Hohenzollerns, themselves allied by blood with the King of England? Not to mention the other blood alliances that linked Bulgarians, Danes, and what have you with the various royal families. World War I was the wicked forge in which the European nations were artificially hardened.

But now comes a Europe of peace and a Europe with at least a vague promise of future unity. Is it any wonder that one of the most powerful politicians in Germany is Franz Josef Strauss, whose power basis is distinctively Bavarian. Is it any wonder that on the other side of Germany the most potent politician of the postwar period was Walter Ulbricht, a Saxon who often as not pursued traditional Saxon policy designs.

For the same rules apply in Eastern Europe under the signs of peace and integration. It is most clearly manifest in Yugoslavia, where détente has fostered the growth of those long dormant seeds of local pride and, if you will, nationalism—in Croatia, in Montenegro, in Slovenia—struggling, it seems against the ghosts of Great Serbian chauvinism. But if you wish to probe further you can ponder the three-way dispute over Macedonia between Yugoslavia, Bulgaria, and Greece.

I used to twit Balkan acquaintances about the Vlachs, that strange shepherd folk who inhabit the hills from the Romanian border down through Yugoslavia to Greece, Albania, and Bulgaria: For retirement purposes I would found a fictitious Vlach liberation front, mainly to live off the contributions of the CIA, KGB, and SIS intelligence organizations and CBS, NBC, and ORTF television networks. But it is not such a good joke because it could probably be pulled off. A friend suggested the slogan for the liberation movement: "Vlach Power!" That would have worked too, in our world.

EC REGIONAL DEVELOPMENT

More seriously, it is notable that the European Community has begun to consider the condition of depressed regions. Where are those regions? Almost without exception they are to be found in the very places where half-submerged ethnic minorities reside—in Southern Italy, in Northwestern France, in the north and the west of the British Isles. If one were a diehard nationalist it would be a natural instinct not to give these wretches one sou,

Détente: Soviet Communist Party Leader Leonid I. Brezhnev (left), standing beside then German Chancellor Willy Brandt (right), points to Soviet Foreign Minister Andrei Gromyko (sitting left) signing, along with then German Foreign Minister Walter Scheel (sitting right), the May 19, 1973, cultural cooperation agreement.

one pfennig, one lira, or one pence. Rather, let them lose their identity on the European labor market, as *Gastarbeiter,* along with the Turks, Greeks, and Spaniards. But the European Community is going ahead with its regional development plan. That means we might expect a still greater resurgence of ethnicity.

What to say—it's an ethnic world. For that matter, who can fail to notice the upsurge of ethnic pride among the hundred or so nationalities that make up the American nation—the Polish Americans, the Italian Americans, the Jews. . . . Last summer in northern Michigan in a town of under 100 people called Bruce Crossing, I found a cafe owner who was selling blue and white bumper stickers with the legend "Finn Power." There was a scattering of Finnish American families in the area.

This brings up the point that nations are like forests. They need the sunlight of independence and the water of liberty to flourish. Without them the trees wither, grow gnarled, or die. But as long as one single tree remains, the forest can be reconstituted. So it is with nations. The memory of a people cannot be extinguished as long as one member survives. The Czechs proved that during their centuries of subjugation by the Germans—when only the peasants and servants of the rich spoke the native tongue. The Poles proved it over two centuries of nonexistence as a state, when their masters were either Germans or Russians. These nations, like forests, have proved they can be replenished.

But let us be realistic. Nationhood is not always identical with statehood. The absorption of the Baltic states into the Soviet Union in World War II dealt a harsh blow to the national aspirations of Estonians, Latvians, and Lithuanians. Yet as long as one Baltic American keeps the national idea alive, it will survive. Witness the immolation of the Lithuanian patriot of Kaunus three years ago and the demonstrations that followed. Still, I think it would be a mistake to conceive Baltic hopes for a restoration of national independence in narrow terms.

In the Europe of today, both East and West Europe, the borders are becoming more permeable. Literally millions of West Europeans are traveling, working, living, vacationing in European countries other than their homelands. The number is less in Eastern Europe, but there, too, the interchange is growing rapidly. That is to say, Europe is becoming more European.

CSCE CONCERNS

This brings up the topic of the Conference on Security and Cooperation in Europe (CSCE), expected to be concluded in the last week of July at the "summit" in Helsinki. For more than a year Baltic Americans voiced concern that the CSCE might end in prejudicing their claims to national individuality and future independence. The concerns were focused particularly on the fear that adoption of a declaration by the West acknowledging the "inviolability of frontiers" would cement Soviet rule in the Baltic states.

Frankly, this seems a narrow interpretation. In fact the language of the final document will declare very firmly that the states of Europe have a right to "peaceful change of borders" and that all European nations shall have the right of self-determination.

One should also keep in mind that the final document is not going to be a treaty binding the signatories to legal obligations. Rather, it will be a declaration of principles to which all of the signatories may refer and appeal. In the official US view the CSCE declaration will have the virtue of expressing the will of the signatories to increase contacts between European peoples in a variety of categories—exchange of journalists, cultural and scientific exchanges, and, finally, provisions for reuniting families kept apart by barriers remaining from the Cold War. This has something to do with keeping the spirit of nations alive. So, in this respect and others, it behooves those whose homelands are not free and independent to look with gentleness and confidence upon the current efforts at East-West détente, which include the CSCE.

Americans might consider something else in this context. The United States may be seen as the greatest "Common Market" that has ever existed in freedom. The effort to unite Western Europe has been going on now for more than 25 years. It has gone slowly, even in the economic sphere where there is a binding treaty, the EEC Rome Treaty. But if you meet young West Europeans these days, you usually find that they act more "European" than their parents or grandparents. They intermarry more; they move more easily across frontiers. They speak each other's languages more readily. In short, West Europe is on the way to becoming a multinational state, just as the United States is a multinational country.

The magnetic pull of this Western Europe is enormous, and it has a powerful attractive force in Eastern Europe, where the unity that has been imposed by the Soviet Union is largely artificial—whether through the bloc politics of the ruling Communist parties or the Warsaw military pact, or the Council for Mutual Economic Assistance (Comecon). This prospect, if you accept my premise, suggests that eventually even the East-West division of Europe, created by the imposition of a socialist system on its Eastern half, may be overcome.

For the smaller nations this would mean both opportunities and obligations. The main obligation would be to conceive national aspirations—nationalism—in such a way that it permits accommodation to the multinational trends now visible in Western Europe. This is what the West Germans have done with regard to their ultimate goal of national reunification. They have put their eggs in the West European basket and have pursued *Ostpolitik*—to normalize relations with East European neighbors and even with the East German state. I believe the spirit of that policy is right—that is, to seek a European solution for one's own national problems.

Community News

US-EC Relations

Gundelach Visits the United States

Finn Olav Gundelach, EC Commission member in charge of internal markets and customs, visited the United States June 24-29.

During his Washington stay, the Commissioner met with US Special Representative for Trade Negotiations Frederick B. Dent, Assistant Secretary of State for European Affairs Arthur A. Hartman, other US government officials, as well as with former US Ambassador to the European Communities J. Robert Schaetzel. Gundelach traveled to New York before returning to Brussels June 29.

In an address before the Mid-Atlantic Club in Washington June 24, Gundelach gave an overview of the European Community's situation and US-EC relations in the wake of the energy crisis. He strongly criticized those who have said that the European Community hurts the US economy. They disregard the enormous advantage US firms get from the extended market, he said. Gundelach also said that the institution of floating currencies was an error.

Gundelach said that fighting inflation is the first priority for joint action by the United States and the Community. In doing so, they should not forget the situation of the "Third World," whose share in the world economy has to be increased. The only way to establish a new economic world order is by a great shift of wealth toward this part of the world.

Gundelach concluded that meeting the social requirements of the developing world is the best contribution the Communtiy can make to Western security and is also the best safeguard for maintaining the social and democratic order of the Western world.

Robinson and Soames Talk in Brussels

Following ministerial council sessions of the Organization for Economic Cooperation and Development (OECD) and the International Energy Agency (IEA) in Paris and concurrent with the North Atlantic Treaty Organization (NATO) heads of government meeting attended by President Gerald R. Ford and Secretary of State Henry A. Kissinger in Brussels, the regular, biannual consultation talks between the United States and the EC Commission were held in Brussels on May 29-30.

The two days offered "open and frank discussion of bilateral problems," said EC Commission Vice President Christopher Soames and US Undersecretary of State Charles Robinson at a Brussels news conference on May 30.

During the course of this tenth round of biannual consultations, the Commission appealed to the United States to avoid future threats of countervailing duties on EC exports to America, as occurred over the cheese "war" (see *European Community* No. 187, pages 12-14). The Commission feared that US steel producers and manufacturers of float glass were pressing for administrative action by the US government against EC exporters of these products. When asked if there was any possibility of imminent US measures against steel imports, Robinson said that no action was planned. "I am convinced that, as we slowly recover from the effects of the recession, we will face a serious shortage of steel lasting perhaps until 1980."

Both Soames and Robinson said their talks covered a wide range of topics, ranging from a discussion of the future of the General Agreement on Tariffs and Trade (GATT) multilateral trade negotiations, raw materials, producer-consumer dialogue on energy, to the proposed EC trade agreements with Canada and Mexico. Robinson seemed to feel that such accords would elicit no complaints from the United States, so long as "the interdependent nature of our economies was respected."

Soames later joined Commission President François-Xavier Ortoli for a 30-minute conference with President Ford at the American Embassy. After their talks, Ortoli told journalists that his meeting with Ford was a way to get acquainted and make a *"tour d'horizon"* of relations between the Community and the United States. Ortoli said that they spoke mainly about energy and the question of raw materials, and claimed that "no substantial differences existed" between their points of view.

External Relations

Greece Seeks Membership in Community

"An event of considerable historical significance" is how Ireland's Brendan Dillon, chairman of the EC Committee of Permanent Representatives, described the June 12 application by Greece to join the Common Market.

Greece's request was not unexpected. That country is the European Community's oldest associate (since November 1, 1962), and it was always understood that the long-term goal was to move from association to membership. The association agreement provides for a full customs union between the Community and Greece by 1984.

But the timing of Greece's application was unexpected. It came only days after the British referendum vote to stay in the Community. And it came less than a year after the EC freeze on the existing association agreement was ended by Greece's return to democracy in July 1974.

The next step is for EC member states and the Commission to give their opinions on Greece's application. Greece's application was delivered to EC Commission President François-Xavier Ortoli by Stephane Stathatos, the Greek ambassador to the Community.

The Greek application was denounced by Turkish Prime Minister Suleiman Demirel as "a political act aimed at getting a new international platform against Turkey." Garret FitzGerald, the Irish foreign minister and president in office of the EC Council of Ministers, visited Turkey June 11-13.

Canadian Cooperation Pact Considered

An agreement for economic and commercial cooperation is on the boards for Canada and the European Community.

Following the completion of exploratory talks, the Commission has requested permission from the Council of Ministers to negotiate such an agreement. It would be the first such agreement between the Community and an advanced industrial nation outside Europe.

At present, the Community and Canada have no formal trade agreements, and their trade relations are governed by the General Agreement on Tariffs and Trade (GATT). Currently about 12 per cent of Canada's trade is with the Community, while nearly two-thirds of Canada's trade is with the United States.

The principal objectives of the nondiscriminatory, nonpreferential agreement would be to promote development of European and Canadian industries, particularly in the raw materials areas in which Canada is so rich; to cooperate in industrial technology; to explore new sources of supply and markets; to create new jobs; to share data and technology. Joint ventures both in the Community and Canada—and also in third countries—are also envisaged.

The initiative for such an agreement came from Canada, which first requested it in early 1974. This was followed up by an EC Commission visit by Canadian Prime Minister Pierre Elliott Trudeau in October 1974 (see *European Community*, No. 182, pages 3-6).

The regular, biannual EC-Canada consultations were held in Ottawa on May 21-22. The two delegations reviewed international economic problems, bilateral questions, their respective policies toward the "Third World," raw materials, and the GATT negotiations. The six-monthly consultations would be replaced by more official contacts when the Community and Canada have set up a planned EC-Canada Joint Committee.

EC-Mexican Negotiations Concluded

The most recent—and fourth—Latin American country to conclude an agreement bolstering its ties to the European Community is Mexico.

Whereas the other three Latin American countries which have EC agreements—Brazil, Uruguay, and Argentina—negotiated trade deals, Mexico sought and got an agreement which embraces economic and commercial cooperation in order to increase and diversify trade. Currently the trade balance is almost three-to-one in the European Community's favor.

The negotiations were concluded in Brussels on June 9-10, and it was hoped that the agreement would be initiated at least, if not signed, this summer.

Strengthening EC-Portuguese Links

Ever since the Caetano regime in Portugal was toppled, the European Community has been looking at ways of giving Portugal an economic helping hand in creating a new democracy (see *European Community* No. 186, pages 12-15). On June 11 the EC Commission, in response to Portuguese requests, sent member states concrete proposals for them to approve of how this could be done.

Portugal, as a European Free Trade Association (EFTA) country, already has a free trade agreement with the European Community. Now the Commission has proposed improving access for some Portuguese agricultural products and important industrial items like textiles and paper under this agreement, improving the lot of Portuguese migrant workers in the Common Market, providing long-term help with industrial financing—probably through the European Investment Bank—and granting emergency financial aid almost immediately to tide Portugal over a threatening monetary crisis predicted for later this year.

The Commission's proposals follow the June 1-3 Lisbon visit of Garret FitzGerald, Irish foreign minister and EC Council of Ministers president in office, who sounded out Portuguese officials on the scope and form of a new trade-and-aid agreement. The Council of Ministers, meeting in Dublin on May 26, had announced the intent to reopen negotiations.

The Joint EC-Portugal Committee, meeting in Brussels two days later, affirmed the desire of both parties to conclude quickly an extension of the current free trade agreement and to strengthen the ties between the two. The committee, which does preparatory work prior to ministerial-level meetings, was set up under the original EC trade agreement, which entered into force January 1, 1973.

Euro-Arab Dialogue Begins in Cairo

Senior officials from the Common Market and the 20 member countries of the Arab League formally opened the long-awaited Euro-Arab dialogue in Cairo on June 10.

The idea of the dialogue, which is intended to better relations and increase cooperation between the two areas, grew up at the time of the energy crisis, and technical preparation had been going on ever since. Doubt had been cast on the dialogue, however, by the discontent expressed by the Arab League at the April 11 signature by the Community of a preferential trade agreement with Israel, ahead of signature with the three Maghreb countries—despite the fact that three Arab League states are already signatory to the far more favorable Lomé Convention.

Although technical preparations continued, the clinching move to ensure a smooth path appears to have been a visit at the end of May to Beirut, Amman, Damascus, and Cairo by Garret FitzGerald, Irish foreign minister and president in office of the EC Council of Ministers. The trade agreement with Israel, however, was again the subject of attack from the Arab League—by its chairman, Nihad El Dajany, Jordanian ambassador to the European Community—at the opening of the Cairo session.

The Arab League group's main requests in Cairo were for an EC-Arab agreement, respect of national sovereignty over natural resources, transfer of technology, tariff concessions, promotion of Arab investment in Europe, better conditions for Arab migrant workers in the Community, and more cultural exchanges. The EC officials' negotiating mandate did not yet, however, permit them to go this far, and they concentrated on offers for more technical, economic, and cultural cooperation. Talks were expected to resume later in the summer, possibly in Rome.

EC-Japanese Talks Held in Tokyo

The twice-yearly EC-Japanese consultations brought Edmund Wellenstein, EC director-general for external relations, to Tokyo June 16-17.

Wellenstein and Japanese Deputy Foreign Minister Bunroku Yoshino characterized the discussions as frank, friendly, and useful. Meeting also in Tokyo at the same time was the steel "contact group" of Japan and the European Coal and Steel Community (ECSC). The regular, high-level consultations have been taking place since 1972, and the ECSC-Japanese discussions have been held biannually for ten years.

The talks covered raw materials, multilateral trade negotiations, the world economic situation, bilateral trade questions, world food problems, dialogue with the oil-producing countries, the steel market, and technical and scientific cooperation.

On bilateral trade questions, the European side expressed its concern about the persistent trend of trade with Japan, from a situation of equilibrium five years ago to a situation of ever-increasing Japanese surpluses over the Community. Referring to the Organization for Economic Cooperation and Development (OECD) ministerial declaration last May—calling countries that are in a situation of equilibrium to stimulate their economy in order to permit countries which are in deficit to improve their situation—the EC delegation was glad to learn that Japan is going to take measures to reinflate the economy.

EC-Yugoslavia Relations Reviewed

Views on the current state and future development of EC-Yugoslavia relations were exchanged during the June 12-15 meeting between EC Commission President François-Xavier Ortoli and high Yugoslavian officials in Zaghreb.

The two parties made note of recent difficulties in their relations, notably Yugoslavia's trade deficit with the Community, and discussed measures to remedy the situation. The two are linked by a nonpreferential trade accord, in force since September 1, 1973.

The EC and Yugoslavian delegations examined proposals submitted by Yugoslavia suggesting the reinforcement of cooperation through the nonpreferential agreement covering agriculture, industry, technical relations, finance, common investments, joint action in third countries, and the situation of Yugoslavian migrant workers in the Community. These proposals were to be discussed further at the next ministerial-level meeting of the Joint EC-Yugoslavia Committee scheduled for the end of July.

EC-Austrian Transport Accord Signed

The shipping of EC-bound goods from Greece and Turkey will be easier, following the signing of a treaty between the Community and Austria in Vienna on June 11.

Merchandise sent from Greece or Turkey is divided and temporarily put in storage in Austria before being sent on to Community destinations. The treaty simplifies the customs formalities involved in these shipments.

The new accord replaces an administrative agreement, in force since 1962, which dealt exclusively with exchanges with Greece and which was limited to the Austrian cities of Salzburg and Kufstein.

Food and Development Aid

To Improve Generalized Preferences

The EC Commission has recently put forward some ideas on improving the Community's plan of generalized preferences.

These are preferential (and generally zero) tariff rates applied to imports from developing countries in order to give them a competitive edge on industrialized markets and thus help their economic growth.

The Commission is urging EC member states to increase the quantities allowed in under the plan, to include one or two new products, to increase the margin of preference on the processed agricultural products which are often the backbone of developing country economies, and to approve expenditure on promotional ventures to make the plan better known.

EIB, EDF Adopt New Unit of Account

From May 23 the European Investment Bank (EIB) and the European Development Fund (EDF) have been using a new unit of account (UA). The old UA equals one 1970 dollar.

Designed to be a true reflection of Community currencies' relative strength and weakness, it is a "basket" of European currencies weighted according to the countries' economic performance. It may later be used by other Community institutions.

On the launching date one UA was equal to: 45.4788 Belgian francs; 3.05981 German marks; 5.23081 French francs; 3.14713 Dutch guilders; 0.563274 pounds sterling; 7.09924 Danish crowns; 817.288 Italian lire; 0.563414 Irish pounds; 3.25185 Swiss francs; 1.31063 US dollars. The rate is calculated daily.

Commission Approves New EDF Projects

Five new development projects approved by the EC Commission in May will result in expenditure of 7.285 million units of account (UA) from the European Development Fund (EDF) for African countries associated with the European Community. (One UA equals approximately $1.31; see accompanying story.) The aid projects:

- A bridge over the Nyabarongo in Rwanda, which is to receive UA 1.5 million. The bridge will be on the main road from Kigali, the capital, to the Burundi border and will replace a 25-year-old structure.
- Equipment and expansion of a hospital at Garou in the Cameroun, which is to receive UA 2.2 million.
- Introduction of market gardening to the Ferkessédougou region of the Ivory Coast, which is to receive UA 1.2 million. Seven hundred and forty-one acres of land are to be irrigated to permit 120 farmers to produce tomatoes, onions, lettuces, rice, and maize.
- A new stretch of road between Moindou and Bourail in New Caledonia, which is to receive a soft loan of UA 2.4 million.
- A new stretch of road between Gouitafla and Yuenoula in the Ivory Coast, which will be financed by money saved in building three earlier stretches of road around Lake Koussou in the same region.

Guadeloupe Port Helped by EIB Loan

The French territory of Guadeloupe will enjoy improved port facilities, thanks to a European Investment Bank loan for 720,000 units of account.

The funds will be used to help finance construction of a cargo wharf at Pointe-a-Pitre to raise the port's handling capacity. Pointe-a-Pitre accommodates most of Guadeloupe's sea trade and receives all of its imports.

Economy

Inflation Rates in Community Differ

The price rise situation in the Common Market depends very much on where you live. While some countries are managing successfully to throttle inflation, in others it is rising at an alarming rate.

Thus, the 13.4 per cent overall average for the Community between April 1974 and April 1975 is misleading. This conceals a range of rates from 6.1 per cent in Germany to 23.8 per cent in Ireland (to March). In between come the Netherlands at 10.3 per cent; Luxembourg at 10.5 per cent; Denmark, 11.9 per cent; France, 12.7 per cent; Belgium, 14.4 per cent; Italy, 20.4 per cent; the United Kingdom, 20.4 per cent.

Most countries were in fact less successful in April than in most preceding months at keeping the inflation rate down. Only in the Netherlands and Denmark was the rate lower in April than in March. The biggest jump was a 3.9 per cent leap in Britain—a long way ahead of Italy at 1.3 per cent, the Netherlands and Luxembourg at 1.2 per cent, Belgium at 1.1 per cent, France at 0.9 per cent, Germany at 0.8 per cent, and Denmark at 0.3 per cent. In Ireland the rate is collated quarterly, so no figures were available.

Help for Ailing EC Textiles Industry

The EC Commission has made a bid to relieve the depressed state of the Community's textiles industry, where unemployment is high and many firms are being forced out of business.

The Commission action includes limits on the number of socks made of synthetic fibers which may be imported from South Korea into Germany and the Benelux countries and suspension of imports of certain cotton fabric to Germany from Brazil pending conclusion of a bilateral agreement on export restraints. The agreement is one of a series which the Community is currently negotiating with Southeast Asian, Latin American, Mediterranean, and Eastern European countries.

As added protection for the textiles industry the Commission also introduced a system of surveillance of imports of the textiles most likely to disrupt EC markets.

Disquieting EC Unemployment Trends

Unemployment figures dropped slightly in April and May compared to the situation earlier this year, but the improvement was regarded as seasonal and the overall levels of unemployment remained high compared to those a year ago.

The most recent figures for the EC member states are:

- Germany (May): 1,017,799 unemployed; up 560,834 (122.7 per cent) over last year; representing 4.4 per cent of employed workers.
- France (April): 757,300 unemployed; up 341,100 (82 per cent) over last year; representing 4.5 per cent of employed workers.
- Great Britain (May): 813,068 unemployed; up 277,700 (51.9 per cent) over last year; representing 3.6 per cent of employed workers. Northern Ireland (May): 37,278 unemployed; up 11,000 (41.9 per cent) over last year; representing 7.1 per cent of employed workers.
- Denmark (April): 107,700 unemployed; up 82,500 (327 per cent) over last year.
- Belgium (May): 161,113 unemployed; up 69,628 (76.1 per cent) over last year.
- Netherlands (May): 173,428 unemployed; up 63,909 (58.4 per cent) over last year; representing 4.5 per cent of employed workers.
- Italy (March): 1,090,200 unemployed; up 58,400 (5.7 per cent) over last year; representing 5.7 per cent of the total working population (employed and unemployed).
- Ireland (May): 95,694 unemployed; up 29,629 (44.8 per cent) over last year; representing 8.5 per cent of the total working population.
- Luxembourg (April): 103 unemployed; up 87 over last year.

EC Steel Production Cuts Recommended

A 15 per cent cut in steel production Community-wide has been recommended by the EC Commission—which is the High Authority of the European Coal and Steel Community.

The reduction was seen as a means of coping with the current depression on the steel market and of preventing EC steel producers from engaging in unproductive, cutthroat competition among themselves. But the Commission rejected for the time being the idea of quotas or minimum prices.

The exact level of the cut would vary from country to country depending on the cutbacks which producers there have already made.

EC Poll Registers Economic Optimism

Business and industry in the European Community, which were polled this spring for their views on the EC's economy, are no longer as gloomy as they were about the Community's prospects.

In particular, they expect inflation to slow. The most positive outlook came from Germany, Italy, the Netherlands, and Ireland.

At the time of the poll, industrial production was increasing in Germany and Italy and had stabilized in Britain and Ireland. Unemployment was still high but also showed signs of stabilizing, and trade deficits were shrinking. These were among the reasons cited by the respondents for their relative optimism.

Social Policy

EC Focus on Youth Unemployment

Soaring unemployment, especially among the young, occupied the European Community's Standing Committee on Employment at its seventh session, on June 3 in Brussels.

A Commission document presented at the meeting suggested better preparation for young people about to enter the job market, more contact between schools, employers, and trade unions, and more practical vocational training as ways of alleviating unemployment among the young.

In the last year, unemployment among 15-to-25-year-olds has risen 49 per cent, while total unemployment for all age groups climbed only 32 per cent.

Also discussed at the meeting were financial aid for structural changes in employment, the problem of illegal immigrants, and equal treatment for male and female workers.

EC Fund Aid for Unemployed Workers

The EC Social Fund plans to use 50 million units of account (UA), left over from last year's budget, to retrain and relocate workers. (One UA equals one 1970 dollar.)

The funds will help especially the unemployed younger than 25-years-old. In the current job crunch, unemployment in this age group has risen 49 per cent in the last year. In the allocation of aid, priority will be given to people seeking jobs for the first time.

EC Population Figures Published

Women outnumber men in every EC member state but Ireland, according to the Commission's "Report on the Development of the Social Situation in the Community in 1974," published this spring.

Women constitute an average of 51.5 per cent of the Community population, though in Ireland they represent only 49.6 per cent.

The study also noted that the 1973 Community population has reached 256.6 million, of which more than 88 per cent lived in Britain, France, Germany, and Italy. The Community's average population density is 168 inhabitants per kilometer.

Energy

Commission Calls for Energy Action

The time for just talking about energy problems ought to be over, said the EC Commission in June 11 communications to the Council.

Rather than worrying about the effect on new investment in alternative sources of energy if oil prices drop—which the Commission views as highly hypothetical—it thinks the Community should be getting down to the business of setting firm conservation targets and pouring money into alternative energy resources to reduce EC dependence on oil imports. The Commission feels member states should be investing at least 180 million units of account (UA) in solid fuel, nuclear, non-nuclear electricity, and indigenous hydrocarbon supplies of oil and gas.

At the same time the Commission suggests that the European Community should take the initiative in getting the oil producer-consumer dialogue—which broke down last April—going again by coming up with concrete ideas for the industrialized and developing countries to discuss. According to the Commission, energy cannot be discussed in a vacuum without some parallel movement on raw materials—the main issue which led to the breakdown of the first attempt at dialogue. (See page 8.)

ECSC Issues 1974 Financial Report

Loans granted by the European Coal and Steel Community (ECSC) rose from 286 million units of account (UA) in 1973 to UA 378 million in 1974, according to the ECSC's financial report for 1974, presented to the Commission June 18. (One UA equals one 1970 dollar.)

The increase in lending activity allowed the ECSC to make a greater contribution to the financing of energy projects. ECSC borrowing also increased, the report noted. Borrowing from the international financial market reached UA 528 million in 1974, up from UA 260 million the previous year. A large part of the funds available for loan came from recycled petrodollars.

The ECSC was the first foreign issuer to take out a public loan since the reopening of the US capital market.

Environment

Commission Fights Pollution of Seas

The EC Commission is trying to get the EC member states to take a coordinated approach to pollution of the seas as part of the Community's environmental action program.

The Commission hopes the Community will participate as a unit in the convention on Rhine pollution, currently being prepared, so that its provisions can be aligned with the ideas the Community has already put forward on regulating how much of what dangerous substances can be dumped into Community waters.

The Community is already a signatory on keeping down pollution flowing from rivers into the northeastern Atlantic, and the Commission recently asked member states' permission to negotiate on their behalf the framework convention on halting the environmental death of the Mediterranean. Also, there is EC legislation on the quality of water which may be used for drinking, and member states are considering Commission proposals on cleaning up the sea and fresh water to make sure they are fit for swimming.

Environmental Action Program Updated

The European Community's second action program for the environment was the focus of a June 18 Commission communication to the Council of Ministers.

The Commission put forth three guidelines for the environmental program's direction in the next five years. The plan would:

- assure and reinforce the continuation of the first environmental action program;
- concentrate on preventative measures, fix long-term objectives, coordinate national programs, and harmonize long-term policies;
- fight the waste that often accompanies economic expansion and improve coordination with the development policies of "Third World" countries.

These measures aim to reconcile the demands of economic growth with the need to protect the environment, as well as respond to the need of Europeans to improve their quality of life, the Commission said.

Competition Policy

Annual EC Policy Review Published

Industrial concentration in the Community increased in 1974, and over half of the international operations were carried out between member state companies.

This was among the conclusions of the Commission's fourth annual report on competition policy. The report states that current EC competition policy is guided by the Community's desire to solve inflation, commodities difficulties, and the widening disparities between sectors and regions.

The report also covers the relation between Community and member state law, outlines state aid policies, and discusses sectoral aids, such as those for shipbuilding and textiles.

EC Action in Dutch Heating Market

In a move to give Dutch consumers a better deal, the EC Commission has forbidden representatives of the now defunct Haarden-En Kachelhandel—a Dutch business association of heating equipment manufacturers, importers, wholesalers, and retailers—from trying to collect fines from members who had violated the illegal agreement.

Although the group has now been disbanded, it was still taking two former members to court for breaking its rules—rules which the Commission thinks are out of line with EC regulations on free competition to ensure fair prices. These court cases must now be dropped.

Haarden-En Kachelhandel, which controlled 90 per cent of the Dutch market, was dissolved in January 1973 by its members after the Commission had found that the organization's exclusive pricing and distribution practices constituted a monopoly.

Trinational Steel Company Formed

The EC Commission has authorized the founding of Acieries et Laminoirs du Rhin SA (Rhine Steelworks and Flat-Rolling Company) to be based in Ottmarsheim, Germany.

The new company was formed by Korf Stahl AG (of Baden-Baden, Germany), Sacilor-Acieries et Laminoirs de Lorraine SA (of Hayange, France), and Von Moos Acier SA (of Lucerne, Switzerland). The new company will produce 450,000 tons of wire rods annually by 1976.

In accordance with the European Coal and Steel Community (ECSC) Treaty, which governs this venture, each of the founding companies keeps its autonomy.

EC Commission Ends Linoleum Cartel

Competition in Europe's linoleum industry will become keener, following EC Commission intervention in a floor coverings manufacturers' cartel.

The members of the Linoleum Manufacturers' Export Convention—grouping Nairn Floors Ltd., of Kirkaldy, Fife, Scotland; Barry Staines (Sales) Ltd., Staines, Middlesex, England; Fobo AG (formerly Continentale Linoleum Union), Zurich, Switzerland; DLW-Aktiengesellschaft, Bietigheim, Wuerttemberg, Germany—were concerting prices and discounts, as well as harmonizing terms of payment, charges, and product standards, according to the Commission.

Perfume Distribution System Smells O.K.

French perfume and cosmetics manufacturers, Christian Dior and Lancôme, have been given the go-ahead by the EC Commission to continue organizing their distribution system selectively.

The Commission had had doubts whether the firms' system of granting an exclusive concession to general agents in various EC countries and the contracts subsequently concluded by the agents with distributors were in conformity with EC rules on free competition. The firms argued that their strict control over their distribution network was required by the nature of the product, which should be sold only by outlets with special qualifications.

The Commission, while allowing the firms to continue to distribute selectively, nevertheless insisted that the contracts be changed to allow retailers to buy or sell from any general agent or retailer in the Community, to fix their own prices when the product is reimported or reexported from or to other EC countries. The Commission feels that consumers will benefit from the competition which will result within the Dior/Lancôme networks.

Antitrust Ruling Against Metal Firms

Three European non-ferrous metal companies recently canceled an across-the-board cooperation agreement which ran counter to EC antitrust regulations, following Commission intervention.

The companies involved were Trefimetaux GP SA, of Paris, and two German firms—Kabel-und Metallwerke Gutehoffnungshutte AG, of Hanover, and Weiland-Werke AG, of Ulm. The agreement, covering semi-manufactured copper, copper alloy, substitute, and processed products, called for wide-ranging cooperation on production, marketing, and general business strategy.

Dutch Agreement Halted by Commission

Commission intervention, opposing a prototype agreement by the Dutch firm La Stichting Instituut Voor Industriele Vormgeving Te Amsterdam, has resulted in the cancellation of the agreement by 30 participating Dutch companies.

The agreement had run counter to the Commission's antitrust regulations by obliging the Dutch companies not to produce, sell, or import products imitating the designs or models registered with the Stichting Instituut.

Harmonization

EC Council Adopts Aerosol Standards

An optional common standard for aerosols, making both present intra-EC trade in aerosols and any future EC environmental restrictions easier, was adopted on May 20 by the Council of Ministers.

Aerosol manufacturers whose product conforms to the specification can be assured in future that their goods will have unimpeded passage across Community frontiers. Products manufactured and sold in the same market are not affected, and products which do not conform may still be traded but run the risk of running into bureaucratic and nontariff barriers that the standard aerosols will not have to cope with.

Specifications have been defined for four types of aerosol: metal, plastic, unprotected glass, permanently protected or plastic-coated glass. Standards are set for labeling, capacity, pressure, volume of contents, etc. EC member states have 18 months in which to incorporate these standards into national legislation. Aerosols conforming to Community standards will carry a special sign, an inverted epsilon.

Varying Taxes in EC Member States

Harmonized tax structure and levels in the European Community remain a long way away. The latest figures from the EC statistical office on taxation in the Community from 1968-1973 reveal that the accession of Britain, Denmark, and Ireland only increased the contrasts between systems and tax rates in the Community.

While the trend is to higher taxation (including social security payments) everywhere, the rate of increase over the five-year period of 1968-1973 ranges from 8 per cent in the United Kingdom to 56 per cent in Denmark. In between come Italy, 19 per cent; France, 33 per cent; Ireland, 39 per cent; Belgium, 44 per cent; Germany, 45 per cent; the Netherlands, 47 per cent; Luxembourg, 52 per cent.

The countries appear in much the same order when it comes to the tax burden in relation to gross domestic product (GDP). In these statistics there also tends to be a correlation between per capita income—and therefore ability to pay taxes—and the tax burden. Taxes as a percentage of GDP (with figures for the difference between 1968 and 1973 in brackets) are 45 per cent (+5.5 per cent) in the Netherlands; 43 per cent (+8.1 per cent) in Denmark; 38 per cent (+3.5 per cent) in Belgium; 38 per cent (+4.4 per cent) in Germany; 38 per cent (+6.3 per cent) in Luxembourg; 36 per cent (no change) in France; 33 per cent (−2.1 per cent) in the United Kingdom; 32.4 per cent (+3.2 per cent) in Ireland; 30 per cent (−1.2 per cent) in Italy.

But different countries raise tax revenue in different ways. Some favor indirect taxation—the value added tax (VAT), for example—whereas others favor emphasis on direct taxation—income and wealth tax. The proportions of indirect taxation varies from 27 per cent in the Netherlands to 58 per cent in Ireland, and the proportion of direct taxes from 18 per cent in France to 58 per cent in Denmark.

European Transport Ministers Meet

Carlo Scarascia Mugnozza, EC Commission Vice President in charge of transportation policy, represented the European Community at the forty-first meeting of the European Conference of Transportation Ministers, which groups delegates from all Western European countries, in Copenhagen on June 18-19.

This year's conference was devoted principally to discussion of current problems of road safety and the financial situation of European railroads. It was the first time that a Commission representative had taken part in all activities of the meeting.

Scarascia Mugnozza took this occasion to meet with transportation ministers of the EC member states to discuss the further development of the Community's common transportation policy.

Agriculture

Lardinois Speaks Out on EC's CAP

Petrus Josephus Lardinois, EC Commissioner in charge of agriculture, took the member states to task for not doing enough to support the Community's common agricultural policy (CAP) and for then blaming the Commission for CAP failures.

Answering European Parliament inquiries during a June 17 Parliament session in Strasbourg, France, Lardinois said that each member state had in turn posed problems for the CAP which could have destroyed it and that it had been held together only by great effort. Lardinois outlined the CAP's trials in the last five years—unexpected monetary and energy crises—that created the Commission's difficulties in the formation and elaboration of proposed improvements.

Lardinois called for an in-depth study of the problems created by differences of agricultural production in the northern and southern regions of the Community and suggested a conference on Mediterranean agriculture with a view to balancing the interests of the Community's Mediterranean agricultural countries (France and Italy) and those of associated and future associated countries (Turkey, Greece, and the Maghreb countries, among others).

EC Has Hoof and Mouth on the Run

In its continuing war on hoof-and-mouth disease, the EC Commission has sent a proposal to the Council of Ministers for a contribution of $1 million to expand the Hoof and Mouth Institute in Ankara, Turkey.

The EC contribution, administered by the Food and Agricultural Organization (FAO), would help equip a new laboratory that would enable the institute to increase its annual vaccine production from about 10 million to 90 million doses. The Commission also suggested technical exchanges between Turkey and the Community.

Commission Coordinates Farm Research

Expenditure of 14 million units of account (UA) on a program of coordinated EC research into agricultural problems over the next five years was proposed in April by the Commission. (One UA equals one 1970 dollar.)

The Commission believes, following consultation with national governments, that the Community as a whole could benefit from more information on means of rapid diagnosis of leucosis in poultry and beef (a UA 2,410,000 research program); the pollution problems caused by effluents from intensive breeding of cattle (UA 3,435,000); methods for increasing the productivity, quality, and yield of beef producers (UA 3,689,000); and information on new sources of vegetable protein for animal feedstuffs, of which there is a present shortage in the Community (UA 4,-457,000).

Science and Technology

EC-Sponsored Electronics Symposium

Representatives of 25 countries, including the United States, the Soviet Union, Romania, Hungary, Poland, Israel, and the nine EC member states, attended the "Second Ispra Nuclear Electronics Symposium" in Stresa, Italy, May 20-23.

The conference was sponsored by the EC Joint Research Center at the request of various scientific groups. The symposium's principal theme was the use of electronics for equipping nuclear installations and the extension of nuclear electronic techniques to areas such as ecology and biomedicine.

In the nuclear field, the possibilities of more profitable use of electronic instruments for the control of fissile material were discussed.

Protecting People From Radiation

Toward better harmonization of individual monitoring programs in EC member states on exposure of individuals to radiation, the EC Commission has come up with a series of technical recommendations.

The recommendations, according to the Commission, are an essential aspect of the physical surveillance of nuclear workers as laid down in the basic safety standards of the European Atomic Energy Community (Euratom). A directive on basic safety standards for protection against ionizing radiations—setting out the main principles for protecting the health of workers and populations exposed to radiation—was adopted in 1959 and revised in 1962.

Member states are currently studying proposals on further updating of the directive. The latest recommendations are backed up with advice on individual monitoring programs and the necessary requirements for individual dosimeters (roentgen-measuring devices).

Computer Plan Would Save Lives

A plan to save lives by computer has been drawn up by the EC Commission and submitted to the Council of Ministers for approval.

The plan involves a data processing system, costing approximately $1,380,000, which would speed up the exchange of information between hospitals in search of blood or kidney donors in the nine member states. Every year, up to 12,000 patients in the Community would die if transplants or dialysis were not available.

If adopted by the Council, the plan could be extended into other branches of medicine.

Notice

To expedite changes of address or cancellations for *European Community*, it is mandatory that subscriber correspondence include prior address. Thank you.

Recent Books

Les données fondamentales de la politique britannique a l'egard de la Communauté Economique Européenne, 1955-1970. By Panayotis Soldatos. Institute for European Studies, Editions de l'Université de Bruxelles, 1973. 195 pages with notes, tables, and bibliography.

A study of the sociological aspects of the evolution of British foreign policy, from 1955 to 1970, toward EC membership.

Multinational Enterprises: Financial and Monetary Aspects. Edited by J.S.G. Wilson and C.F. Scheffer. A. W. Sijthoff, Leiden, 1974. 241 pages with notes, tables, and appendix.

A collection of papers on the financial and monetary aspects of multinationals presented to the "Colloquium of the Société Universitaire Européenne de Recherches Financières (SUERF)," held at the University of Nottingham, April 1973.

The Law of Integration: Emergence of a New Phenomenon in International Relations, Based on the Experience of the European Communities. By Pierre Pescatore. A. W. Sijthoff, Leiden, the Netherlands, 1974. 117 pages with notes and references. $20.00.

Collected lectures and essays by the author on the "law of integration" as opposed to "the so-called classical international legal order."

Calendar

JUNE

1-3 Garret FitzGerald, Irish foreign minister and president in office of the EC Council of Ministers, visits Lisbon.

3 Standing Committee on Employment meets in Brussels.

4 Energy Committee meets in Brussels.

5 Commission Vice President Wilhelm Haferkamp visits Saudi Arabia.

5 Mixed EC-Switzerland Committee meets in Brussels.

6 Mixed EC-Sweden Committee and Mixed EC-Iceland Committee meet in Brussels.

9-10 EC-Mexican negotiations concluded in Brussels.

10 Euro-Arab dialogue opens in Cairo.

11 EC-Austrian transport accord signed in Vienna.

11-13 Garrett FitzGerald, Irish foreign minister and president in office of the EC Council of Ministers, visits Turkey.

12 Greece applies for full EC membership.

12-13 Mixed EC-Austria Committee meets in Vienna.

12-15 Commission President François-Xavier Ortoli visits Yugoslavia.

16 Council of Ministers meets in Luxembourg to discuss finance.

16-17 EC-Japanese regular consultations held in Tokyo.

16-20 European Parliament holds plenary session in Strasbourg, France, and hears agriculture report from Commissioner Petrus J. Lardinois.

17 Mixed EC-Norway Committee and Mixed EC-Finland Committee meet in Brussels.

18 Commission sends Council of Ministers second action program for the environment.

18-19 European Conference of Transportation Ministers held in Copenhagen.

23-24 Council of Ministers meets in Luxembourg to discuss agriculture.

24 Council of Ministers meets in Luxembourg to discuss general affairs.

24 EC-Cyprus Association Council meets in Luxembourg.

24-29 Commissioner Finn Olav Gundelach visits the United States.

25-28 Mixed EC-Greece Parliamentary Commission meets in Athens.

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.

THE COMMUNITY'S SUPPLIES OF RAW MATERIALS. Supplement No. 1/75, Bulletin of the European Communities, Brussels, February 1975, 20 pages .... free
Communication to the Council of February 7, 1975, on a Community policy for raw materials supply. Discusses the Community's situation vis-à-vis individual products.

REPORT ON SEA TRANSPORT PROBLEMS IN THE COMMUNITY. *Working Document No. 305/74,* European Parliament, Luxembourg, October 25, 1974, 36 pages $1.00
By Horst Seefeld for the Committee on Regional Policy and Transport. Analysis of the role of sea transport in intra and extra Community trade, participation of the EC in international organizations, and trade agreements and flag discrimination. Discusses the impact of a sea transport policy on ports and shipbuilding and the harmonization of member states' legislation on sea transport.

TAX STATISTICS 1968-1973. Statistical Office of the European Communities, Luxembourg, 1974, 121 pages $6.00
Detailed tables by country of the revenue from taxes and social contributions by type and sector. Contains commentary on the tax classification used and on tax trends and structures in the member states.

LOME DOSSIER. Reprinted from *The Courier* (No. 31, special issue), Commission of the European Communities, Brussels, 1975, 44 pages .... free
Reproduces the full text of the convention between the Community and the 46 African, Caribbean, and Pacific states, signed at Lomé on February 28, 1975. Contains interviews with and articles by leading negotiators. Includes an explanation of the main provisions of the convention on trade, export earning stabilization (Stabex), industrial cooperation, aid, sugar, and the institutions of the association.

REPORT ON THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE). *Working Document No. 485/74,* European Parliament, Luxembourg, February 21, 1975, 31 pages. $.50
Report by Lucien Radoux on behalf of the Parliament's political affairs committee. Summary of the historical background of the negotiations, the relationship of the Community to the CSCE, and the work of "phase two."

COUNTRIES ASSOCIATED WITH THE EEC. Commission of the European Communities, Brussels, 1975, 1 page .... free
Black and white map (6" x 7") showing the African, Caribbean, and Pacific countries associated with the Community under the Lomé Convention.

YEARBOOK OF AGRICULTURAL STATISTICS: 1974. Statistical Office of the European Communities, Luxembourg, 1974, 273 pages. $2.50
Basic agricultural data for the Community and its member states. Covers structure, trade, accounts, production, supply, and prices. Most agricultural commodities included.

INTERIM REPORT ON THE COMMUNICATION FORM THE COMMISSION ON MULTINATIONAL UNDERTAKINGS AND COMMUNITY REGULATIONS. *Working Document No. 292/74,* European Parliament, Luxembourg, October 24, 1974, 28 pages .... $.50
Report by Francis Leenhardt on behalf of the Parliament's economic and monetary affairs committee. Analysis of the Commission's communication, emphasizing taxation, monetary aspects, worker protection, competition, and a good conduct code.

FIFTEEN YEARS OF COMMUNITY POLICY. Commission of the European Communities, Brussels, January 1973, 69 pages ... $1.00
Report assessing the effects of Community policy on member state economies from 1958 to 1970 and the degree to which EEC Treaty objectives have been fulfilled. Focuses on the degree of economic integration, development of production structures, steadiness of the growth rate, development of incomes and standard of living, and the Community's contribution to the world economic order.

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