

AUGUST-SEPTEMBER 1976 No. 196

# European Community



**A VOTE IN TIME SAVES NINE**



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Cover (front): *Direct elections to the European Parliament are set for 1978.*

© Tenney Mason, Gaither, Maryland

Cover (back): *Talking politics in Wales, a region very much affected by the direct elections decision.* © Erich Hartmann, Magnum

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*Coming together in Strasbourg, France, occasional home of the European Parliament.* © Erich Hartmann, Magnum





## Melting the "Melting Pot"

# Birth of the European Citizen

FLORA LEWIS, *Paris-based European correspondent for* The New York Times

WHEN THE HEADS OF THE NINE EUROPEAN COMMUNITY governments finally managed to agree at their summer summit on how to proceed with direct elections for a common parliament, Georges Spenale, who presides over the existing, appointed European Parliament, said with emotion, "This date marks the birth of the European citizen."

Whether or not this prophecy lives up to such enthusiasm, it was already clear that the European Council's Parliament decision marked the growth of sturdily insistent European regionalism, as the regions played a key role in the national haggling over how many seats each state will hold.

Britain had held out for approximately doubling the total of 198 members now in the European Parliament, because Wales and Scotland insisted on at least as many seats as less populated Denmark and Ireland, even though the former are but parts of the nation-states which signed the Community treaties. Furthermore, the British pushed through an additional seat for the four biggest countries—81 each for Britain, Germany, Italy, and France—because when it comes to cutting up constituencies, that will allow three instead of two places for Northern Ireland. With three, London figured, Ulster Catholics can win a seat, but with only two they would have likely been blanked out by the Protestants and would have been certain to show explosive resentment.

Belgium, on the other hand, was unhappy at the prospect of having to divide 25 seats between Flemings and Walloons. It seemed unlikely that even one future parliamentarian could claim to represent both even-handedly. Brussels thus willingly settled for 24, although the Netherlands retained 25 as scheduled, and the left-over place was assigned to Denmark, which also had accommodation problems with an odd number of seats. Denmark will now have 16 to Ireland's 15.

The French went along with the hard-wrought compromise, but not too gladly. They would have preferred keeping the Parliament much smaller, partly because vestigial Gaullist feeling still resents any change smacking of greater political importance for the EC institutions, but also because France is uncomfortable about the regional im-

plications of a big delegation to the Parliament. Already, the French Government is discussing plans to elect its members on a nationwide system, even though it adamantly rejects the idea of proportional representation in domestic elections. A nationwide list will make it easier to keep the French group a clearly French group, rather than risking fragmentation into Bretons, Alsatians, Corsicans, Occitanians, and so on.

The numbers game, played to distraction by the prime ministers, was not a trivial aside to the grand goal of reviving and popularizing the effort to "build Europe," as the official rhetoric puts it. The old ethnic divisions, whether they are asserted with bombs or folklore, are becoming a matter of down-to-earth politics in Europe even as the Community is developing a European politics for the first time. They are two sides of the same impulse.

Socialists, Liberals, Christian Democrats have already formed new groups to campaign on the same partisan platforms in European elections. On many issues, their shared social and philosophical outlook overrides the diverse interests of their nationalities. It won't be surprising if, when the newly elected Parliament convenes in 1978, voting lines tend to put party as much ahead of geography as they do in national politics.

BUT THE VERY SWEEP OF the new European politics has begun to shift the feeling of difference and ethnic community to smaller groups. Regionalism in Europe has some similarities to the mounting ethnic feeling and the defense of neighborhoods in the United States, although it is the nation rather than the metropolitan mixture which is under attack. It stems from some of the same kind of effort to recapture identity by cultural exclusion of those who are different.

The British wit and historian, C. Northcote Parkinson, has come up with another kind of Parkinson's law on the splintering of nations as they begin to integrate. European states, he has argued, evolved essentially as war-making units, for defense or offense. As their cooperation banishes the need for military protection against each other, so it diminishes the sense of nation. And, he says, as soon as the





"... Wales and Scotland insisted on at least as many European Parliament seats as less populated Denmark and Ireland, even though the former are but parts of a nation-state which signed the Community treaties."

Above: Shipyard workers in Glasgow, Scotland. © Leonard Freed, Magnum  
Below: A Welsh portrait. © Ian Berry, Magnum



nation makes no sense, then the old cultural, regional tradition comes back as the way people really define themselves. He has even produced a map of medieval Western Europe which coincides to an impressive degree with modern autonomist or separatist movements.

Apart from the Scots, who find the prospect of oil riches headier than the brew of the bog, none of the Community regionalist movements suggests independence. And in Western Europe as a whole, the Spanish Basques with their special vehemence and special political history are the only other ones who even consider it. Catalans, South Tyroleans,

the Frisians of Holland, many others talk of self-government, but not as sovereign states. They are talking more or less vaguely about some new kind of federalism and, not surprisingly, the more centralized their nations, the more urgent their arguments.

Each movement is deeply rooted in geography, in history, in custom, often in language, and they are as varied in their manners and demands as they are numerous. But there is a common thread in what has been called "sub-nationalism" or the "new ethnicity," and it is the argument that nations are too small for the big problems, which must be consigned to Europe, and too big for the everyday governance of people's lives.

Irredentism had a lot to do with the two World Wars that devastated modern Europe and brought acceptance of a need for some institutional unity. And, in fact, the European vision has virtually wiped out the fierce arguments about frontiers which ignited the wars. But just when the "nationalities" issue seemed to have been relegated to history's archives in Western Europe, it re-emerged in the new form of regionalism.

Obviously, it is not accidental that the German Federal Republic has been far less troubled than the older, centralized nations, or that homogenous Sweden has no ethnic strains, though it does have to deal with complaints about neglected areas. The very notion of Europe was meant to dilute the intensity of belligerently competitive nationalism, and when it is no longer necessary to hate the neighbor across the border in order to feel safe and patriotic, it is easier to remember grudges against the compatriot imposing rules from a capital which once was alien.

There is a certain impishness in some of the movements, a reflection of the youthful delight in twitting authority which inspired the bohemians at the turn of the century, and the urge to *épater les bourgeois* after World War I. Some deep folk memory, but rather more exuberant spirits, led a young painter and his friends in Paris, for example, to go home to Tarascon and spend the summer nights scrawling "Français go home" on the walls of police stations and public buildings. Of course, they returned to their usual life in Paris after the vacations.

But there is also an intensely modern source for the return to roots and the insistence on localism. It is reflected in the abrupt shift of hero-worship in Corsica over a single generation. Napoleon has not been forgotten, of course, but the great spotlight is on Pascal Paoli, the eighteenth century independence fighter who sought refuge in England when his republic was defeated. The man who stood up and battled for Corsica, even though he lost, is the preferred idol now to the man who left the island and went on to conquer most of Europe.

CONQUERING THE WORLD, or even the continent, is quite simply an obsolete notion in Western Europe. That is for



technology, for science, for ideas, even perhaps for ideology. It won't do any longer as an ethnic or national goal, no matter how fierce the pride of origin or community.

And when such abstractions become dominant, then "assimilation" comes to mean unpleasant homogenization, without even removing the old taint of inferiority from those who felt they must aspire to be more like what others already were.

The homogenization is there, both by choice and by necessity. Big industry, big markets, big production have brought a level of prosperity that was inconceivable on a smaller-scale organization of economies. Mass communications have shown the comforts and pleasures and assurances that can be achieved, and there are few who prefer to renounce a better standard of living for the sake of being different. It is startling to see how drastically the appearance of people in the provincial towns of Europe has changed in less than a generation of television and easy transport of consumer goods.

A French chatelain, a man who really farms his huge estate but who always came regularly to Paris to partake in the dual life of a landed aristocrat, remarked at this year's national farm show: "Now, everybody looks the same. You could tell at a glance which were the Parisians and which the country people just a few years ago." There are scarcely any more women in black in the small towns. The mini-skirt or the maxi, the T-shirt or the clog, the blue-jean or the caftan, whatever is fashionable in Paris and London



*Chimney-sweeps in Alsace; their black "uniforms" were a not-too-long-ago common sight there. "Now, everybody looks the same," says a French chatelain.* © Elliott Erwitt, Magnum

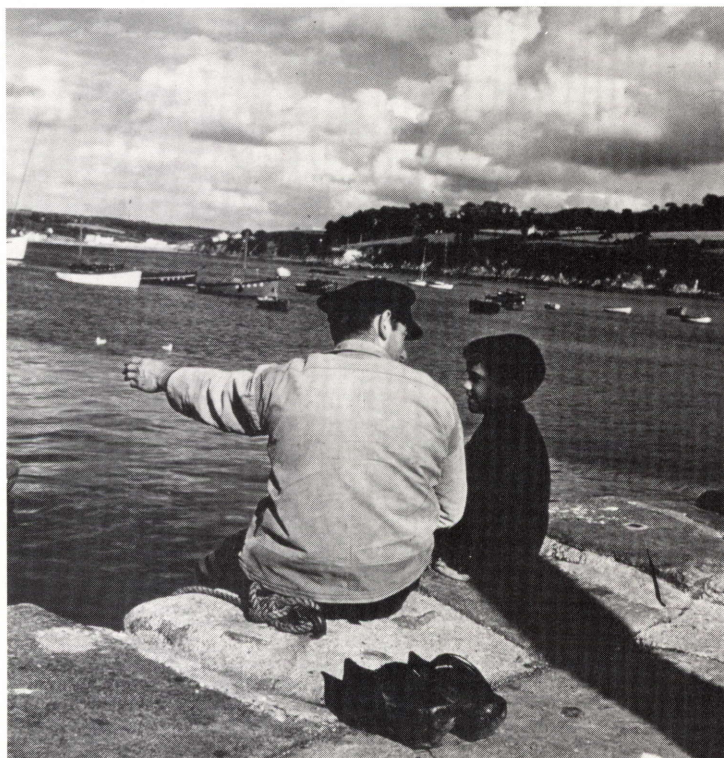
and Dusseldorf and Rome is also fashionable and usually available everywhere. And, of course, everybody wants a fair share—of schools and of hospitals, of jobs and of welfare, as well as of the glittering goods.

The sameness of advanced industrial society is not all imposed. But as much as the benefits are sought, they are also an irritating burden. In part, the regional restiveness is a demand for more sameness, for a better share, for a chance to catch up with the favored areas which developed faster and more brightly. The autonomists tend to argue that with more local rights, more self-government, more insulation from the center and at the same time more influence on central decision, they would be able to reach the higher material level of megalopolis. But that is only a part of the ethnic urge.

The other, and perhaps more profound part, is a reaction against the immensity of scale which has brought prosperity, against the reduction of the individual and his clan and his countrymen to ant-size insignificance in the world of mass-everything. With so much need for mass and its inevitable sameness, difference becomes immensely important. It is the preservation of the identity that had to be discarded in order to achieve the skills, the car, the apartment, the TV set, and the vacation that others have.

The cravings are paradoxical. Not many would go with Alexander Solzhenitsyn to the logical conclusion of a return to the log cabin or the shanty, to the obligation of brute labor and the risk of calamity, in order to recapture a more human scale. But neither are many content to be lost in the multitude.

The ethnic drive is but one of the efforts to restore a



*"Electing European Parliament members on a nationwide system will make it easier to keep the French group clearly French, rather than risking fragmentation into Bretons, Alsatians, Corsicans, Occitanians. . . ."* Photo: Brittany, home of the Bretons. © Elliott Erwitt, Magnum



sense of belonging to something big enough to be absorbing and yet small enough to leave a clearly marked place for the individual. The "hippy" movement was another. It is receding now, but those who continue it gather in flocks and move in currents. It is unusual to see a lone hippy. The factory-team experiment is a different kind of approach to the same felt need, breaking the assembly-line monotony back into defined crafts, making the human cog a larger part of a smaller wheel.

THE EUROPEAN REGIONALISTS have their counterpart in the resurgence of ethnic assertion in America, and a new disdain for the melting-pot idea. The big difference is that in Europe, ethnic identity is largely attached to land. Everybody came from somewhere at some time. The history of Europe is the history of people moving and shoving. Nonetheless, some of those movements happened a long time ago and the people have lived on the land they know until they felt a part of it. And when they moved, or conquered, it was in bands that retained a cultural community, and exclusivity, so that place and ethnicity seemed almost synonymous.

This was not the way of the United States, with its waves of migrants fanning across the continent, succeeding and overlapping, mingling gingerly to find the new identity to support and justify existence in the new world. The immigrants developed neighborhoods for convenience and consolation, and even survival, but their children sought to break out and become part of a larger, more rewarding society. The blacks were not an exception. It was infinitely more difficult—the language reflects it, they needed "to pass" or "to integrate" rather than just "assimilate"—but theirs was also a fight for admission into what seemed a

*Welsh identity remains against the background of "the sameness of advanced industrial society," a homogenization brought in part by mass communications.* © Erich Hartmann, Magnum



privileged majority.

The struggle produced a backlash, not only of those who considered themselves members of the majority, but of the strugglers as they came to perceive something demeaning in the effort to join, a tacit concession that it was inferior to be themselves. For what has come to be called the "ethnics" in the United States, this was expressed usually in the third generation as a return to pride in the customs and culture of their grandparents, often rejected as "foreign" by their parents. There are racist undertones in some of the reassertion of ethnicity in America but the European regional movements show that there is also a much broader impulse provoked by modern industrial society in general.

A resistance to impersonal, distant, faceless authority is implied in the insistence on reviving the Breton language, of flying the Corsican flag, a latter-day demand for a democracy that is closer to home and more responsive to individual needs. It is also, for all the emphasis on difference and origins, a demand for another kind of equality which doesn't require some people to be like everybody else but accepts that it is perfectly fine to be whatever they are.

The tangibility of this demand has been recognized in Holland, for example, in its effort to be decent and compassionate with the immigrants and foreign workers who have poured in. Gerald Ebbeling, in charge of minority affairs in the Dutch ministry of culture and recreation, makes a point of assuring that the Dutch absorption program sustains the culture of the newcomers, arguing that "it's just as good to be a Turk or a Surinamese. Nothing wrong with it. The point is to make sure that jobs, and education, and housing, and so on are equally available."

To Ebbeling's mind the melting-pot idea is another version of the colonialist mentality with its cultural hierarchies, and he is trying to ease Holland into a "pluri-culture society." Minorities, in the Netherlands, however, consist of the workers from southern Europe and North Africa, and the immigrants from Surinam and the Mollucca Islands. The flood of Indonesians, many Eurasian, who moved to Holland when Indonesia won its independence has been fully absorbed. They are no longer even considered a minority.

But the larger pull away from centralization and absorption comes from the old regions as the states of Europe become more closely intertwined, to pool resources for the problems no country is big enough to solve alone any longer.

Size is the modern phenomenon. As institutions grow to dwarf the familiar scale, as governments get bigger to handle the demand for ever more services, people are driven to focus on smaller units where it is easier to find themselves. The trend is coming in cities, in schools, in factories. The regions, and the rise of ethnic assertion, are another facet of industrial society's attempt to cope with its own colossus by emphasizing its heterogeneous parts.



## *The Parliament and European Unity*

# Learning from the American Experience

LORD BESSBOROUGH

WHEN I WAS IN WASHINGTON EARLIER THIS YEAR I WAS asked by many friends how I thought the European Community, in particular the European Parliament, was developing. Were we gradually going to turn ourselves into a United States of Europe? Would the European Parliament become a kind of House of Representatives? It was difficult to answer these questions, and even after considerable reflection I still find it difficult to give very clear replies.

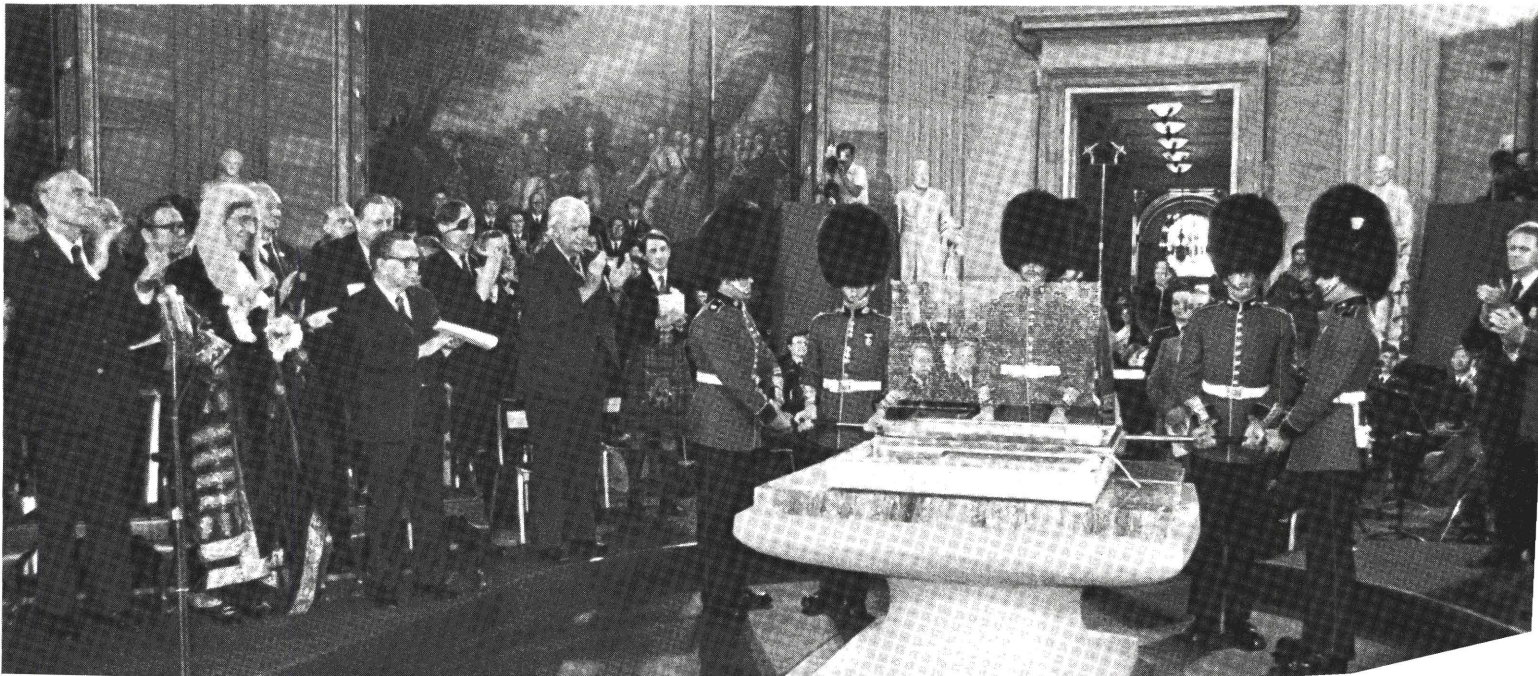
It was Sir Winston Churchill who first spoke of building "a sort of United States of Europe" as the goal for European reconstruction following the Second World War. This idea has remained the ultimate objective of many of us active in European politics, although I do not suppose that any two people have exactly the same concept of what a united Europe might be. The recent report by Belgian Prime Minister Leo Tindemans is but one, although probably the most detailed, of many possible answers to the questions: What would a European union consist of? What institutions would it need? What powers would continue to be exercised by the individual member states?

Outside observers of European politics have often re-

marked on the extraordinary slowness of progress toward European integration. This impatience is shared by many Europeans too. An historical movement on this scale, however, demands the broadest historical perspective. Barely more than a generation ago the Community member states were actually at war with one another; indeed, I doubt whether Western Europe has seen a period of internal peace lasting more than a century since history began. Now, war is unthinkable. This is not to say that age-old rivalries have disappeared, simply that they are no longer a threat to peace. (Sometimes I wish that these rivalries could be harnessed in some way to the benefit of European integration; that is, that member states would compete with each other in terms of each attempting to take the lead by being more "European" than her partners.)

Nor should it be forgotten how very diverse are the origins of those countries which make up the Community. Italy has been unified for barely a century; Ireland has been independent only since the 1920's; the Grand Duchy of Luxembourg is an extraordinary survivor from the Middle Ages; Denmark, independent since 1814, was for centuries

*American and European democratic heritages meet: the Bicentennial presentation ceremonies this summer of the Magna Carta in the US Congress.* © Dev O'Neill, Official Congressional Photographer, Washington







*European Parliament plenary session in Strasbourg, France: "Whether the European Parliament will develop into something akin to the House of Representatives cannot be predicted but is not wholly improbable."*

united with Norway; West Germany, a federal state, has a constitution and boundaries dating from the end of the last war; Belgium and Holland, created by the peace makers of the Congress of Vienna as the United Netherlands, have been separate only since 1830; the United Kingdom, unified since 1707, was made of historically separate nations, now once more beginning to re-assert themselves; only France (minus her overseas territories) can claim to have enjoyed an independent existence more or less within her present boundaries for more than a couple of centuries. This pattern is further complicated by the fact that many member states have had large overseas empires, involving responsibilities and influences far removed from those of Europe. These empires have been lost or transformed. At present, the Community contains four monarchies, three unitary republics, one grand duchy, and one federal republic. More than 20 distinct languages are spoken within its boundaries. Is it surprising that progress towards integration is slow?

EUROPEAN INTEGRATION is a process of such complexity that historical precedents are not easily found. The difficulties encountered in the origin and growth of the United States of America, an historical event of comparable magnitude, are by contrast insignificant, yet progress was often

quite slow. Looking back as many Americans are in this bicentenary year, it is easy to telescope the events of the early history of the United States so that everything seems to have developed in an orderly, sensible straightforward, and reasonably rapid fashion in the century succeeding the Declaration of Independence. In fact, of course, everything took very much longer than we are in the habit of supposing; for example, it took more than two and a half years for the 13 original states just to ratify the Constitution! Similarly, once one begins to examine the world of ideas out of which the Constitution was born, one finds that it was an amalgam of many different proposals put forward over quite a long period. To those of us dealing with the same problems in a European context, the study of the Constitution and its contemporary rival versions is a fascinating one, providing as it does a direct insight into the minds of men much influenced by the ideas of the European Enlightenment who remained practical politicians concerned for the future of their country.

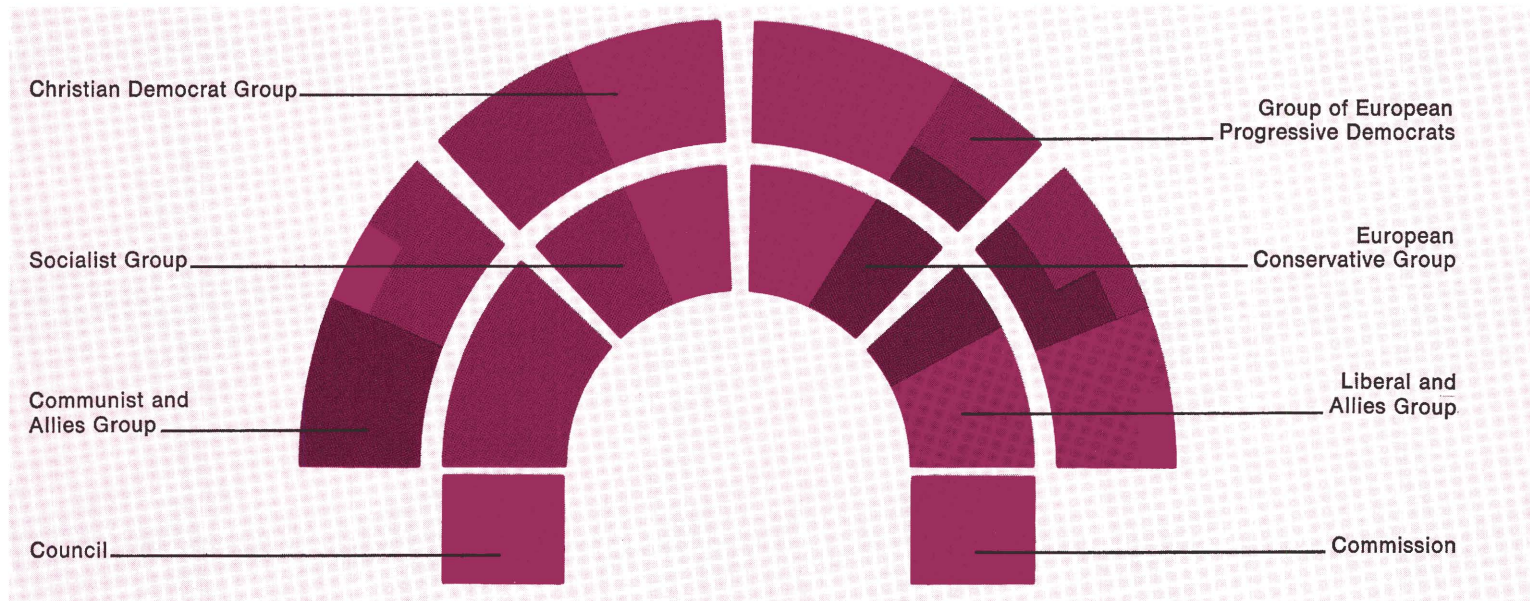
To take another example: The troubled history of currency legislation in the United States is hardly a model for Europeans interested in the problems surrounding economic and monetary union, which must remain one of our principal European aims even if, most regrettably, the target date of 1980 for this union was dropped at a recent



summit meeting. However, we should not forget that the first attempt to establish a national coinage system in the United States was in 1792. Yet Spanish dollars remained current for another 60 years, their legality having been confirmed by Congress. Not until the 1850's was there a satisfactory currency for ordinary retail transactions in the form of silver coinage.

The immense difficulties which beset European integration will probably ensure that progress is slow. However,

cooperating for peaceful purposes. In spite of all the Community's setbacks and disappointments, nothing has happened to disprove or even challenge this basic thesis. However, few would deny that the original impetus which brought about the signing of the Treaty of Rome has slackened very considerably. This may have been inevitable. But I strongly believe that some fresh external challenge is needed, preferably one of a kind immediately intelligible to all Europeans.



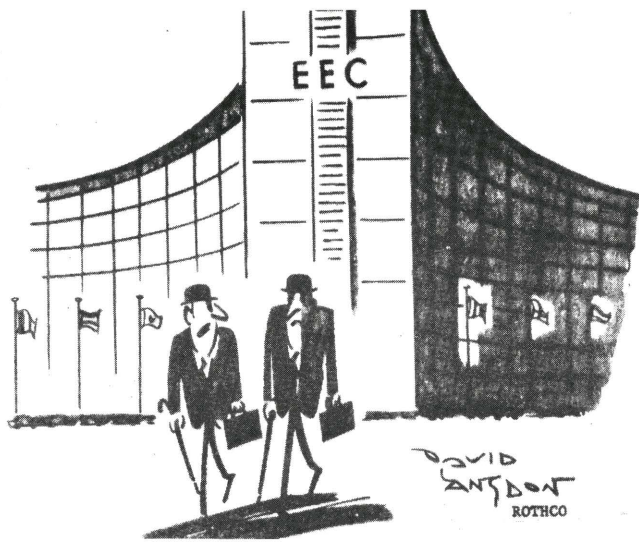
*Seating arrangements for the European Parliament's plenary sessions are by political parties, not by nationalities—a good sign for a united Europe.*

with communications in the second half of the twentieth century being so much more rapid than in the eighteenth and nineteenth centuries, it is not inconceivable that progress may be faster than some of us may think and, however, as Sir Christopher Soames has recently remarked, we may count ourselves fortunate if our grandchildren see the establishment of an effective united Europe. The most difficult balance to strike is one which reconciles the character, traditions, and aspirations of individual nations with the institutions created by the trend toward a degree of international cooperation greater than any so far seen on this continent.

European nations are used to coming together only as a result of conquest, dynastic circumstances, or as an expedient to wage or forestall war. It was the threat of invasion from the Turks in the East that held Austro-Hungary together for so long; once that threat was removed, Austro-Hungary began to disintegrate, entirely lacking as it was in any federal structure which might have satisfied the aspirations toward independence of the Hungarians, Poles, Rumanians, Slovenes, and so on, whose territory had long been ruled from Vienna. The European Community, by contrast, takes its origin not from any warlike motive, but from the realization that the well-being of the people of Europe is best assured in a close association of countries

A recent challenge to the European Community was, of course, the energy crisis. All crises are, at least in part, crises of confidence, and this was no exception. Unless people and governments have confidence in the Community institutions and their efforts to meet a challenge, the temptation to devise narrowly nationalistic solutions will be too strong, and the effect of the challenge will be to promote disunity. On the whole, the Community took the strain of the energy crisis (and the consequent economic crisis) very well, and this in turn will serve to strengthen people's confidence in our Community institutions. This confidence is of fundamental importance to a united Europe, since it affects what we may call the individual's pattern of personal loyalties. Until each individual feels European first, and French or German or Irish (or Corsican or Bavarian or a Dubliner) second, a united Europe, if it exists at all, will be little more than a politico-institutional phenomenon, of interest to students of history and government but of little practical significance in the everyday world. No one is going to feel European until he or she can take pride in the Community and its achievements, and take some small personal share of credit or responsibility for them. By and large I believe that the United States has this pride, although I must admit that I still occasionally meet Texans who believe their state should be independent of the rest.





*"Can you imagine the percentage turn-out in any British constituency on a rainy night to vote for a member to the EC Parliament?"*

© Langdon, Punch, London

Oil resources may well have entered into this, as indeed they do in the attitude of Scottish nationalists in Great Britain in regard to the oil wells in the North Sea.

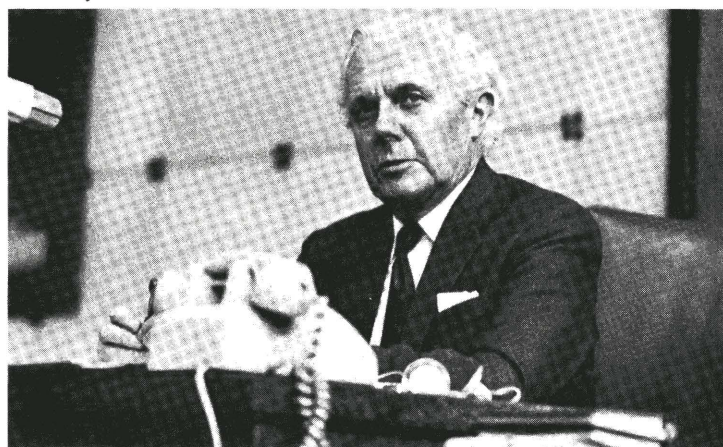
IT IS FOR REASONS such as these that the proper functioning of our existing Community institutions is of fundamental importance. Similarly, no study of these institutions could fail to bring out how vital it is that a directly elected European Parliament be added to them as soon as possible. The argument is simple and irrefutable: If circumstances are admitted to be such that in an increasing number of policy sectors national action is no longer adequate, then it follows that institutions are to be subject to the kind of checks familiar to us in a democratic system, then a supranational parliament is required to do the checking. There are those who argue that this is simply to add yet another level of government, yet another bureaucracy. There are two answers to this: First, that supranational power, in the form of multinational companies, international agencies, or groups of nations such as OPEC, is already, and irreversibly with us, and that supranational democratic institutions must therefore be created too; and second, national governments might well be invited to devise ways in which their own bureaucracies could be dismantled in those areas in which the emphasis is now on supranational action.

I hope the directly-elected European Parliament will take full account of all the lessons to be learnt from the American experience in these matters: for example, in the establishment of effective committees of enquiry (although I hope that we achieve direct elections more rapidly than did the US Senate, which had to wait until the Seventeenth Amendment of 1913.) Whether the European Parliament will then develop into something akin to the House of Representatives, and the Council of Ministers emerge as a Senate or Chamber of States, retaining considerable powers, with the Commission as an effective executive, I cannot predict, but this kind of pattern is not wholly improbable. In my work as chairman of the European Parliament's working party on the role, status, and conditions of

service of directly elected members, I have, on several occasions, secured advice from American experts in this field. A European Parliament anxious to play its full part in the creation of a united Europe must succeed not only in involving people in its work (which means amongst other things making that work more intelligible to them than it is at the moment) but also in providing more leadership than it is currently reasonable to expect from the Council of Ministers. We need indeed the leadership of a Churchill, a Schuman, a Monnet, a Spaak, or a de Gasperi, to mention only a few. Whoever that leader is to be, he will have to perform miracles if Europe—with the United States—is again to be seen to lead the world.

These then seem to be some of the considerations we should bear in mind when thinking about a united Europe. It is wholly unrealistic, if this movement is seen in its appropriate historical context, to expect that progress will be anything other than slow, especially in view of the fact that no policy sector can go ahead independently of the rest and that difficulties in one area impede progress in another. As I said in the European Parliament last February, "even slowness is preferable to that waste of effort which may result when one sector begins to outstrip the others." In that same speech, however, I spoke of the "collective prestige" of those countries brought together in our Community. We should not lose sight of this prestige, nor underestimate its potential as a source of strength in an increasingly uncertain world. The European Community needs to make progress; needs to think very carefully about its institutions, and to learn the lesson of history; it needs patience, determination, and self-confidence; above all, the Community needs time, to resolve differences, to establish its procedures, and to realize and direct the talents and energy of her people. I am certain that the United States of America needs a strongly united Europe as much as do we Europeans; and I am glad that Secretary of State Henry Kissinger made this abundantly clear in his May speech in Luxembourg.

*The author has been vice president of the European Parliament and deputy leader of the European Conservative Group since British EC entry in 1973.*





# Council Acts on Direct Elections, Terrorism, and the Economy

## HIGH AT THE SUMMIT

WILLIAM M. DROZDIAK, *Brussels-based American journalist who writes for Time magazine*

IT WAS A CAREFULLY PLOTTED "SUMMIT"—NOTHING WAS supposed to go wrong, and for once nothing did. The failure to reach agreement on direct elections to the European Parliament at the April Summit meeting in Luxembourg—and the distinct threat of a paralyzed Community if discord continued—had goaded the Nine's leaders in recent weeks into exploring new ways to resolve the deadlock. A flurry of private talks between British Prime Minister James Callaghan, French President Valéry Giscard d'Estaing, and German Chancellor Helmut Schmidt led to ringing declarations of support for direct elections from the Community's "big three" and buoyed hopes that an accord would be forthcoming.

When nine flag-bearing limousines rolled up to the concrete-and-glass edifice known as the "Charlemagne" on a hot, muggy July 12 in Brussels, partisans of European unity were already heralding the occasion as an historic day for Europe. And just to make sure, demonstrators waving pro-Europa banners and humming Beethoven's "Ode to Joy" waited at the entrance to remind Europe's heads of government that this was their final chance, for further procrastination over the Parliament vote would be, in the words of Dutch Premier and EC Council President Joop Den Uyl, "politically inadmissible."

Once inside the Council chambers, the EC heads of government, accompanied by their foreign ministers and Commission President Francois-Xavier Ortoli, unpacked their attaché cases and began fiddling with numbers in search of an equitable formula to distribute seats in an enlarged European Parliament. Working from a British proposal that would double the current 198-seat assembly while taking six seats from each nation and adding them to the four large countries (Luxembourg's share of six seats remaining unaffected), the European Council cautiously weighed various complaints about proportional representation. London insisted that Scotland must be allowed more seats in an expanded European Parliament than Ireland or Denmark, and the Danes, in turn, demanded more than simple parity with the Irish.

The chips poured into the pot, building the stake higher and higher until the magic number of 410 was reached.

Great Britain, along with France, Italy, and West Germany, would receive 81 seats each; the Netherlands, 25; Belgium, 24; Denmark, 16; Ireland, 15; and Luxembourg, 6 seats. The breakthrough came when Belgian Prime Minister Leo Tindemans graciously offered one of his own country's hoard of seats to the Danes. That gesture, magnanimous as it was, still derived from political considerations: Belgium's original allotment of 25 seats would have ignited yet another crisis between rival linguistic camps, the Flemish and the French-speaking Walloons, over who would capture the odd seat.

*"Demonstrators waved pro-Europe banners and hummed Beethoven's 'Ode to Joy' to remind the nine heads of government that this was their final chance, for further procrastination over the Parliament vote would be 'politically inadmissible.'"*







*The press and pro-Parliament demonstrators: "heralding the occasion as an historic day for Europe."*

WITH THE BRUNT OF ITS WORK finished, the European Council retired to supper in the baroque setting of Brussels' Palais d'Egmont to anoint "unofficially" Roy Jenkins, Britain's home secretary, as successor to the EC Commission's outgoing President Ortoli. A rabid pro-European who made a serious bid for the post of British Prime Minister earlier this March, Jenkins will bring a strong measure of political clout to Brussels when he takes over his new job in January 1977. While he lost left-wing votes in his effort to succeed Harold Wilson primarily because of his staunch backing of the European idea, Jenkins' political influence cannot be discounted, especially since he will assume office at a time when Britain acquires the six-month presidency of the Community's Council of Ministers. He has already indicated his intention to transform the Commission into a more vibrant executive, but those hopes may be thwarted by the expressed plans of the Council "troika"—France, Britain, and Germany—to streamline the Commission's 20-odd directorates into a more manageable number. In any case, a top-to-bottom review of the Brussels-based Eurocracy is slated as Jenkins' first major task early next year.

As the next order of business early the following morning, the nine Common Market leaders pledged "to prosecute or extradite for trial" any kidnappers, hijackers, or terrorists. They also asked their ministers of justice to draw up a convention to "suppress the right of asylum for terrorists within the European Community," according to British Prime Minister Callaghan, "and try to get it extended to a worldwide basis." In a separate communiqué issued after the summit, the EC heads of government said

they were "determined to cooperate with other countries in setting up effective measures to eradicate and prevent international terrorism, kidnapping, and hijackings." Asked if that meant the Community was ready to seek new international laws against terrorism, Council President Den Uyl announced that once the Community establishes a common policy, it would be ready to cosponsor UN legislation with the United States that would outlaw on a global scale "the taking of hostages for whatever purpose, political or non-political."

Later, a round-the-table discussion of current economic problems produced general agreement that budget deficits were too high, and that special measures are urgently needed to resolve the plight of unemployed young people. The Dutch unveiled their intention to use the six-month presidency of the Council of Ministers in prodding for closer coordination of the Nine's economies, but there was widespread skepticism about how that enormous task could be broached at a time when West Germany is making a strong economic recovery while Britain and Italy still dwell in an economic state of prolonged inflation and stagnant growth.

Before wrapping up their two-day summit, the nine heads of government talked briefly about a common fisheries policy and invited their foreign ministers to prepare a resolution setting the Community's sea zone at 200 miles, in order to protect EC fishing waters before the UN law of the seas conference reaches final agreement.

BUT THE BIG NEWS OF THE DAY was the Nine's decision on the Parliament—not only for settling the matter of seat distribution and planning the first direct elections in just two years' time, but for the profound political currents such a



decision may set in motion. Criticism and praise of the action taken by the European Council have started pouring in—some pro-Europeans hail the accord as “a visionary leap forward” while critics call it “a surrender of national sovereignty”—but it is unlikely that its full impact will be known for some time to come.

The European Parliament still remains a feeble institution: Apart from limited budgetary powers and the overkill right to sack the Commission, it can do little more than debate the issues of the day. In recent years, European deputies have used “question time”—when commissioners or ministers appear before the Parliament to respond to any questions the MP’s may wish to ask—to good effect, probing EC leaders on the Community’s malaise and seeking new ways to inject more impetus into political Europe. But for many European parliamentarians, appointed from national assemblies, attending European Parliament sessions in Strasbourg or Luxembourg is an exercise in frustration.

That may all change if such eminent European politicians such as former West German Chancellor Willy Brandt, Belgian Prime Minister Leo Tindemans, and French Socialist leader François Mitterand follow through with their announced candidacies and stand for the European Parliament in 1978. With such men of power and influence participating in the 410-member body, it is hard to conceive of the Parliament’s not taking rapid decisions to transform itself into a vibrant legislative body. And its status as the Community’s only elected institution that directly expresses the will of the people will lend moral authority to its quest for more power.

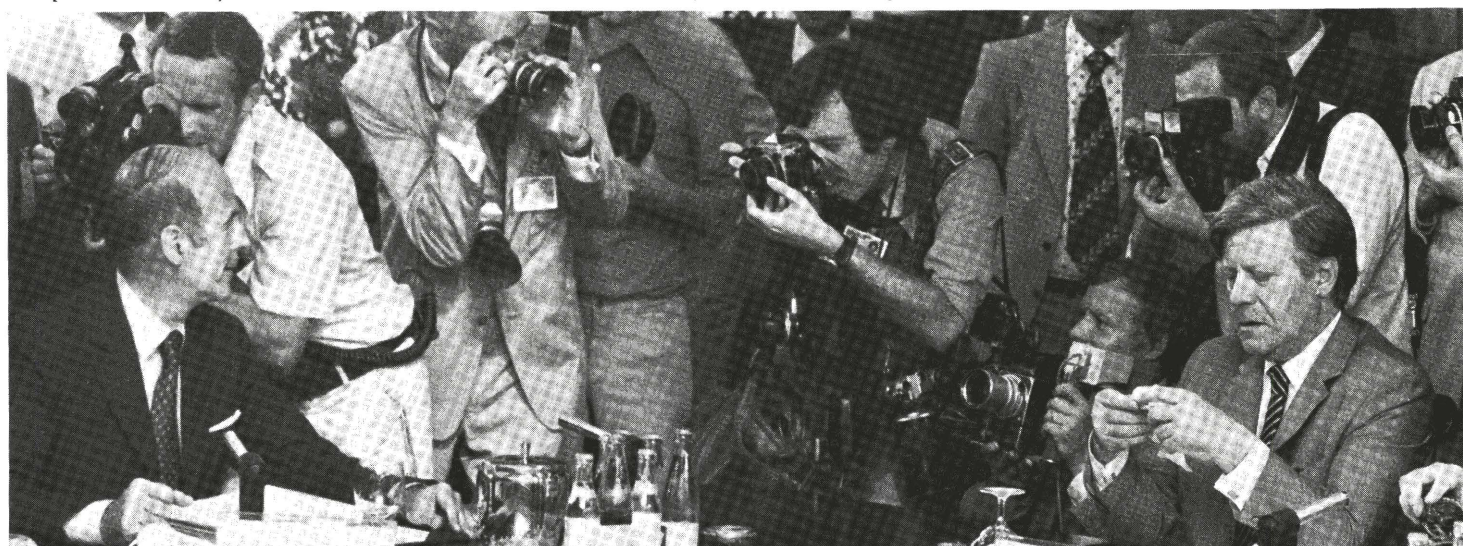
The long-range effects of a directly elected European Parliament, however, portend even more radical shifts in the political shape of Europe. Transnational parties will swell in importance, competing in the legislative arena on an ideological basis rather than a national one. The European Socialists, who form the biggest voting bloc in the current European Parliament, have already established close transnational ties, forcing the Christian Democrats and the Liberals to band together in a similar way.

Cooperation among European Communist parties is “essentially good,” according to one Italian Communist deputy, but the French and Italian parties have gone separate ways in their approach to the European Parliament. The Italians have impressed Parliament observers with acute interest and hard work in Parliament sessions, displaying a strong desire “to see Europe develop, through democratic institutions, into a neutral bloc distinct from the United States and the Soviet Union,” says one Communist deputy who serves in the European assembly. The French Communists, on the other hand, disdain the Parliament and have formed an unholy alliance with the Gaullists in opposing direct elections to the supranational body. The Italian Communists hope to coax their French colleagues into a more cooperative position on the Parliament. If they do so, they will have succeeded where the French Communists’ national partner, the Socialists, have failed. If not, and the French Communists proceed to boycott direct elections to the European Parliament, “we are not going to cry about it,” says a Communist parliamentarian. Indeed, a visible split over a key issue like the European assembly could help to dispel fears among the general population of a monolithic brand of “Eurocommunism.”

If Europe’s political evolution were to proceed in such a manner, with parties galvanizing along ideological rather than national lines, recent trends toward party proliferation and factions that articulate special grievances might be reversed. Voters would be tempted to cast their lot with the broad, transnational parties—whether Socialist, Communist, Liberal, or Christian Democrat—rather than with a splinter party whose voice at a European level would be drowned out, and a more stable political climate, if the most sanguine of optimists are to be believed, might ensue.

But after so many months, even years, of disheartening events in the Community, few Europeans were ready to mark the latest and most successful European Council meeting as a Continental renaissance. In two years they will go to the polls to elect democratically a transnational Parliament—for that event alone, pro-Europeans feel gratified.

*The press and two of the “summiteers”—French President Valéry Giscard d’Estaing and German Chancellor Helmut Schmidt.*





# The Parliament Today

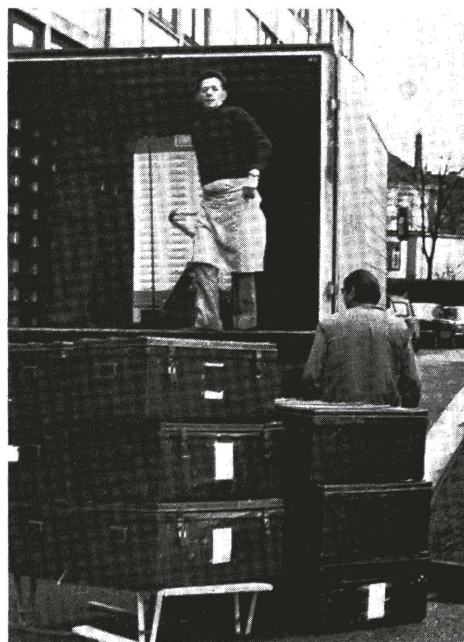
## *A Week in the Life of the Community's "Legislature"*

MARION BYWATER and PAUL KEMEZIS

**Four-thirty on a Monday morning:** In County Kilkenny, Ireland, one member of the European Parliament has to get up if he is to be in Strasbourg, 600 miles away, by early afternoon. In Palermo, Sicily, in Nyborg, Denmark, indeed in all the furthest corners of the Community, the same thing is happening: The 198 members of the European Parliament begin journeys to the assembly's monthly session. In the Alsatian capital they will be joined by the 13 members of the EC Commission and a flock of aides from the gray Commission headquarters in Brussels, officials from the Council of Ministers' secretariat, some diplomats, a sprinkling of journalists, and those employees of the Parliament normally based in Brussels.

But the real migration starts in Luxembourg. Seven hundred people—half the Parliament's Luxembourg staff—leave for Strasbourg. Forty tons of equipment have already gone ahead; this, despite efforts to keep the number of files needed to a minimum and the fact that identical stocks of Commission documents are kept in Brussels, Luxembourg, and Strasbourg. Everything is loaded up in Luxembourg Friday afternoon, travels over the weekend, and is ready in its proper place in Strasbourg by the time the staff arrives Monday morning to take up quarters for the week on the premises of the Council of Europe. The European Parliament borrows the well-worn assembly chamber of the Council of Europe a dozen times a year, uses some of the Council's offices, and also has recently added a block of prefabricated offices of its own on the back lawn of the graying old building. All in all, not forgetting the two ministers from the Luxembourg Government who will come to answer questions on behalf of the Council of Ministers, about a thousand people set up shop in Strasbourg for the week. At this particular session in early February 1976, the main items will be a debate and vote on the Commission's annual farm price proposals and presenta-

tion by Commission President François-Xavier Ortoli of the Commission's annual report on Community activities. The Monday session does not formally start until 5 p.m., but earlier in the day the various committees and political groups in the assembly hold sessions to map out strategy for the week.



*Making the move. . .*

*These strategy sessions, especially among the six major political factions, are important because in recent years the political groups have taken over control of the Parliament and begun to give it an institutional personality. Since its inception the assembly has been organized along party lines instead of nationality. But the real power had long remained with the neutral secretariat and the staffs of the permanent committees. The political factions only mobilized at the start of each year to fight over the election of the Parliament's president but for much of the rest of the time they sank back into a common, generally pro-European blur, cheering in unison for the Europe-minded*

*Commission and booing the member states.*

*With the arrival of the British in 1973, however, this changed. Peter Kirk, the tough, political-minded leader of the British Conservative group, immediately turned his small band into a disciplined spearhead on the floor for Conservative ideas. When the British Labour delegation finally appeared in 1975 and merged with the already large Socialist group, this created a huge, though frequently divided, block under another tough operator, the German Ludwig Fellermaier. This in turn forced the Christian Democrats and Liberals to pull together their ranks to defend their interests. The result was a steady politization of debate with more attention to issues, raised by one faction or another for a clear political aim, and less time for too long, windy reports already unanimously adopted by committees.*

*In the pre-session meetings, which include consultations between the faction leaders and the Parliament's president, French Socialist Georges Spénale with his bureau of vice presidents, the time allotments and hence the political flavor of the week is worked out. "No one really runs this Parliament," says one secretariat official, "it's an arena where forces come to do battle. But if there is anyone who makes things go, it's the group leaders."*

The Monday afternoon session gets down to business with a bit of good news for the parliamentarians. Commissioner Carlo Scarascia Mugnozza reports on four proposals for directives where the Commission will follow the opinion of the Parliament and make amendments. The subjects are consultation on oil prices, drinking water purity, lead pollution in air, and erucic acid in fats. Then three oral questions are debated before the members depart to sample the renowned Alsatian cuisine. German Hans-Edgar Jahn seeks to push the Commission to action against the trapping and killing of wild birds. Two members from the active Communist faction, one Italian and one





Recording the session. . . .

French, ask when the Commission is going to fulfill promises to set up a conference on migrant worker problems.

The first real tension of the session comes with question number three: Why, asks Tom Ellis, a Labour member of Parliament (MP) and former Welsh coalminer, has the Commission refused to help Dr. Yann Fouréré, a Breton nationalist who has been held by French police without trial since last October. The Commission pleads that interfering in judicial matters is none of its business under the Rome Treaty and lets a group of French parliamentarians debate with Ellis, Mrs. Winifred Ewing, a member of the Scottish National Party, and Michael Yeats of Ireland, son of the poet John Butler, about the problem. Nothing is resolved; but, shortly after, an embarrassed French Government did let Dr. Fouréré go, and the Parliament had shown that with its power of agitation, the one basic power even the weakest of parliaments has, it can make almost anything its business, Rome Treaty notwithstanding.

*The "oral question with debate" is a relatively new instrument, which has brought punch and freshness to the assembly floor. By using it, members can bring subjects to direct debate which might otherwise get buried in committee. Oral question debates now take up much of the time previously given to committee reports. Besides the three just mentioned, the assembly debated during the week such oral questions as dealing with Lebanon and fish catch quotas.*

*While such debates do not normally lead*

*to a full fledged Parliament resolution, the group leaders have recently developed another tool by which the Parliament can be brought to take an authoritative stand on an important issue and still avoid the tedious committee route. This is the "urgent resolution." It usually concerns some pressing event, such as in April the utter failure of the EC "summit" to take needed decisions on economic and parliamentary seating issues. By pushing a petition through with a majority, a coalition of groups can bring such a subject to the floor immediately and produce a resolution if backing is found. It doesn't always work, however. At the February session a motion for an urgent resolution on the equal pay issue in Ireland, meant to embarrass the Dublin Government, was defeated.*

**Tuesday, 10 a.m.:** This is the Parliament's usual starting time, but it strikes the British MP's strange since their national Parliament work starts in the late afternoon and goes on late into the evening. But it is also convenient for them this week. They can take part in the European business at hand, debating the Commission's annual price proposals and then shoot off to London en masse to vote on a motion at Westminster which could bring down the Wilson Government. In these circumstances the MP's have a hard time preserving their British cool when they arrive at the airport to find Air France has overbooked the flight to London. But everyone makes it home in the end. The thin Labour majority holds, and all are back in Strasbourg Thursday to vote on the Community farm prices.

In the agricultural debate, the British Conservative spokesman, James Scott-Hopkins, a man of imperious mien who

could be the assembly's next president, supports the agricultural committee report calling for at least a 9.5 per cent average price rise instead of the 7.5 per cent proposed by the Commission. Pressing a subject that would lead a few months later to a Conservative motion to fire the Commission, he asks for greater efforts to cut the Community's liquid milk surplus instead of turning excesses into powder. The European Progressive Democrats (an alliance of French Gaullists and Irish Fianna Fáil, which is built around common farm interests) supports the claim of the EC farm organization COPA for a 10.6 per cent rise. For the Socialist group, Dutch member Cornelius Laban supports the Commission's 7.5 per cent level and derides the Community's food aid program for giving help to poor countries only when its stores are bloated with surpluses. He quotes from a United Nations poem about people discussing famine over lunch.

Later Commissioner Pierre Lardinois, the somewhat rough-hewn Dutchman who has gained tremendous respect in the Parliament by always taking it seriously, opens his defense of the Commission price decision. In answer to Scott-Hopkins' point about the milk surplus he brings in a glass of milk to drink during the debate instead of the usual water. He argues that because agriculture is faring better than other economic sectors in the current recession, the Commission price level is just.

The debate drags on through the afternoon into the evening, as the members slowly slip out until the few dozen agricultural experts remain. Two days later the final vote is taken, and the 9.5 level carries the day. Only the Socialists and Communists

Taking a vote. . . .





oppose—and a Communist amendment calling for a stop to destruction of milk and fruit surpluses is defeated.

*What good this debate and vote actually did is hard to say. Under the rules, the EC Council of Ministers could not take a decision on the farm prices until the Parliament's opinion was in hand. But nothing says they have to follow it. In this case the final price agreement was around 7.5 per cent. But the Council-Parliament relationship is slowly jelling. Luxembourg Agricultural Minister Jean Hamilius, who was to chair the price marathon in March, attended the Strasbourg session; and under a procedure worked out recently, the Parliament has periodic "consultations" with the Council to discuss all business at hand.*

*In the last five years, since the departure from power of General Charles de Gaulle, the Parliament has started to pick up formal powers, especially in the budget field, where it now controls a small but growing part of the Community's annual expenditure. The one major formal power which the assembly has had all along but never used—censure of the Commission—has even started to come out of mothballs. Operating on the principle that some saber-rattling can do no harm, Peter Kirk and his band of Tories tried to fire the Commission in June. They failed to get support from any other faction; but from Kirk's viewpoint, the move had succeeded in reminding everyone what power the Parliament possessed.*

**Wednesday is always question time.** First the quick-witted Luxembourg Prime Minister Gaston Thorn and then Commission members answer questions submitted ahead by the parliamentarians. For Thorn, the queries cover transport policy, a Community ambassador for Guinea Bissau, the Near East, and Angola. Both he and Commission Vice President Christopher Soames must answer questions about the link between progress toward democracy in Spain and future Community dealings with the country. Other commissioners deal with tapping energy resources in Greenland (not so easy as it sounds) and a drop in chocolate crumb production in the Nine (high sugar prices). During the afternoon, Thorn and Soames remain on the floor for a debate on the North-South dialogue, and other developing nation problems. By the end the extremely touchy subject of a Community floor price for oil has started a lively exchange, but some truants, including President Spénale and the young Dutch Socialist Schelto Patijn, have by then headed for a local television station to record a program on direct elections.

*Question time had already been planned in the early Seventies before Kirk and Company showed up at the Parliament. But, admits one Parliament official, "the British showed us how to use it." The trick, long ago perfected in Westminster, is to use the original written question and normally wooden official reply as a means to open up*

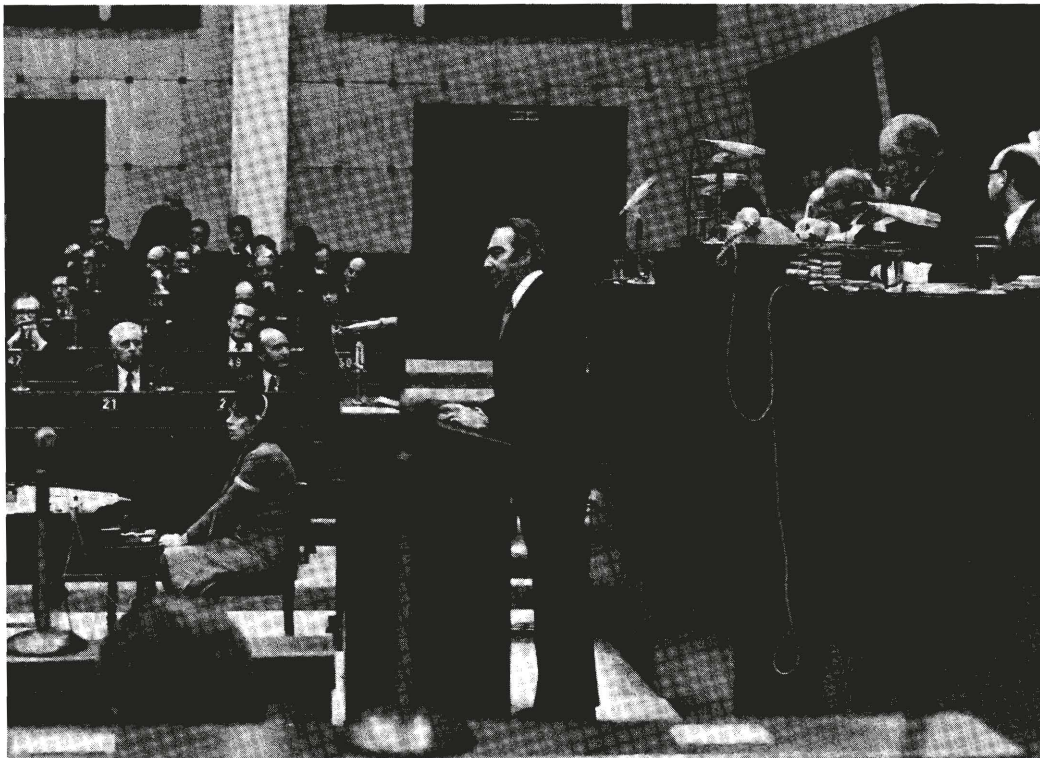
*a quick, pointed debate on the issue. It took the other members a while to catch on. Some, for example, wanted to get up and read their original question, but the British showed that this was time-consuming and served no purpose. Now question time trips along at a decent pace, 15 to 25 questions covered in an hour. People who watch the Parliament generally try not to miss the show.*

**Thursday afternoon:** Besides taping his television appearance, Patijn leads a number of journalists on a tour of the new Council of Europe building that is rising next to the old headquarters. The huge, futuristic structure, to be finished by January 1977, at a cost of \$39 million, will be able to seat the new directly-elected Parliament. Now the Council of Europe and the city fathers of Strasbourg are busy trying to convince the European Parliament to move in. The mayor of Strasbourg has held a glittering reception at the Palais de Congrès, featuring the *crème* of Strasbourg society, to impress the parliamentarians. He knows he has to do something since a late night incident between a Danish parliamentarian and Strasbourg police a while back had turned many non-French members against staying in the city permanently. Another problem is that the magnificent new structure—with three restaurants, vast television studios, and simultaneous translation facilities for seven languages—will cost the European Parliament four times as much to use as its present Strasbourg lodgings.

Patijn, a handsome square-jawed Dutchman who went straight from writing scholarly works on the European Parliament to sitting in it, will head the committee later this year which will decide on the permanent seat question. He has already won great respect in the assembly for his report on the direct elections procedure, which was accepted by the nine governments in almost all aspects, except the seating allotments. The prospect of a doubling of the number of members in a few years has forced the long dormant permanent seat issue. Patijn, scarcely hiding his doubts about moving into the new building in Strasbourg, says he thinks the Parliament ought to find a permanent seat where the other Community organs are located. This is a diplomatic way of saying it should move to Brussels, a wish shared by many of the non-French members.

*This is one example of how the decision on direct elections could serve as a second-stage booster for the Parliament in its already remarkable rise to political self-consciousness. It is perfectly conceivable that as the date for the first session of the new 410-seat as-*

Commission President François-Xavier Ortoli answers questions. . . .







*The Parliament's new meeting place?*

*sembly draws close, the political factions—pushed by the rank and file—could decide on their own power to take up residence in Brussels. This sort of decision, concerning national prestige and the delicate Community balance, has always been a province of the national governments. But the prospect of direct elections, and the added political dimension it should bring, could touch off a revolt and a constitutional crisis.*

*With the election still two years off, members talk about how historically all parliaments that have amounted to anything have pulled themselves up by their own bootstraps. National executives have always been the natural enemy and will never give—you have to take. Patijn himself is a little reserved: "In our present condition," he says, "we are not yet healthy, we merely can survive without the oxygen mask. After the elections this will probably get better."*

**The "last day" (Thursday-Friday):** Besides the vote on the agricultural prices, Thursday morning is taken up by a debate on Ortolí's "state of the Community" report. The Commission president had delivered the report earlier in the week, calling for the Nine to work on the "imperatives" of more cooperation in foreign relations, economic policy, and institutional affairs. Hardly anything to argue with there; so the

members take out on their own favorite war-horses. The cantankerous Dutch Liberal Cornelis Berkhouwër, denounces the big countries for sidestepping the Community with their summit conferences and asks why there can't be "European" money, driving licenses, and postage rates. Many members ask Ortolí to work harder on putting together a credible economic and monetary policy. One place to start, says Labourite Lord Bruce of Donington, is to spell out in great detail the damaging effect on the people of Europe that the Community's economic divergences are causing.

Much of the action during the day, however, is in the corridors. John Prescott, a Labour MP from a fishing district, explains to journalists in the press room his support of Iceland's position in the first "Cod War." Soon after, Ewing, dressed as always in a long, bright-colored gown, tells the press she has written the European Parliament to inquire how Scotland could arrange representation in Strasbourg once it gained its independence from Britain. She warns however, that her country, once free, will want to renegotiate fish and oil policy with the Nine before joining. During a subsequent debate on fish in the chamber from which she is absent, Willy Hamilton, a Labour MP from Scotland with the special mission to

keep Ewing in her place in Strasbourg, claims she is letting down Scottish interests by missing the debate.

The Christian Democratic faction gets into the act with a short press briefing about its position on agriculture and soon an end-of-session air begins to creep over the place. At 6 p.m. the luxury Trans-Europe-Express (TEE) to Luxembourg and Brussels departs with some members who have no reason to stay for Friday's dull technical debates on personal statutes, tax waivers on temporary car imports, rice regulations, and asparagus custom duties. So it's only rapporteurs and experts on hand for Friday's session—blissfully short, 9 a.m. to 10:15 a.m. All that remains to be done after that is load the trunks back on the trucks and head up to Luxembourg.

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**Marion Bywater** works for McGraw-Hill World News Service and the Brussels-based newsletter *European Report*. **Paul Kemezis**, now in Washington writing a book on the Community, covered EC affairs for three years for *The New York Times*.



# Law of the Sea Conference Focuses Common Policy

## EC AT SEA

NAOMI SCHWIESOW, *assistant professor of political science, University of Maryland, Baltimore County*

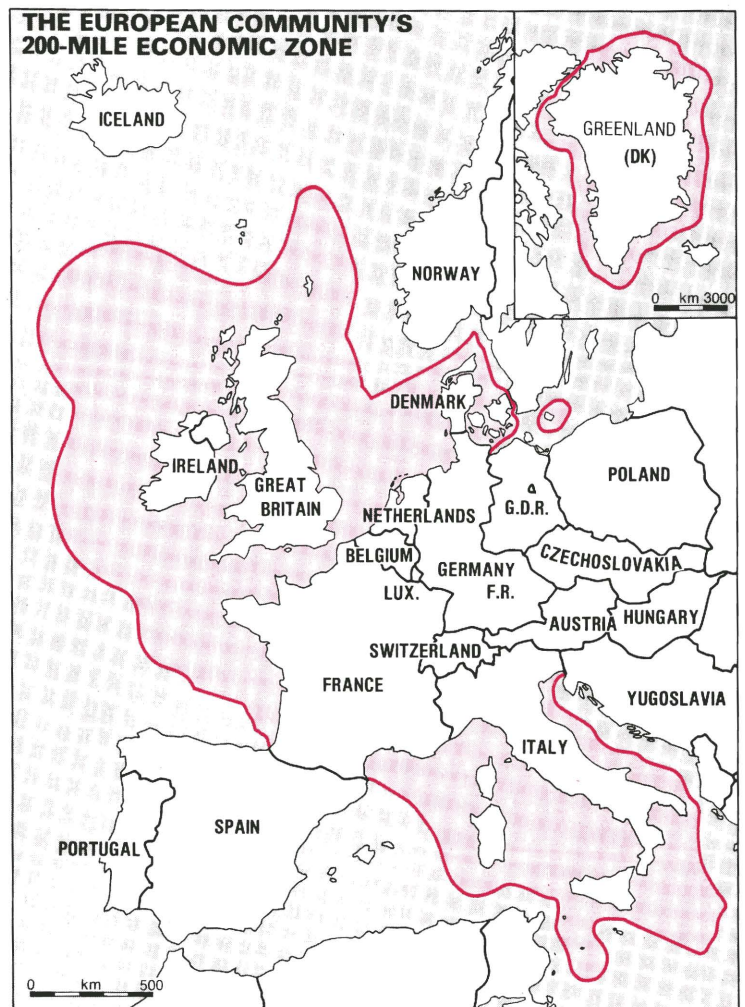
THIS IS THE YEAR OF THE "LAW OF THE SEA" FOR THE 149 countries taking part in the third session of the United Nations Conference on the Law of the Sea—UNCLOS III—scheduled to resume August 2 for what negotiators hope will be a final phase ending September 17.

US. Secretary of State Henry A. Kissinger has called UNCLOS "one of the most significant negotiations in diplomatic history," and many observers share the view that these talks are crucial for the future of global political relations and especially for the future distribution of precious resources. But UNCLOS has a special impact on the European Community—on its claim to legal recognition as a single entity in certain international forums and on its ability to reach common policies affecting the law of the sea generally and internal EC issues in particular, like fishing rights.

Because many UNCLOS subjects—fishing, energy and mineral exploitation and trade, shipping, pollution—fall within EC competence, the Community will press for recognition as a contracting party to any law of the sea convention agreed at UNCLOS. In fact, the EC Commission has said that "in the absence of such a clause, the member states would be unable either to approve the convention or to become contracting parties thereto."

But the Community countries have had trouble agreeing on common ocean policies, despite persistent encouragement by the Commission. One issue on which they have reached substantial accord is the establishment of 200-mile exclusive economic zones (EEZ's) in which individual countries would have a right to control resources like fish and minerals. Belgium has maintained reservations on this issue, but the other members of the Community have worked together to press for an agreement that, while acknowledging the 200-mile claim to resource exploitation by coastal states, would safeguard outsiders' shipping, navigation, and research rights in the EEZ's of others. The United States too, having unilaterally declared a 200-mile fishing limit to take effect in March 1977, has urged that EEZ's should be considered the "high seas" for transit and communications, although coastal states would retain control over economic resources.

Claims to economic resources, especially oil, are also at stake for EC countries in areas beyond the 200-mile limit that comprise the continental shelf. Britain, for example, wants to be able to exploit oil sources on the western continental shelf, which extends about 350 miles from shore. Along with other countries having broad continental shelves—Ireland, France, and Denmark in the European Community; the United States, Canada, and others elsewhere—Britain has pressed for acknowledgment of coastal states' rights in shelf areas. But some EC countries, like Belgium and Germany, suffer relatively short coast lines and constricted territorial waters. This has prompted Bel-





gium to oppose extension of national economic rights into continental shelf areas, and a Community policy has not yet emerged on that issue. Nor have any of the EC countries agreed with a US proposal to share continental shelf riches with regional or international development organizations, although the Commission has suggested further study of the proposal.

Germany's concerns emerge especially in relation to proposals for mining the seabeds. UNCLOS has been discussing setting up an international authority to regulate mining of nickel, copper, manganese, and cobalt nodules found in abundance on the ocean floor. Current UNCLOS texts suggest that the authority should control mining by offering contracts for the exploitation of specific areas; a large part of the proceeds of these activities would go to developing countries. In the United States and Europe, companies are developing, often jointly, seabed mining technology and plans for prospecting and mining the oceans: These advanced countries are intensely concerned about the composition of an international seabeds authority, about the scope of its mandate and the ways in which it would be able to make decisions. Germany in particular, as a major manufacturing country that must import industrial raw materials like ocean minerals, feels this concern. Moreover, despite its short coast line, Germany is an important developer of deep sea mining technology and a shipper ranking eleventh in capacity globally. This means that retaining national rights to mine, transport, process, and sell seabed resources is especially crucial to Germany.

THE COMMUNITY IS MOVING toward a common position regarding these matters, and in particular it has reached agreement that the regulation of deep-sea mining ought to include anti-monopoly provisions. The EC members and other industrial countries like Japan and the Soviet Union argue that there may not be an unlimited number of prime mining sites and that it is important to ensure that not all these are dominated by American enterprises. But this view is vigorously opposed by the United States, which holds that there are so many mining sites available that there is no need to restrict any one country's activities. The United States fears that an anti-monopoly clause would be used mainly to restrict its own access to mining. On this issue UNCLOS agreement promises to be especially difficult to reach, and US firms are exerting pressure for permission to go ahead with mining plans unilaterally in the absence of agreement.

Another major focus of attention at UNCLOS has been the problem of protecting the ocean environment, especially from dumping and pollution by ships. The United States and a number of other coastal states have claimed that within their territorial waters they have a right to strict control of foreign ships' design, construction, manning, and equipment with a view to preventing pollution.

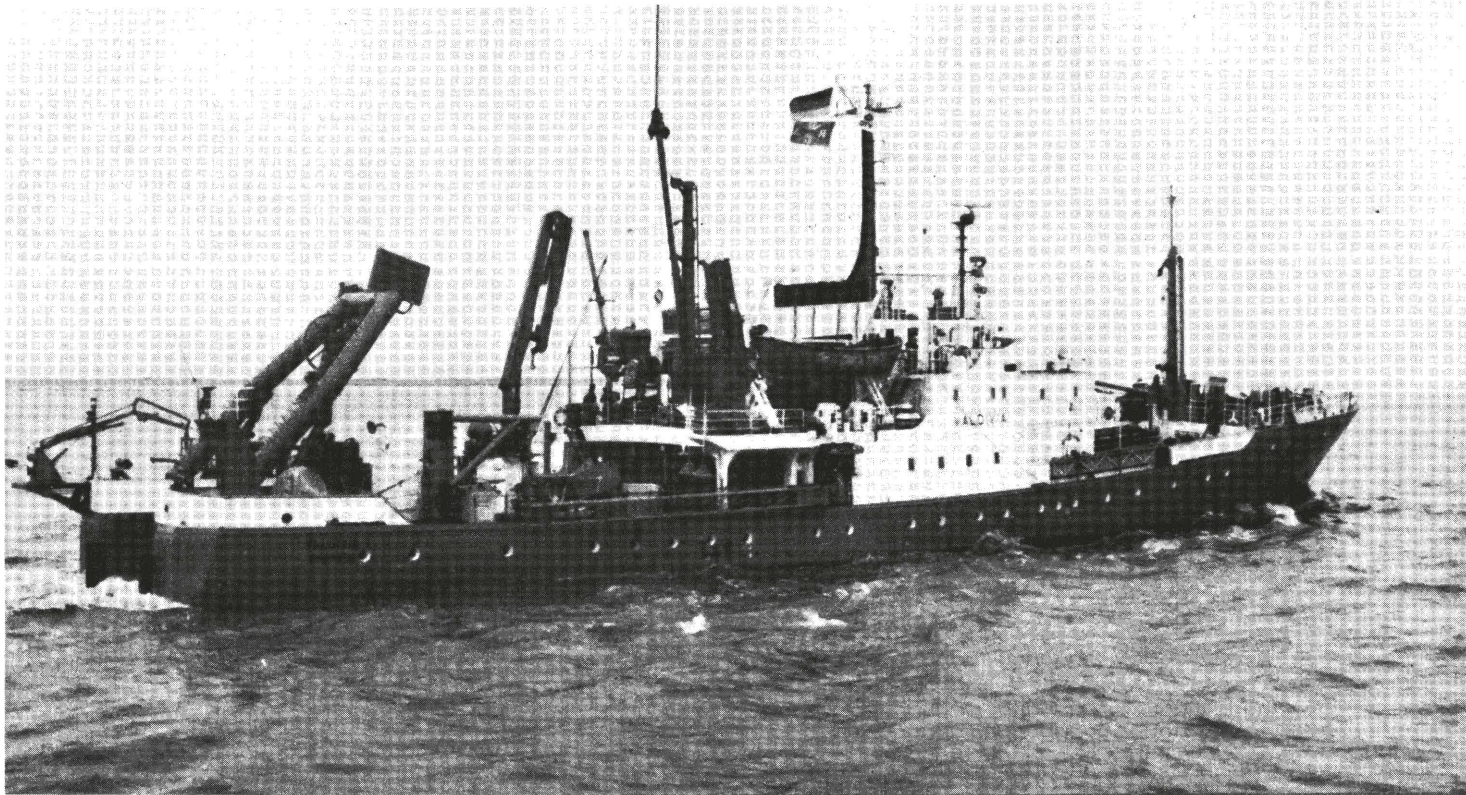


*Fishing boats in Iceland's Akranes harbor: Will the 200-mile jurisdiction prevail?* © Erich Hartmann, Magnum

*Fish dry while "one of the most significant negotiations in diplomatic history" takes place at the United Nations.* © Erich Hartmann, Magnum







*The German research vessel Valdivia looks for mineral deposits on the Pacific Ocean's floor, such as the potato-shaped manganese nodules pictured. "As a major manufacturing country that must import industrial raw materials, Germany has special concerns in relation to UNCLOS proposals for seabed mining."*

German Information Service, New York



By contrast, most EC countries, as major shippers, are concerned above all to preserve navigational freedom: They want to restrict coastal states' rights within territorial waters and to give priority to the rights of shippers.

As regards scientific research in the oceans, the interests of most EC countries merge much more closely with those of the United States. Possessing highly developed capabilities for marine research, all these countries want to preserve their freedom to conduct such activities as broadly as possible. But the developing countries, along with Canada, have called for coastal states to have the right to restrict research in EEZ's, where 80 per cent of such activity is now

conducted. The developing countries are said to fear that some apparent research activity may actually be military activity. They have also claimed that when research is conducted in their EEZ's they should be helped to acquire the marine technology and research skills used in such projects. In reply, the EC countries and the United States have proposed that coastal states should be allowed to reject research only in severely limited circumstances. The industrial countries also want to ensure that their research technology, especially patented techniques, should receive some shelter so that those who have developed research capability are not required simply to "give it away."

All these areas of tension at UNCLOS mean that any convention produced at the August-September session will be a rough sort of compromise weighted more toward extending the existing sovereign rights of separate nations than toward far-reaching internationalization of the oceans. But for the members of the Community, "internationalization" will be more extensive, at least within their own bailiwick. This is because the EC common fisheries policy and other efforts already operating on the Community level mean that the Community countries will in effect share a common EEZ.

A NEW FISHING POLICY FOR THE Community is urgently required, especially because the new law of the sea will mean that EC countries will lose their rights to fish in the EEZ's of nonmember countries where they have traditionally operated. Britain, for example, usually catches about a third of its fish—about 380,000 tons—in those areas and notably in Icelandic waters that have been unilaterally declared under Iceland's jurisdiction. The "Cod War" over fishing rights, which led Iceland to suspend diplomatic relations with Britain on February 19, has been provisionally



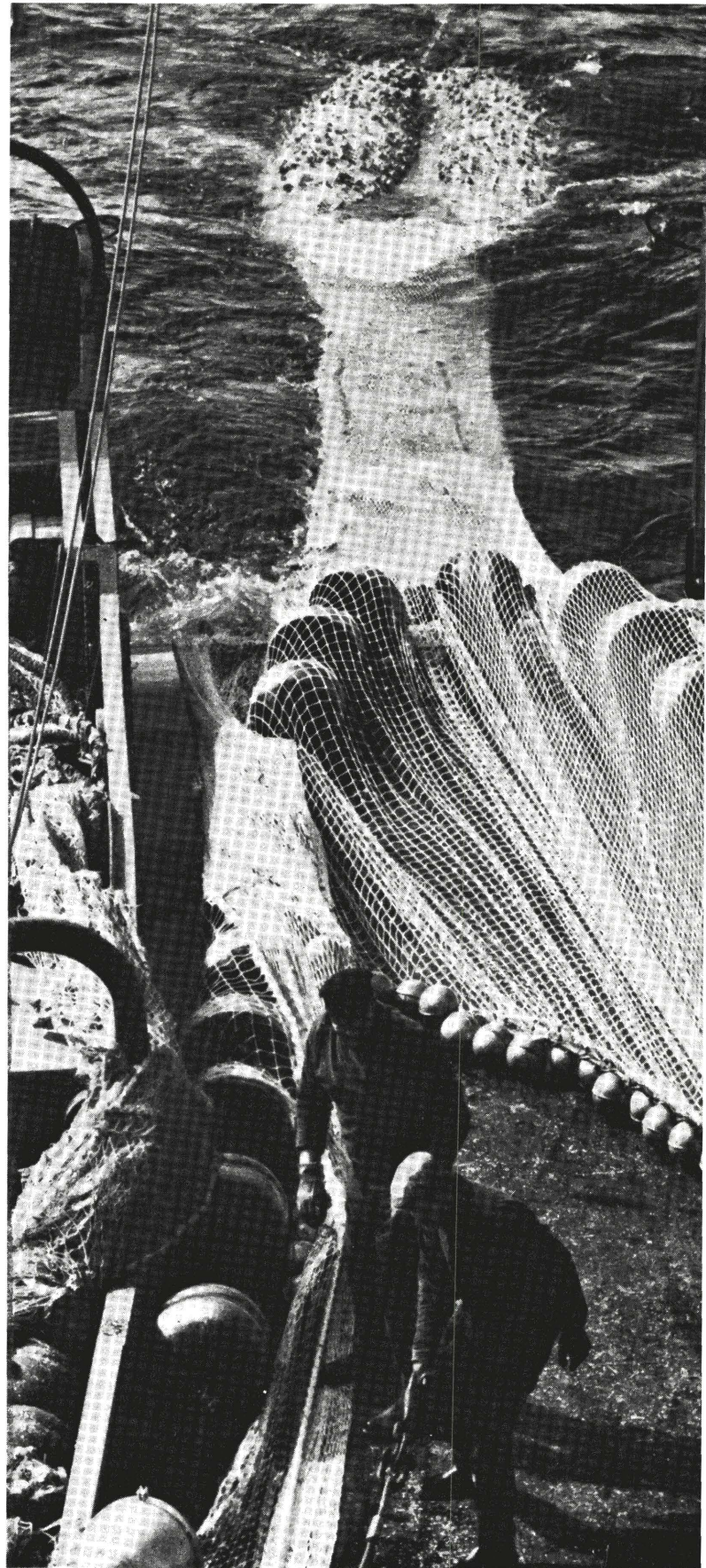
resolved, and the European Community is moving toward negotiations with Iceland on mutual fishing rights and on tariffs for the fish trade. But it offered a bitter foretaste of the conflicts the European Community will face both internally and with third countries like Norway, whose fishing interests were a major reason for rejection of EC membership and in whose waters German fishermen traditionally catch. In fact, over two-thirds of Germany's catch—nearly 290,000 tons—has usually come from areas that will soon be the EEZ of other countries.

The European Community must therefore regulate with third countries like Iceland and Norway—and in the Mediterranean as well—what their mutual fishing rights will be in each other's waters. Community states must also decide who should be allowed to fish where in Community waters. This issue is complicated by the fact that fishermen who have fished outside these waters in the past will be forced to return to them, crowding fishing activities of others like the Dutch in an area where conservation measures are already long overdue.

The EC Commission has proposed that within the Community's EEZ national territorial zones should be reserved for fishermen from each country individually, out to a distance of 12 miles. But Britain, facing sharp losses in traditional fishing areas near Iceland, wants exclusive rights to fish in an area reaching as far as 35 miles from shore. Ireland supports this position. France, on the other hand, backed by Belgium and the Netherlands, says that EC countries should be able to fish anywhere in the shared EEZ. They argue that the Commission's new position is a step backward for the Community, which now generally allows only a six-mile-wide protected national fishing zone. This issue and other aspects of a common fisheries policy are to be confronted during the autumn.

In preparation for those talks, the Commission has also proposed an elaborate scheme to phase out traditional fishing patterns that intrude on national coastal zones, to compensate fishermen being cut off from habitual fishing areas (and those suffering from the general contraction of the industry), to set catch rates and quotas for each country and type of fish within EC waters, and to ensure conservation by various technical measures. EC plans also include funding projects to modernize the fishing capabilities of member states and to conduct marine research.

The interplay between the European Community's internal conflicts over fishing rights and its attempts to formulate a common stance on international law of the sea poses one of the most rigorous tests the Community has yet faced of its capacity to agree on joint action. In a period of multiple economic stresses—inflation, unemployment, monetary disequilibrium, agricultural crisis, and areas of industrial obsolescence—a Community resolution of fishing and law of the sea policy would be a striking accomplishment.



*Fishing isn't what it used to be, as illustrated by the electric-powered, stern-pulled nets of this German "floating fish factory," complete with filleting and freezing installations.* German Information Service, New York



## A US-Europe-Africa Case Study

# Nuclear Power Politics

PETER YOUNGHUSBAND, *Cape Town-based African correspondent for Newsweek*

THE SALE OF NUCLEAR POWER STATIONS HAS BECOME THE really big business of the twentieth century—but no other form of commerce has ever been more encumbered by political tension. The fact that an atomic power plant ostensibly sold for the peaceful production of power in the purchasing country can, in theory, produce plutonium enabling the production of a nuclear bomb, albeit a low quality one, makes every deal a delicate exercise.

Invariably the producers are the major industrialized Western nations. To an increasing degree, purchasers are being found among the developing nations. Every transaction requires government approval and, most specially, where buyers are situated in the world's most volatile regions—e.g. Africa and the Middle East—all possible consequences have to be examined with extreme caution.

For instance, France renounced plans for a deal with South Korea—but concluded contracts with Pakistan, which had accepted all the guarantees asked of it. (Official French policy requires clients to abide by conditions of the International Atomic Energy Agency for prior agreement that nuclear technology be used for peaceful purposes only.) In a recent interview replying to US fears that French nuclear processing plants sold abroad could be used for military purposes, French Foreign Minister Jean Sauvagnargues said: "International relations would become complicated if everyone acted on the principle that guarantees mean nothing. We will not relax our controls [on nuclear sales] to obtain commercial advantages—as long, of course, as our commercial rivals do the same."

Opponents of France's policies claim that controls on military sales have repeatedly been violated. The main example cited was a deal with Libya which theoretically prohibited Mirage jets being put at the disposal of a third country. French officials were embarrassed when Libya confirmed Israeli charges that the jets had been put at Egypt's disposal during the 1973 Middle East war.

THE OUTSTANDING EXAMPLE OF THE INTENSITY which political agitation can reach over nuclear power station deals was a sale by France to the Republic of South Africa earlier this year.

The furor began in May, when it was disclosed that General Electric of America, as major partner in a US-Dutch-Swiss consortium, had applied to the Nuclear Regulatory Commission, the US Government's control body, for a license to sell South Africa two reactors worth \$2 billion and 636,363 kilograms of enriched uranium fuel.

There were immediate protests from other African states at this degree of economic cooperation by the United States with the apartheid Government—and fears were expressed that the sale would result in South Africa's achieving nuclear military capability. The critics charged that the plants would be able to produce 454,545 kilograms of plutonium by-product a year—enough to make 100 atomic bombs.

The chairman of the US Senate's African affairs subcommittee, Senator Dick Clark (D-Iowa), went on national television to attack the proposed deal. Congressional hearings were begun on the issue and at one of these sessions the US Ambassador to Nigeria, Donald Easum, warned: "The Nigerian Government and citizenry will be, in my view, highly critical of any supply of such nuclear equipment or of such fuel." Representative Charles C. Diggs (D-Michigan), one of the most hostile opponents of South Africa in the Congress, threatened to go to court if necessary to stop the Nuclear Regulatory Commission from issuing the license to General Electric.

Meanwhile in Holland, the involvement of the Dutch group Ryn Schelde Verolme with the Swiss group and General Electric caused a controversy that reached near hysterical proportions. The issue threatened to split the Dutch cabinet, which held more heated meetings on the subject than on most major political events.

The Labor Party in the Labor-Christian Democrat Government coalition opposed the deal because, along with all other Dutch left-wing parties and groups, they were opposed to apartheid. The Christian Democrats on the other hand were not prepared to sacrifice an order which would contribute a great deal to the flagging Dutch economy over what they saw as "left-wing antics." Economics Minister Rudi Lubbers went so far as to threaten to resign if the cabinet did not back the deal and grant necessary credit



guarantees for the Dutch companies. At one stage it looked as though the issue would topple the Government.

The US-Dutch-Swiss consortium, however, was not the only bidder for the South African project. And in the middle of the political storm, the South African Government suddenly announced that it had switched the contract for the first of the two nuclear stations (costing nearly \$1 billion) to the French consortium of Framatome, Alstom, and Spie Batignolles.

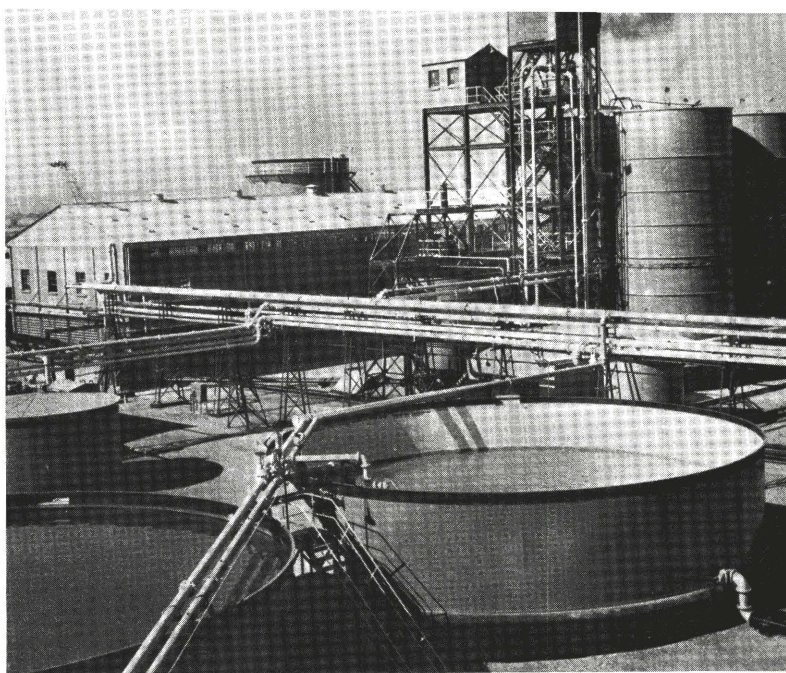
This led immediately to new gyrations of political frenzy. In Holland, newspapers furiously attacked the Government for seriously damaging the country's international trade reputation and blowing a chance to share in a valuable contract. Amsterdam's mass circulation newspaper *De Telegraaf* accused the Government of "cowardice" in a front-page editorial. The newspaper commented bitterly: "The cabinet has thrown to the winds Holland's name as an international trading partner. The credibility abroad of Dutch industry has been seriously damaged." Rotterdam's *Algemeen Dagblad* called the affair a "scandal" and said: "The international position of Dutch industry has been dealt a blow in the face, and an economic pep pill has been thrown away."

Meanwhile in France, a major political and diplomatic storm broke over the head of President Valéry Giscard d'Estaing. Supporters of the contract described it as a "fabulous deal." But opponents called it "a mistake" and "a political crime."

*Le Monde* said: "Giscard d'Estaing was elected president on his promise to conduct a liberal and enlightened foreign policy. This deal contradicts this policy." The mass circulation *France-Soir* asked: "Has the French Government signed an excellent commercial contract, or concluded a bad political bargain?" A foreign ministry spokesman said, however, that the nuclear plant was a "classic, electricity-producing factory" and that France was certainly not giving South Africa the key to nuclear bombs.

Jean-Claude Leny, director-general of Framatome, told a press conference that South Africa would never have placed its order for a 1,844 megawatt nuclear power station if its main aim was to make a nuclear bomb. The plutonium, the key component in nuclear bombs, discharged by the plant would be of poor quality. "I would say the worst way to make a bomb is to buy a plant like ours. It would be far better to buy a smaller and cheaper device to make good quality plutonium," he said. Leny also made the point that it would take about 10 years before the plant to be built at Koeberg near Cape Town could produce an ounce of plutonium. A plant specially built for military use could produce suitable plutonium in about five years, he added.

ONE OF THE IRONIES of the situation is that South Africa, through its own research program, is capable of making a



*A uranium mine at Vaal Reef: South Africa is the world's third largest producer of uranium.* South African Information Service, Pretoria

nuclear bomb without aid from any outside power. This was confirmed in the American congressional hearings on General Electric's application to participate in the US-Dutch-Swiss consortium. Deputy Assistant Secretary of State Myron Kratzer told the Senate subcommittee on Africa: "South Africa has the technical ability to take steps toward making a bomb, but they have stated their interest in peaceful uses of atomic energy. Acquisition of nuclear weapons is not in their security interest." Kratzer also said any nuclear fuel that the United States supplied to South Africa would be under safeguards to prevent its diversion to military uses.

What it boils down to is that the political frenzies engendered by the negotiations between South Africa and the French and US-Dutch-Swiss consortiums were more emotional than logical.

At Pelindaba near Pretoria, South African nuclear research is far advanced. The South Africans, in fact, have discovered a method of enriching uranium which is far cheaper than that achieved anywhere else in the world. With their own vast natural resources of uranium, and technical know-how, the South Africans could, if they wished, launch into the production of nuclear weapons.

But they have good reasons not to do so—and in the meantime, while pursuing their nuclear reactors for peaceful purposes, deem it fit to purchase nuclear reactors from abroad to serve their power needs until they have developed the ability to manufacture their own power stations. The *Cape Times* of Cape Town editorialized on June 1: "Fears abroad that South Africa will acquire the bomb are understandable, but the biggest inhibition is to be found here in South Africa where people appreciate the crippling cost involved and realize that a South African nuclear bomb would attract lightning for the Republic as never before in world affairs. Moreover, it is difficult to see why the



Koeberg power station is all that relevant when it is already, theoretically, possible for the Republic to make the bomb, if she dares and is prepared to pay.”

The same newspaper observed: “Dutch political elements who opposed the idea of their country taking part in the building of the nuclear power station at Koeberg now look rather ridiculous. While they were campaigning to the verge of bringing the Dutch coalition cabinet down, it became known that the deal had been clinched by the French! This demonstrates the flaw in most boycott movements: Usually someone is prepared to break ranks. Moreover, the whole principle of an economic boycott against South Africa is based on the dubious assumption that a weaker South Africa will benefit blacks, whereas the opposite is more likely to be the case—indeed, the rigidities of apartheid are more likely to be put under strain as the economy grows.”

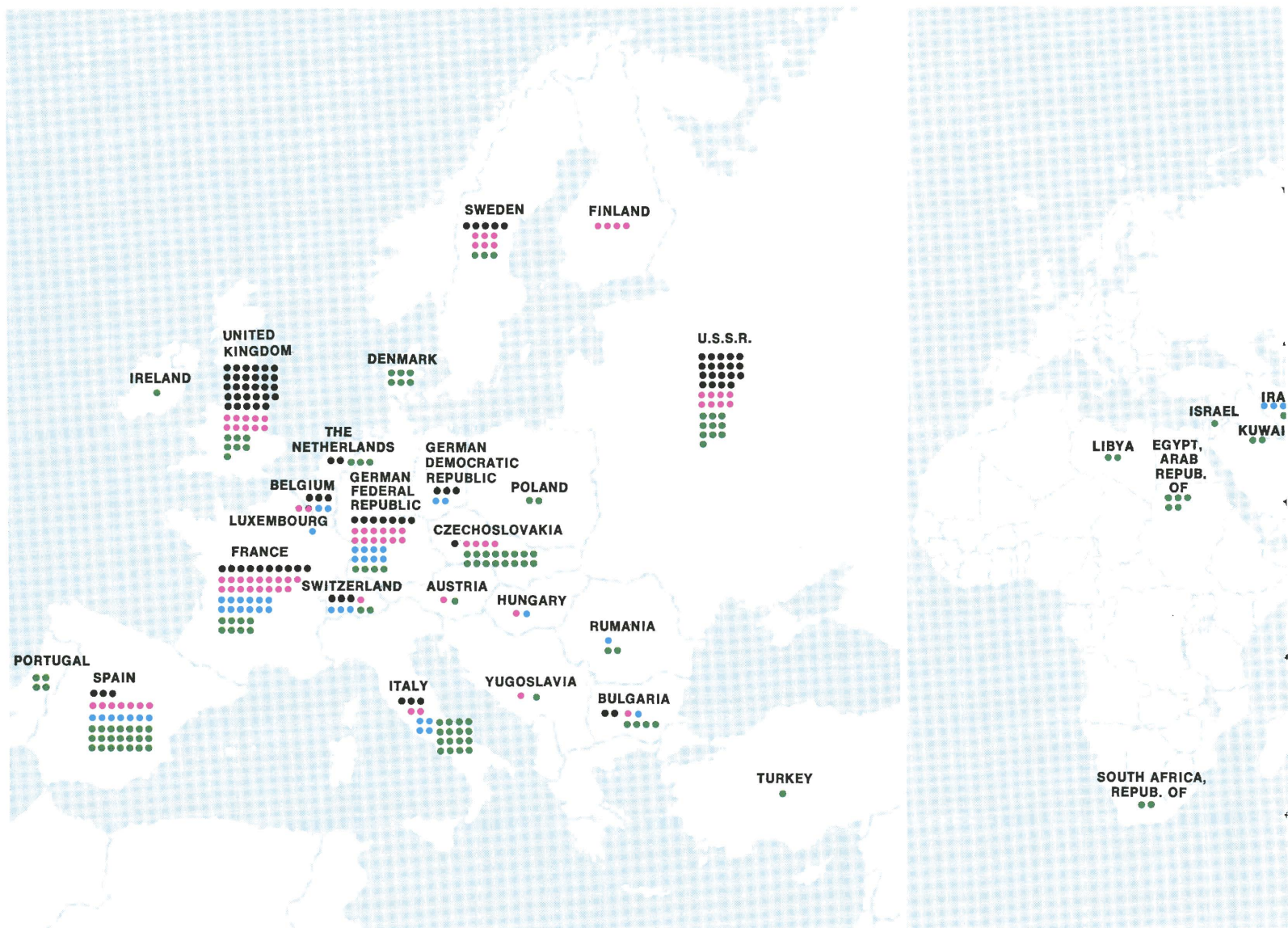
IF THERE IS A LESSON to be learned from this affair by Euro-

pean suppliers of nuclear or other controversial equipment, it is the need for their governments to keep a steady head and distinguish cases of genuine risk or abuse of trust and guarantees from those where political hysteria can cloud the issue and jeopardize inoffensive business opportunities.

In retrospect, it now seems quite clear this is the trap into which the Dutch Government fell. In their desire to appease black African states and others who seized every opportunity to frustrate South Africa’s business dealings, whether this benefits South African blacks or not, relates to apartheid or not, the Dutch allowed themselves to be badly hurt, and also damaged the interests of their American and Swiss partners (the trend of the congressional hearings indicated the United States would probably have approved General Electric’s part in the deal).

When the South African Government, concluding that politics in Holland would probably always pose a threat to nuclear deals with groups involving Dutch interests,

**NUCLEAR POWER PLANTS:** ● active ● under construction ● on order ● planned









*To Compete and / or to Cooperate?*

# The Atlantic Arms "Race"

DAVID FOUQUET, *Brussels-based American journalist who writes for The New York Times*

THE ATLANTIC ALLIANCE THIS YEAR HAS STEPPED UP efforts to stem the outpouring of waste and duplication in military equipment that costs at least \$10 billion a year and presents Europe and the United States with one of their most serious challenges to date.

These moves have serious security, industrial, and economic implications. They involve hundreds of thousands of workers, the prestige and technological standing of several major nations, and, in the eyes of some, their independence.

They also involve a tangle of bureaucratic institutions and political sensitivities that not only complicate the quest for order and efficiency but also may actually doom the chance of success. Participating in this activity are the European and North American members of the North Atlantic Treaty Organization (NATO), Common Market officials, the NATO bureaucracy, and the individual armaments industries of these various countries—in a virtual plethora of committees, working groups, and other bilateral or multilateral combinations.

These actions are part of what may be a last-ditch attempt to deal with a worsening situation, which has been treated as a "motherhood" issue but has actually received only lip-service. "The way the subject is handled will determine our security for the next 25 years," noted one alliance expert deeply involved in this process.

In a recent study of the problem of waste in military purchases for the US State and Defense Departments, Thomas A. Callaghan Jr. observed: "The past quarter century has witnessed an incalculable waste of tens of billions of dollars of American and European defense resources—manpower, money, energy, material, and structures. NATO has not provided the maximum defense possible for the resources available or the resources expended." West German General Johannes Steinhoff, after he left as the head of NATO's military committee two years ago, quipped that the tremendous duplication of weapons and equipment in the NATO arsenal threatened to turn the alliance into "a military museum."

Looking only at the aviation sector of this dilemma, European Community officials have warned that failure

satisfactorily to work out a balanced solution to these problems could leave the European aerospace industry as a virtual vassal of the American firms. Altiero Spinelli, former EC Commissioner responsible for industrial and technological policy, warned recently that Europeans must rationalize their civilian and military aviation industries or risk "becoming just subcontractors to their American partners."

NATO officials believe that military equipment coordination could mean survival in case of war. Allied effectiveness is reduced by at least 25 per cent for some ground units because of the lack of standard equipment and by as much as 300 per cent for tactical air units, experts estimate. In addition to this lost efficiency, national and alliance budgets and economies are undermined and the possibility of nuclear war increases—since the alliance would exhaust its conventional capability and be forced to fend off attack with a nuclear retaliation much sooner. "In peacetime, the lack of a complementary US-European defense effort adds up to a waste of resources and a diminution of capability," noted the Callaghan report, now widely read in alliance countries, "in wartime, it would be much more serious."

THE RAMPANT DUPLICATION AND COMPETITION IN NATO arms industries has resulted in the 12 NATO armies having 13 different types of close-range weapons, six short-range missiles, seven medium-range missiles, and five types of long-range missiles. The same pattern emerges in the allied navies with their 100 types of large ships, 36 kinds of radars, eight surface-to-air missiles, and 40 varieties of large guns. The worst aspect of this proliferation is that it makes cooperation among the fighting forces almost impossible. These forces, unlike their Warsaw Pact counterparts, can not always be resupplied by their neighbors, can not be serviced in their allies' facilities, or in some cases, can not even communicate.

Although it is widely agreed in US and European military, political, and industrial circles that something must be done and must be done quickly, not everyone is convinced that these bad habits can be abandoned or that the necessary sacrifices a remedy implies can be swallowed.



Organization, cooperation, and an end to the wildcat competition of recent years are what are required in all defense research and procurement and in the aviation sector particularly. At first the NATO alliance had standard weapons, just as the Warsaw Pact did and for the same reasons. The United States and the Soviet Union both were the arsenal for their allies. Since then, competitive industries have burgeoned in several NATO countries, which have come to depend on the jobs they create and the arms export orders they produce.

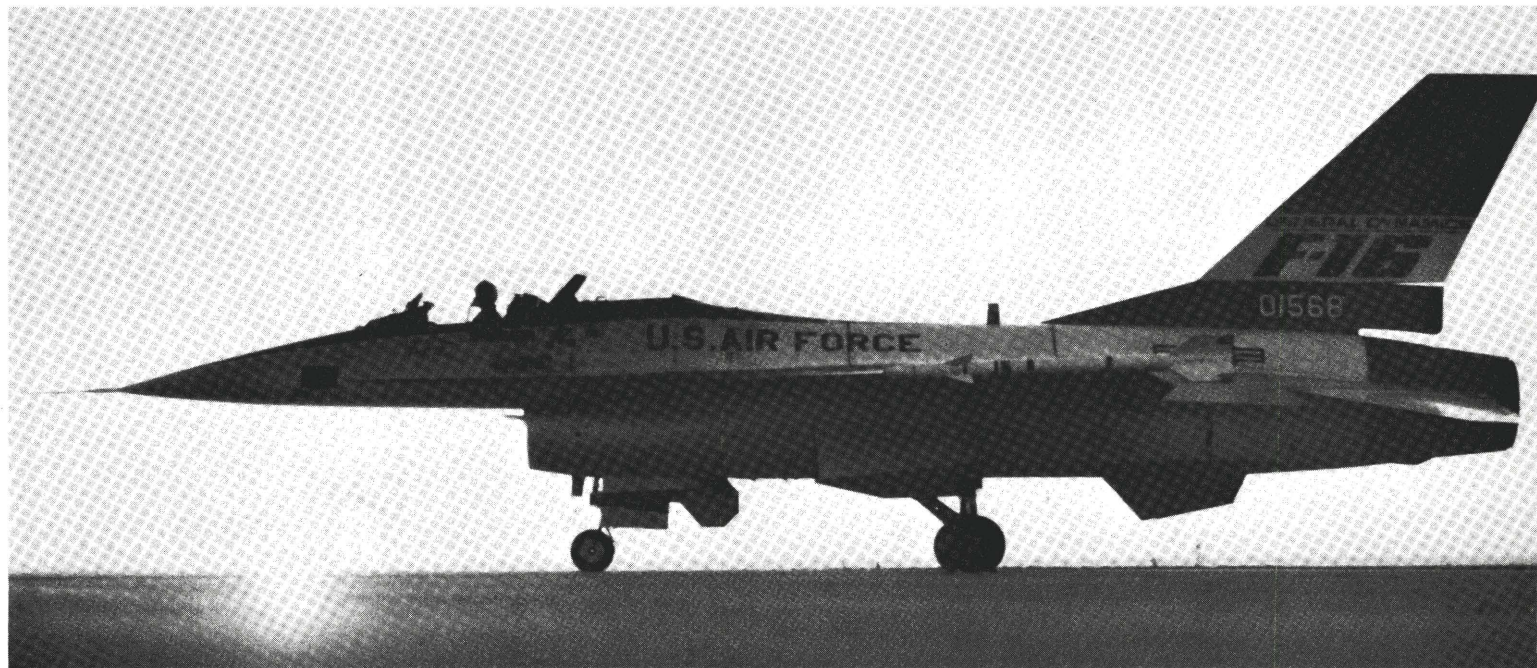
The cut-throat competition was vividly displayed last year between the United States and France to replace the aging F-104 Starfighters in the fleets of four allied countries. The two leading challengers pulled out all the political stops in the final sales drive for 300 jets. The sale, known as "the arms deal of the century," was ultimately won by the General Dynamics F-16 over its French rival.

The multi-billion dollar contract for American industry, perhaps more than anything else, made Europeans realize that in arms competition the United States would almost always triumph and that Europe would be faced with disappearing defense production capability, subjugation to the United States, or economic and political isolation to protect this industry unless transatlantic cooperation were

States have been underway since. But these preparations still revealed deep schisms between the allies.

France (which for the past decade has withdrawn from virtually all NATO integrated military operations, although it remains in other activities) sought to detach this effort at arms cooperation from the alliance framework. For it feared that any such undertaking would inevitably be dominated by the United States, and this would be challenged politically within France. Although impatient to get on with the much-needed transatlantic talks, both the United States and France's European allies have sought to involve the Paris Government in the process because of France's power as the third leading arms manufacturing country in the world. To accomplish this, a purely European discussion outside the NATO framework has been conducted in Rome since the beginning of the year.

This panel, known as the "Independent Program Group," has drawn up several areas of future study and possible discussion with the United States. Perhaps at the end of this process the European countries will have agreed among themselves about which projects they want to work on themselves and which ones they want to negotiate with the United States. In addition, another commission within NATO, with the participation of both the United States



*The General Dynamics F-16: the winner in "the arms deal of the century."* General Dynamics, Fort Worth Division

made to function. Although NATO always had a special committee to accomplish such cooperation in the past, one official said its meetings generally degenerated into "flea markets" as each nation sought to peddle its weapons to its neighbors.

The 15 NATO countries resolved last year to put an end to this waste and duplication. Preparations for what promise to be arduous conversations between, first, European countries and, then, between the Europeans and the United

and France, has begun identifying equipment that lends itself to rapid improvement to make it "interoperable"—in NATO jargon meaning adaptable from country to country.

THIS MYRIAD OF GROUPS AND COMMITTEES, all devoted to the question of standardization of military equipment, has caused some officials to remark that soon a new committee will be needed to standardize all the existing committees.

To make things more complicated, the United States has



also signed bilateral accords with countries like Great Britain to establish what is popularly known as a "two-way street" in arms trade between the two. Recognizing that it will have to move toward closer cooperation with its allies rather than accentuating its industrial supremacy and perhaps alienating the Europeans, the United States has agreed in principle to increase its purchases of equipment made in Europe in order to correct the current ten-to-one imbalance in military commerce in favor of the United States.

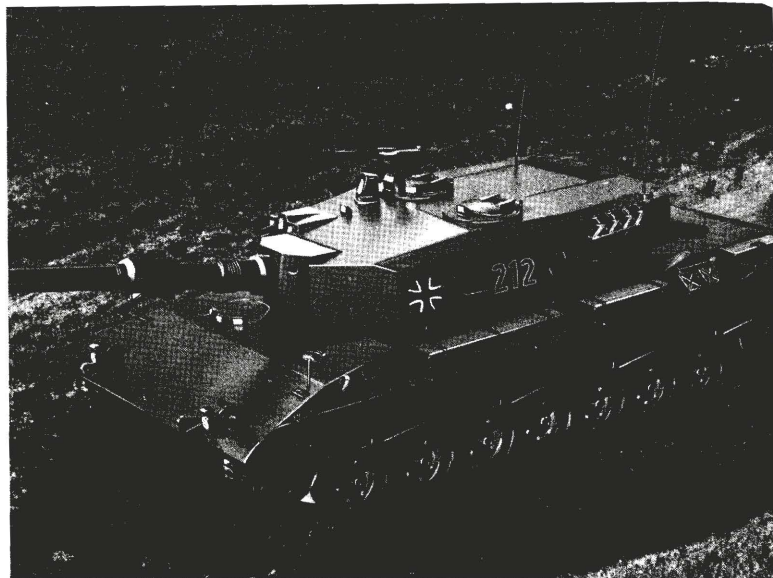
These and other similar bilateral arrangements in the military and the civilian aviation sectors are considered backdoors through which the individual European countries can enter into their own private bargains with the United States in case the overall Europe-US negotiations fail to bear fruit at any point in the process. Although this might be seen as a logical precaution, some experts feel that these side deals may jeopardize both intra-European coordination efforts and similar transatlantic progress.

Other major impediments also loom on the short-term horizon in the form of some major equipment programs that the alliance is currently considering. Both European and American officials see several individual contracts as decisive in the near future.

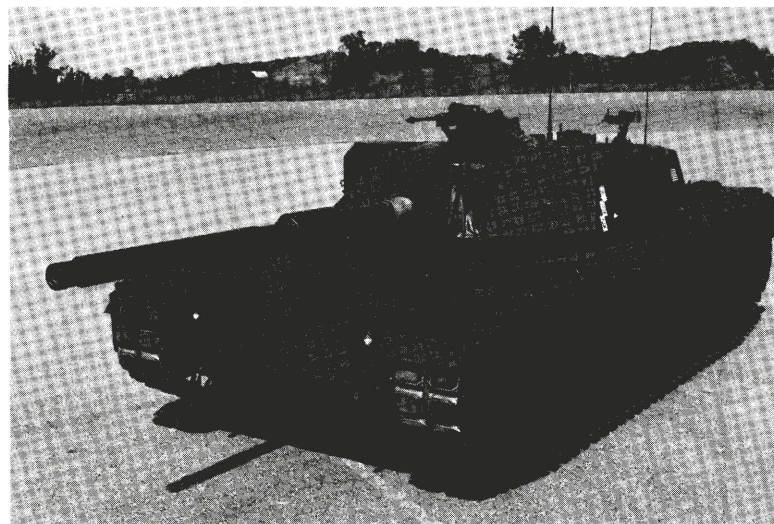
The European agreement to buy the American F-16 fighter aircraft last year was then held to be an advance in the cause of allied standardization, since all the purchasing countries would possess the same plane. But it was also a deal that primarily benefited the American industry, although long-term profit and production sharing was part of the attraction for the European purchasers as well. This advantage was partly offset by the American acquisition of the Franco-German Roland surface-to-air anti-aircraft missile and the British Harrier short-takeoff and landing aircraft.

If this established the principle of the two-way street in some eyes, the next stage will be crucial for a longer-term cooperative effort. This follow-up involves two other weapons systems dear to the hearts of their countries and manufacturers. The United States, after failing to gain solid congressional backing for a costly new Boeing 707 Airborne Warning and Control System (AWACS), has plugged for the NATO allies to buy the system at a cost of \$2-3 billion. Reciprocally, Europe wants to know whether the United States will agree to purchase a German Leopard-II tank for its next generation of tanks or whether it will back off and buy an American XM-1 model offered by General Motors or Chrysler.

Feeling is already running high in Europe about American credibility in accepting European technology in the wake of the Concorde supersonic airliner controversy. Some Europeans do not hide the fact that either a Concorde ban or a rebuff of the Leopard tank could lead to incalculable damage to US-European relations and a sort of commercial cold war between allies. One leading European expert, Carl



*"The great tank battle" between the German Leopard-II (above) and the American XM-1 model (below) offered by General Motors or Chrysler. Embassy of the Federal Republic of Germany, Washington  
General Motors, Detroit Diesel Division*



Damm, a German Christian Democrat member of the Bundestag defense committee, has testified before congressional hearings that he and other Europeans would refuse to purchase the American AWACS system unless the United States also agreed to buy the Leopard tank.

Despite the obvious wisdom of cooperating to save billions through greater efficiency, there are many experts who are not certain that countries on either side of the Atlantic will be able to resist the pressures pulling toward greater competition and away from standardization and coordination. One European military expert noted recently that "the future looks bleak" because he felt that the US Congress will be unable to approve a European tank purchase instead of its American competitor when it means a loss of American jobs in the process.

Others, however, are more optimistic that some rationalization can take place despite the sacrifice it entails. "On both sides of the Atlantic," noted another official, "there is new flexibility and new initiatives. The iron is about as hot now as it will ever be." But he also warned: "It can pull the alliance together or be divisive."



THE CHOICE IS NOT CLEAR-CUT in favor of efficiency because of the high stakes involved for both sides. In Europe alone there are more than 400,000 workers employed in the aviation industry, probably the most active and crucial of the defense industries involved. These workers in the European Community produce the aircraft and components that compete with the American offering in the same defense and commercial aviation markets. Despite its acknowledged capability to produce high-technology aircraft, the European industry has steadily been losing ground to its American competitors. This is largely due to the economies of scale that can be realized by the American firms, which can count on heavy American and foreign purchases in any undertaking. Individual European countries have been unable to challenge effectively the cost and sales advantages of the Americans and have therefore attempted to produce various aircraft systems as joint ventures between two or more countries.

Despite the notable technological achievements of such joint ventures as the Anglo-French Concorde, many of these projects have not been commercial successes and the work force in the European aviation industry has steadily dwindled in recent years. This has occurred at the same time that the European share of a growing European aviation market has also dropped while American aerospace manufacturers have increasingly been the beneficiaries.

Faced with such declining fortunes, the European aviation industry and the EC Commission have called for greater coordination among the European aircraft producers as a first step toward maintaining the health and competitiveness of the European industry and toward entering in a cooperative partnership with the United States. But the EC Commission proposals remain a dead letter with the next few months perhaps proving decisive. Former Com-

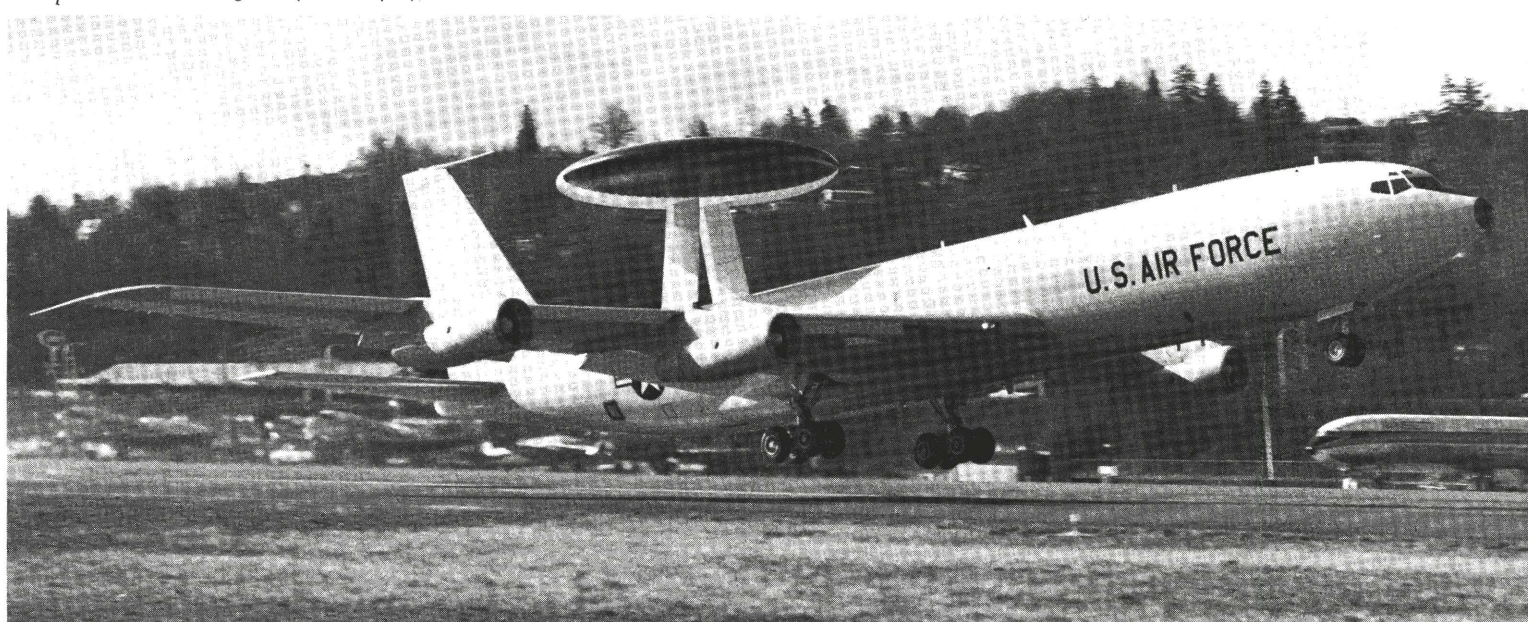
missioner Spinelli said in Brussels in early May that if the EC proposals for European-scale cooperation are not approved in that period, the planemakers of the individual member countries will inevitably seek to strike their own bilateral deals with United States producers.

Such arrangements are reportedly already in the works, notably between the leading French firms Aerospatiale and Dassault-Breguet and the American companies Boeing and McDonnell-Douglas. And, according to Spinelli, others would be forced to follow. He and industry sources feel that the Europeans would naturally be only junior partners in such undertakings unless they go into them as a single entity. Failure to do this would in the long-run mean an abdication of the world market, resulting from the loss of the technological research initiative in a Europe increasingly cast in the role of subcontractor for American firms.

Spinelli said that the forging of the Independent Program Group of European NATO countries in Rome has been the only step toward greater cooperation in this field in the last crucial year since the EC Commission and others issued their warnings and proposals. However, he urged that this group should become more than the informal working party that it is now in order to join forces on more than just an ad hoc basis.

No deadlines or timetables have been set for the progress in this costly and important field, but all sides are generally aware that the longer they wait the more money will be wasted and perhaps the more jobs will be lost. But they are all also fearful that any rush into cooperative ventures and greater efficiency will mean an immediate loss of jobs that will be publicly associated with a government decision to sacrifice these jobs. The process now underway is more on how to avoid this job loss while still saving some money and achieving improved efficiency.

*"A crucial deal in the two-way street?": The Airborne Warning and Control System (AWACS), which the United States is plugging for its European allies. Boeing Aerospace Company, Seattle*





# around THE capitals



## Copenhagen

July Fourth is traditionally celebrated by Danish-Americans and Danes in the beautiful heather-covered hills of Rebild, central Jutland. The US Bicentennial revived public interest, after several years' slackening. But it is the conspicuous conduct of a small number of this year's participants that has provoked a still continuing popular and political controversy in Denmark.

For the benefit of American television, the speech of Queen Margrethe of Denmark was sabotaged by hooting and jeering, emanating from a group of young people, some not-too-ingeniously impersonating American Indians. A plastic bag filled with red paint was hurled at the Queen, missing her by a few yards. The police rapidly arrested most of the misguided tribe of youngsters, and as an anti-American demonstration it was quite a trivial affair. Nothing like the confrontations in the heydays of the Vietnam war. So why all the fuss?

Well, first of all, it is bad politics to throw paint at the Queen of Denmark and her closest relations. The Queen is a popular and respected personality, and the vast majority of the Danes consider her functions to be distinctly apolitical, and certainly bipartisan. Secondly, and perhaps more to the point, this particular group of demonstrators had a hard core consisting of the theatrical group *Solvognen* ("Sun Chariot"), which is on the public payroll. And although the Danish taxpayer is generally considered a liberal and tolerant creature, there is a limit to how many times you want to be slapped in the face, especially if you

have to pay for it. Furthermore, the demonstration in Rebild was not a cheap performance. It had been rehearsed for months, and the props included a large number of ponies, rented and transported from afar.

The local chief of police has decided not to prosecute, even though a police officer was beaten up by the demonstrators. The police chief considers the overnight stay in jail of some of the demonstrators to be punishment enough. But in Parliament the minister of justice has been asked to order prosecution of those responsible.

It is not the first time that the *Solvognen* group has managed to make the headlines in Denmark. A few months ago 43 members of the group were fined \$30 each for invading two department stores in Copenhagen in December 1974. At that time the group protested against the capitalist nature of Christmas by trying to get customers to walk out of the stores without paying for their purchases. Few responded, and the police soon intervened. The department stores did not want to press charges, and the police and courts were thus confined to applying the rather mild city ordinances.

Incredibly, the State Arts Fund felt that the non-conformist Christmas show of the *Solvognen* group qualified as "literature," and awarded the group about \$3,000 to cover the expenses. Critics claimed that even the most liberal application of the term "literature" would not include illegal intrusion in department stores. Leading left-wing intellectuals said that such an interpretation was possible and, semantics apart, the fact was that as an independent agency the State Arts Fund could not legally be prevented from dispensing public funds to whom it pleased, and the money was paid in the end.

The *Solvognen* group's July Fourth show will almost certainly not benefit from a special grant. The State Arts Fund is no longer completely insensitive to the public mood, and public opinion is dead against. From a political point of view the *Solvognen* group can also expect meager returns on its investment. If anything, the demonstration has succeeded in stirring up new sympathy for the Queen and the United States.

A more lasting effect may well be lowering the threshold of tolerance in Denmark. The Liberal and Conservative parties are

making the most of the issue, and the Social Democratic minister of culture is on the defensive. If general elections are held, as many expect, in the autumn, Denmark may well get both a new Government and a new policy on state grants to the arts. A policy which will do the credit rating of the arts no good at all. And left-wing theater and literature seldom thrive on the free market. At any rate, not in Denmark.

—LEIF BECK FALLESEN



## Paris

The worry here this summer is that the unprecedented drought will cut back French wheat production so much that France, the European Community's only wheat-exporting nation, not only falls short of making up her partners' traditional grain deficits but will become a net importer herself. The summer has brought one horror tale after another: The shortage of rain killed the crops, forced farmers to slaughter their herds, and dried up the river beds thus stopping irrigation. As the nation entered its third rainless month, worried officials at the finance ministry began to talk of the drought adding two, even three points, to the rate of inflation this year.

The French put a great deal of faith in their agriculture production each year. As the heartland of Europe, they have dreamed not only of making up their partners' deficits but of one day producing enough to help supply the growing deficits of the great monolith to the East—the Soviet Union. The drought has changed that—at least for now. Traditionally, France earns over \$2 billion per year on wheat exports. This year the figure will be less than half that, and, if



the rains still don't come, nothing at all. And if the European Community becomes a huge net grain importer this year, it would put great pressure on world wheat prices.

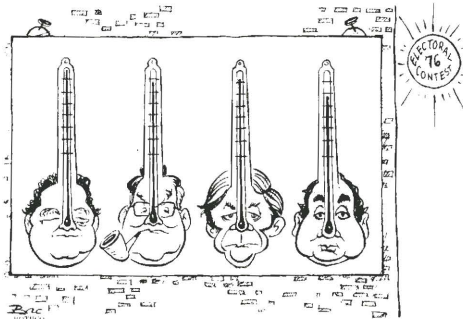
Few Frenchmen can recall a drought quite like this one. For most of June and July, the nation, from Brittany to Strasbourg and from Marseilles to Lille, baked in temperatures ranging from 85 to 105 degrees Fahrenheit. Prime Minister Jacques Chirac called it a "once in a century" phenomenon, and the Government voted an initial \$10 million in aid to the agricultural regions. The drought played havoc with French prices. As farmers slaughtered their herds because they could no longer afford to feed them, the price of meat fell; but few doubted that fall and winter would send meat prices soaring again. The slaughtered herds also forced up prices of dairy products as production fell.

The drought even had its comic side. Banana importers announced that people had stopped buying bananas because they preferred more juicy fruits in the heat wave. Farmers, hearing that the importers were going to destroy 1,100 tons of bananas to keep the price up, offered to buy them for their herds. So French cows became the first bovine consumers of Martiniquan bananas, though the peels posed a problem.

What made the drought and heat wave so bad is that France is not equipped for such weather. Normally a temperate nation, there are few air conditioners for car, office, or home. There is nothing to do in the heat but swelter. Even the cafes were reporting that business was not as good as usual. "My customers," said a *cafetier* near the Champs Elysées, "only think of one thing when they get off work: Go home and undress. They haven't been stopping by for the traditional *demi* of beer."

Still, they must have been drinking beer when they got home because beer, soda, and bottled water producers were reporting record sales. And if the drought was disaster for the farmers, it was a boon for swimming pool operators. The Piscine Déligny, which floats in the Seine at the Place de la Concorde, for years has run huge government-supported deficits as Paris suffered through the usual rainy and cloudy summers. This year, for the first time in a decade, Déligny will turn a profit.

—JAMES O. GOLDSBOROUGH



Bac, Nordwest Zeitung, Oldenburg

here came out solidly in favor of the United States, France, and Britain, in that order. If you asked West Germans which foreign country was most on their minds, however, the answer would almost certainly be the Soviet Union. Bonn is neither the closest NATO capital to Moscow, nor the most vulnerable. Yet to a greater extent than any other Western country, except possibly Austria, West Germany is highly sensitive to whatever may be blowing in the wind from the East, even though it can't always be sure what that means.

A case in point has been the recent, cumbersome exchange of views with the Kremlin on the broad future of relations, supposedly picking up where last year's Helsinki agreement left off. At one level, the long, repetitive, largely unexciting Soviet declaration, set out in Pravda, seemed to a lot of West Germans to be a rather crude intervention in the coming election campaign. There were the usual noises in favor of peace, détente, and cooperation. There was also a pat on the back for Chancellor Helmut Schmidt's Social Democrats, the party which under Willy Brandt pioneered West German *Ostpolitik*. At the same time Moscow accused "certain circles" of trying to "destroy the good that has been accomplished of late in Soviet-Federal Republic relations."

Herr Schmidt has no great need for that kind of campaign endorsement, and he has shown no great interest in extending to Leonid Brezhnev the invitation to visit West Germany this summer for which the Soviet leader seemed to be fishing. Bonn took its time in answering Moscow at all; and when it did so, it made clear that the response had been discussed with its allies. It told the Russians, in essence, that in political terms their behavior over West Berlin—still marked by a host of pin-prick provocations and obstructions—would be taken as the true test of their intentions. And there, with little sign of fresh thinking on either side, the exchange of view rests for the time being.

It would hardly seem worth bothering

about were it not for the economic ties that, in spite of the long history of mutual antipathy and suspicion, are in fact binding West Germany and the Soviet Union increasingly closely to one another. West Germany, inheriting the role that Germans have played for centuries in Russia, is once again the leading supplier of sophisticated technology and equipment to the Soviets. The USSR, in turn, has become an enormously important customer to the point where, together with the other Socialist bloc countries, it accounts for a growing share of the fat West German trade surplus.

Figures just published by the Bundesbank show that of West Germany's 48 billion deutschemark (DM) trade surplus since 1972, DM 7 billion was earned in trade with the Soviet Union and a further DM 6 billion in trade with Poland. In 1975 alone the surplus on trade with the Eastern bloc was DM 9 billion out of a total surplus of DM 9.5 billion, and with Russia alone it amounted to DM 4 billion, though it may have slowed down this year. Germany has financed much of this trade itself: The Bundesbank reckons that West Germany is owed about DM 20 billion by the East bloc as a whole, roughly one-fourth of its estimated total foreign debt.

German businessmen's success in Eastern Europe has always been the envy of other countries, not least the United States. Understandably, they have been selling more there during the past two recessionary years than in their Western export markets. And with the deutschemark ever more expensive for Western customers, the trend may well be strengthened further.

The stakes are tempting indeed: In the last few weeks deals have been announced for the sale of DM 1.5 billion worth of gas compressor stations for the Orenburg natural gas pipeline (for which German companies are selling the steel pipe bartered for gas), and with the Poles, for over DM 2.6 billion worth of coal gasification and treatment equipment. Nonetheless, the Bundesbank is not alone in beginning to sound a very discreet note of caution that the Eastern "special relationship" might be getting a little closer than is prudent.

—ADRIAN DICKS

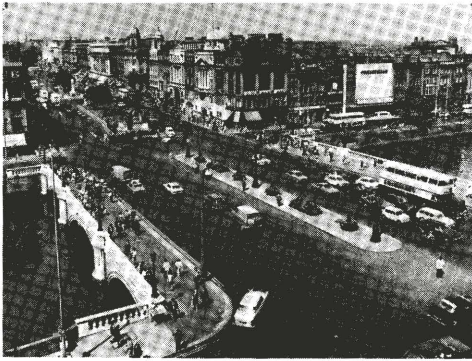
## Dublin

Irishmen and women have always been brought up to believe that their country was "The Island of Saints and Scholars," a claim that could be substantiated by reference to the illuminated manuscripts handed down

## Bonn

In a recent opinion poll enquiring which foreign country they consider to be West Germany's best friend, ordinary citizens





by medieval monks and, more recently, the international fame of Irish writers, three of whom have won the Nobel Prize for Literature. With this at the back of his mind, Irish Finance Minister Charles Haughey introduced in his 1969 budget a remarkable innovation which effectively converted Ireland into a tax haven for artists from all over the world.

To qualify for tax exemption on all their earnings, the writers, sculptors, painters, and composers had to settle in Ireland, have their work approved as being of "cultural and artistic merit," and have the worldwide earnings from their work credited to them in Ireland. Not unnaturally, there was an exodus from around the globe of harassed artists, reversing, ironically, a trend which had seen the export of many of Ireland's most famous writers, such as James Joyce and Samuel Beckett. They were the victims of a different type of harassment, the product of a determination to keep the country an island of saints if not of scholars.

Since Haughey introduced his budget, the Government has received no fewer than 789 applications from artists anxious to get the taxman off their sensitive backs. Of these, 574 have so far succeeded and 147 are still under consideration. Of the successful, 68 per cent are writers, 23 per cent painters, 6 per cent sculptors, and 3 per cent composers. About half have come from outside Ireland. Among the famous names who now boast Irish addresses are best-selling authors like Frederick Forsythe (*The Day of the Jackal*), J. P. Donleavy (*The Ginger Man*), Leslie Charteris (who writes "The Saint" detective novels), Leon Uris (the blockbuster author of *Exodus*).

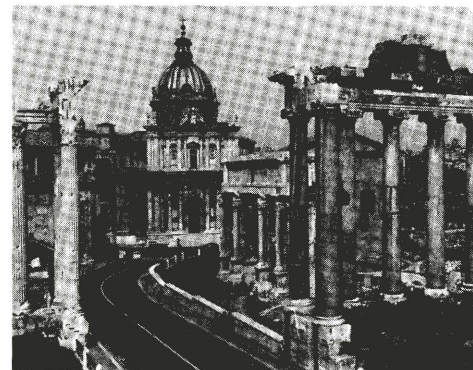
The arguments in favor of this unique piece of legislation are that by attracting famous artists to Ireland who might not otherwise have settled in the Emerald Isle because of the climate or its distance from more noteworthy cultural centers, a new literary and cultural climate has been created. This in turn adds to Ireland's international prestige. It is also argued that these well-paid artists bring large amounts of

money to the country, including foreign currency, and that, far from being "spongers," to quote a famous term employed by former British Prime Minister Harold Wilson in another context, they actually contribute to the exchequer through the wealth tax, other indirect taxes they pay in support of their lifestyle, and the rates they pay on the expensive properties they have acquired in Ireland.

Some local taxpayers are, however, not impressed. Among them are the 750,000 members of NITRO, an organization representing those who contribute their income tax through PAYE ("pay as you earn"). They are planning a campaign to have the legislation which established the cultural tax haven repealed. They are supported by the National Land League, which represents small farmers hungry for more land. They claim that many of the wealthier artists have bought up large amounts of land which they are not working and which should be made available for farming. Other objectors claim that the scheme is contrary to the European Community's attempts to harmonize taxation in the nine member states and that it will inevitably have to be abolished under EC legislation.

There is no indication as yet that the Irish Government has any plans to give in to this pressure. Meanwhile, a member of the United States House of Representatives, Frederick W. Richmond (D-NY), is reported to have thoughts of persuading the US Government to copy Haughey's idea. If so, just as Ireland has been revived as the Island of Saints and Scholars, America may become once again the land of opportunity.

—PETER DOYLE



## Rome

Rome has been captivated during the last month by one of the most sensational crime trials in Italy in years. Romans, generally blasé and even cynical about the slowness with which the wheels of justice turn in their country, are attentively following each

move of a case that contains everything from sex to implied politics.

On trial are two youths of the Roman upper class—a third is sought by police—accused of having tortured and raped two teenage girls and murdered one of them after luring them to a luxurious seaside villa south of Rome that belongs to the father of the missing youth. The gruesome story unfolded last September 30 after a resident in the capital heard moans coming from the trunk of a car parked in his neighborhood and called the police. Stuffed in the trunk were the battered bodies of the two young women—one of them dead—nude and wrapped in plastic.

Questioning of the injured girl, Donatella Colasanti, and a trace on the car's license led to the three youths, whose fathers are all prominent figures in the social class that is referred to locally as "well-off Rome." In the capital the term means more than just monetary status and dwellings in Rome's most lush residential districts; it subtly implies influence, connections at high levels, and not too much preoccupation with having to pay the consequences of misdeeds. By contrast, the girls belonged to "the other" Rome. It is recognizable by anyone who has ever ventured beyond the city's center, and is characterized by graceless, even squalid, high-rise apartments, little greenery, and few amusements. Romans can easily understand how two working-class teenage girls could have been susceptible to the attraction of fast cars, elegant restaurants, and glamorous outings that the wealthy youths represented.

According to Donatella, who is 17-years-old, the accused youths drove her and her 19-year-old friend Rosaria Lopez to the private villa in San Felice Circeo, nearly two hours' drive south of Rome, on the pretext of taking a drive to a seaside town. Once in the house, the smooth behavior of the youths turned into calculated sadism, enforced by the threat of a gun. Rosaria was eventually drowned in the bathtub. The two girls were then loaded into the trunk of a car and driven back to Rome where the youths, apparently in no rush to dispose of the bodies, left the car for the evening in the place where it was later discovered.

Such a grisly crime would normally cause a sensation but no particular outrage of public opinion, but there are several factors that have made it different from other crimes of violence. The fact that the girls were from the Rome of the poor and the youths from the Rome of the rich aroused the indignation and sympathy of thousands of Italians. Many saw the crime, apparently done with little thought of consequences, as gro-



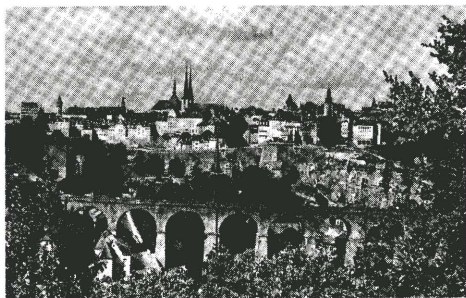
tesquely symbolic of the way in which the wealthy and well-connected habitually move in the capital, assured of their capacity to give and get favors and of impunity for wrongdoing.

To skeptics—and many Romans are—it is exceptional that the trial, which began June 30, is being held so soon at all, considering that many cases are not brought before the courts until several years after the crime has been committed, when public interest has often waned. But general opinion has been inflamed by the cool arrogance and professed nonchalance of the two youths during the trial, and by reports that their parents offered the families of the two girls large sums of money to withdraw the charges.

Many Romans feel that the cause of justice won a first round when the presiding judge threw out a plea by the defendants' lawyer for psychiatric examinations for his clients. Such an examination, which could have delayed the trial indefinitely, was refused by the magistrate on the grounds that the youths' conduct "is part of their character—there is nothing that shows the presence of mental illness."

The public prosecutor has asked for life imprisonment, Italy's maximum penalty, for the two youths on trial and their missing companion. The sentence has not yet been handed down by the court, but comments heard around Rome indicate that the trial nevertheless has stimulated a rare glimmer of optimism among public opinion that perhaps this time justice will really prevail.

—CHRISTINA LORD



## Luxembourg

In the flush of victory after getting one of their pet projects, direct elections to the European Parliament, accepted by all nine heads of government at the latest round of the European Council, Luxembourg diplomats and politicians were reluctant to face the next battle: How to keep the enlarged, and hopefully more prestigious, European Parliament situated in Luxembourg.

For some time now, pressures have been building within Community circles to move the entire European Parliament complex

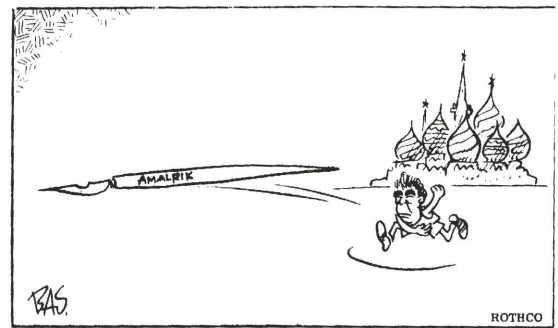
permanently to Brussels, headquarters for the Commission and Council, from its current "wandering circus" status shared among Brussels, Luxembourg, and Strasbourg. Danish deputies have to be picked up by limousine in Frankfurt, and Italian parliamentarians in Basel, Switzerland, in order to make the Strasbourg session on time. Besides the nagging inconvenience of moving gypsy-like to fulfill the demands of geographical parity, the physical and financial costs are becoming unbearable—eight tons of equipment (and countless bureaucrats, diplomats, and journalists) being shuttled about for various European Parliament meetings now cost the Community over \$2 million a year. "Giving the Parliament a permanent home," one caustic journalist says, "might also give it a sense of coherence."

But Luxembourg is not ready to give up its role as the Parliament's hostess without a fight. Though several Community institutions—including the European Court of Justice, the European Investment Bank, and the EC Statistical Office—operate out of the Grand Duchy and will continue to do so, many Luxembourgers cherish the unique sight of disparate European deputies meeting in the tiny capital to debate the major issues of the day. However symbolic it may be, serving as the Parliament's base is still perceived as one lever of influence wielded by the smallest EC state, whose voice will be further diminished when the European Parliament expands to more than twice its current size following direct elections in 1978.

The Government has approved plans to build a bigger assembly hall, as the Council of Europe has constructed for sessions in Strasbourg, in hopes of presenting European deputies with a *fait accompli* when they finally decide on where to establish their future home. A vote is expected to be taken before the end of the year, but few parliamentarians believe that they will be out of Luxembourg before 1980. Adequate quarters have not been built yet in Brussels, so the traditional method of city-hopping will probably remain in effect for some time.

Not all Luxembourgers are enthusiastic about keeping the welcome mat out for the European Parliament. Local government bureaucrats peer greedily out of their cramped, dilapidated offices at the plush comfort of the Parliament complex. If and when the European Parliament closes shop in the Grand Duchy and settles permanently in Brussels, Luxembourg functionaries will see their wish come true as they move their belongings into the stylish quarters they have long envied.

—WILLIAM DROZDIK



Bas, *Tachydromos*, Greece

## The Hague

The sleek Aeroflot jet coasted to a stop at the outer gates of Amsterdam's Schiphol airport, ending a three-hour trip and a 10-year ordeal for the dissident Soviet writer Andrei Amalrik. As the 37-year-old author alighted from the plane in the company of his artist wife, Gyusel, and a pet Siamese cat, Amalrik's sullen demeanor flickered briefly with joy as he spotted his Dutch friend and host, Karel Van Het Reve, a professor of Russian literature at the University of Amsterdam, amid the welcoming throng of journalists and sympathizers. But the relief of finding safe refuge for his thoughts and work could not erase the traces of sadness lining his face after leaving behind his people and homeland—two forces that animate the heart and soul of every Russian.

Amalrik's troubles began during student days at Moscow University, where he wrote a stinging thesis on Russian history that friends tried to publish in the West. Soviet authorities soon arrested the author on charges of "anti-Soviet slander and pornography," and in 1965 he was convicted and exiled to Siberia for nearly three years. After his return in 1968, Amalrik began writing feature stories for Novosti Press Agency but lost his job after he and his wife participated in a protest outside the British Embassy against arms deliveries to Nigeria during the Biafran War. He later worked as postman while writing his most famous polemic, "Will the Soviet Union Survive Until 1984?," in which he forecast the demise of the Soviet system in a conflict with China. That treatise sent him to a hard labor camp for three years.

In recent years, Amalrik was arrested, interrogated, and harassed time and again by various members of the secret police. When he applied for a temporary exit visa to go on a lecture tour through universities in Europe and the United States, authorities told him to renounce publicly his past writings or leave permanently for Israel, even though



Amalrik is not Jewish and his wife is a Moslem. With great reluctance, he finally bowed to the State's demands and accepted the offer of an emigration visa to Israel, provided that he and his wife could go directly to the Netherlands. In doing so, the couple lost their Soviet citizenship.

Although they have no fixed plans about where to settle permanently in the West, the Amalriks intend to stay for a while in the Netherlands, where the author will study history and give lectures at the University of Utrecht. Later the couple will travel to the United States to speak at several American universities, including Harvard and George Washington, in what Amalrik says will be an attempt "to help the West learn about conditions in the Soviet Union." He believes that a new generation of Soviet citizens firmly supports a more liberal system, but says that their aims are persistently stifled by a dogmatic regime whose leaders, fearful of any populist support or reformist thinking, have carted some 25,000 to 30,000 persons off to jail as political prisoners.

Amalrik still harbors a fervent hope of returning to his native land, but feels that only a sudden outbreak of political disorder or a more tolerant government would permit his repatriation. A stubborn dissident who has fought outside the system all his life, having never achieved the heroic stature of Nobel Prize winner Solzhenitsyn or Sakharov, Amalrik insists that he will continue his struggle to reform the Soviet Union while living in the West. The Russian plane that took the man away from his country did not take him away from his mission.

—WILLIAM DROZDIK



Trog, *The Observer*, London

## London

It is an axiom of British political life that, whenever the Labour Party is in opposition, its heart almost invariably rules its head. Free of the responsibilities of office, the movement's tub-thumping ideologies are given free rein and the party moves

perceptibly to the left irrespective of electoral consideration. Once in office, however, these same apostles of undiluted socialism allow themselves to be carried along by policies which, in opposition, would never have seen the light of day.

Such a policy is the \$1.8 billion package of public spending cuts put together by Chancellor of the Exchequer Denis Healey under the close supervision of Prime Minister James Callaghan, who has proved to be a tougher and more unyielding political manager than his predecessor. The cuts were a virtual precondition of the \$5 billion loan to Britain put together at the Puerto Rico summit, though the indications are that Callaghan had accepted the logic of a savage pruning of public expenditure some time ago as part of his strategy to bring down inflation and make room for growth in the private sector.

To get the cuts through Callaghan has had to operate on two fronts at once. First, he has had to secure the support of his cabinet colleagues and the parliamentary Labour Party. To this end he and his senior colleagues have spent hours softening up the hard liners, to whom spending in the social services sector especially is an untouchable and cherished principle. The Prime Minister made it an issue of confidence in himself and the Government. In the cabinet Callaghan and Healey have had to steer the cuts through the opposition of left-wingers like Energy Secretary Tony Benn and Secretary of the Environment Peter Shore. The chief areas in which the cuts will fall are roads, defense, industrial aid, health, education, and overseas aid. Their respective ministers have been putting up a spirited though, by some accounts, not entirely convincing defense.

The second and perhaps crucial front on which Callaghan fought and apparently won was with Britain's increasingly powerful trade unions. Once Callaghan had got key leaders, such as Jack Jones of the Transport Worker Union, to accept that it was either a question of cutting public expenditure or losing up to 70,000 jobs in the next three years, he was almost home and dry. Perhaps the battle was won before it started; the situation was plain. This is how Healey put it to backbench Labour MPs: "The choice is clear. Either we risk being pushed by a collapse of foreign confidence into a massive deflation or we move steadily back to full employment."

But perhaps the clinching argument was that, if the run on sterling was not stemmed, the credits Britain secured last month would soon be depleted in defending that currency. Come December when these loans are due

to be repaid, Britain would have to go cap in hand to the International Monetary Fund, whose orthodox money managers would only grant further loans under stricter conditions, even less acceptable to the trade unions and the Labour left. The opposition Conservatives would then be well placed to force an election, and they might win. And there are still more people in the Labour Party who favor trading the odd principle for the privileges of power than those who would stay in opposition indefinitely rather than give an inch on the cherished principles of Labour's traditional dogma.

—ALAIN CASS



## Brussels

Bicentennial fever struck Europe this year about the same time the first wave of vacationing Americans did—in late spring. Since then, the Continent has been awash with festivities marking the American celebration, as European countries trumpet their unique, vital contributions in molding American history, and Belgium has been no different.

In collaboration with the sizeable American business and diplomatic community here, the Belgian foreign ministry has set up a special commission to sponsor events on both sides of the Atlantic highlighting the long, amicable relationship between the United States and Belgium. Folklore and dance troupes have exchanged visits, and this fall a mobile exhibit entitled "Belgian Gunmaking and American History" will tour the United States, subtly promoting the virtues of new Belgian-made machine guns that America soon may buy.

Unlike France, where Hennessy and Moët et Chandon have bottled and marketed Bicentennial cognac and champagne, Belgium has not tagged the national drink with a special sticker—no Bicentennial brew is being concocted in Stella Artois beer vats.



Hot dogs, barbecued ribs, and fried chicken are, however, conspicuously placed on restaurant menus in several leading hotels.

Despite the frivolity that surrounds many of the festivities, Belgians have cause to indulge in celebrating America's anniversary. As many historians point out, Belgium played an important if unsung role in the New World, ever since a group of dispirited Walloons left Delft, Holland, to join some equally forlorn English puritans aboard the ship *Mayflower*. Belgians quickly showed an astute eye for real estate—a crafty son of Walloon parents, Peter Minuit, paid the Manhattan Indians \$24 for their small island, and Flemish trader Michael de Pauw purchased Staten Island for a few kettles, axes, hoes, and wampum.

Belgians also showed more altruistic ambitions in the New World. Flemish missionary Father Damien aided the lepers of Molokai Island, in Hawaii; and later a son of Belgian migrants, George Goethals, built the Panama Canal. America at war enlisted Belgian industry: The venerable arms factory in Liège produced rifles for American revolutionaries, and Belgium delivered uranium from the Congo for use in making the first atomic bomb.

Few Belgians perceive this year's potpourri of events as symptoms of American jingoism. The locals readily acknowledge their debt to the thousands of American soldiers, killed during the World Wars, who now lie buried in cemeteries at Ypres, Waregem, and Bastogne. Their jobs derive from the influx of American capital. Young Belgians often grumble about the long working hours they log for the IBM or the Ford Motor Company subsidiaries here, but they also admit that more lucrative salaries for their labors are rarely found in Belgian enterprises.

—WILLIAM DROZDIK

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# Leisure

## SPORT

## EC Jurisdiction

PASCAL MESTRE,

*French journalist and assistant professor of public law at the University of Paris*

The world of sports, from the point of view of the European Community as an institution, has not been a hot issue. The Treaty of Rome establishing the Common Market makes no mention of the subject, which is natural enough. Nevertheless, as a result of several disputes which have been brought before the European Court of Justice—one of the EC institutions—sports could start getting more attention within the Commission.

Member states, of course, have national policies on amateur sports, and some of them are quite refined and extensive. This aspect of sports is the one with the most social value, for it involves the most people—from sandlot soccer to school teams on up to Olympic-level training. This is where the Community could get involved and use its resources to promote the common good. So far, as the two Court cases illustrate, it has only entered the picture as a regulatory

*The Court of Justice of the European Communities.*





agency, examining just the professional side.

The first case involved bicycle racing. Two Dutch "pacemakers" — that is, the motorcyclists who train bicycle racers for medium- and long-distance races—had a contract with some Belgian "stayers"—the racers themselves. It worked well, and they won many international races. In 1973, the International Cyclist Union decided to ban mixed-nationality tandems between stayers and pacemakers in world championship races. Both had to have the same nationality.

The two Dutch pacemakers, arguing that such a decision wronged them by causing them to lose their jobs, went to court in their own country and asked that the decision be declared illegal. They based their argument on the Treaty of Rome, which guarantees the free movement of workers between EC member states and which bans any professional discrimination in a given state between nationals of that state and citizens of another member state.

The Dutch judge sent the case to the

European Court of Justice, which interprets Community law, to determine whether sports come under EC jurisdiction. The Court ruled that sports are subject to Community law only insofar as they constitute an economic activity. This was not surprising, although many would have liked the Court to hand down a more comprehensive decision establishing the juridical status of sports in general within the Community. The Court, however, cannot do this, since it must deal only with precise cases submitted to it by national jurisdictions.

A second case has just been submitted to the Court which will contribute, once resolved, to the jurisprudence on sports and hopefully give added impetus to other Community institutions to act on the matter. This case involves soccer players—whether or not they can be considered migrant workers. It arises out of the fact that the Italian Soccer Federation only allows Italians to join its organization and, thus, to play for Italian soccer clubs. An Italian judge has asked the

European Court of Justice to decide whether, given its earlier decision, soccer players who receive remuneration have the right to exercise their profession anywhere in the Community. And if so, is this right effective even in the presence of rules dictated by a national organization qualified to regulate the playing of soccer within the jurisdiction of a member state of the Community?

Of course, all of this concerns only the professional side of sports, but it is a beginning and could lead to action on the other, far greater side—amateur sport. The Community could do a lot, and it is time that Brussels opened up the dossier on sports in Europe, not merely to satisfy the jurists in want of precise regulations, but to show to all that the Common Market is not just a club of merchants preoccupied with their own interests but a Community whose major concern is the quality of life of its members. Amateur sports are a part of that, an important part.

## FILM

# The Commission at Cork

The EC Commission for the first time sponsored an award at this year's Cork Film International, an eight-day summer festival which attracts film-makers of distinction from many countries. The Commission offered a special prize for a short film which, in the opinion of the international jury, contributed most to mutual understanding among peoples of the different European countries and of the common problems of contemporary society.

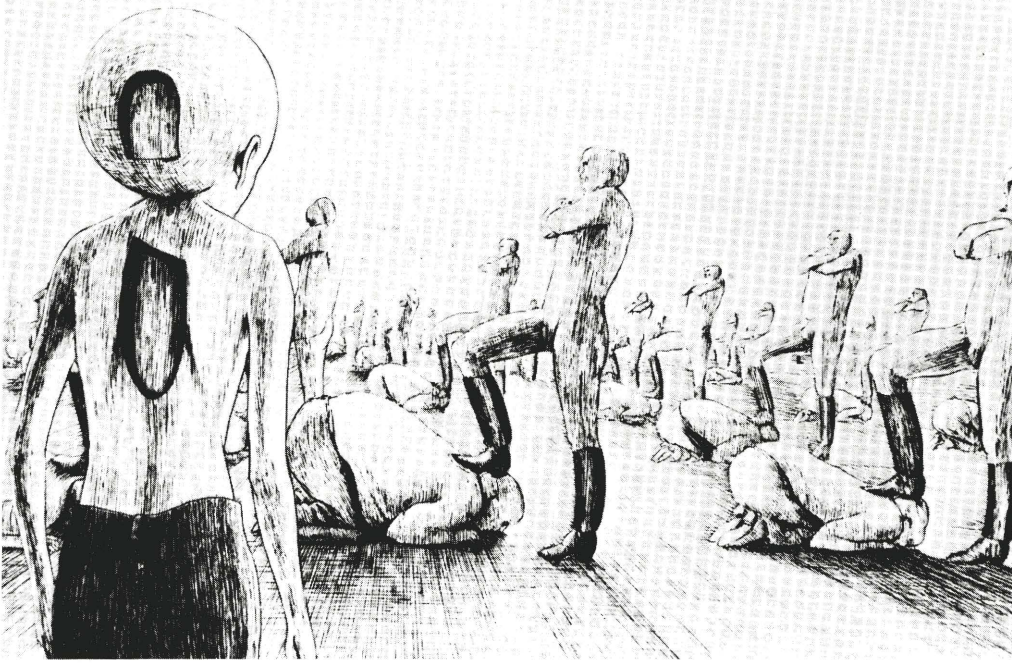
The award, a mounted globe made of Waterford cut-glass was won by the French film *L'Empreinte* and was presented at the close of the festival by Sean G. Ronan, director-general of the Commission's Directorate-General for Information. *L'Empreinte*—produced by Jacques Cardon—conveyed, in the opinion of the jury, "a vivid and forceful warning" of the dangers of regimentation and uniformity.

Ronan said that it was important, as part of the Commission's effort in endeavoring to create a European identity, to explain to people in every region of the Community its significance in their daily lives, why it

*From the film L'Empreinte, conveying "a vivid and forceful warning" of the dangers of regimentation.*







## TRAVEL

# Foreign Visitors

LIZ REILLY, *Washington-based freelance writer traveling on the West Coast this summer*

Approximately 18.1 million international tourists are expected to visit the United States in 1976, an increase of 15.3 per cent over last year. The largest numbers continue to arrive from Canada and Mexico, with Japan a close third. Western Europe, although still recovering from the economic recession of 1974-75, is the largest source of visitors from outside North America.

Figures from the US Department of Commerce for the first quarter of 1976 show 82,904 visitors from the United Kingdom (up 17.5 per cent from 1975), 50,922 visitors from West Germany (up 9.6 per cent from 1975), and 37,565 visitors from France (up a whopping 32.3 per cent).

Unlike Western Europe, however, the United States is not well equipped to handle foreign tourists. Few banks are prepared to change foreign currency; few Americans speak a language other than English. Even major hotels often don't have multilingual employees. In Washington, the home of a large diplomatic community, the situation is little better—only three banks exchange foreign currency.

The US Travel Service of the Commerce Department is making an effort to change

the situation by providing language services for foreign visitors. There are now multilingual port receptionists working at 11 airports in the United States. They meet all international flights, and are available to help visitors clear customs, arrange accommodations, and answer questions.

To encourage hotels to employ multilingual personnel, the US Travel Service sponsors a language certification service for

is necessary for Europe, and how it is to be achieved through democratic institutions.

The Community, he said, involved bringing the peoples of Europe more and more together in an ever closer union, bearing in mind that the strength of European civilization is its diversity in art, literature, music, and customs—which, combined, give Europeans a common heritage and the sense of sharing a common destiny. The media, including audiovisual means, has an important role to play in this process, and films should make a significant contribution.

Ronan added that the Commission, in inaugurating its special prize, was giving recognition in the twenty-first year of the festival to its coming of age, and to its promotion of the wider appreciation of film-making as an art form and the perfection of technical and artistic standards.

hotels and motels. It grants certificates in Spanish, French, German, and Japanese. Hotels with language certification are listed in "Mobil Travel Guides," designating the particular language services of each. These guides are available through travel agents overseas, enabling a visitor to plan a hotel itinerary suited to his or her needs.

There is also a special toll-free information number that visitors can call for assistance. It is staffed by 20 multilingual operators, speaking a total of 17 different languages.

The United States will probably never match Europe in providing tourist facilities for international visitors, but things are getting better. In New York, for example, several restaurants will accept foreign currency. And in Houston, which receives a large number of Mexican visitors, some large department stores will accept currency other than US dollars.

Photo: International Visitors Information Service, Washington





# Member State Reports

## GERMANY: ISLAND OF STABILITY

THEO SOMMER, *editor-in-chief of Die Zeit, Hamburg*

Of late there has been little joy for Europe. The élan generated by the British vote to stay in the Community has dissipated. The Schmidt-Giscard team, once the hope of many, does not seem to have the clout to get Europe moving again. The great institutional novelty of the past two years—the European Council, composed of the nine heads of government and their foreign ministers—has turned out to be just as incapable of dealing with the host of problems confronting the “Nine” as the maze of ministerial councils or the masses of Brussels technocrats. It simply celebrates European impotence at a higher level. At the same time, the effort connected with the name of Belgium’s Prime Minister Leo Tindemans—an effort to overhaul Community operations and to lay down the timetable for the next steps toward integration—has plainly run into trouble. Divergence is the order of the day, not convergence.

To the Germans, this sad state of European affairs has been a source of deep concern for a number of reasons.

First, they have never considered the Community merely a commercial undertaking. To them its essence is political. They were able to put up with the partition of their country, albeit grudgingly, because the Community promised them both a substitute for and a sublimation of their earlier nationalism—a greater and, so they hoped, more noble Fatherland. More generally, they know that in the present-day world Western Europe’s ancient nations have no alternative to banding together if they want to survive the political, economic, and military challenges of our time.

Second, the Federal Republic is the biggest net contributor to the Community’s coffers, paying 27.6 per cent of the 1976



*Chancellor Helmut Schmidt: "He doesn't preach from arrogance but from expert knowledge."*

budget. In effect, Bonn experts argue, this amounts to 35 per cent, because the Community’s “unit of account” makes no allowance for recent currency changes in member states. The Germans are quite prepared to continue paying the biggest contribution, but they would like to see both more husbandry in Brussels and some measurable progress toward more integration. This explains their insistence that the Community budget for 1977 should at most be 10 per cent bigger than this year’s. It also lies behind their desire to see much of the Tindemans report on integration implemented as soon as possible.

Third, the West Germans are worried about the consequences of continuing differentiation among member states. True, they are “number one” in Europe as regards in-

flation, employment, social security, wage discipline, and labor relations. Neither right-wing nor left-wing extremists pose a threat; the political system is stable. But they realize that they cannot for long remain an island of stability in a troubled sea. They do more than half of their total trade with their Community partners, and if they want to continue doing so, this presupposes a degree of harmonization far greater than now existing.

So what are the West Germans up to in Europe? First of all, there cannot be the slightest doubt about their commitment to Europe. Chancellor Helmut Schmidt, frequently seen as a stern critic, has in fact been a devout European from the very beginning of his political career. As a freshmen Bundestag member, he was once dressed down by Social Democratic leader Kurt Schumacher for his pro-European leanings. His finance minister, Hans Apel, had been an official at the European Parliament before entering German politics. But the Christian Democratic opposition won’t be outdone in its European fervor by anyone. With the public, Europe is not a controversial issue: 72 per cent of all West Germans above 16 years of age want to make a united Europe out of the present Community; only 9 per cent of them are opposed.

STILL, SOME OBSERVERS tend to feel that Germany’s devotion to the European cause is less than fervent nowadays and that it is truculent and bossy. They refer to the salvo of vetoes fired by Bonn in recent years—against the Community’s regional fund, research and technology budget, aid fund, and price-boosting for agricultural products. The fact is, however, that Germany has grumbled but has always paid up in the end, and in every single case the solution reach-



ed made more sense than the original proposal. Bonn resents shoddy work and sloppy procedures. It would like to see performance criteria introduced in Europe. It does not intend to block further advances. This attitude is quite popular. No one wants Europe to become an excuse or a pretext—for inefficiency.

As regards “bossiness,” however, or rather Chancellor Schmidt’s penchant for lecturing, even hectoring, his partners, this much must be said for him: He doesn’t preach from arrogance but from expert knowledge. What is more, when he preaches economic reason, he usually finds the high priests from the EC Commission on his side. They share Schmidt’s fear of disruption if recent trends continue unchecked.

The Bonn Government—like the opposition—accords absolute priority to *Europapolitik*. Its long-term goal remains unchanged—European federation including an economic and monetary union—a community of nations with a central federal government, a central parliament, and communitarian polices for economic, financial, and currency questions, foreign affairs, and defense.

But in view of the present stagnation, it is considered quite unrealistic to dream of reaching this goal by 1980. The only realistic scenario, in West German eyes, is one based on a gradual evolution over a much longer period of time. One important milestone on the way to federation would be a “European union” of a perhaps rather loose sort.

Such a European union would have to codify the status reached or agreed upon by 1980. Its basic equipment would consist of:

- a European Parliament resulting from direct elections, endowed with “codetermina-

tion” extending beyond the budget and control over the Community’s finances;

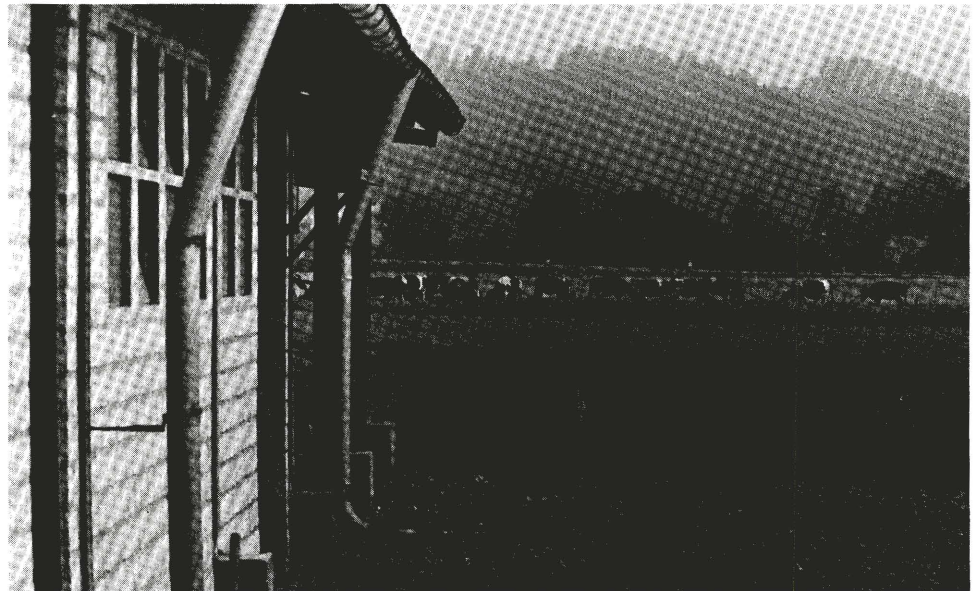
- an improved European Council to supervise and guide the ministerial councils and to push harmonization of policies outside the province of the Community treaties;

- a streamlined Commission with a stronger president, picking his own team, and a finance commissioner accountable for decisions touching on money matters.

In Bonn’s view, the European Communities will remain the basis of any effort toward more integration. Their organs, however, will not necessarily be the motor providing the main impetus. In recent years, intergovernmental harmonization in the framework of European Political Cooperation (EPC) has turned out to be an equally,

if not more, effective instrument. It should gradually be expanded to cover an ever widening area—eventually, no doubt, security matters as well, which could either be infused into EPC or handled by regular contacts among high officials.

YET THESE ARE NOT THE PROBLEMS of here and now. At the top of today’s agenda are the questions of whether, and how, the Nine can prevent the whole Community from coming unstuck—an event which has seemed close at hand several times in recent years. Part of the answer lies in streamlining the Community’s structures and operations and providing it with a more lustrous focus of democratic legitimation. In addition, it will be crucial to bring political necessities into line with financial possibilities.



*A German farm scene: “The sticking point is the common agricultural policy, which devours three-quarters of the Community’s budget and is, despite growing criticism, still as wasteful and illogical as ever.”*



The Federal Republic will be prepared, in the future as in the past, to be a net payer. But its financial capabilities are not unlimited. Its 40 billion mark budget deficit necessitates economies at home and makes it imperative not to pledge more to the Community than the nation can afford. Interconnected steps are seen as necessary.

First, the Germans want Europe to regain its economic and social balance. Not only have the economic indicators been diverging recently. Structural differences have also grown in the past few years. The gap between Mezzogiorno peasants and Schleswig-Holstein farmers has never been greater. EC funds will have to be used for change to a far greater degree than before. A common currency policy, so often recommended

*A Volkswagen plant in Kassel: Despite or because of the country’s economic successes, “Germany has never considered the Community merely a commercial undertaking.”*



as an easy cure for Europe's ills, finds no favor in Bonn under present circumstances. Before a pooling of resources can be envisaged, there must first be parallel progress in economic policies and a kind of budgetary harmonization and monetary discipline modeled after the snake.

Second, the Germans would like to see more fiscal responsibility and accountability, and more public scrutiny introduced into the Commission's financial operations. They are struck with horror and rage every year when the new budget proposals come out of Brussels (up 20.9 per cent in 1976 over 1975). Their ideas for tightening the Community's financial mechanisms include: installation of a finance commissioner to give his opinion on the need for and the means of financing any step proposed by his colleagues, and equipped at least with a suspensive veto; introduction of general budget debates in the Council of Ministers (first tried out this spring); ending the habit of carrying over appropriated money from one year to the next; installing an auditor general with a brief to oversee the efficiency of the EC administration.

Third, Bonn presses for the rationalization of the Community's decision-making structures and processes. A dozen ministerial councils and one-and-a-half dozen directorates-general are now producing about 2500 customs and market regulations every year, many of them utterly nonsensical, explicable only by lobby interests. Somehow the threads must be pulled together. The Germans advocate a stronger harmonizing function for the Council of Ministers and its secretariat and the installation of under-secretaries for Europe in each national government. They would like to see the Com-



"Schmidt: 'Lighten the load—we can't take off.'"  
Juhl, P.I.B., Copenhagen

mission president equipped with more impressive peers. At the same time, they insist that the Commission consult the European Council on vital matters of foreign and trade policy beforehand rather than prejudicing the Council's decision by administrative commitments.

The sticking point in all this is, of course, the common agricultural policy (CAP). It devours three quarters of the Community's budget and is, despite growing criticism, still as wasteful and illogical as ever.

It makes no sense at all to consumers that the Community first subsidizes the production of huge surplus, butter and beef "mountains" or, more recently, milk and wine "lakes," then the storage of these surpluses, and finally their export to Russia or Egypt. The CAP costs roughly \$20 a year for each European but gives little satisfaction to anyone for that kind of money. Con-

sumers grumble, small producers riot, structural change is delayed. No one benefits but the rich and efficient farmers for whom subsidies are often clear profits.

In 1975, Germany's net transfer to CAP amounted to DM 1.3 billion. The Germans realize that there is nothing much they can do about it—the CAP is a cross they will have to bear in view of French sensitivity on this score and in view of the fact that so far there has always been some compensation in the industrial sector. The chances of a radical reform are rated low in Bonn. But there is growing determination to cut out at least some of the more lunatic excrescences of the common farm policy. The idea is to redress market imbalances due to structural lopsidedness. Non-marketable surpluses, as with wine and milk, are to be reduced by cutting production. The premium system, as with beef, is to be pruned. Subsidies for hard wheat, soybeans, and tobacco are to be granted more restrictively. Production disincentives should be considered for critical products. Aggressive promotion of commodity sales at non-profitable prices should be stopped. The main point, however, is that no new measures entailing financial obligations should be taken.

Jean Monnet once said: "Europe will not come about at one stroke. It will grow from concrete realization based upon a solidarity of action." It is this solidarity of action that Germans want to see now before further financial blood-letting. As Chancellor Schmidt put it in the Bundestag: "We are prepared to make further sacrifices—if they are paralleled by the efforts of our partners and if, in this fashion, they lead to progress."

## BELGIUM AND "THE EC EFFECT"

MARK EYSKENS, *professor and commissioner general, Catholic University of Louvain*

Situated in the middle of Western Europe—between France, Germany, and Great Britain—Belgium considers its European mission self-evident and even natural. Successive Belgian governments have been convinced that international cooperation can only be based on economic and monetary integration. In 1922, the Belgian-Luxembourg

Economic Union was founded, leading to a customs union between the two countries and the coordination of their monetary policies. In 1944, the Benelux Economic Union of Belgium, the Netherlands, and Luxembourg began. Benelux, in fact, was a forerunner of the European Community, a laboratory for West European integration.

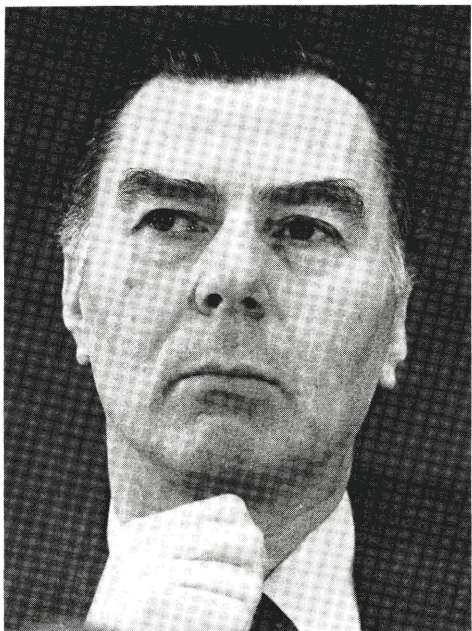
However, the addition of three new members to the EC "Six" has diminished the importance of Benelux.

Belgium played a constructive role in the creation of the European Coal and Steel Community (ECSC), which was launched by the Schuman Plan and came into being in 1951. In 1955, Belgian Foreign Minister



Paul-Henri Spaak was asked to submit a report exploring the possibilities for building a European Common Market. Brussels has been the provisional seat of the European Economic Community since its inception in 1958. The second EEC Commission President was Belgium's Jean Rey, who also led the EEC delegation at the successful conclusion of the Kennedy Round of tariff-cutting negotiations within the General Agreement on Tariffs and Trade (GATT). During the tedious negotiations leading to the accession of Great Britain, Ireland, and Denmark on January 1, 1973, Belgium played its traditional mediating role.

During the December 1974 Paris summit conference of European leaders, Belgian Prime Minister Leo Tindemans was entrusted with drawing up a report on the



*Belgian Prime Minister Leo Tindemans, author of a report on the "relaunching" of European integration.*

"relaunching of European unification. After interviewing leaders from all walks of life, this year Tindemans submitted his observations, which were generally praised for their political realism and practicality.

Belgium's dedication to European unification can be explained not only by its geography and history, but also by the undeniable economic advantages it has reaped from European integration.

It is difficult, if not impossible, to quantify the influence of European integration on any national economy, including Belgium's. What would have happened without the European Community is pure guesswork. Some facts and figures, however, show that Belgium surely could not be better off without the "EC effect."

Since the Common Market's establish-

ment, the Belgian-Luxembourg Economic Union's (BLEU) imports and exports have increased spectacularly. In 1958, BLEU imports amounted to 156.7 billion Belgian francs (BF) and exports to BF 152.7 billion. At the end of 1974, these amounts in current prices increased to BF 1,154 billion in imports and BF 1,097.3 billion in exports. This means that since the Common Market's founding, BLEU imports in current prices have increased 740 per cent and exports, 720 per cent.

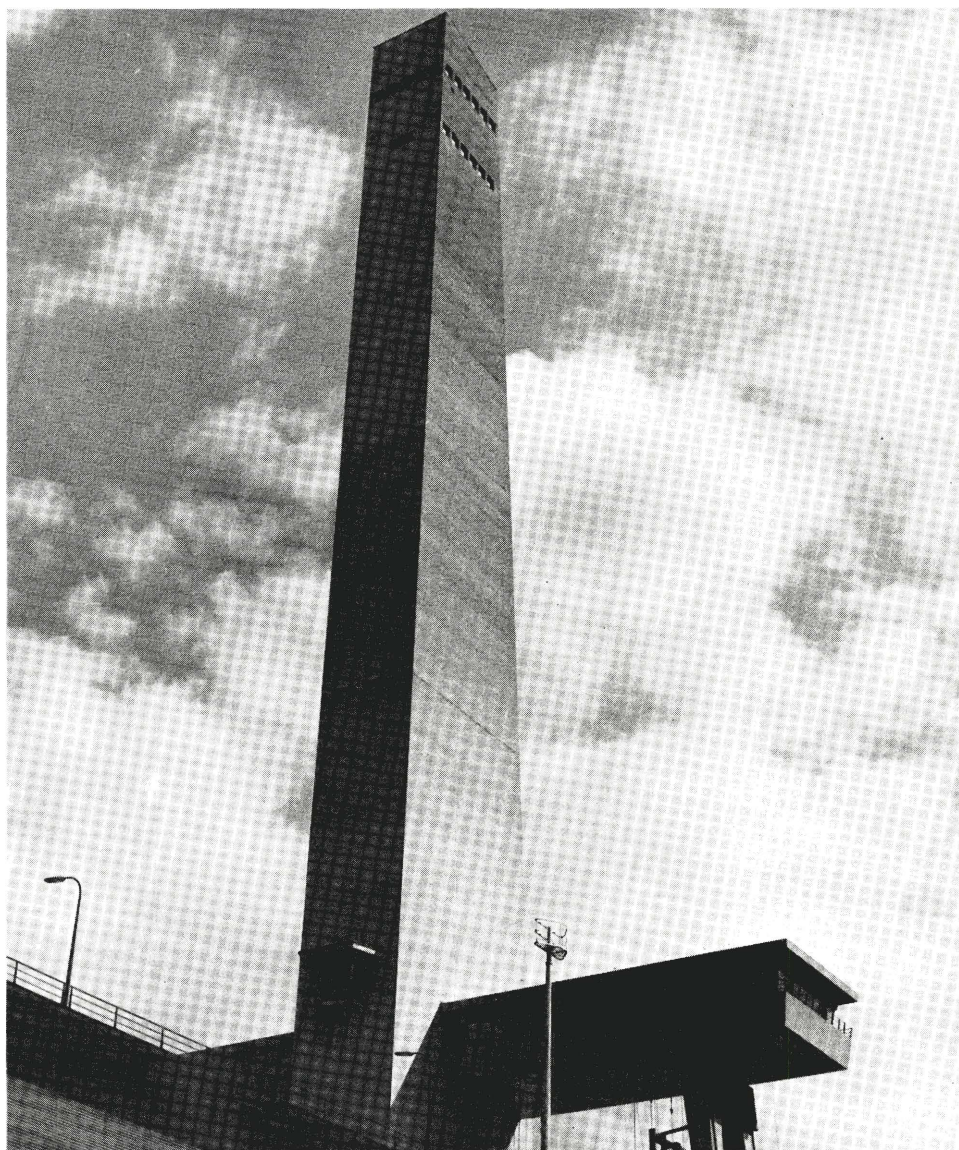
The current economic crisis has caused a slackening of the volume growth rate of imports and exports. But despite the "slumpflation," Belgian exports have remained remarkably hardy. The BLEU export volume growth, compared with total world export volume growth, is much higher. In 1973, for example, BLEU exports increased by 14.7 per cent compared to 13.2 per cent for the world. This relative rise was lower than in other recent years.

Promising elements for Belgium remain

its choice geographical position and the high productivity of its labor. The Belgian economy's present day difficulties are certainly not insurmountable. Since mid-1975 the inflation rate and labor costs have slowed. Idle capacity, which reached 25-to-35 per cent in mid-1975, has diminished quickly as inventories have been run down and private consumption has picked up. The Belgian Government has taken a number of stimulative measures, but a steady effort of structural adaptation and reconversion should be pursued. Belgium will participate in the economic recovery which is taking place in 1976. For the EC effect will, during the coming years, also benefit the Belgian economy—provided that public authorities and the private sector, trade unions, and employers tackle present and future common problems together within the framework of a specifically Belgian social and economic "New Deal."

THE HIGH CONCENTRATION of Belgian ex-

*A 500-foot control tower for the "inclined plane" canal linking Brussels and Charleroi: The canal commenced operation in 1968, after 10 years of the "EEC effect."*





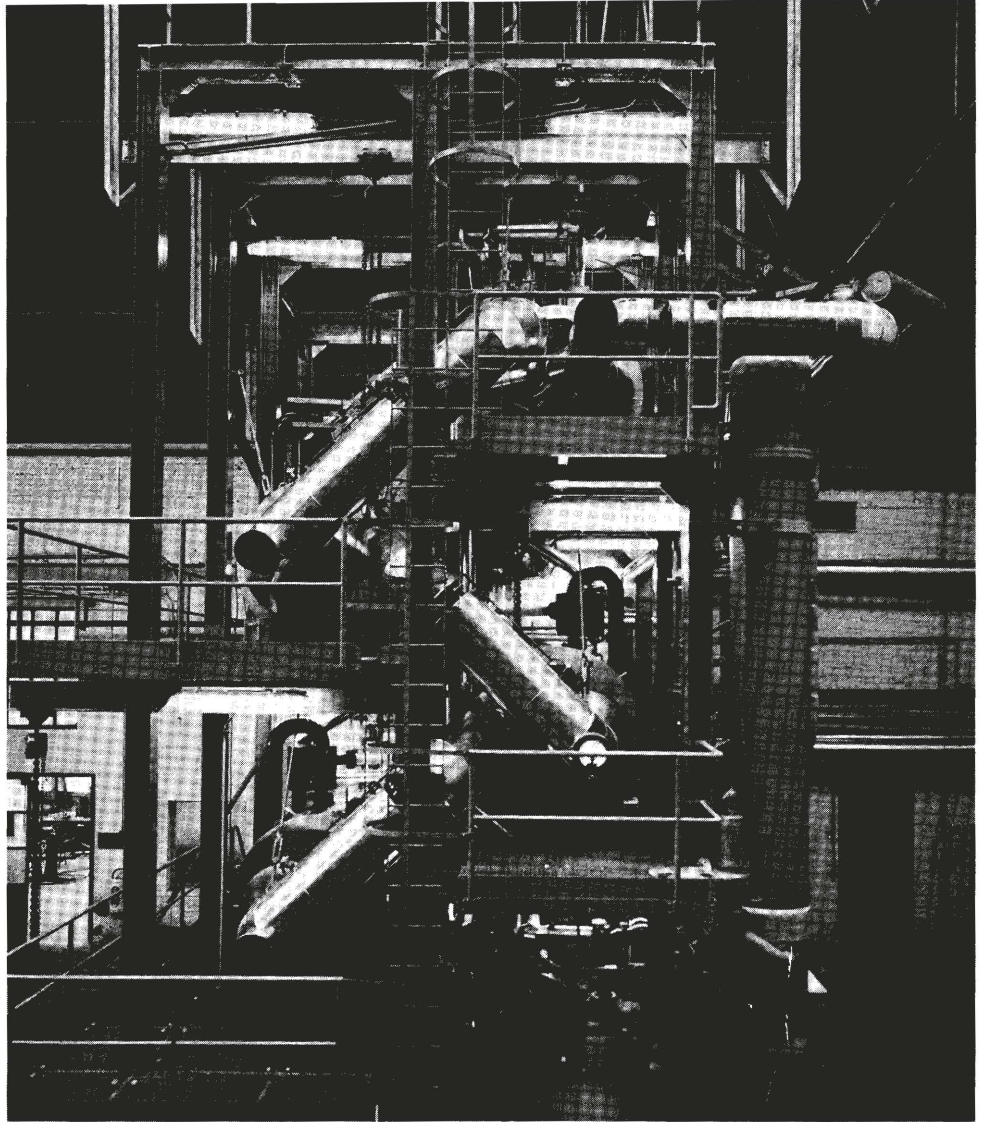
ports to the European Community and to other industrial countries, however, makes our export position extremely vulnerable. Although in recent years the annual increase in exports and imports expressed in current prices amounted to 25-to-35 per cent, it should be emphasized that Belgian exports are insufficiently diversified and include too few high-technology and high value-added products.

Since the start of the Common Market, Belgian governments have tried to stimulate internal investment and to attract foreign investors. Laws have been passed to give government subsidies to attractive investment projects. Sectoral reconversion and regional development have been the main focus of this investment policy. From 1959 to 1974, a total investment value of BF 533.9 billion was approved, BF 248 billion of which could lay claim to some form of governmental support.

In this way the government helped create additional employment for 393,000 persons. Of the BF 533.8 billion, BF 306 billion were invested in the Flemish provinces, BF 216 billion in the French part, and BF 11.7 billion in Brussels. Twenty-seven per cent of the investment credits went to the chemical industry, 24 per cent to the metal-working industry, 19 per cent to the metal-lurgy industry, 7 per cent to the textile industry, 6 per cent to the construction sector, and 6 per cent to the food sector.

Foreign investors' share of investments with governmental support was very large. From 1959 to 1974, foreign investment in Belgium amounted to BF 128.8 billion, 24 per cent of the total invested value and more than 60 per cent of investment in newly-built plants. During this time, American investment accounted for 51 per cent of total foreign investment in Belgium, but recently the American share has declined. In 1972, the US share fell to 14.4 per cent. In 1973, however, it climbed back to 41.3 per cent and, in 1974, to 50.5 per cent. Foreign investment from other EC members amounted to 33.2 per cent of total foreign investment in the period 1959-74. Recently, the EC share has increased, reaching 47.3 per cent in 1972, 43.1 per cent in 1973, and 42.1 per cent in 1974. Foreign investment centered mainly in capital intensive industries. In 1974, BF 4.6 million were needed to create one additional job, as compared to BF 2.9 million 10 years ago.

The economic crisis hit the Belgian economy later than most European countries. GNP growth adjusted for inflation still amounted to 4 per cent in 1974, when most EC members were nearing zero growth. This time lag of the Belgian economy partly ex-



*Turning salt water into fresh: The dream is realized by a Belgian company with the first European prototype of a desalting unit, near Ostend.* Belgian Institute for Information and Documentation, Brussels

plains the high inflation rate in 1974 and 1975. Stagflation, since the end of 1974, has considerably reduced investments. More specifically, foreign investments reached their historical minimum, that is, nearly a zero level.

The investment flow has changed the country's industrial make-up. Capital and research-intensive sectors and firms developed, especially in chemistry, petrochemistry, and metal processing. This renewal partly compensated for the decline of the Belgian coal and steel industries. Moreover, the industrial development was concentrated in a few geographical growth centers. The Flemish part, especially the area around industrial centers like Antwerp and Ghent, has benefited. Many industrial parks have also attracted industry. This sectoral and regional expansion has been accompanied by institutional adjustment, mainly numerous concentrations, fusions, and joint ventures between domestic and foreign concerns. Many multinationals invested in Belgium, and many Belgian companies became part of multinational groups.

THAT BRUSSELS IS the provisional seat of the Community, that many European meetings are held there, and that Brussels is now the headquarters for NATO have attracted many foreign firms to Brussels for their administrative anchor place. Many foreign companies have put their European headquarters in Brussels. This has given Brussels and the entire Belgian economy many important advantages.

The quick economic growth of the Sixties spurred high immigration of foreign labor to Belgium, and to other EC countries as well. In 1975, 265,000 foreign workers, about 7 per cent of the total active population, were living in Belgium. But the total number of foreigners, including the non-actives, amounted to 700,000 persons. In Germany, foreigners account for 9.4 per cent of the active population; in France, 9 per cent; in the Netherlands, 3.4 per cent; in Denmark, 2 per cent; in Luxembourg, 27.9 per cent.

During the Sixties and up to 1974, Belgium experienced a spectacular increase in its standard of living. A governmental



budget inquiry showed that between 1962 and 1974 disposable income of Belgian families doubled in real terms. Simultaneously, the average propensity to save in blue collar families rose from 8.9 per cent in 1961 to 13.6 per cent in 1973. For white collar families, this percentage rose from 9 per cent in 1961 to 15.8 per cent in 1973. This rise was accompanied by a decrease in the spending on food relative to total expenditure: For a white collar family the consumption decreased from 26.9 per cent in 1961 to 16.9 per cent in 1973. Other standard of living indicators are, for example, the increase in the number of television sets per 1,000 inhabitants. In 1962, there were 110 TV's; in 1973, 243. During the same period the number of private cars rose from 105 to 244 per 1,000 inhabitants.

Many other aspects of the Community's effects on the Belgian economy could be analyzed—for instance, the consequences of the EC common agricultural policy on Belgian farming. Undoubtedly, this policy has fostered shifts in employment patterns. In Belgium today, more than 55 per cent of the active population is employed in services.

The Community has also begun tax harmonization, for example by the general introduction of the value added tax. Important, too, is the right of free settlement

within the Community for a number of professions, like physicians. Also important is freedom of capital movement, which caused the recent upheaval in monetary affairs. Belgium was all for the Werner plan, which would have led to monetary union in 1980. The monetary problems caused mainly by the dollar crisis have further delayed European monetary integration. In the meantime, the European "snake" has been developed, designed mainly under the impetus of the Benelux countries, which had been accustomed to limiting fluctuations between their currencies even more closely.

Most of Belgium's experience in the Community has been very positive for Belgium; but there have been some less positive aspects. By its intense concentration on the Community, Belgium's foreign trade and hence its economy have become heavily dependent on the European economy and thus also very vulnerable.

Also less positive are recent indications of the slackening of the EC trade creation effect, which boosted Belgium's exports during the last decades. The unavoidable and even desirable tendency toward a new division of labor among developed and developing countries could jeopardize the profitability and hence the existence of a number of traditional Belgian industries such as textiles, steel, and agriculture.

The energy crisis increased Belgium's dependence on the outside world because it has very few energy resources of its own, even fewer than most other EC countries. The foreign investments which have helped the Belgian economy to grow have also contributed to its foreign dependence. A possible disinvestment would lead quickly to extremely negative consequences; during recession, Belgium is vulnerable to so-called peripheral dismantling by multinational concerns.

Meanwhile, Belgium could not escape the stagflation which broke out in 1974. The Belgian inflation rate (15.6 per cent in 1974 and 11 per cent in 1975) is much higher than Germany's and Holland's, both important trading partners. As a result, Belgium's competitive position might eventually weaken.

This weakening is partly due to recent increases in wages. The inflexibility of market prices, due to price agreements among producers, and the poor functioning of some distribution channels, and other structural factors have contributed to the relatively high inflation rate. Moreover, regional disparities have not yet been solved. These problems often cause linguistic difficulties, which in turn contribute to the instability of Belgian politics.

# NEWS

OF

THE

COMMUNITY

EXTERNAL

## EC Tariff-Cutting Plan

The European Community on July 7 put forward in the tariff group of the multilateral trade negotiations in Geneva a tariff-cutting formula which, if accepted, would result in a significant and harmonized reduction in

tariffs on industrial products imposed by developed countries.

The Community's formula aims at a significant reduction of industrial tariffs through a harmonization of the levels of existing tariffs. In other words, the higher the duty the greater the reduction. In this way, exceptionally high tariffs which distort trade and seriously hinder imports would be reduced to more reasonable levels while tariffs which are already at a moderate level would also be reduced significantly.

Tariffs on agricultural products are not included in the present Community proposal, as they are a matter for the agriculture group of the multilateral trade negotiations.

## EC Regrets Steel Quotas

An EC Commission spokesman made the following statement in Brussels following US President Gerald R. Ford's decision to put quotas on Community members' steel exports:

"The Community has noted the explanations given by the United States on the difficulties experienced by the US specialty steel industry.

"The Community reaffirms its position already stated in the Organization for Economic Cooperation and

Development and in notes to the US Department of State to the effect that the US difficulties were mainly attributable to a falling off in internal demand, rooted in worldwide recession. This recession is now giving place to a general economic recovery already evident in the United States.

"Community steel exports have not caused or threatened material injury to the US industry.

"The Community, therefore, keenly regrets that the President of the United States has thought it necessary to impose quotas on Community exports. The Community has reserved its right to take countermeasures under Article XIX of the General Agreement on Tariffs and Trade. It will follow closely the development of trade in this sector and will keep the implementation of the restrictions under constant review in order to determine how far the Community's trade suffers or is likely to suffer harmful effects."

## Central American Visit

In response to an invitation issued when Commission Vice President Christopher Soames was in Central America last year, the heads of various Central American integration in-

stitutions visited the EC Commission this summer.

The two sides compared notes on the state of integration in Central America and in the Community and on the Community's program of technical assistance to regional integration programs in Latin America. In addition, Sir Christopher Soames emphasized the importance that the Commission attaches to relations with Latin America in general and Central America in particular.

## Latin American Relations

Ambassadors of the Latin American countries have held their regular semi-annual meeting with their EC counterparts to discuss relations between the two areas. The Latin Americans reiterated familiar pleas for the Community to adopt a global policy and not to favor its African, Caribbean, and Pacific (ACP) partners under the Lomé Convention to the detriment of others.

At the meeting, in Brussels on June 25, they accused the Community of being slow to implement some of its resolutions on development cooperation. They were assured that the Community is pursuing a global development policy in which the spe-



cific instruments are selected for their suitability to individual areas' problems and that the Community attaches great importance to its relations with Latin America.

On two specific trade items where the Latin Americans encounter problems of access to the Community market—beef, imports of which are still restricted, and bananas, where the Latin American countries fear loss of markets as the Lomé Convention provisions on bananas boost the ACP countries' sales — the Community promised to take a close look to see what could be done.

## EC-Portuguese Relations

As a concrete show of support to Portugal's move to democracy, the Commission has concluded negotiations with Portugal which will improve EC-Portuguese trade relations, better the lot of Portuguese migrant workers in the Community, and provide for economic and technical cooperation and financial aid.

The June 8 agreement gives Portugal duty-free access to the Community market for its industrial products from July 1, this year, and improves access for a number of agricultural products, such as wines, canned fish, and green vegetables. Portugal's textile quotas will also be increased.

Portuguese migrant workers will get the same benefits as those from Mediterranean countries which have association agreements with the Community: They will be able to cumulate periods worked in different EC countries in calculating total Social Security benefits, instead of starting again from scratch each time they move. Their families will get benefits if they continue to live in the European Community; and when they return to Portugal, they will be able to receive old age pensions there.

The financial assistance is in the form of 200 million units of account (UA) in loans from the European Investment Bank in the period 1978-1982. (One UA equals one 1970 dollar.) This is on top of UA 180 million of emergency aid being disbursed already. An additional UA 30 million will be made available to finance interest rebates.

## Textile Pacts Signed

A new agreement between the Community and Yugoslavia regulating trade in textiles and a new pact between the Community and India regulating jute trade have been concluded.

Under the agreement with Yugoslavia, which was concluded in accordance with the international guidelines set by the General Agreement on Tariffs and Trade Multifibers Agreement, there will be restrictions on EC imports of Yugoslav cotton fabrics and household linens. In ad-

dition, a number of highly competitive products were pinpointed on which the Community has an automatic right to consult Yugoslavia about restrictions if there appears to be a threat of market disruption.

The agreement with India on jute provides for further dismantling of the preferential tariff at which India is allowed to export jute products to the Community and considerably increases the amounts it is allowed to ship.

## Beef Imports Examined

The first joint committee meeting under the Community's non-preferential trade agreement with Uruguay was held in Brussels June 9 to discuss the main problem of beef.

Uruguay was a major supplier of beef to the Community until the Community imposed a beef import ban two years ago. This has caused Uruguay's total trade with the Community to drop one-fifth of what it was and has caused a serious imbalance in trade relations.

The Commission can hold out little hope of the beef market situation improving in the near future, although it is working on a relaxation of the import restrictions.

## EC, Egypt Confer on Trade

The Community is currently negotiating a new trade agreement with Egypt which will give free access to the Common Market for Egyptian industrial products and a significant opening of the market for agricultural products. It will be backed up by financial and technical cooperation.

Commission President François-Xavier Ortoli visited Egypt in June for talks with top officials there. They discussed the specific situation of Egypt in the Community's external policy as well as the wider context of the Euro-Arab dialogue.

Ortoli stressed that the Community is following a policy of close cooperation with the Arab world for reasons of close historical and geographical links as well as for political and economic motivations.

## EC-Israeli Relations

The first meeting of the joint committee set up under the EC-Israel agreement met in Jerusalem in June, 11 months after the agreement came into effect, which will eventually make Israel part of the free trade zone linking the Community to European Free Trade Association (EFTA) and other northern Mediterranean countries.

The highlight of the meeting was discussion of cooperative possibilities in the field of science and technology. A special working group was set up to study Israel's proposals on potential joint ventures.

Also discussed was the deterioration of Israel's trade balance with the

European Community. Israel reminded the Community that it regards the financial protocol to the agreement—currently under discussion by the EC Council of Ministers—as an essential element of the cooperation set up by the agreement.

## Niger President Calls

The President of Niger, Seyni Kountche, paid an official visit to the Commission in late June. Kountche wanted to discuss development of uranium in Niger, since this is his country's main natural resource—though it also has some oil—and he alluded to the possibility of Community participation in the uranium extraction in some way.

While in Brussels, Kountche signed agreements for European Development Fund (EDF) assistance totalling 36 million units of account (UA) for construction of a road from Niamey to Zinder and for an exceptional purchase of 10,000 tons of groundnut seeds to replace crops lost in an attack of greenflies in 1975. (One UA equals one 1970 dollar.)

## EC-Australia Consultations

Senior officials of the Community and Australia have held consultations in Brussels in what is intended to be the first of regular exchanges.

The arrangement with Australia rounds out the Community's relations with the industrialized world since the Community has formal ties with the European industrialized countries via its free trade agreements with the European Free Trade Association (EFTA) members and already has similar consultation mechanisms with New Zealand, Canada, the United States, and Japan.

The meeting with Australia concentrated on an exchange of information on international and bilateral issues: energy, the General Agreement on Tariffs and Trade multilateral trade negotiations, raw materials, the EC common agricultural policy, the North-South dialogue, and the United Nations Conference on Trade and Development.

# INSTITUTIONS

## Two New EC Commissioners

Cesidio Guazzaroni, whose career in the Italian diplomatic service took him to Washington, Berlin, and Moscow, became a member of the EC Commission July 5, replacing Altiero Spinelli. And Raymond Vouel became a member of the Commission July 21, replacing Albert Borschette.

Spinelli, former Commissioner responsible for industrial policy, resigned after being elected to the Italian Parliament in June. Luxem-

bourg Commissioner Albert Borschette has failed to recover from a stroke he suffered in May and has been declared incapable of continuing his duties by the European Court of Justice. The Commission paid tribute to Borschette's commitment to the European ideal and praised the "competence and courage" he always showed in fulfilling the responsibilities of his office.

Guazzaroni was born January 5, 1911, in Loreto Aprutino (Pescara), Italy. He holds a doctorate in law and political science from the University of Rome, where he was a teaching assistant in international law from 1937 to 1940.

Guazzaroni began his diplomatic career in November 1940 in the Italian Consulate General in Hamburg. From 1951-54, Guazzaroni was deputy chief administrative assistant in the ministry of foreign affairs, first under Carlo Sforza, then under Alcide de Gasperi, one of the founding fathers of the European Community. Beginning in 1958, Guazzaroni acted as coordinator between administrations and organizations affected by Italy's activities in the European Community.

Vouel was born April 8, 1923, in Rumelange, Luxembourg. During the war, he joined the French Resistance, and after the liberation of Luxembourg, he worked as a translator for the Americans. A journalist from 1946 to 1953, he was administrative director of the Esch City Hospital from 1954 to 1964 and insurance director from 1969 to 1974.

Vouel served as Luxembourg's secretary of state for public health, work, social security, and mining from 1964 to 1974. He was elected as a Socialist member of the Luxembourg Chamber of Deputies in 1969, re-elected in 1974, and was chairman of the Socialist parliamentary group from 1970 to 1971 and from 1973 to 1974. Since June 1974, Vouel has been vice president of the Luxembourg Government and minister of finance.

## Dutch Council Presidency

The Netherlands has assumed the Presidency of the Council of Ministers and therefore the chair at all EC meetings at all levels. The term began July 1 and runs for six months.

Dutch Prime Minister Joop den Uyl defined Dutch priorities during their Presidency as getting agreement on direct elections, strengthening the decision-making machinery through more majority voting, concrete action on the Tindemans report on European union, and a more unified Community voice on external matters.

Dutch Foreign Minister Max van der Stoep is the new Council President. Outgoing President Gaston Thorn, of Luxembourg, made a gloomy assessment of his period in office, bemoaning an absence of Community spirit. He warned that action



on internal policies was urgent if the rest of the world, relations with which are one of the Community's strengths, were not to find they were dealing with an empty shell. Thorn said that a great deal of effort had gone into the Luxembourg Presidency with little result.

### Growing Nationalism Decried

The President of the EC Council of Ministers for the second half of the year, Dutch Foreign Minister Max van der Stoep, has warned against the growing trend among EC member states to put the Community in the back seat to national preoccupations.

In a July 7 speech to the European Parliament he promised that the Dutch Presidency would be a period of reflection, reconstruction, and preparation, and that he would push for action on implementing the Tinde-mans report on European union.

He put particular stress on the importance of direct elections to the European Parliament to provide a link with national political realities and as an essential component of unification and integration. Among the Dutch Presidency's priorities are promotion of a common Community stance externally, coordination and convergence of economic policies, and the start of accession negotiations with Greece.

### EC Spending Down

The Commission expects it to cost 100 million units of account (UA) less to run the Community this year than originally expected when the 1976 budget was adopted. (One UA equals one 1970 dollar.)

In a revised budget approved by the Commission July 7, increased revenues are expected from agricultural levies as farm prices rise and from higher customs duties income as imports rise with the economic recovery.

This will more than offset the extra money needed to get rid of some of the skimmed milk powder surplus, to meet extra agricultural price guarantee spending as a result of higher agricultural prices, and to pay higher compensatory amounts at Community frontiers to offset the effects of currency fluctuations.

All in all the Community budget for 1976 is now reckoned to require UA 8,470 million. The Commission's proposals for 1977, by comparison, amount to UA 9,260 million.

### 1977 Budget Tightened

The EC Commission's draft budget proposals for 1977 reflect the general belt-tightening of budgets throughout the Community: The 11 per cent increase is the smallest in years.

Consequently, very few new activities are proposed. Indeed, Budget

Commissioner Claude Cheysson himself spoke of the "banality" and "mediocrity" of the 1977 budget.

Brand-new fields of Community action—the European Export Bank, the common alcohol market, the second data-processing program, and aircraft industry program—most of which will take over from national expenditure—account for only 1.4 per cent of the total.

As in the past, agricultural expenditure accounts for the bulk of the outgoings: 5,130 million units of account (UA) out of a total Community budget of UA 7,636 million.

Finance for agro-monetary measures is reaching alarming proportions in the eyes of the Commission—12 per cent of the total budget, 20 per cent of the agricultural expenditure—and the Commission intends proposing reforms designed to offset the effects of monetary fluctuations and cushion farmers from the impact.

### Censure Motion Defeated

The first censure motion in the history of the European Parliament to come to a vote—and only the second ever tabled—resulted in a resounding defeat for its Conservative backers, who won the sole support of the single Scottish Nationalist member of the Parliament.

The Conservatives tabled their motion of censure—which if approved would have brought down the EC Commission—in protest against the handling of the dairy surplus.

Most of the Parliament seemed to agree with the Commission's defense—presented by Commission President François-Xavier Ortoli and Agriculture Commissioner Pierre Lardinois—that the Commission was largely powerless in the face of member states' reluctance to approve some of the Commission's proposals. The Commission promised to put forward proposals making dairy farmers share some of the responsibility for surpluses.

Lardinois also pointed out that the plan for incorporating skimmed milk powder in animal feed—strongly opposed by the Conservatives—has already disposed of around 10 per cent of the surplus and is more than one quarter of the way to its target of mopping up 400,000 tons.

## AID

### Stabex Payments Made

Seventeen of the African, Caribbean, and Pacific (ACP) countries, signatories of the Lomé Convention, received payments July 8 from a unique EC plan known as "stabex," for compensating them for loss of export earnings from vital commodities.

Payments ranged from 47,285

Units of Account (UA) to the Central African Republic for shortfalls in its coffee revenues to UA 15 million for the Ivory Coast to compensate it for loss of foreign exchange earnings from timber exports to the Community. (One UA equals one 1970 dollar.)

In the case of the poorest countries—most of those involved—the payments take the form of non-repayable loans; the relatively more prosperous countries will have to pay the money back when the market improves, but do not have to pay any interest on the money in the meantime.

This scheme for stabilizing export earnings, which paid out UA 72 million in this, its first, year of operation, offsets the effects of poor markets in the industrialized world—as in the case of timber exports which were hit by the recession in the European construction industry and which accounted for 43 per cent of the first allocations. But the plan also provides a form of insurance against natural disasters, as in the case of a payment to Niger, whose groundnut sales plummeted when blight hit the crop.

### Benin, Surinam Get Grants

The European Development Fund (EDF) has granted 1,929 million units of account (UA) for a beef stockbreeding project in Southern Borgou, Benin (formerly Dahomey), which should improve the local population's meat supply and provide cattle for use on the farms. (One UA equals one 1970 dollar.)

Another UA 2,424 million has been granted to Surinam for additional finance to finish a technical training institute at Paramaribo, which was started in 1971.

### EC-ACP Ministers Meet

The EC-ACP Council of Ministers, which is the supreme organ of the Lomé Convention, held its first meeting July 14 and 15 in Brussels. This body is made up of members of the EC Council of Ministers, members of the Commission, and a member of the government of each of the African, Caribbean, and Pacific (ACP) countries which signed the Lomé Convention.

The main result of this first session was the approval of applications to join the Convention from three former overseas territories—Surinam, the Seychelles, and the Comores. Approval in principle was also granted for three other countries whose economic structure and output are comparable to those of the ACP states. For countries of this nature, however, negotiated agreements must first be worked out with the Community before accession can become final. The three in this case are Cape Verde and Principe, Sao Tomé, and Papua-New Guinea.

The Council also took note, with satisfaction, of the implementation of the "stabex" scheme for stabilizing export earnings. The ACP states had a number of amendments to the system and the Council agreed to have them studied by the appropriate institutions.

In other trade matters, the ministers adopted a redefinition of the concept of originating products. A number of specific goods or problem points were examined, among them sugar, rum, beef, and bananas and industrial co-operation.

### Gabon Receives EDF Loan

The Republic of Gabon has received a loan from the European Development Fund toward financing construction of a 330-kilometer section of the Trans-Gabon railway.

The stretch of railway in question lies between the port of Owendo and the town of Bououé and will be used to help Gabon open up and exploit its forests.

The loan is for 7 million units of account (UA) for 40 years (including a 10-year grace period) at an interest rate of 2 per cent. (One UA equals one 1970 dollar.)

### Liberia Gets EC Loans

In its first commitment to a project outside the European Coal and Steel Community's (ECSC) territory, the Commission, in its capacity as the ECSC's High Authority, has made \$23 million available to the Bong Mining Company of Liberia.

The loan agreement was made with the Kreditanstalt für Wiederaufbau of Frankfurt, Exploration und Bergbau GmbH of Düsseldorf, and Bong Mining, which is a subsidiary of the Liberian Government, and a number of European steel firms including Fin-sider, Estel, August-Thyssen-Hütte, and Drupp Hüttenwerke.

The loans will go toward increasing ore production capacity from 6.5 to 7.6 million tons of concentrate and pelletization potential from 2.4 to 4.8 million tons.

### Commission to Expand GSP

The Commission has proposed that the Community's generalized system of preferences (GSP) for developing countries not covered by the Lomé Convention be considerably expanded in 1977. The overall value of the goods covered in the proposal would jump some 40 per cent to 6,500 million units of account (UA) as the base year for calculating import ceilings on duty-free access is changed from 1971 to 1974. (One UA equals one 1970 dollar.)

Other improvements would put into effect the Community's offer on tropical products made in the multi-lateral tariff negotiations within the General Agreement on Tariffs and



Trade. Import ceilings for manufactured goods other than textiles, footwear, and certain steel products would be enlarged, and arrangements for textile imports would be recast to give least developed nations a better opportunity.

The Commission will also pursue a program of GSP seminars and plans to set up an information center in Brussels to improve utilization of the plan. Only about half the potential for duty-free imports is used at present and only the larger or more developed countries make ample use of the system. In 1974 ten beneficiaries—Yugoslavia, Hong Kong, Brazil, India, South Korea, Singapore, Pakistan, Mexico, Romania, and Iran—accounted for 72 per cent of utilization.

### New EC Loans to Portugal

The European Investment Bank has granted a 10-year loan of 20 million units of account (UA) to Companhia Uniao Fabril of Portugal to finance a pelletizing plant, modernization of copper metallurgy installations, and the necessary utilities to go with them. (One UA equals one 1970 dollar.)

This brings to UA 70 million the amount of money spent so far from the UA 150 million emergency aid to the Portuguese economy provided by the Community.

Previous loans went to improve electricity supplies and to small and medium businesses and tourism. The loans all enjoy a 3 per cent interest rebate financed by the Community from separate resources, bringing the lending rate down to 6.5 per cent.

Portugal has also recently received a second installment of food aid from the Community, comprising 250 tons of butter oil and 500 tons of milk powder, plus UA 15,000 to meet the cost of transport, storage, and handling.

## REGIONS

### Regional Fund's First Year

One of the European Community's more recent instruments for economic integration—the regional development fund—has begun to work. The first annual report on its activities was published this summer.

The grants approved used up the whole 300 million unit of account (about \$396 million) budget that was available, and payments actually disbursed covered some UA 91 million (about \$120 million).

There were 1,521 investment projects submitted, and of these 1,183 got grants. (Those which were rejected either did not meet the stipulations set out in the fund's regulations or

were still pending.) Forty per cent of the grants went to projects involving industry or services, and infrastructure projects got the remaining 60 per cent. In the former category, the chemical industry heads the list of large projects, followed by the food industry. Among smaller projects, the manufacture of metal goods came first, followed by electrical, electronic, and mechanical engineering. Few projects in the service sector were submitted.

The types of infrastructure projects for which assistance was granted varied according to regional priorities and national policies. In Belgium, Germany, and Italy the emphasis was on the development of industrial estates; in France, on roads and transport infrastructure; all the Danish infrastructure projects were in Greenland, and concerned mainly port facilities and electricity supply; a significant part of the assistance granted to Ireland and the United Kingdom related to advance factory building and the development of industrial estates.

Italy got the largest share of the grants—UA 124 million (with UA 44 million actually paid out by the end of the year).

### EIB Sets Lending Record

Last year marked the first time that European Investment Bank (EIB) lending topped 1 billion units of account (UA). (One UA equals one 1970 dollar.)

During the year 77 loan contracts worth UA 1,006.5 million were signed, contributing to investments amounting to UA 4,400 million. Over 90 per cent of the lending was within the Community, mostly to less-favored areas in Italy, the United Kingdom, and Ireland, where regional problems are the most acute.

The energy sector was the single largest industrial sector in the bank's lending—accounting for UA 338 million, much of it combining to increase the Community's energy independence and to boost employment in underdeveloped areas.

Due to the recession and a general reluctance by industry to invest, there was a greater emphasis on infrastructure lending than in the past. However, what industrial lending there was tended to concentrate more on small- and medium-size business than in previous years.

Italy was the biggest single national beneficiary, receiving 39.1 per cent of total lending inside the Community, followed by the United Kingdom (36.5 per cent), France (17.2 per cent), and the remaining 7.2 per cent was loaned in Ireland, Denmark, and Belgium. In the other EC member states, commercial lending rates were too low to make the EIB rates attractive.

Bank operations outside the Community totaled UA 89 million. More than half of this went to Greece as a

result of the unblocking of the balance of the first EC-Greece financial protocol, frozen during the Colonels' regime. Turkey was the second largest beneficiary. Only one EIB loan was made to Africa—to Mauritius.

## ECONOMY

### Tripartite Talks Held

Concrete economic targets for the Community have been agreed on by governments, labor unions, and employers at the so-called "Tripartite" Conference—a relatively new form of Community-wide cooperation.

These goals are full employment by 1980, an average annual growth rate of around 5 per cent over the coming five years, and an inflation rate no higher than 4 or 5 per cent in all member states by the end of that time.

The parties to the conference agreed that only a joint effort by all concerned could restore economic stability within the Community.

The conference, held June 24 in Luxembourg, was organized under EC auspices. Perhaps its most important outcome was the agreement that this tripartite dialogue between "social partners" be continued.

In the interim period, informal contacts will be maintained, with the agreement that another conference could be convened at a later date. The Community's Economic Policy Committee "will establish contact with representatives of employers and labor for the purpose of periodically examining with them short-term prospects and the Community's medium-term program."

### Jobless Rates Still High

Despite the general economic recovery, unemployment still accounts for a disquieting proportion of the EC labor force, ranging from 4.2 per cent in Germany (if one discounts the rather special position of Luxembourg with only 0.3 per cent of its workers out of a job) to 9.9 per cent in Northern Ireland, which computes its figures separately from Great Britain and which is in a position very similar to the EC member country with the worst unemployment position, Ireland (9.8 per cent).

In between come the Netherlands, 4.8 per cent; France, 5.2 per cent; Great Britain, 5.3 per cent; Denmark, 5.8 per cent; Italy, 6.2 per cent; Belgium, 8.2 per cent. Compared with the picture a year ago, the figures are still increasing everywhere, except in Denmark, where unemployment has dropped 7 per cent and Germany where it had dropped by 6 per cent.

The rate of increase is 50 per cent for Britain, 38 per cent for Northern Ireland, 35 per cent for Belgium, 18 per cent for France, 14 per cent for

Ireland, 35 per cent for Belgium, 18 per cent for the Netherlands, 12 per cent for Italy.

One encouraging trend is that the number of job vacancies is rising everywhere, although the figures are still abnormally low. The amount of short-time working is also on the decrease, except in Belgium.

### Economic Outlook Better

Overall prospects for the Community's economy are good compared to the previous year, Economic and Monetary Affairs Commission Vice President Wilhelm Haferkamp announced when presenting the Commission's latest quarterly report on the economic situation.

However, Haferkamp warned against complacency and expressed concern that the overall EC average conceals a wide national divergence which could put strains on the Common Market's economic unity.

The Commission predicts that gross domestic product will grow by 4.5 per cent in 1976, compared to a 2.5 per cent drop last year and an average annual growth rate of 4.7 per cent in the period 1968-1972. The range will be from 1.5 per cent in Italy to 6 per cent in Germany and France.

Consumer prices will increase on average by 11 per cent, in a gamut from 5 per cent in Germany to 20.5 per cent in Italy. Unemployment will be 4.4 per cent of the labor force on average, ranging from 0.6 per cent in Luxembourg to 10 per cent in Ireland. Three countries can expect to have surpluses in their balance of payments—Belgium, the Netherlands, and Germany.

### Budget Discipline Asked

If EC economies are not to overheat in the recovery now under way, then there must be budgetary austerity, budget deficits have to be reduced, and any measures which could overstimulate the economy should be avoided.

These recommendations are contained in an annual report on budgetary policies which the Commission has submitted to the Nine's finance ministers for them to take into consideration before drawing up their material budgets for next year.

The Commission also thinks employers should practice price austerity and unions restrict wage claims.

## AGRICULTURE

### Drought Brings EC Action

EC Agricultural Commissioner Pierre Lardinois paid a summer visit to the Orne and Sarthe areas of France—two of the regions of France worst hit by the recent drought—for a personal look at the effects on crops.



The Commission took a series of measures designed to prevent panic slaughtering of cattle during the drought because of the absence of fodder at the right price or indeed of any fodder at all. These include allowing extra support for storage of meat, a levy on fodder exports, promotion of new kinds of fodder, and lowering of import taxes on fodder seeds.

The Commission expects the drought to affect the price of some products this winter, but no shortages are anticipated.

### EC Veterinary Committee

A consultative veterinary committee has been set up by the EC Commission, representing producers, agricultural cooperatives, industry, commerce, workers, consumers, and the Community organization of professional veterinarians.

The committee meets a need to replace current written consultation procedures within the veterinary sector, on questions involving harmonization of agricultural standards and food products, with a more efficient system.

### Soaking Up Milk Surplus

The Commission believes that the structural surplus of milk in the Community needs to be tackled with long-term measures. Consequently it has outlined a four-year program to start in 1977 and to be finalized when the full impact of the recent drought, which has temporarily cut back on milk production, has been assessed.

The plan is designed to cut back the dairy herd and match supply and demand. Currently, supply outstrips demand by 10 per cent a year, resulting in alarmingly high stocks of skimmed milk powder and butter. The main instrument for changing this would be a tax on milk production, making producers partly responsible for the surplus.

Other measures will provide incentives for farmers to give up dairy farming or use the milk on the farm rather than selling it to dairies. Acting to reduce supply is not regarded as enough, however, and the Commission plans to boost demand as well by promoting dairy product sales and food aid programs and by taxing vegetable oils which compete with dairy milk fats.

### Butter From New Zealand

The Community's agricultural ministers agreed in Luxembourg June 21 that New Zealand should be allowed to ship an average of 120,000 tons of butter a year to the Community in the period 1978-1980.

This gives concrete form to a promise made at the Dublin "summit" of March 1975 to continue New Zealand's butter trade with the United

Kingdom after Protocol 18 to the Accession Treaty expires at the end of 1977.

## COMPETITION

### Hoffman-La Roche Fined

The Commission has fined the Swiss pharmaceutical firm Hoffmann-La Roche 300,000 Units of Account (UA) for what it regards as unfair practices on the vitamins market. (One UA equals one 1970 dollar.) The Commission has ruled that the fidelity rebates granted to purchasers of certain types of vitamins distorted competition and therefore breached EC competition rules.

The Commission basically objected to the way these rebates were calculated; had the calculation been on the basis of quantities of supplies, the Commission would probably not have acted, but the arithmetic was in fact based on the proportion of the customer's needs met by Hoffmann-La Roche products, and this, the Commission felt, means the company was abusing its dominant position.

The clauses in the purchase contracts to which the Commission objected have now been modified, and this was taken into account in fixing the amount of the fine which is relatively small—0.02 per cent—when related to the company's total annual turnover.

### Pharmaceutical Sales

The terms on which Beecham Pharma GmbH, a German subsidiary of Beecham Ltd. of Britain, sells ampicillin—an antibiotic raw material—in bulk to Hoechst of Germany have been modified following intervention by the EC Commission. Under the original contract Hoechst was barred from bulk resales, resale outside Germany and Austria, and sales for uses other than human consumption.

The Commission took the view that competition was being unjustifiably restricted as a result. The ban on Hoechst disposing of the goods as it wished, and particularly from processing in other EC countries, restricted its business freedom and prevented other firms with processing capacity from buying in bulk from Hoechst and therefore establishing themselves on the market.

Nor did the Commission feel that the ban on sales for veterinary medicine was a justifiable restriction on free use of the goods. Under threat of being fined by the Commission, Beecham modified its sales conditions.

### Antitrust Data Sought

Dutch fertilizer sales group Central Stikstof Verkoopkantoor (csv) has been told by the EC Commission that

it has to supply information for an antitrust investigation or face a fine of more than \$1,000 a day.

csv argues that since those who would have to supply the information are also directors of a Swiss-based nitrogen fertilizer group, Nitrex AG, they could face criminal charges under Swiss law for betraying business secrets.

A former Hoffman-La Roche employee has just been found guilty on precisely such charges after supplying the Commission with information on Hoffman-La Roche practices on the vitamin market for which the firm has since been fined.

The Commission argues that the fact that the information it wants has been voluntarily supplied to an organization in a non-member state in no way affects its right to have access to that information.

## SOCIAL POLICY

### ECSC Vocational Training

A loan from European Coal and Steel Community (ECSC) funds for vocational training programs in the coal and steel industry will help finance extension of facilities at the Saarbergwerke in Camphausen, Fenne, and Velsen in the Saarland.

This brings ECSC loans to UA 4.3 million. The money will be used to finance new training posts and contribute to the fight against youth unemployment.

### EC Consumers Surveyed

A new survey done by the Commission shows the European consumer is generally unhappy about the amount and standard of information he gets on which to base purchasing decisions. Only one consumer in two feels he is sufficiently well informed about every day purchases such as food, and somewhat fewer feel they know enough when they want to make major purchases such as furniture or appliances.

One in two also thinks that advertising does not provide enough useful information to consumers, and 80 per cent of those surveyed think that advertising often leads people to buy things they do not want. Generally, the younger, the more prosperous, and the better educated the consumer is, the more critical he is of advertising.

Television comes out better as a source of consumer information than the press. Belgians and Italians feel particularly badly informed; Germans and Danes are least worried by this problem. The French, Belgians, and Italians take a dim view of the media; Germany, Denmark, and Britain a more kindly view.

## TRANSPORTATION

### Regulating Barge Traffic

The Community and Switzerland signed an agreement July 9 on a system for regulating barge traffic on the Rhine and some tributaries in times of overcapacity. It will provide compensation for barges unable to find cargoes.

The plan, which has been under discussion since 1968, is expected to be ratified some time next year. Under the plan, all barges plying the inland waterways covered will contribute to the compensatory fund.

### Financing Infrastructure

The EC Commission has suggested to the Council of Ministers that the Community finance investment in transport infrastructure of particular Community interests—projects like a Channel tunnel, certain rail links, or cross-border highways.

The Commission has designed four types of projects it thinks should be EC responsibilities and which, indeed, only financing on an EC scale would make possible. These are projects in any one member state which are needed to avoid bottlenecks in EC traffic; cross-frontier projects; projects which one member state would not build on its own because it is of limited interest to that country, but which could benefit the Community as a whole; and project to standardize EC transport communications equipment.

The Commission believes several tens of millions of units of account would be needed initially and that EC support should be in the form of direct grants or loans or to provide interest rebates.

## Notice

In accordance with US Securities and Exchange Commission regulations, the European Coal and Steel Community published its Balance Sheet as of December 31, 1975, and its Statement of Revenues and Expenditures for the period from January 1, 1975, to December 31, 1975.

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

A-17648 A-24049 B-4704—D  
A-19218 A-24459 C-217—D  
A-20452 A-25274 C— —D\*  
A-23715

Copies of these documents have been deposited with the Chase Manhattan Bank, New York. (\* Number not assigned until listing approved.)



# EC-Canada Accord

## Canada Exercises "Third Option"

THE OLYMPICS GOT THE COVERAGE, BUT PERHAPS MORE newsworthy in the long view was the July 6 signature in Ottawa of a framework agreement between Canada and the Community for commercial and economic cooperation.

The agreement, according to an EC Commission spokesman, marks the beginning of a new era in external relations for the Community in two important ways. For one, it is to date the Community's only non-preferential cooperation agreement that is not just concerned with trade promotion, but with wide-ranging, economic cooperation as well. For another, it is the Community's first venture into a bilateral agreement with a non-European industrial nation.

Based on the principle of most-favored nation treatment, this bilateral, non-preferential agreement is "evolutionary" in nature, as no field of economic cooperation *per se* is to be excluded. Such cooperation will be complimentary to, and not a substitute for, current cooperation between Canada and the individual member states of the Community. Moreover, the actual implementation of the framework agreement will be essentially a matter for the private sector. Indications of this in fact were seen well before the official conclusion to the agreement, as the foundations for cooperation between European and Canadian forest-based industries were laid during a February 23-March 4 visit to Europe by representatives of the Canadian firms.

To promote trade and economic cooperation between European and Canadian industries, the agreement includes provisions for joint ventures, for greater participation by firms of each side in the industrial development of the other, for scientific and technological exchanges, and for joint economic cooperation in third countries. To facilitate the institution of such provisions, a joint EC-Canada cooperation committee has been established to develop

practical possibilities for such cooperative endeavors.

The accord between Canada and the Community therefore reflects the growing interdependent and complimentary nature of the two sides' economies. Advanced industrially and abundant in natural resources, Canada has in the Community a major outlet for its manufactured goods and raw materials. By the same token, the Community has in Canada an important market for exporting its advanced technology and a valuable source for foreign investment. In light of the steady decline in trade between the two over the last decade, the increased economic cooperation should clearly benefit both sides.

The agreement gives Canada a "third option," in the words of Canadian External Affairs Minister Allan MacEachen. Replacing the dwindling Commonwealth option and providing an alternative to the overpowering US option, the agreement should make Canada more economically independent by making her more economically interdependent with the Community.

The move to tighten relations between Canada and the Community goes back to 1972, when a "summit" meeting of the EC members' heads of government called for a "constructive dialogue" between Canada and the Community. In November 1972 the Canadian Government sent an *aide-memoire* to the Community for a possible agreement, and regularly scheduled "high level" consultations between the Commission and the Canadian Government were instituted. In April 1974 the Canadian Government sent a new *aide-memoire* to the Community, this time proposing a direct contractual link between Canada and the Community. In September 1974 the Commission issued a communiqué to the Council of Ministers suggesting an agreement which would create a broad framework for economic and commercial cooperation extending well beyond classical trade policy or the confirmation of existing commitments under the General Agreement on Tariffs and Trade (GATT).

Shortly before Canadian Prime Minister Pierre Elliott Trudeau's visit to Brussels in October 1974, the Council stressed the significance attached by the Community to "strengthening its traditional ties" with Canada. In addition, and more importantly, the Council authorized the Commission to hold informal exploratory talks with the Canadian Government.

The resulting series of informal exploratory talks held in Ottawa and Brussels between February and May of 1975 led to formal proposals for the negotiation of a framework cooperation agreement. These Commission proposals the Council approved in February 1976. Official negotiations then began in March and were concluded June 2.

"Thank goodness, they've finally noticed us!"

Rodewalt, The Albertan, Canada



MARCUS SMITH, European Community *summer intern* from Williams College, Williamstown, Massachusetts



# 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.

**OPINION ON THE GREEK APPLICATION FOR MEMBERSHIP.** *Bulletin of the European Communities, Supplement No. 2/76*, Commission of the European Communities, Brussels, 1976, 42 pages ..... free  
Transmitted to the Council on January 29, 1976, the opinion recommends an affirmative reply to the Greek application. Examines the economic and technical questions associated with Greek membership, including customs, agriculture, taxation, social and regional policy, external relations, budgetary considerations, and the Greek economic situation. Also discusses broader political and economic consequences of further enlargement of the Community.

**FIFTH REPORT ON COMPETITION POLICY.** EC Commission, Brussels, April 1976, 148 pages \$6.50  
Reviews the developments in the Community's antitrust, state aid, and state monopolies policies during 1975. Includes a chapter on mergers and the development of concentration in industry. Lists individual rulings of the Commission and Court of Justice in 1975.

**THE FUNCTION OF THE EUROPEAN PARLIAMENT.** European Parliament, Luxembourg, September 1974, 21 pages and 8 leaflets .....free  
Brochure describing the procedures of the Parliament. Included with the brochure are eight individual leaflets, two on the Parliament and its activities and the others describing each political group and its philosophy.

**THE EUROPEAN COMMUNITY'S EXTERNAL TRADE (1958-1974).** *European Documentation No. 1/76*. EC Commission, Brussels, 1976, 21 pages .....free  
Pamphlet describing the development of intra and extra-Community trade overall, by product groupings and by country groupings. Outlines commercial relations and agreements with developed, developing, and state-trading countries.

**TEACHER TRAINING IN THE EUROPEAN COMMUNITY.** *European Documentation (School series) No. 2/76*. EC Commission, Brussels, 1976, 23 pages .....free  
Study by Mario Reguzzoni describing teacher training systems in each member state and comparing major influences affecting such training, including mobility, working conditions, and training criteria.

**DIRECTORY OF THE COMMISSION OF THE EUROPEAN COMMUNITIES.** EC Commission, Brussels, February 1976, 91 pages .....free  
*Organigram of the Commission. Lists Commissioners, Directors-General, Directors, and Heads of Division.*

**THE JET PROJECT.** EUR-JET-R7. EC Commission, Brussels, 1975, 51 pages .....free  
After a brief description of fusion energy and the world Tokamak programs, the brochure outlines the JET (Joint European Torus) Tokamak design, construction, and experimental program.

**ENVIRONMENT PROGRAMME 1977-1981.** *Bulletin of the European Communities, Supplement No. 6/76*. EC Commission, Brussels, 1976, 51 pages .....free  
Draft resolution and action program on the environment presented to the Council on March 24, 1976. Covers reduction of pollution and nuisances, non-damaging use and rational management of the environment and natural resources, general action to protect and improve the environment, and Community action at the international level.

**EXECUTIVE'S GUIDE TO ANTI-TRUST IN EUROPE.** Reprint from *Harvard Business Review*, May-June 1976, pp. 106-118 .....free  
Article by Robert T. Jones comparing US and EEC antitrust law and practice. Covers general policy and procedures, distribution arrangements, pricing, licensing and industrial property, monopolies and mergers.

**THIRD UNITED NATIONS CONFERENCE ON THE LAW OF THE SEA.** *Information Memo P-45/76*. EC Commission, Brussels, June 1976, 3 pages .....free  
Note on the Commission's proposals for common positions on exclusive economic zones, continental shelf, sea-bed, and pollution for the fifth session. Annex on the aims and background of the conference.

**THE NEW MULTIANNUAL RESEARCH PROGRAMME OF THE JOINT RESEARCH CENTRE (1977-80).** *Information Memo P-35/76*. EC Commission, Brussels, May 6, 1976, 5 pages .....free  
Summary of the Commission's proposed program for the Joint Research Center for energy, environmental, and nuclear research. Gives breakdown of funds and staff by project.

**TOWARDS FUSION ENERGY: THE EUROPEAN PROGRAMME.** EUR 5462e. EC Commission, Luxembourg, January 1976, 39 pages .....free  
Illustrated brochure giving a basic description of fusion physics, the state of fusion research, and the Community's fusion research program. Includes a section on the proposed Joint European Torus (JET).

**FIRST THREE-YEAR COMMUNITY PLAN OF ACTION IN THE FIELD OF SCIENTIFIC AND TECHNICAL INFORMATION AND DOCUMENTATION.** *Information 118/76*. EC Commission, Brussels, 1976, 12 pages .....free  
Description of organization and data base of the European Information Network (EURONET).

**MEXICO AND THE EEC.** *Information 117/76*. EC Commission, Brussels, 1976, 9 pages .....free  
Outlines the Community's trade, economic relations and agreement with Mexico. Annex on the economic situation of Mexico.

**EEC-MOROCCO.** *Information 121/76*. EC Commission, Brussels, 1976, 10 pages .....free  
History of relations with and details of the Morocco agreement with the Community. Specific details on the agricultural concessions and statistics of trade for 1969-1974.

**EEC-ALGERIA.** *Information 120/76*. EC Commission, Brussels, 1976, 10 pages .....free  
History of EC-Algerian relations and details of the Algeria agreement with the Community. Tables on agricultural concessions and trade for 1969-1974.

**EEC-TUNISIA.** *Information 119/76*. EC Commission, Brussels, 1976, 10 pages .....free  
History of EC-Tunisian relations and details of the Tunisia agreement with the Community. Tables on agricultural concessions and trade for 1969-1974.

**STUDY ON THE POSSIBLE PART PLAYED BY CERTAIN PRIMARY NON-EMPLOYMENT INCOMES IN THE INFLATIONARY PROCESS IN THE UNITED KINGDOM.** *Medium-term economic policy volume 6*. EC Commission, Brussels, 1976, 261 pages .....\$4.00  
Prepared by D.E.W. Laidler in collaboration with the University of Manchester "Inflation Workshop." Papers cover techniques for measuring business profits, the relationship between profitability of banks and financial intermediaries and the rate of inflation, fiscal policy and inflation, price and incomes policy in nationalized industries, the interrelations between inflation and the transport and housing market, and the relationship between inflation and professional earnings in Britain.

**STUDY ON THE POSSIBLE PART PLAYED BY CERTAIN PRIMARY NON-EMPLOYMENT INCOMES IN THE INFLATIONARY PROCESS IN BELGIUM.** *Medium-term economic policy volume 4*. EC Commission, Brussels, 1976, 177 pages .....\$4.00  
Study by G. Vandewalle. Analysis of the progression of non-wage incomes in Belgium between 1958 and 1971 in relation to inflation. Covers self-employed traders, craftsmen and professional income, interest and rent, and distributed and retained company earnings. Discusses counter-inflationary policy and its effects on prices and incomes.

**NEW COMPANY LAW FOR EUROPE.** *Background Note No. 23/76*. EC Information Service, Washington, D.C., June 9, 1976, 3 pages .....free

**HARMONIZATION OF NATIONAL LAW CONCERNING GROUP ACCOUNTS.** *Information Memo P-32/76*. EC Commission, Brussels, April 1976, 3 pages .....free  
Two notes on the Commission's proposed 7th directive on company law concerning annual accounts of companies belonging to a group. Earlier proposals on company law and the legislative process for their passage are also included.

**INFORMATION MEETING ON HEALTH PROBLEMS POSED BY THE TOXICITY OF VINYL-CHLORIDE MONOMER.** EUR 5410 d/e/f. EC Commission, Luxembourg, 1975, 313 pages .....\$12.00  
Papers and proceedings of an information meeting held in Brussels, September 17-18, 1974.

**THE MEASUREMENT OF INDUSTRIAL CONCENTRATION: A REASSESSMENT BASED ON EUROPEAN DATA.** *Statistical Studies and Surveys No. 3/1975*. Statistical Office, Luxembourg, 1976, 43 pages .....\$5.00  
English/French text of a study done by Louis Phipps, based on quantified examples, of various measurement criteria to be used to determine concentration in branches of manufacturing industry.

**IRON AND STEEL YEARBOOK 1974.** Statistical Office of the European Communities, Luxembourg, 1976, 431 pages .....\$4.00  
English/French/Danish/German/Italian/Dutch text. Statistics on the iron and steel industry for 1962-1973 for the original six Community members, with some 1973 data for the new members. Covers production, orders and deliveries, trade, supply and consumption of raw materials and energy, final consumption, prices, scrap, labor force, wages and labor costs.



**WOMEN AND EMPLOYMENT IN THE UNITED KINGDOM, IRELAND AND DENMARK.** Commission of the European Communities, Brussels, 1975, 258 pages .. \$25  
*Study by R. B. Cornu for the Commission. Analysis, for each country, of the distribution of women in the labor force by age, occupation, geography, mobility, and earnings, and discussion of factors affecting employment. Covers education, training, conditions of employment, equal opportunity and access, day care and social welfare, financial incentives and fiscal constraints.*

**THE RAW MATERIALS DOSSIER.** Information: Development Aid, Commission of the European Communities, Brussels, 1976, 60 pages ..... free  
*Contains a general survey of the current raw materials problems. Examines existing and possible approaches to controlling raw materials markets through commodity agreements, export earning stabilization, indexation, and the UNCTAD "integrated program," and attitudes of the EC, US, and the Third World. Includes examples of current raw materials markets for wheat, sugar, coffee, copper, textiles, rubber.*

**PROBLEMS RAISED BY THE CONTAMINATION OF MAN AND HIS ENVIRONMENT BY PERSISTENT PESTICIDES AND ORGANO-HALOGENATED COMPOUNDS.** EUR 5196 d/eff/i/n. EC Commission, Luxembourg, 1975, 647 pages .....\$24.00  
*Proceedings and papers of the colloquium held in Luxembourg, May 14-16, 1974.*

**STUDY OF THE EUROPEAN MARKET FOR INDUSTRIAL NUCLEAR POWER STATIONS FOR THE MIXED PRODUCTION OF STEAM AND ELECTRICITY.** Industry Series No. 8. EC Commission, Brussels, 1975, 69 pages .....\$3.70  
*Summary report of a study prepared by Société SERETE. Estimates for the EC up to 1985-1990 the extent to which heat requirements of industry and urban heating systems could be met by dual purpose nuclear power plants with a per-unit output of at least 1000 MWth. Highlights obstacles to development of dual purpose plants and suggests ways to penetrate the industrial process steam and domestic heating market.*

**RECENT ADVANCES IN THE ASSESSMENT OF THE HEALTH EFFECTS OF ENVIRONMENTAL POLLUTION.** EUR 5360 d/eff/i/n. Commission, Luxembourg, 1975, 2522 pages (4 volumes) .....\$40.00  
*Proceedings of a symposium organized by the Commission of the European Communities, the US Environmental Protection Agency, and the World Health Organization, June 24-28, 1974 in Paris.*

**COMMERCE EXTERIEUR ET APPROVISIONNEMENT EN MANGANESE DE LA COMMUNAUTE EUROPEENNE.** *Etudes et enquêtes statistiques No. 4/1975.* EC Statistical Office, Luxembourg, 1976, 76 pages .....\$5.00  
*French/German text. Survey on supply trends and structure of the market in manganese for use in the iron and steel industry. Statistics cover all major producing countries and consumers on the world market for manganese in the form of manganese ore and ferromanganese (production, consumption, deliveries, and external trade.) Some data on silicomanganese, spiegeleisen, manganese scrap.*

**DECISIONS PREJUDICIELLES 1971-1972.** Court of Justice of the EC, Luxembourg, 1976, 315 pages .....\$4.30  
*Brief summary of cases and decisions of the Court under Article 177 of the EEC Treaty concerning requests by national courts for preliminary rulings on interpretation of the Treaty and acts of the Community.*

**STUDY OF THE MANAGEMENT INFORMATION REQUIREMENTS OF THE COMMUNITIES' ENVIRONMENT PROGRAMME.** EUR 5295 e. EC Commission, Luxembourg, 1975, 46 pages .....\$4.20  
*Study to determine requirements needed to support the Community's environmental program. Recommends establishment of an Environmental Management Information Network for information exchange, presents a scheme for the network, and suggests how it can be applied at the subnational, national, and Community level.*

**WORLD RESOURCES OF MERCURY.** EUR 5306 e. EC Commission, Luxembourg, 1974, 14 pages .....\$1.60  
*By J. W. Brink and L. van Wambeke. Reviews distribution of mercury deposits and assured world reserves. Uses a model called MIMIC to estimate global potential reserves.*

**A SYSTEMATIC STUDY OF BIOCHEMICAL EFFECTS OF HEAVY METAL POLLUTION: PROGRAMME OF THE RESEARCH AND PRELIMINARY RESULTS ON CADMIUM AND LEAD.** EUR 5333 e. EC Commission, Luxembourg, 1975, 43 pages .....\$4.00  
*By E. Sabbioni, F. Girardi, and E. Marafante. Report on results of research conducted by the Joint Nuclear Research Center-Ispra.*

**THE BEHAVIOUR OF CHROMIUM IN AQUATIC AND TERRESTRIAL FOOD CHAINS.** EUR 5375 e. EC Commission, Luxembourg, 1975, 81 pages .....\$3.00  
*Results of research collaboration between the Biology Group at the Joint Research Center-Ispra and the Institute of the EURATOM-ITAL Association, the Netherlands.*

**REPORT ON THE POSSIBILITIES AND LIMITS OF A COMMUNITY POLICY TO PROMOTE THE LIQUEFACTION OF COAL FOR THE PURPOSE OF MANUFACTURING SYNTHETIC FUELS.** Working Document No. 407/75. European Parliament, Luxembourg, December 12, 1975, 46 pages .....\$1.00  
*Report by Friedrich Burgbacher on*

*behalf of the Committee on Energy, Research, and Technology.*  
**REPORT ON THE NEED FOR A COMMUNITY POLICY ON THE REPROCESSING OF IRRADIATED FUELS AND MATERIALS.** Working Document No. 69/76. European Parliament, Luxembourg, May 10, 1976, 31 pages .....\$5.00  
*Report by Luigi Noe on behalf of the Committee on Energy and Research.*



## Statistical Yearbooks

**TAX STATISTICS YEARBOOK 1975.** Statistical Office of the European Communities, Luxembourg, 1976, 121 pages ..... \$6.00  
*Data on revenue from taxes and actual social contributions in the member states for 1969-1974. Summary tables group tax revenue according to the economic character of the tax. Detail tables show revenue from each particular tax.*

**YEARBOOK OF AGRICULTURAL STATISTICS 1975.** Statistical Office of the European Communities, Luxembourg, 1976, 243 pages ..... \$5.00  
*Statistical vademecum containing the most important items published in specialized agricultural series. Data is given for the three most recent years. Includes basic data, agricultural and forestry accounts and unit values, structure, production, supply balances, prices and price indexes.*

**THE AGRICULTURAL SITUATION IN THE COMMUNITY: 1975 REPORT.** Commission of the European Communities, Brussels, 1976, 396 pages ..... \$13.00  
*General survey of developments in the Community's agricultural sector covering production factors, agricultural income, supplies, and the consumer. Detailed analysis of the market for each product sector, the operation of the Common Agricultural Policy, and its financing. Contains a detailed statistical annex on trade, production, prices, farm income, intervention measures, and EAGGF financing.*

**NATIONAL ACCOUNTS—ESA: DETAILED RESULTS 1970-1974.** EC Statistical Office, Luxembourg, 1976, 465 pages .....\$8.00  
*Detailed data for the member states covering transactions in goods and services, (value added, final consumption, gross fixed capital formation), distributive transactions (social contributions and services), and financial transactions.*

**BALANCES OF PAYMENTS GEOGRAPHICAL BREAKDOWN 1970-1974.** EC Statistical Office, Luxembourg, 1976, 146 pages ..\$3.00  
*Regional breakdown of balance of payments flows for each member state, the US and Japan for 1970-1974.*

**EXTERNAL TRADE 1958-1975.** Monthly External Trade Bulletin, Special Number. EC Statistical Office, Luxembourg, 1976, 49 pages ....\$4.30  
*Statistics of intra and extra-Community trade, by member state. Includes tables on total EC and world trade, member state trade with principal economic and regional groups, trade by 1 digit SITC product categories, and trends in trade of main non-EC countries with the world and the EC.*

**REGIONAL STATISTICS: POPULATION, EMPLOYMENT, LIVING STANDARDS 1973-1974.** EC Statistical Office, Luxembourg, 1976 .....\$3.00  
*Statistics, primarily for the year 1973, on social conditions in 140 regions of the Community. Total population and growth; age structure; interregional migration; employment broken down by sex, age, categories of activity and industry; unemployment; housing; education; health and standard of living are covered. Includes a map of the regions and 10 maps illustrating the main topics.*

**ENERGY STATISTICS YEARBOOK 1975.** EC Statistical Office, Luxembourg, 1976, 293 pages \$10.00  
*Statistical information on the energy economy of the Community and each member state for 1970 to 1974, with some tables ranging back to 1960. The first chapter covers energy economy indicators and overall energy balance sheet, in ton coal equivalents by product. Other chapters give balance sheets, in physical units, for each energy source. Data concerns production, stocks, external trade, and internal market flows.*



## People and Events



*Raymond Vouel is the new EC Commissioner responsible for competition policy. He replaces Albert Borschette. (See page 44.)*



*Cesidio Guazzaroni is the new EC Commissioner for industrial and technological policies. He succeeds Altiero Spinelli. (See page 44.)*



*EC Commissioner Claude Cheysson, pipe in hand, and EC President in Office Max van der Stoel (left), from the Netherlands, and ACP President in Office George A. King, from Guiana, at the EC-ACP Council of Ministers meeting in Brussels. (See page 45.)*

*The new president of the EC Council of Ministers is Dutch Foreign Minister Max van der Stoel (center). The Dutch hold the six-month, rotating presidency until January. (See page 44.)*







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