

# European Community

NOVEMBER-DECEMBER 1976 NO. 198



the 200-mile catch

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Cover (front): *Italian fishermen haul in tuna.*  
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Cover (back): *Packing fish in Akranes, Iceland.*  
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**Publisher** Andrew A. Mulligan

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*Seveso: a clouded city.* © Marc Riboud, Magnum



# Seveso Fallout

## *“Poison Cloud” Effects, Known and Unknown, Linger*

CHRISTINA LORD, *Rome-based freelancer who writes for The New York Times and The Economist*

MONTHS AFTER AN EXPLOSION IN A CHEMICAL FACTORY near Seveso, 12 miles north of Milan, became the latest and possibly the most ominous of Italy's national nightmares, the long-term effects of “the poison cloud” have not yet been fully assessed.

The disaster not only created a public health emergency but also raised economic and social problems. It focused attention on the chemical industry in Italy and other countries and highlighted the frequent lack of safety measures. For months it has been the main concern of the region of Lombardy, to which the Seveso area belongs, and has prompted offers of help throughout Europe and brought home the need for greater transnational cooperation in matters of safety and environmental legislation.

The explosion, which occurred on July 10 in the Swiss-owned ICMESA factory after a pipe overheated and spewed into the air several pounds of one of the most deadly substances known to man—2,3,7,8-tetrachlorodibenzoparadioxin, or TCDD. Within a few days, plants and hundreds of small animals like cats and chickens had died, and inhabitants of the area were developing rashes and nausea. First estimates placed the affected area at 10,000 acres.

The accident was without precedent in Italy's industrial history. Dealing with it became one of the first jobs that the new Government of Prime Minister Giulio Andreotti had to tackle.

The physical hazards of TCDD were enormous. The substance, which scientists around the world term one of the most toxic in existence, is known to cause skin lesions and damage to internal organs such as the liver, kidneys, and pancreas. In the laboratory, it has also been found to cause embryo malformations in small animals at a concentration of .05 parts per million, and to be lethal to rabbits at 1 part per billion. The poison's genetic effect on human beings has never been fully evaluated.

Because of the substance's low biodegradability, the TCDD contamination presented an additional problem: There was no known way to neutralize it. The TCDD remained suspended in the air and mingled with the dust

on roads and fields, waiting for winds and passing vehicles to carry it over an even wider area. Rains caused fears that the poison would seep into the earth and eventually into currents of water, contaminating even larger areas.

Economic troubles came in the wake of health threats. As word of the danger spread with the substance itself, hotels began refusing accommodation to persons from Seveso and the neighboring towns of Meda, Cesano Maderno, and Desio. The furniture industry, the area's principal source of income that gave jobs to thousands of workers in small factories, saw orders plummet because of the true or imaginary dangers of contamination.

Farm produce from all over the once fertile area was boycotted in other parts of Italy. And in an ironic turn-about, Switzerland, Italy's northern neighbor whose Givaudon Chemical Company owned the ill-fated ICMESA factory, rejected Italian goods—and some Italians—at the border when it was learned they came from the stricken area.

THE DISASTER HAS EVEN BEEN THE SOURCE of moral controversy. It arose over the problem of pregnant women in the Seveso area when it became apparent that their unborn children could be affected by the toxic substance. The ruling Christian Democratic Party took a position that was unusual for a political force traditionally aligned with the Roman Catholic Church when it hinted that pregnant women in the Seveso area might be allowed to seek abortions. Normally, abortion in Italy is a crime punishable with up to five years' imprisonment.

Health Minister Luciano Dal Falco at one point indicated that while the Government could not expressly lift the ban on abortions, he would be prepared to take into account a court ruling last year in which abortion could be permitted in certain circumstances if the physical or psychological health of the mother were endangered. Traditionalists, meanwhile, expressed fears that abortion might enter Italy “by way of Seveso.” The Roman Catholic Church, for its part, maintained its unyielding opposition

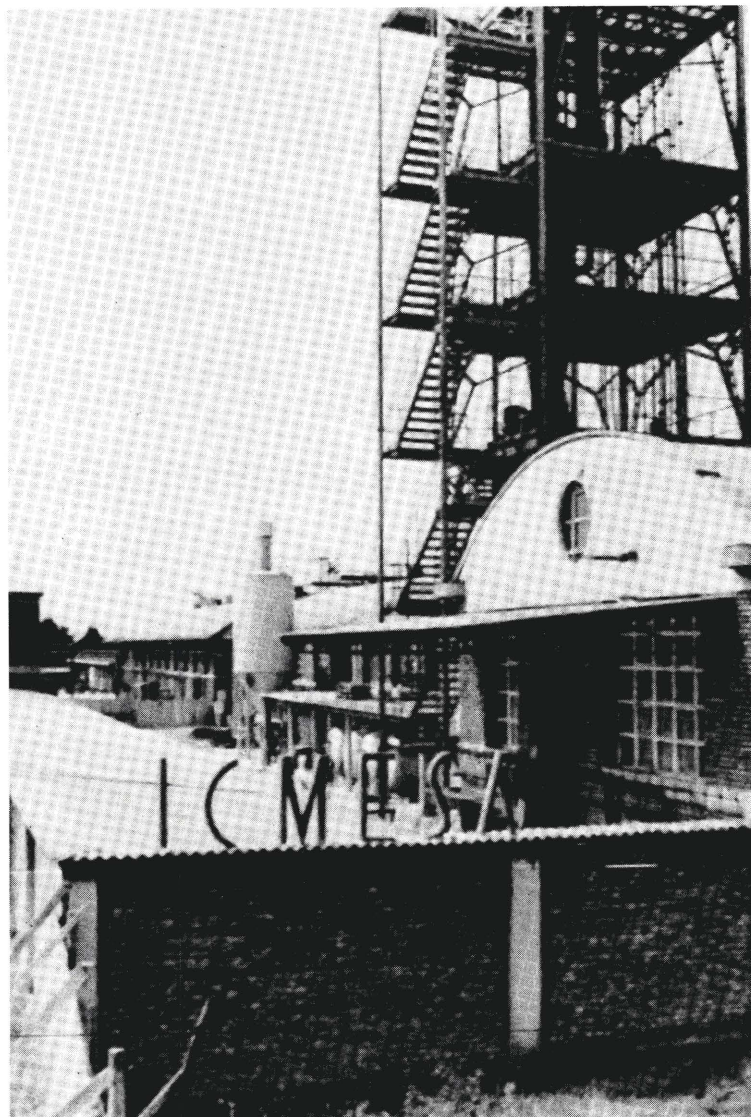
to abortion under any circumstances. On the one hand, Church authorities argued that if abortions were authorized there was a risk of "healthy human life" being suppressed. On the other hand, at least one high prelate—Giovanni Cardinal Colombo of Milan—publicly appealed for families to offer to adopt any deformed children whose parents would not raise them.

No clearcut solution was found. The area thought to be affected by TCDD included 730 pregnant women. Of these, about 150 have requested abortions. As of October 15, according to regional authorities, only 28 abortions—20 per cent of those requested—had been performed on women from the area, and a few more women had miscarried. Some women, refused permission to abort in Italy, went to Switzerland for the operation or had it performed clandestinely at home. Although the number of women asking for abortions has fallen off as the months since the accident have passed, the debate on the ethical issues involved is continuing. There are signs that as a result of the Seveso emergency Italy's abortion laws will eventually be liberalized.

While abortion was undoubtedly the most delicate social issue to come out of the Seveso disaster, the question of why it happened at all has taken on increasing importance. It soon became clear that the effects of the accident were going to be with the inhabitants of the area for many years. Givaudon, the Swiss company that owned the ICMESA factory—itsself a subsidiary of the giant Hoffman-La Roche chemical group of Basle—at one point admitted openly that it had set up the plant in Italy because it could not obtain permission to manufacture such toxic substances as TCDD in Switzerland. Italians resented this as Swiss "racism," but at the same time they were angered by the realization that Italy still lags behind the rest of Europe in application of safety and environmental controls, even though the laws may exist on the books. An Italian official of the European Community put it this way: "Laws on pollution are backward all over, but they are even more backward in Italy."

Like other branches of Italian industry, chemical production has rapidly grown during the last 25 years. Expansion did not go hand in hand with concern for the potential dangers of the industry. Seveso belatedly, if disastrously, has created awareness of the environmental and health hazards.

According to its owners, the ICMESA factory produced substances used as a base in cosmetics. One of these chemicals was 2,4,5 trichlorophenol, known as TCP, commonly used in the production of herbicides and defoliants, and of hexachlorophene. One by-product in the TCP process is TCDD, the chemical that escaped in the ICMESA explosion. The quantity of TCDD normally generated is too small to be considered dangerous, but if overheating occurs, as it did in the Seveso plant, the amount produced in the re-



*The chemical plant in Seveso where an industrial accident brought the poison gas cloud to surrounding areas. UPI Photo*

action is much greater.

Some circumstances of the accident have left a number of unanswered questions. Why were safety controls so lax? Factories that produce chemicals at high temperatures normally are equipped with a dump tank, designed to prevent an accidental explosion from releasing emissions into the air. The ICMESA factory lacked such a precaution. Was human error to blame that there was apparently no advance warning that the pipe was overheating? And in that case, why did the Givaudon company take a week after the accident to inform the local authorities of the deadly nature of the chemical released?

Why have all the records of the factory remained secret? Some persons allege they have "disappeared." No one is sure yet exactly what quantities of which chemicals were being produced, for what purpose, and for which customers. Could there be any truth in the seemingly fantastic claim of the Italian far-left that the toxic chemicals were being produced for defoliants to be used by NATO forces?

THESE ARE SOME OF THE QUESTIONS facing the region of Lombardy, the administrative unit responsible for Seveso and the surrounding towns that has had to deal most closely with the effects of the disaster and seek solutions. One of the greatest difficulties for the region has been the exceptional nature of the accident. "Nothing like this had ever happened before. It took days just to identify the poison," said Enrico Forni, a regional official who has closely followed the developments since July. "Our tests showed it was dioxin just one day before Givaudon informed us." By that time, regional authorities had decided to evacuate the zone.

Authorities next had to determine the extent of the contaminated area. A series of tests established that about 700 acres were affected to a more or less serious degree. In the highly-contaminated "zone AAA," residents were evacuated and the area was fenced off with barbed wire and guarded by army soldiers to prevent trespassing. In "zone BBB," most residents could live at home at least part of the time, but were advised to keep in close touch with special laboratories set up near the area for continual health tests.

The regional administration even carried out diplomatic action of its own to allay international fears. Following the explosion, regional officials made a round of calls on representatives of foreign countries to put the accident into perspective. "Seveso had become the entire Brianza district, and Brianza had become the entire Lombardy region," said Forni. "We needed to do some clarifying."

Also, the regional administration has had to examine the possibilities of reclamation of the contaminated land, now estimated to extend over 550 acres. It has been decided to burn all plant life in the most contaminated zone, and to remove a layer of topsoil from the entire area. This material is to be incinerated in a special furnace.

In zone BBB, by now, life is pretty much "back to normal," said Forni. That is, if you can consider "normal" the return to activities following damages estimated at 65 billion lire (more than \$75 million), which is the tentative figure the region is citing. Much of the sum represents simply the lack of business during the last three months.

One of the biggest surprises has been the degree of cooperation which regional authorities have gotten from the central Government in Rome. In response to the region's request for 50 billion lire (\$60 million), Rome promptly earmarked 40 billion lire (\$47 million) with an emergency decree, which was adopted as a regular law on October 6. Two other requests by the region—the establishment of a special committee at the Labor Ministry and a technical committee to study the particular problems of the area—were also promptly met by the Italian Government. "We have often criticized the Government in the past," admitted Forni, "but this time I

must say we got virtually everything we asked for, with minimum delay."

So far, nearly one quarter of the 40 billion lire have been spent. Some of the evacuated residents of zone AAA—more than 200 families—are living in hotels at regional expense. Others have been given apartments for one year, until further studies of the contaminated area can be made. Additional funds are being spent on furniture for the evacuated families, clothing allowances, and indemnities to local small industries that have been forced to remain idle.

Help has also come from outside. The Swiss Government has offered to build two nursery schools in the area, and has expressed willingness to help in any other way possible. The Givaudon company promised 10 billion lire (\$12 million)—"but so far has not done anything concrete to follow up," said Forni.

"We consider the offer a sign of their responsibility for the accident," he explained, "along with the fact that the director of Givaudon has apparently never come to Italy since the accident, evidently because he's afraid of being arrested." Two inquiries are currently under way to determine the legal responsibility for the accident.

The European Community has offered help in the form of research facilities and environmental experts connected with the Community's research center in Ispra, a town only 35 miles from Seveso. The EC Commission, in a statement soon after the accident, assured the Italian Government that it would act on Italy's behalf to gather technical information from nations with highly developed environmental science.

"The Community can't do much more than this," said an EC official in Rome. "Besides urging quicker and better legislation on safety, its position is relatively weak. Problems such as Seveso will remain fundamentally internal ones, as long as there is no coordinated set of laws binding Community members.

"Seveso was a shock for everyone, not just for the Italians," he continued. "The accident has probably meant a leap of 50 years in Italy, and 10 years in other countries, in terms of ecological awareness. We are hoping that it will lead to an acceleration of a common program for environmental safety."

Forni, of the Lombardy region, is more cautious: "People don't realize the complexities of the situation, how much time it will take to find out what still has to be done. "We cannot yet predict a return to normalcy in the area in the foreseeable future."

"In a sense, Seveso is a symbolic event that we should all reflect on," he said. "Lombardy is the most 'European' region of Italy, the one with the highest level of industrialization. If a Seveso can happen here, it can happen anywhere."

# Roy Jenkins

## *The New Commission President*

CARTER S. WISEMAN and EDWARD BEHR, of Newsweek International

BACK IN THE OPTIMISTIC DAYS JUST AFTER THE CREATION of the Common Market, the EC Commission, or executive body, was touted as an embryonic European government—and the post of Commission president was expected to become one of the most prestigious in Western Europe. But bureaucracy and nationalistic bickering rapidly got the better of idealism. Plans for a political and monetary union stalled time after time, and the president was reduced to little more than a figurehead. But two events in Brussels recently could conceivably help to get things moving again toward the dream of unity. At a regular summit meeting, the European Community agreed on a system of direct elections for the European Parliament in 1978 [see *European Community*, No. 196]. Perhaps more significantly, the Commission informally approved the nomination of Roy Jenkins, currently Britain's home secretary, to succeed François-Xavier Ortoli of France as president for the four-year term beginning in January.

A lifelong Laborite, Jenkins, 55, is conceded by his political opponents as well as by his allies to be one of the ablest and most intelligent British politicians of the past two decades. He also has an international reputation as a devoted supporter of European unity, and he is widely thought to be one of the few men on the contemporary European political scene who might be capable of breathing some new life into the ailing European Community.

The Commission president was not a job Jenkins actively sought. According to Labor insiders, former Prime Minister Harold Wilson offered Jenkins the post early last spring, but Jenkins, hoping eventually to succeed Wilson as Prime Minister, turned it down. When Wilson stepped down this spring, Jenkins made a spirited run at the top job but lost out because many Laborites objected to his uncompromising ways and aristocratic lifestyle; something of a bon vivant, he favors fast cars and expensive wines and counts Rothschilds and Astors among his friends. As a result, he ran a poor third to James Callaghan and Michael Foot in the runoff. Many political analysts argued that Jenkins' career was finished, and at that point the EC job may have struck him as an appropriate way to fade from the domestic fray.

*The EC Commission President-to-be Roy Jenkins (right) met with outgoing US Secretary of State Henry Kissinger in Washington in the autumn. State Department Photo*



Not that the presidency of the EC Commission is exactly a retirement post. The lack of substantive accomplishments in recent years has left much of the Commission's staff deeply disillusioned and demoralized. Without a powerful overall planning group, faceless committees have proliferated and personal fiefdoms have flourished. Inertia is threatening the organization's very survival. Particularly worrisome at the moment is the increasingly costly EC farm-support program, which consumes a disproportionate amount of the Community's \$4.5 billion annual budget.

JENKINS BRINGS AN IMPRESSIVE SET of credentials to the task of dealing with the current disarray in Brussels. The son of a Welsh coal miner, he took first class honors at Oxford and served as an artilleryman and intelligence officer during World War II. He was elected to Parliament

in favor of Britain's entry into the European Community. A year later, to protest what he called Labor's "shilly-shallying" over the issue of European partnership, Jenkins resigned from his position in the shadow cabinet. And during last year's referendum campaign over British EC membership, Jenkins further angered many fellow Laborites by waging a vigorous campaign to keep Britain in the Community.

Jenkins's cosmopolitan interests may have helped to alienate him from the Labor rank and file, but they have also contributed to close personal relations with German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing. According to some Labor sources, Giscard was so anxious to have Jenkins take the job of Commission president that he made a personal appeal to Jenkins to do so during an official visit to London in June.



*Kissinger and Jenkins (center) with Fernand Spaak (right), head of the Commission's Washington delegation, and Charles W. Robinson (left), deputy secretary of state. State Department Photo*

in 1948 and later became minister of aviation, chancellor of the exchequer, and twice home secretary. Although Jenkins has been identified with the right wing of the Labor Party, he was an energetic backer of Britain's 1968 race relations bill and fought for liberalization of abortion and homosexuality laws. *The London Sunday Times* described Jenkins's first tour as home secretary (1965-1967) as "the most creative two years of lawmaking in any single ministry since World War II."

Ironically, some of the very qualities that have hampered Jenkins in his domestic political career may make him a particularly effective Eurocrat. In 1971, he led a rebel group of 69 Labor MP's who voted with the Conservatives

In light of the magnitude of the problems facing the European Community, there is no guarantee that even a man of Jenkins's remarkable qualifications will be able to make much headway. But a British MP who has worked closely with Jenkins in the past argues that "he has vision, guts, and that rare intellectual gift of transforming his vision into practical legislation." The representatives who met in Brussels to vote on Jenkins's nomination are clearly banking on that reputation. The debate was unprecedentedly brief and the decision was unanimous.

# Soames “On Record”

## *Looking Back on Four Years...and Forward*

Interview by REGINALD DALE, European Editor of The Financial Times

*Looking back on the years 1972-76 in Brussels as Commission vice president for external relations, years which have been among the most difficult the European Community has ever experienced, would you say the Community is now nearer, or perhaps further from, the original aim of creating some sort of United States of Europe? Or would you say that this is now no longer the aim?*

**Soames:** I think one has to look at it this way: A lot of people had their own ideas of what Europe would or could or might grow into. Others felt—and I counted myself among them—that it was not right to draw a blueprint, even in one’s own mind, of what Europe was going to become, but that we were going to develop in this exciting adventure, that Europe was going to develop in its own interest and feel and find its way toward becoming an entity on the world scene.

As you say, these have been the most difficult years. Nobody would have deliberately chosen January 1973 to enlarge the Community from six to nine members. But we have lived through the recession and emerged as an entity, and, I think, played some part here and there on the world scene. We are becoming better known as a Community. The Community means something now in the world. And we’ve survived.

We haven’t made a lot of progress internally. But the fear that Europe might collapse and that it wasn’t going to stay and that we were too nationalistically inclined to make any impact on the world, this I think has been proved wrong. But times have been difficult, and, unfortunately, for a number of reasons—not least, the different degrees of monetary and economic discipline in the different countries—the disparity between the economies of Germany on the one hand and Britain or Italy on the other has grown wider rather than narrower.

*Do you think the Community can continue to increase its influence in the world if it fails to progress internally? Is there a parallel between the two processes, or can one develop without the other?*

**Soames:** One certainly has developed without the other,

and I see no reason for it to stop. What one hopes is that, as the world comes through its difficulties and we get back into a period of growth and get rid of our problems of inflation and unemployment, the Community will then be able to make more headway on the economic and monetary front. I think people are realizing much more now the extent to which our economies are linked together whether we like it or not.

None of us is an island. None of us is insulated against the effect of malaises in the economies of other countries. Though we might not have in words “economic and monetary union,” the fact that we are a Community makes each of us worry much more about what’s happening in the other countries, and take more trouble to see what one can do to help. And, of course, it isn’t just helping in terms of transfer of resources, it’s also helping in terms of encouraging common disciplines.

*Can we turn to relations with the United States? How do you think these have developed over the four years that you have been in Brussels?*

**Soames:** I’m pleased with the way that they have developed, and I was very pleased to hear Dr. Kissinger say when he gave a lecture in London recently that relations between us were now as close and as intimate as they had ever been. If one casts one’s mind back to when I first went to Brussels, there was a lot of hollering going on, a lot of shouting across the Atlantic.

What was the United States worried about? It was concerned about its own balance of payments deficit, but it was also, I think, basically worried about where the Community was going to go. It understood about US-German, US-British, US-French relations and so on, because it had lived with them. It knew that the enlarged Community, which was of another order from the old Community of Six—not only quantitatively but qualitatively—was going to have a bigger impact on the world. But it didn’t know how it was going to perform or what its attitudes were going to be, and it was very much on the defensive. You will remember its anxieties about the extension of the Community’s preferential trading area, first because it was



taking in the other EFTA [European Free Trade Association] countries; then there were the Mediterranean countries; then there was our concept of partnership with developing countries under the Lomé Convention—Africa and all that. Where was it going to lead? Where were we going to stop? Was this going to lead to confrontation with the United States, and was Europe going to erode what were seen as American interests in the world? Looking back on it, it was quite natural, because Europe is so big and it was so new. The Community was parachuted into the world and nobody knew how it was going to behave, and the Americans, above all, didn't know what the mix was going to be. I mean Community-American relations, covering those areas which are the Community's responsibility, which involve important US interests.

Was it going to come out a predominantly French mix, or a British mix, or a German mix? What was it going to look like? There was a great deal of *méfiance*, suspicion, anxiety. I think it was this that led Dr. Kissinger to suggest that we should have a new Atlantic Charter, back in 1973 to set out what the pattern of our relations should be. I never honestly thought that this was a very good idea because, as the Community countries were going to have to learn to live together by going through life together, so was the Community going to have to live with the outside world, and other countries were going to have to live with it. And there would develop a relationship between the United States and the Community which would be, as it were, superimposed on the relationships between the United States and the member states. This would happen over a period of time, gradually. I remember saying once that the Community would really have succeeded when it would be equally possible for an American who takes an interest in international affairs to sit down and write a sketch about the meaning of Community-US relations as one might today about British-US relations or German-US relations. Now this isn't going to happen by writing a Charter or deciding that it's going to happen. It only happens by living through good times and bad together.

Now, thanks to the intimate contacts we have on a day-to-day basis with the Americans through diplomatic channels in Brussels and our diplomatic representation in Washington and also through our bi-annual, high-level consultations, we've come to understand what each other is after much better. In the end they welcomed the Lomé Convention, in that they saw we were taking responsibilities on our shoulders. I remember talking about this when I first went over to the United States in the spring of 1973. I said to them: The Africans need a market, they need to be helped. There are three choices—either the Community does it, or you do it, or the Russians are going to do it. Which do you prefer? We are not doing this to make a lot of money. We're not going to sell a lot more computers

in competition with IBM to Uganda because we're doing the Lomé Convention. This is burden-sharing. And I think that it is understood that we are doing the best we can, given the limitations of our power—because we are essentially a civilian power—and that we are trying our best to be a benign influence in the world.

Now this doesn't mean that from time to time we don't have differences with the United States. We have differences because our interests are not always identical. We have differences on trade; we have differences of policy on a number of matters, both over affairs which are the Community's responsibility and those which are outside of it—affairs of political cooperation between the nine national governments. We've had difficulties from time to time, but so indeed do the Germans have differences, the



British have differences. This is normal and natural. You can't do 40 per cent of the Free World's trade, as we do, and not have differences with other countries of the Free World. But we've managed them, we've handled them, and we've set up a machinery whereby we've seen them coming and we've gotten through. I would echo what Dr. Kissinger said. I personally am pleased with our relationship.

We're coming into a year in which there are undoubtedly going to be a lot of difficulties and I think there will be differences in the Multilateral Trade Negotiations in Geneva. Agriculture weighs heavily. The agricultural lobby is very strong in the United States, and I think there is going to have to be a good deal more explaining of our own attitudes to agriculture and why they have to be different from American attitudes. The Americans tend to look at European agriculture as if it were American agriculture, but it's very different.

But certainly with this Administration we have built up close contacts. We pick up the telephone and talk to one another at various levels. Considering that it's such a young relationship, and the United States is so powerful and the enlarged Community is so potentially powerful, I think that we've started off well, as well as one could have aspired to in the first four years of our relationship.

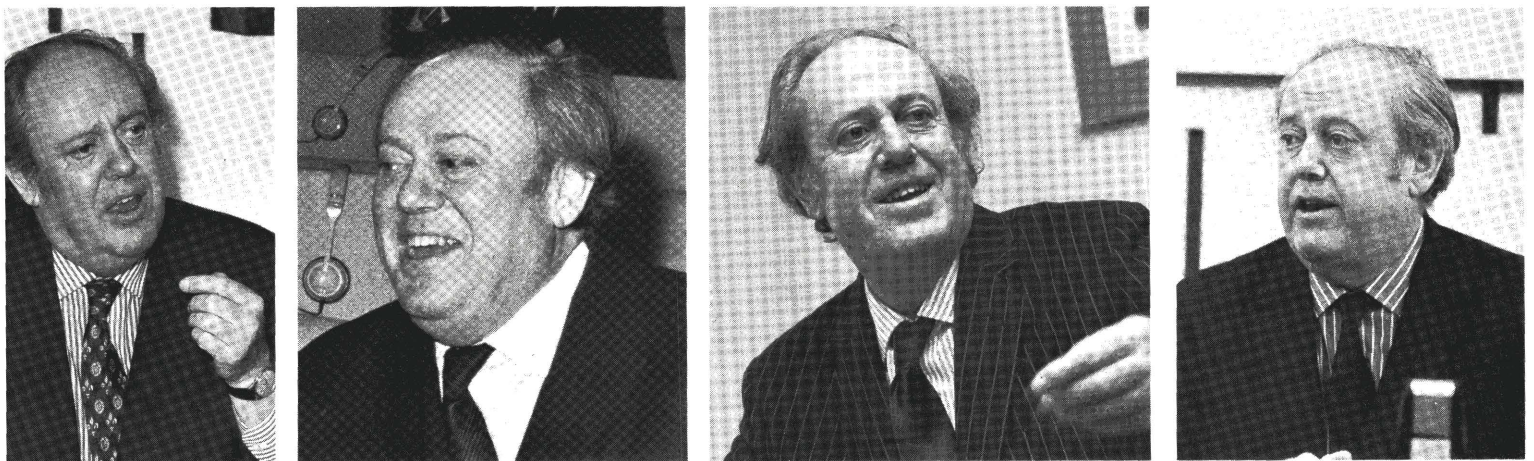
*You referred to "this Administration." There will be a new Administration in 1977. Do you think this will change the relationship at all?*

**Soames:** I wouldn't have thought it was in either's interest to worsen the relationship. It'll be constantly changing, developing, and evolving. But I've happily heard nothing to make me think that the new Administration will look to other than good relations with Europe. And, of course, the fact that there's a new Administration in the United States won't alter our policies in this regard. There's that good saying of the great Duke of Wellington, "interest never lies," and I think that whatever Administration is in power, it'll always be seen to be in the interests of the United States to have good relations with the Community, and we will both strive to achieve them. I think they will grow more intimate. It is so vital to the Free World. We're all under pressures, and it's in our interest to act together to the greatest possible extent.

the United States, but I think British membership has certainly made a great difference to the Community's stance and posture in the world as a whole. But our relationship with the Indian-sub-continent, with Southeast Asia, and with Africa is of a quite different order today, largely because of Britain's accession.

*The next big event on the internal side of the Community should be direct elections to the European Parliament. How do you see that influencing the decision-making process in the Community?*

**Soames:** I'm not sure that it's going to influence the decision-making process all that much in the immediate future. The great benefit is that it's going to politicize Europe more. There are going to be elections; there will be meet-



*In observing the Community in the four years since Britain joined, do you think that British membership has placed more of an Anglo-Saxon stamp on the Community? Do you think it is perhaps more understanding of American attitudes?*

**Soames:** I have always felt that one of the purposes of the Community was that, by becoming a Community and therefore gaining more strength than the sum total of its individual members, it would be able to take on more of itself and that it would have a more independent position vis-à-vis the United States than could any country on its own. Now there were elements in the old Community who seemed to think that in order to be a good European you had to take a sort of political breath test to show that you had a certain amount of anti-Americanism in your blood. I think that's now a thing of the past. I don't say that this is just because Britain has come in. But if you say in an over-facile manner that there are those who think that the way to get your way with the Americans is to kick them as hard as you can, and there are others who think that the way to get good relations with the Americans is to explain things to them and carry them along, Britain's weight was obviously behind the latter rather than the former. I think this is true of all three new members—Britain, Ireland, and Denmark. You mentioned specifically relations with

ings talking about the Community. We've experienced it once, while the British referendum on Community membership was on, and it was very successful in the United Kingdom. Since then we've heard nothing; there's hardly been a speech made by a minister or any opposition leader on Europe in Britain at all. We're so mesmerized in Britain by our own troubles, which, goodness knows, are big enough. But when we get into elections to the European Parliament, then European policies and politics will be talked about, and the extent to which they touch on people's lives, which is far greater than I think many people realize, will be brought out.

I believe that governments are on the whole behind public opinion rather than in front of public opinion. Governments are holding back and have got a view that you've got to beat nationalistic drums more than people on the whole would like to see. I think people would like to see the Community strong and powerful, I don't think they're interested in frontiers now, and I think they would like to see a Europe playing a part in the world. This will come out in the elections, and then, of course, you will have a Parliament which will feel that it is duty-bound—because it is elected—to make more noise than the present one and to make its presence felt to a greater degree. It will probably make life harder for the Commission, and that's no

bad thing. I hope it'll make life harder for the Council of Ministers as well, and that would be no bad thing either.

I don't think that of itself the fact that it will be elected will give it any greater power. The extent that it succeeds in grabbing power remains to be seen, but I certainly think that it will make its presence felt more, and I hope that it will have a greater influence. It's not only what happens, it is the people seeing that it happens which is important. It will bring Europe into the living rooms of people more, and that's really where the importance of direct elections is going to be.

*Now, may we look East? Our relations with Moscow and the other Socialist bloc countries have not always been very friendly in the past, do you see any signs of a thaw there?*

**Soames:** Not yet. I see some rhetoric. They don't recognize the existence of the Community. Everyone else does, and to this extent they discriminate against us. All the countries of the Community have decided to pool their interests in certain spheres and the Russians have not even recognized this. Then there was the move of Comecon [Council for Mutual Economic Aid] to open contact, but of course Comecon and the Community are very different animals. We are replying to them. But in my job of external relations I've been shown no evidence of any difference in attitude of the Russians to the Community than that which existed when I came in in 1973.

*What would you say were the major milestones in the Community's development in external relations during your term as Commission vice president?*

**Soames:** First, the generalized preference system for developing countries. It was, of course, going before, but it's grown out of all proportion. The Commission has proposed that the value of industrial and agricultural imports covered by the system should rise to an unprecedented \$8 billion in 1977.

I think also our whole attitude towards the North-South dialogue. It began as a French idea but was then taken up very largely as a Community initiative. The Lomé Convention itself, linking the Community with almost 50 developing countries in Africa, the Caribbean, and the Pacific. The fact that we are proving to be a pole of attraction among such diverse countries as Canada on the one side and Sri Lanka on the other, which are anxious to have agreements with us of different kinds. And the building of the beginning of a relationship with the United States.

*There's China of course. . . .*

**Soames:** Well, China was developing. When I was in China they decided that they would recognize the Community and appoint an ambassador to it, and they made it quite clear to me in Peking that having taken this political

decision it was their intention to move on and to have a trade agreement, which is something that I think both sides would be well advised to have. It seems to me that the death of Chou En-lai and the death of Mao Tse-tung one after the other has set back the timing, but I think it's written in the stars that this will happen. I was hoping that we were going to be able to do that this year but it wasn't to be. But certainly for their own geopolitical reasons they've come to look on the Community with great favor.

*Another development during your time in Brussels has been the increasing use of "summits," the nine-nation meetings of heads of government three times a year, to take decisions in the Community. Do you see this as a helpful, positive development, and do you think the present leaders of Europe are up to the task of leading Europe in the right direction?*

**Soames:** I've always thought that a summit, I mean what is now called the European Council, was a necessary thing because it was in the interests of Europe that those who have the supreme responsibility in the member states should give their minds to European questions and should be constantly bearing in mind the European dimension when they take national decisions. So in principle I think it good. On the whole the fears people had that this was going to detract from the Council of Ministers, that it was going to be a brake on activities, and that decisions would tend to be put off until summit meetings have not materialized. What matters, of course, is that they should be successful and that they should get somewhere.

I suppose it's a sort of inbuilt difficulty that all the media are national media. There is no Community media, and all the media tends to point up differences in the light of whether one country has won or lost a battle, and the concept tends therefore to be put over to the people as being somewhat confrontational. Now, of course, there is an element of truth in this. The whole history of Europe is one long negotiation. But we must arrive at the point where we realize that we are all members of the Community, and it is in the interest of all of us that the Community should succeed. This is where I think the heads of government meetings can serve such a useful purpose.

What you don't want is the Commission and possibly the European Parliament being the only two institutions which think "European." Every European government has got to put a European dimension into its decision-making process, and the heads of government should have a greater understanding of the difficulties of the others. We've got constantly to be thinking where lies the Community interest, and this can't just be done within the Commission. It's got to be done in the member governments as well, and I think that European Councils can serve an essential purpose in this.

# Monnet's *Memoirs*

## "Tipping the Balance Between Victory and Defeat"

EDWARD BEHR, *European editor of Newsweek International, who was a member of Monnet's "brain trust" from 1954 to 1956.*

AT THE HEIGHT OF THEN PRESIDENT NIXON'S PRIVATE WAR on liberals, Joseph Kraft, the well-known columnist, took a trip to Europe and at the CIA's request was put under surveillance by the French secret service. The CIA wished to monitor Kraft's contacts with North Vietnamese negotiators then in Paris, presumably to accumulate proof that by "conspiring" with America's enemies he was guilty of treason.

The report came back that Kraft had seen "a woman, Jean Monnet." Was this a discreet mistress, affording convenient opportunities for blackmail, a sultry leftist activist, perhaps, in cahoots with Hanoi? To this day, I can't decide which aspect of this ludicrous story is the most appalling: that the CIA should have made such a request in the first place; that the French Government should have acceded to it; or that no one at the CIA was apparently able to identify the mysterious person Kraft went to see in the rural seclusion of Bezon-Bazoches.

That the CIA should ignore the name of Jean Monnet is but one of the incredible gaps in today's supposedly hyper-informed society. Indeed, until Monnet's *Memoirs* appeared this autumn in France, many otherwise well-informed Frenchmen were convinced he was dead (he is in fact a somewhat reclusive but hale and hearty 88). One reason may be that Monnet, a truly modest man, has always been averse to thrusting himself forward on the world scene, preferring to act through front-running political figures, even at the cost of watching them usurp his ideas.

The Gaullists, of course, have always done their best to minimize Monnet's role and indeed had a vested interest in doing so. I well remember the anger and shame I felt when Monnet, attending the state funeral of his old friend Robert Schuman, was deliberately excluded by overzealous protocol officers acting on Elysee Palace orders from the official French Government-organized mourning party, and banquet, which followed the burial ceremony. On this occasion the Gaullists had found it politically expedient—for obvious reasons—to give great prominence to the passing of an outstanding Christian Democrat

(MRP) politician from Alsace who was never, in his lifetime, particularly in tune with Gaullist sentiments. And Charles de Gaulle deliberately kept out of the limelight the one man who had been most responsible for Schuman's greatness. For the Schuman Plan, as most people may yet remember, had been Monnet's brainchild, and the Gaullists, needless to say, had fought the idea with all their might and done their best to strangle the plan at birth, as they succeeded later in strangling the European Defense Community.

In the Fifties and Sixties, it was fashionable, among Gaullists, to refer to Monnet as a British or American "agent." This, as Monnet himself would recognize with his inimitable wry smile, was par for the course. But even if one sets aside the Gaullists, no figure of modern times has been comparably underrated, ignored, or travestied.

Even now, among the well-informed, it's fashionable to put forward the view that Monnet was some sort of romantic accident in the course of European history in the making, that his theories were still-born and his influence negligible. It's significant that at a recent seminar on EC-US relations organized by the EC Commission's delegation in Washington almost no mention was made of Monnet—without whom there would have been no Common Market, no EC Commission, and no delegation in Washington.

And it has always seemed strange to me that, in the perennial search for Nobel Peace Prize candidates, Monnet's name has never been advanced: Far more than that of many actual prizewinners, his life's work, it seems to me, is the very incarnation of those qualities and achievements supposedly sought out by the Nobel Prize Committee.

If Monnet were merely a maverick European federalist with an *idée fixe*, why is it that over the years his Avenue Foch apartment in Paris became, even at the time of his greatest apparent eclipse, the indispensable place of pilgrimage for the great and the near great? To visiting VIP's a session with Monnet was as *de rigueur* as a Japanese tourist's visit to the Louvre. To several generations of

Western statesmen, he was a guru whose words of wisdom, though eagerly and indeed reverently sought after, were seldom acted on.

MONNET WAS ALWAYS BETTER JUDGED and appreciated outside his own country. There was a good reason for this: For all his earthy peasant shrewdness and quintessentially Gallic appearance (later pictures of him could well have been used to vaunt the quality of Monnet brandy, the family firm), Monnet was that very rare breed of Frenchman—a resolutely anti-jingoist one. While de Gaulle appealed to basic nationalist instincts and pride, Monnet appealed to reason. Whereas in private de Gaulle was

cynically contemptuous of his fellow countrymen, Monnet was convinced that human beings were not mindless sheep to be swayed by demagogues, but social beings susceptible to rational argument and capable of altruism. In his *Memoirs*, the only really harsh words are reserved for those who, like Raymond Poincaré after World War I, utilized arrant nationalism to further their political ends. Otherwise, Monnet's commentary on human folly is devoid of bitterness. Characteristically, he has avoided polemics in his description and analysis of the great historical trauma of the twentieth century he was so intimately in, and whose potential calamities he did so much to prevent.

But this is only one reason why Monnet's *Memoirs* (Editions Fayard, Paris, 642 pages, 59 francs), due out in English translation by early 1977, make such fascinating reading. On the one hand, they contain new insight into events which historians and Ph.D. seekers are still slaver-ing over, including the de Gaulle-Giraud affair in Algiers in 1943, the offer of joint Franco-British union in 1940, and the events leading up to the French armistice of June 1940. And on the other hand, the book explains how personal experience molded and influenced the quality of Monnet's thought and how, from the Allied Maritime Transport Committee (the first institutionalized example of a supranational pooling of resources) of World War I onward, Monnet turned conventional thinking upside down in his approach to world problems, culminating in the post-World War II devising of the Schuman Plan, and the Common Market.

For a political visionary, Monnet has always firmly rooted himself in practical, tangible considerations. In the First World War, his conviction that essential tonnage, raw materials, and food were being wasted through the habit, pursued well into 1916 by the French and British Governments, of bidding competitively on world markets for raw materials and shipping space in drastically short supply, led to the first Allied Planning Board with real powers of decision. How an unknown junior brandy salesman managed to transform Allied governments' policy and put an end to a costly and self-destructive state of affairs is brilliantly told, though never in trumpet-blowing terms. On the contrary, Monnet is at pains to record that at the time he was concerned not with theory but with practice, and did not immediately see how the examples of a resource-pooling exercise in war conditions could be applicable to other forms of social and political organization.

Those who see in Monnet an archetypal representative of "capitalist imperialism" would do well to read about his immediate preoccupations following the end of the First World War. Had Monnet's advice been followed, the ghastly free-for-all which followed the 1918 armistice, with its recurrent raw materials race, might have been



avoided—along with an almost insanely short-sighted Allied policy toward defeated Germany. And while President Woodrow Wilson's extraordinary pilgrimage to Paris to set up the League of Nations (in which Monnet was to play an important part) did provide the world with a new attempt at social organization, it was clear to Monnet, after the euphoria of its creation was over, that, lacking "teeth," it would be as impotent in solving world tensions as its successor, the United Nations, turned out to be.

As deputy secretary-general of the League of Nations, Monnet did, however, further refine his unconventional approach to world problems; and, as his account of problem-solving over Austria and Upper Silesia shows, it was indeed occasionally possible to devise foolproof solutions where there was a political will involved. Thus the internationally guaranteed status of Dantzig, at a time when Poles and German were so mutually hostile they were incapable of negotiating bilaterally, and the Monnet-negotiated loans which enabled Austria to emerge from bankruptcy, at a time when there were no such things as the Bank for International Settlements, the International Monetary Fund, or the World Bank, were further examples of successful Monnet "lateral thinking." In contrast, Monnet shows how a conventional approach to another problem, the Saar question, was doomed to disaster "because it failed to take the future into account."

The imminence of the Second World War compelled Monnet, now back in Cognac running the family business, to involve himself once more in public affairs. "I felt the same conviction that had been mine in 1914," he wrote of the year 1939. "In the midst of a given conflict there is always one factor which tips the balance between victory and defeat. This factor may not necessarily occur in the heart of bloody battle." In Monnet's view, what would determine the outcome of World War II was superiority in armaments, especially in aircraft. Appalled by Franco-British unpreparedness, Monnet became a one-man mission to President Roosevelt, at the request of both Edouard Daladier and Paul Reynaud, and Monnet's success in winning Roosevelt over to his point of view did undoubtedly help lay the foundations of America's huge arms production industry, which eventually won the war.

WHAT WILL PROBABLY COME AS A SURPRISE to most readers is the always understated but convincing proof of Monnet's immense, and at times subliminal, influence on Roosevelt, Harry Hopkins, and even Winston Churchill in determining the defense needs of Britain (alone after the fall of France) and then of the combined Allied might. As his chapter seven shows, it's clear that Lend-Lease (virtually a Monnet invention to enable Britain to receive arms it could not otherwise pay for), the high level



... with France's Robert Schuman, whose name would be stamped on Monnet's plan.



... with Germany's Konrad Adenauer ... and there would not be another Franco-German war.



... with Belgium's Paul-Henri Spaak ... "the father of Europe" and "Mr. Europe."

... with Britain's Harold MacMillan, receiving honorary degree from Cambridge.



of arms production, and especially Monnet's insistence on tank and plane production figures were all vital elements in enabling the North African, Italian, and D-Day operations to occur as they did—and they were all the result of Monnet's ideas-producing genius.

By the time Monnet was producing key feasibility studies and balance sheets in Washington and lobbying Roosevelt and his entourage to get them to "think big" in terms of tank, shipping, and aircraft production, France had fallen and Monnet's original Franco-British purchasing commission had been wound up. How Monnet found himself in Washington, at Churchill's instigation, officially as a British civil servant in charge of US-UK supply and armament procurement matters, is itself a revealing insight into the workings of Monnet's own mind.

As the *Memoirs* (and hitherto unpublished correspondence between him and de Gaulle) show, Monnet—had he wished—could well have become a kind of prime minister to de Gaulle when the latter assumed the mantle of Free French sovereignty in June 1940. He did not do so, to de Gaulle's genuine chagrin (and later vindictiveness), because in Monnet's eyes the question of Britain's physical survival—as a means of tiding over the period before the United States entered the war—was more important than role-playing, even on a grandiose scale.

Without tanks, ships, and aircraft, Monnet argued, there would be no Britain—and, *pace*, no Free France and no de Gaulle. Having thus sorted out his priorities, Monnet proceeded to act on them, by singlemindedly devoting himself to the cause of armaments production and to the one country whose resources were sufficiently large to provide them.

It was only after Lend-Lease became operative and the US war effort sufficiently advanced to ensure ultimate victory, that Monnet resumed, as it were, his French nationality. It is a sad commentary on human stupidity and blind prejudice that to this day some Frenchmen look askance at Monnet for having assumed, temporarily and in wartime, a British civil servant's role—ignoring the fact that had Monnet's views not prevailed, the war might well have lasted another year or two. Had Monnet's career ended there, he would have deserved a more than honorable mention in the history books. In fact his life's work was only beginning.

After an Algerian interlude (over which he is regrettably too discreet) in which he helped solve the Giraud-de Gaulle personality conflict of prima donnas which so irritated Churchill and Roosevelt, Monnet was entrusted, by de Gaulle, with the formidable task of trying to put the war-torn French economy to rights. The result was the Monnet Plan which enabled France to recover with enviable speed.

Following this pattern of asking simple but determining questions, in the hope that the answers would emerge with

more force, Monnet, in his preparatory work on the Monnet Plan, came up with two essential principles, which—had they been applied to Britain as well—might well have changed the course of European history. One was that since, as Monnet put it, it was "France's pre-war [economic] weakness that had conditioned its defeat," in the reconstruction era the real enemy remained an archaic industrial technology. The other was eminently simple but essential preamble that any kind of plan could only come about with the active cooperation, and indeed participation, of the main forces within French society—including the labor unions.

The last third of the *Memoirs* is devoted to the Schuman Plan, the Common Market, and Monnet's own subsequent "Committee for a United States of Europe." Because these events are more familiar, the element of surprise is perhaps lacking. And I find one omission which I would like to correct: Although Monnet had indeed submitted his formal resignation to the "Six" in 1955, I am convinced that he would have withdrawn it had he been appointed president of the European Coal and Steel Community's High Authority for another term of office. But it so happened that French Premier Pierre Mendès-France, for domestic political reasons, needed Monnet's head on a platter. So France insisted at the 1955 Messina Conference that Monnet should be replaced, though the other "Five" wanted to persuade him to change his mind. I know, because I phoned Monnet the news from Messina that such was the ultimatum put forward by Mendès: that France would underwrite the Common Market resolution at the Messina Conference, but only if the "Six" got rid of Monnet. So Monnet found himself by now in the familiar situation of seeing his policies triumph (for the Messina resolution for the Common Market, like the earlier Schuman Plan resolution for the Coal and Steel Community, would not have existed had it not been the work of Monnet's own braintrust), while he himself, the instigator of it all, the "magician," was coldly jettisoned.

Toward the end of his life, with Europe and the Common Market in such disappointing disarray, it might be expected to catch a hint of despondency in Monnet's conclusive chapters. But there is no despair, for Monnet over his long life-span argues that there is room for cautious optimism. It has always been his view that any advance on the road to European unity, by its very nature, creates new and major problems by its very advance, so that the further Europe does move ahead, the bigger the problems will be. In any event, it's inconceivable for anyone reading the *Memoirs* to continue to subscribe to the view that Monnet's theories lack credibility. Monnet may, in his view of human nature, be over-optimistic. But to suggest that he is wrong is to deny the very evidence of history, of logic, and of the example of what has happened in Europe where Monnet's advice has been ignored.

# Irish Cooperation, Not Strife

## *A Regional Policy Case Study*

**JOHN HUME**, a native of Derry and former minister of industry and commerce in Northern Ireland's first power-sharing (Protestant-Catholic) executive, now a visiting fellow at Harvard's Center for International Affairs

RECENTLY THE EC COMMISSIONER FOR REGIONAL AFFAIRS, George Thomson, announced that the Commission had agreed to a joint request from the British and Irish Governments for a communications study for the Derry/Donegal area of northwest Ireland. Although insignificant by European standards in terms of cost and although a small first step, it could prove to be one of the most significant steps taken in the promotion of crossborder development in Ireland.

The Derry/Donegal region is divided by the Irish border; and, in spite of the severe economic problems of the area accentuated by the border and in spite of numerous efforts to have a joint approach to the tackling of the region's problems, intense political suspicion has always, until now, defeated any such efforts.

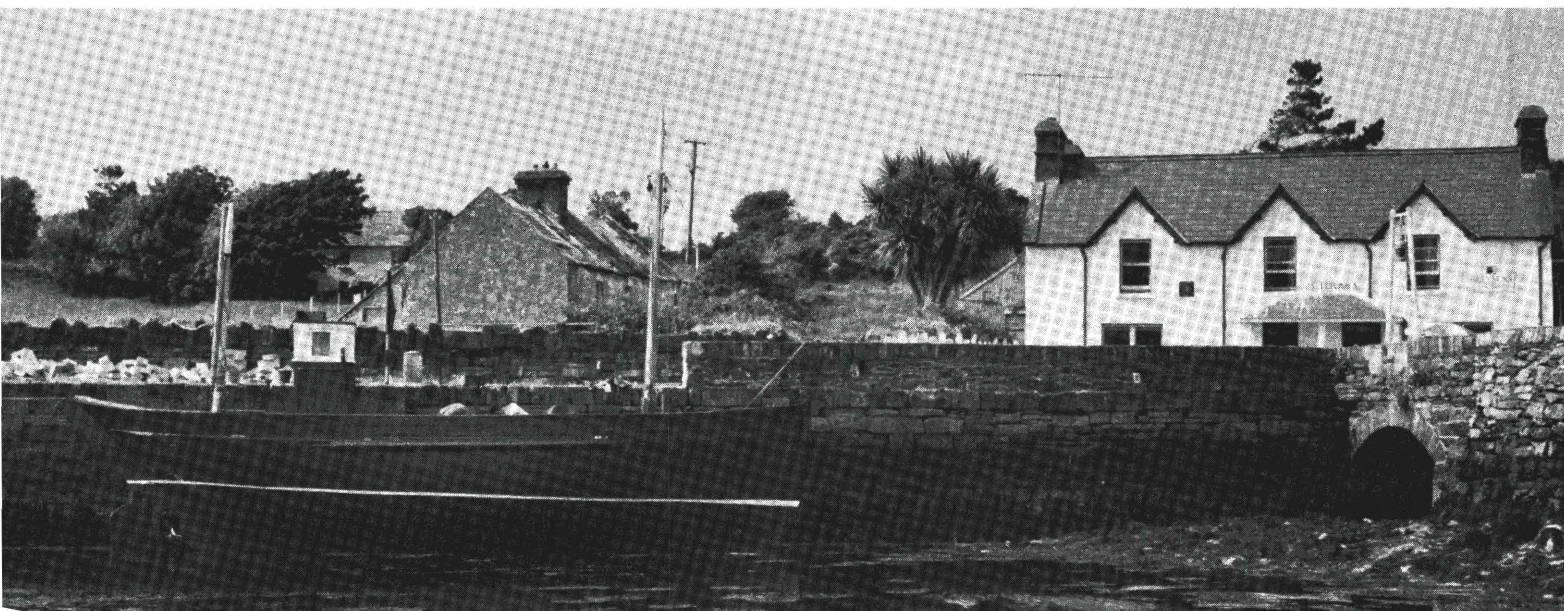
Entry into the European Community gave a new dimension to the problem and provided a framework whereby, without political implications, there could be a coordinated approach to the development of the area. The announcement of the study is a small first step, but it is hoped by people on both sides of the border that it will be the step that will lead to a coordinated development plan, spanning the border for northwest Ireland, to be imple-

mented by a development authority with personnel drawn from both sides of the border. In terms of crossborder cooperation in Ireland such a development would be unprecedented.

The social and economic problems of northwest Ireland, and of Derry and Donegal in particular, are among the most severe in Europe. When it is pointed out that all of the basic criteria for assistance from the EC Regional Fund are to be found in this area, the extent of deprivation is clear. When the basic problems are listed, the enormity of the task in solving them emerges, particularly against the current economic background.

Emigration has been consistently high. Unemployment has rarely fallen below 12 per cent of the labor force. Agricultural employment is at a much higher level than in the European Community as a whole. Personal incomes are much lower than elsewhere in Europe. Manufacturing industry has a narrow base and an unusually high percentage of female employees. It is a border region. It is on the periphery of Europe. The campaign for regional machinery and framework within which these problems could be most effectively tackled has been pursued by many interest groups for many years.

*Low tide at an Irish fishing village . . . and a boat is left resting on its keel at quayside.* © David Hurn, Magnum





Entry into the European Community gave a new impetus to the debate, and pressure for assistance from the EC Regional Fund developed. The net result of all the discussions was the Commission-approved joint application of the British and Irish Governments to the EC Commission for financial support to undertake a crossborder study in communications to cover roads, railways, ports, and telecommunications in the Derry/Donegal area.

If the study is to be effective, it should concentrate initially on three broad areas: the interpretation of the terms of reference; the priorities for major attention; and positive ideas for the socio-economic development of the region.

In relation to the terms of reference, there is disappointment that the study is confined solely to Derry and Donegal and not to the wider northwest region which contains Tyrone, Fermanagh, South Donegal, Leitrim, and Sligo. There is deeper disappointment that it is to be confined solely to a study of communication. There is no need, however, for the terms of reference to be so narrowly interpreted. It is surely not possible for anyone to carry out an adequate study of the transport and communication problems of northwest Ireland without going in depth into the wider social and economic problems. This will mean that crucial questions such as industrial development, unemployment, tourism will have to be examined as well as the whole question of the area's infrastructure.

IN DEALING WITH INFRASTRUCTURAL DEVELOPMENT AND investment a clear set of priorities is necessary, particularly against the present background of capital scarcity. The first priority must be measures to reduce the remoteness and isolation of Ireland's northwest area. This is probably the main factor in inhibiting the economic growth of the region. The distance from the Community's high-growth centers creates the problem of transport costs; but, in addition, the lack of fast and efficient transport services

leads to the need for storage of necessary stocks such as raw materials and to the tying up of capital. It also has the practical effect of overemphasizing the remoteness in the minds of industrial executives who require regular and speedy public transport services, especially by rail and air in order to do their jobs effectively. It follows from this that investment programs should concentrate firstly in improving links with other parts of Ireland. Road links between Derry and Belfast, Derry and Dublin, and Donegal/Sligo/Dublin are obvious priority routes for upgrading, as are rail, sea, and air links to the outside world. All of these need an in-depth study against the background of our problems.

The second priority is the development of one major urban center in the region, providing the whole range of essential services and infrastructure that are necessary for development of the region as a whole. Indeed, the region's steady decline since the beginning of the century is directly related to the town of Derry as a strong regional center. Two main factors contributed to this—the border, and policies of successive Northern Governments which had dealt severely damaging blows to Derry's prominence as a center of regional growth.

The border removed the natural market for the commercial life of Derry. It also removed from Donegal its natural capital. The natural center for migration within the region was cut off by the border and there has been virtually no Donegal/Derry migration for the past 50 years. The result has been that Donegal migrants have gone further afield. In addition, of course, Donegal without Derry has a weak urban structure and has lacked the necessary range of services to provide for adequate industrial development. The result has been that since the beginning of the century the population of Donegal has dropped by 70,000. The whole region, therefore, has suffered economically from the existence of the border.

*Prospective buyers and sellers gather for a livestock auction.* © Hiroji Kubota, Magnum





*Taking tea can be a serious business . . . as with these pilgrims to a religious shrine in northwestern Ireland.* © Josef Koudelka, Magnum



*. . . And so can the day's pint (or two) of stout down at the "local."* © Hiroji Kubota, Magnum

On the other hand, the policies pursued by successive Northern Administrations severely reduced the status of Derry itself. This is particularly evident when one notes that there is hardly any evidence of migration into Derry from any area within the region apart from its immediate environs. The evidence of the success of the policy of downgrading the regional status of Derry, which was intensified in the Sixties by Government planning and economic strategy, can be seen from the migration figures within Northern Ireland itself between 1961 and 1966. Twenty-five per cent of those who migrated from Derry in those years went to the Belfast/Antrim area as did 56 per cent from County Derry, 44 per cent from County Tyrone, and 45 per cent from County Fermanagh. In addition, 29 per cent of migrants from Tyrone went to Armagh/Down areas, as did 25 per cent from County Fermanagh. Moreover, the migration rates from the three northwestern counties in the Republic were more than double those of their Northern counterparts, underlining the absence of a strong regional center.

In recent times Derry—and therefore the region as a whole—has been dealt severe long-term blows by the removal of a second university to another location and by the removal of regional administrative headquarters. All of this tends to underline the fact that Derry no longer exercises any regional influence beyond its own immediate hinterland and that due to this the region itself is not strongly integrated. It is this trend that needs correction if there is to be serious economic regeneration of the area, and it is toward joint projects by the British and Irish Governments, under the aegis of the European Community, that people are looking as a means for communities on both sides of the border to enter into practical cooperation, without the divisive influence of political suspicion.

IT WOULD, HOWEVER, BE A MISTAKE TO CONCENTRATE ALL growth in one major center. It is necessary to have a number of selected centers of industrial growth throughout the area in order to produce a balanced and more socially acceptable development, as well as to reduce the intra-regional disparities. The priorities of road development within the area would thus center on routes between the selected industrial centers and the major regional centers. There is obviously a need as well for coordination between the authorities on both sides of the border, not just on the development of a complementary roads program but also in harmonizing standards of design, construction, and classification of roads. This approach to the proposed study will clearly open up wider economic issues. Practical ideas have already been put forward in key areas, all of them involving the creation of machinery for crossborder cooperation.

For example, in looking at the development of Lough Foyle, whose shores are on both sides of the border, there are several key areas with growth potential—harbors, fisheries, tourist amenities, and conservation. At present there are many different authorities on each side of the border with responsibility for these different and important matters. It would surely make for greater efficiency and indeed greater development potential to appoint within the context of a regional plan a multi-purpose Lough Foyle Authority, drawn from both sides of the border with responsibility for all matters pertaining to Lough Foyle.

Such an authority could have responsibility for the development of all the harbors and piers in the Lough, as well as for the safety of navigation within the Lough. It would mean also that future decisions about the development of deep water harbor facilities on Lough Foyle could be taken in the interest of the region as a whole and with-

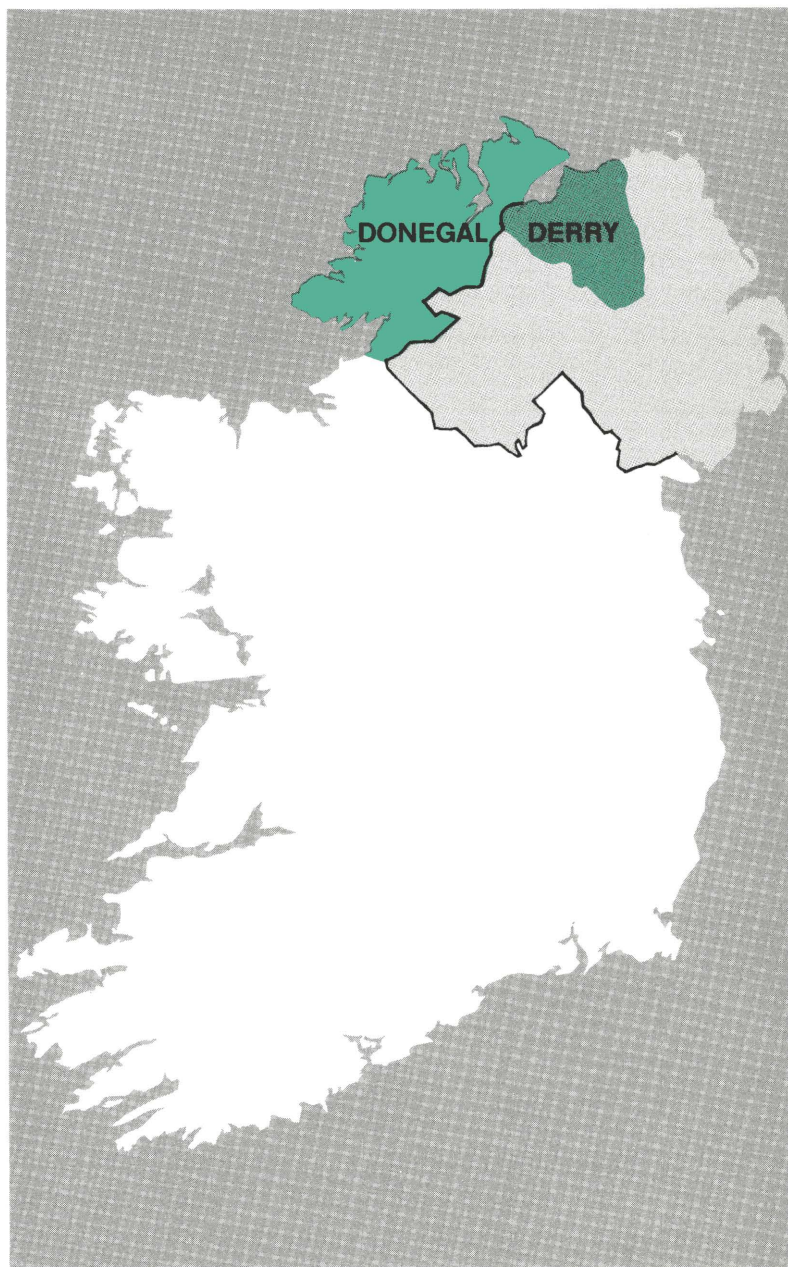
out political considerations or implications. Similarly, with the development of tourism, seafishing, boating, and the extremely valuable salmon fishing potential of the Lough and surrounding coast. A related subject to all these matters is the question of conservation and anti-pollution measures, responsibility for which is also divided, at the moment, between different authorities.

On the tourist front there is massive potential. The Derry/Donegal region is one of the most beautiful tourist areas in Europe, and a recent survey revealed that Donegal could take up to four times its present tourist traffic with proper development and tourist infrastructure. There is clearly a need, first and foremost, to promote the region as a unit as well as a coordinated approach to the development of tourist potential and to the servicing of the tourists through provision of common information and tourist literature.

There is also the central and important issue of industrial development and the creation of job opportunities to tackle the serious unemployment problem. Apart from the creation of centers of industrial growth and the normal drive for industrial investment, there exists the exciting possibility of developing joint industrial projects on a crossborder basis. There is surely scope for investigation of the creation of a crossborder food complex, drawing on the natural agricultural and fishery resources of the area. There is the ideal location for an industrial estate on Lough Swilly, using the deep water berth and drawing labor by agreement, for the first time, from both sides of the border.

There is also the potential for the creation of other crossborder industrial areas, backed by a joint industrial plan and using joint industrial promotion. An example of this would be the twin towns of Lifford and Strabane. This, of course, inevitably raises the question of a coordinated approach within the region as a whole to the training and retraining of labor, the question of joint training programs geared to the employment needs of the region, the question of reciprocal arrangements for the use of training facilities on each side of the border. It also raises the question of the coordination of regional plans and regional strategy. All these possibilities, which in Irish terms are far-reaching, can emerge from the present study.

But the ultimate objectives, if a strongly integrated region is to be recreated in the northwest, must be a northwest development plan which takes all these questions into account and with a northwest development authority appointed to implement it. Doubtless there are many obstacles in the way, but all of them can be overcome if the political will exists on both sides of the border. Membership in the European Community has lessened the extent of the major problem standing in the way of such progress—the fear of political implications. It is clear that strong



*Derry and Donegal, though separated by the border, are united in the EC Commission's regional development study.*

and agreed cooperation on social and economic problems can be developed, without constitutional implications, and provide economic benefits to an intensely deprived region.

Under the aegis of the EC Commission and with full agreement of both Governments, progress toward these objectives is attainable. Such an approach will require assistance from the Community's Regional Fund, Social Fund, and European Investment Bank. It will also require harmonization in many fields. However, the first step has been taken. The study that has gotten under way is a small but hopeful first step in an experiment that could, in the end, set a headline for crossborder cooperation in Ireland on a much greater scale and provide the means for effectively tackling the economic problems of one of the most deprived regions of Europe.

# Potatoes

## *European Shortage Met by American Plenty*

AXEL KRAUSE, *Washington correspondent of Business Week magazine who covers world food and agriculture*

WHAT DOES RECENT GRUMBLING OF FRENCH WORKERS during cafeteria meals have in common with the revival of a New England railroad? Or with the switch to a new business by international grain companies, the surprise easing of European sanitary regulations, or the related launching of a new form of government surveillance in Washington? As incongruous as it may sound, the answer is—of all things—potatoes.

Even before EC officials in Brussels glumly confirmed in October that because of last summer's drought the Community's fall potato harvest would drop sharply, a chain of events was unfolding that will continue affecting US-EC trade relations, and their respective food economies, until at least next spring. The events illustrate that even in the case of the humble potato: 1) There is an intricate, sensitive, often-overlooked web of relations—plus in this case, common eating habits—that link both sides of the Atlantic. 2) These links can be mobilized on fast notice during difficult moments to mutual advantage, despite continuing, justifiable—and often bitter—European complaints about the predominance of American agriculture.

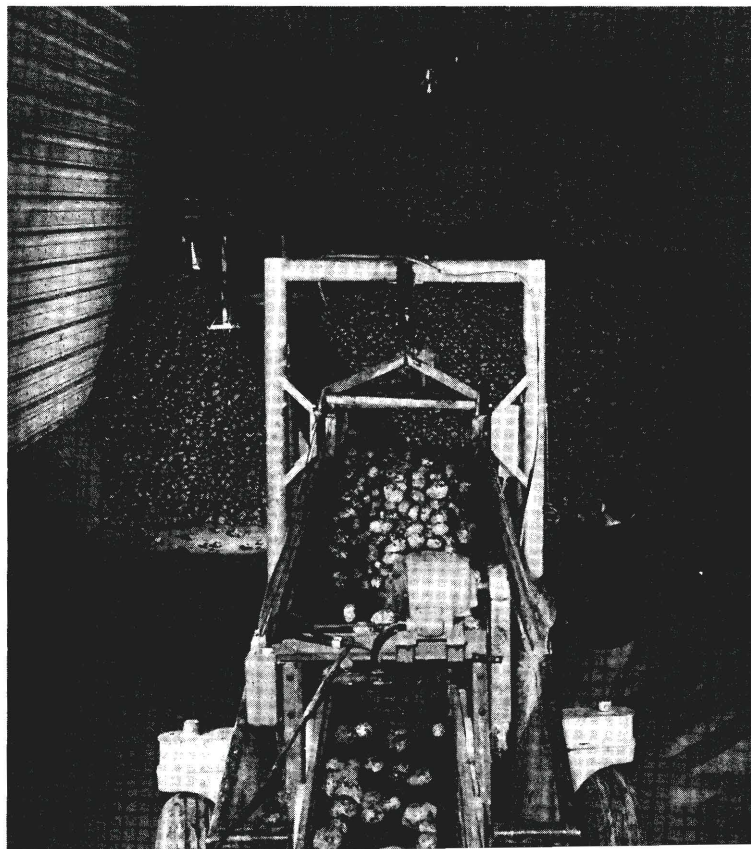
Potatoes rarely make headlines, except during spectacular moments in history, such as the West's tragic potato famine that struck Ireland hardest of all in the middle of the nineteenth century. A happier news event two centuries earlier was the arrival in Londonderry (now Derry), New Hampshire, of the first potatoes brought to the British colonies by Irish-Scottish immigrants. And in the sixteenth century, Spanish explorers created a European stir with the discovery of potatoes in the Andes Mountains, which they brought back and introduced to Ireland shortly thereafter.

Historians may disagree on the significance of other events, but few would contest that in recent years the potato has been taken for granted by just about everyone. Thus, senior specialists of the US Department of Agriculture in Washington were understandably jolted late last September by casual-sounding phone calls from international grain companies inquiring about such things as the latest American potato crop conditions, available marketing networks

in Europe, and related background. Quickly, the US Government realized it was getting first, inside confirmation that the biggest-ever export boom of American potatoes to Western Europe was under way.

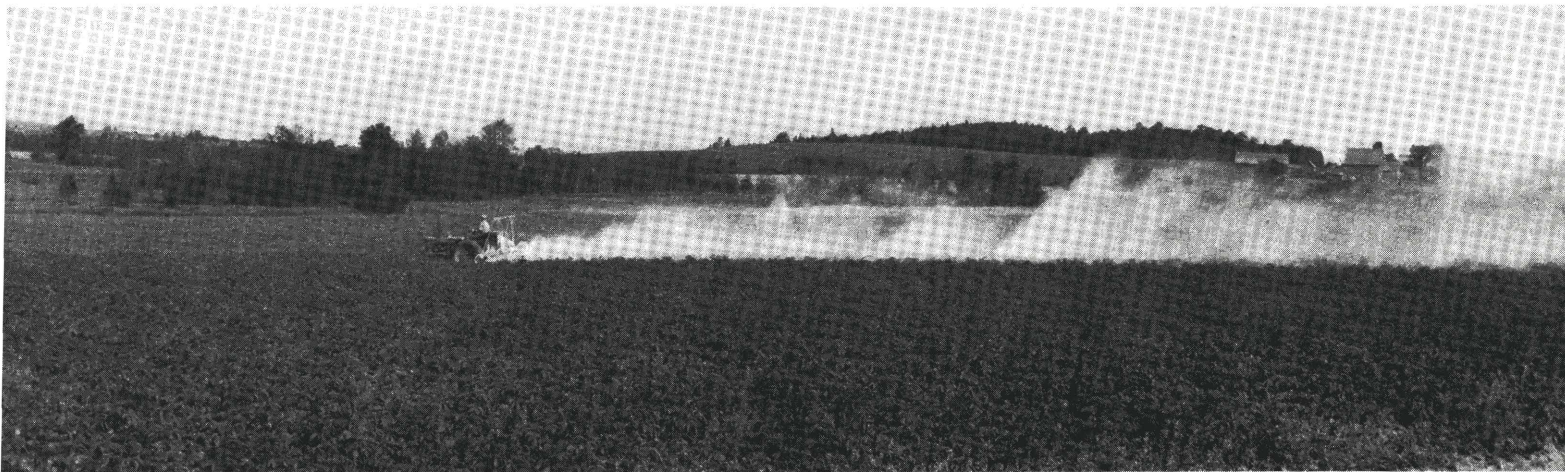
Behind the scenes, West Europeans had let it be known that the EC-wide drought had decimated its potato crops, leaving France, for example, with only 50 per cent of its normal 6 million ton supply and that only Holland was in a position to handle the needs of other EC countries. But the Dutch crop would not stretch to cover demand in France, Germany, Britain, Italy, Norway, Denmark, and Belgium, officials warned, adding that the EC crop would be off by roughly 25 per cent from the 1975 level of 33.5 million tons, which had already fallen from the normal, average level in previous years of 40 million tons.

*Newly harvested Maine potatoes pour off a conveyor belt into a storage bin.* US Department of Agriculture (USDA) Photo



As Americans quickly learned, potatoes matter to EC countries. On an average per capita basis, EC citizens consume roughly 160 pounds per year, compared to 100 pounds for Americans—led by Belgium, Britain, Germany, and France, and trailed by Italy. The growth in recent years of fast-food chains, restaurants, and snack bars, as well as the popular proliferation of potato chips, frozen and otherwise-processed spuds in the form of flakes and granules, are everyday reflections of what has become a major European food industry. Not surprisingly, French workers were among the first to complain when factory owners began serving “ersatz” products during cafeteria meals, such as turnips, noodles, and salsifies when potato supplies began tightening last September. “It was not only conjuring up memories of World War II rationing, but striking a blow at something very fundamental to our eating way of life,” declared a French Communist. France,

*American farmer dusts his potato crop in the never-ending battle against insects.* USDA Photo



along with most of Europe, was facing up to importing potatoes for the first time in over two decades.

FORTUNATELY, THE UNITED STATES HAD PLENTY of available spuds. The Agriculture Department announced in October that the fall harvest, which accounts for roughly 85 per cent of US production, would reach a record 299.8 million cwt (hundredweight), up 9 per cent from last year's crop. And although in most years 4 per cent or less is exported, mainly to Canada, this year's crop was holding out the possibility of plentiful supplies that could easily push the export share to 25 per cent.

International grain companies were among the first to grasp what was happening and began moving swiftly—and discreetly—early in the fall. The big grain traders hadn't ever been in potatoes before, but were branching out by virtue of their worldwide facilities and trading connections. The companies involved also were those that had organized sales of US grains to the Soviet Union in 1973, and their new switch in product caught Washington by surprise. “It sure reminded us of that deal with the

Russians when American consumers ultimately paid in the form of higher meat and dairy prices,” said a highly-placed US Government source.

“Since the United States had its largest potato crop in 10 years, it was quite easy for us to arrange the deals,” according to a grain company official in Paris. By mid-October, the bulk carrier “American Star” cast off from the port of Duluth headed for Rouen with a cargo of 6,000 tons, and Dreyfus' first potato shipment. Throughout the United States, shipping brokerage firms reported heavy booking throughout the winter for similar-sized cargo ships in ports stretching from New York and Albany to Searsport, Maine, and Galveston, Texas. Potato growers throughout the Midwest, Washington, and Oregon were hectically trying to get their crops to markets, while processing plants in these areas were operating around the clock at full capacity to keep up with European orders. By mid-October, Western

European traders, including government agencies, were in the act too, arranging deals for their spud-hungry clients.

The rippling effect even went as far as generating new, unexpected business for the long-time financially ailing Bangor & Aroostock Railroad Co. (BAR), the only American line in Maine's vast Aroostock County that is as big as Connecticut and Rhode Island combined and a major potato-growing region. “This year we hope to nearly double our export business with 5,000-to-6,000 cars,” a BAR executive glowingly reported, noting that his railroad still is a major link with ports on Maine's eastern seaboard—one of the handiest sea links with Europe.

But handling Europe's potato needs also posed problems. “This potato demand is hardly a windfall; it's just a percentage of our business, which has created headaches,” the executive explained. Echoing the views of other US shippers, the BAR official noted that the spuds are bulky and perishable, complicating handling. Moreover, loading individual sacks isn't like shipping grain or pulpwood and paper products, which, as the official added, “costs the railroad time and money.”

The fact remains that exporting potatoes suddenly became a profitable business, and windfall profits have been made. An official of one of the grain companies that mobilized modern, refrigerated tankers for hauling to Europe, reported that retail prices for potatoes in Europe had jumped roughly 300 per cent in the past year. American potatoes can be imported into France, for example, at 1.3 francs per kilo, making them competitive with French farm prices that are roughly the same. And the official says that even if the local French potatoes involved are of poor quality, refrigerated shipments costing 40-to-50 per cent more than vulnerable, ventilated bulk shipments can be successfully built into the shipping costs.

EUROPEAN OFFICIALS PROVED EXCEEDINGLY UNDERSTANDING about easing regulations. Traditionally, EC countries

ly those in the convenience food sector, which increasingly have moved into all forms of potato processing, such as mashed potatoes, chips, and canned soups. Indeed, some Dutch and Swiss trading companies, representing powerful food interests, were reporting buying up US potatoes on their own to satisfy expanding home-grown industries. "EC cooperation wasn't wholly altruistic," declares a US official.

In the meantime, Government authorities in Washington also were keeping a close watch on developments, largely in an effort to head off any questionable speculation in potato futures on the New York Mercantile Exchange. Complicating matters, the regulatory agency involved, the Commodities Futures Trading Commission (CFTC), was still investigating a major scandal in potatoes futures trading that had broken last June, sending almost 1,000 contracts



*Fully mechanized harvester, in Limestone, Maine, digs up two rows at a time and dumps the potatoes into a truck driving alongside.* USDA Photo

simply had no need to import. France, for example, hadn't in 23 years. Sanitary regulations had played a key role; practically every EC country has strict national rules for controlling traditional potato diseases such as ring rot, potato tuber virus, and golden nematod, often transmitted by imports. And although there is no common agricultural policy for potatoes, EC officials have kept in close touch with developments and recently extended suspension of the 18 per cent duty on potatoes until the end of 1976 to facilitate imports.

French and US agricultural experts worked out an agreement in October whereby Paris agreed to accept US Agriculture Department certification that the incoming American exports were blight-free. Similar agreements were being worked out in other EC capitals, including Italy, whose food-fastidious public, while preferring "pasta," nevertheless is a heavy potato consumer. An EC official summed it up: "National governments have been much more supple in application of the rules as a result of the shortage."

European consumer industries also benefitted, particular-

ly those in the convenience food sector, which increasingly have moved into all forms of potato processing, such as mashed potatoes, chips, and canned soups. Indeed, some Dutch and Swiss trading companies, representing powerful food interests, were reporting buying up US potatoes on their own to satisfy expanding home-grown industries. "EC cooperation wasn't wholly altruistic," declares a US official.

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into default: The "Great Potato Bust," the biggest default in the 104 years of the New York Mercantile Exchange, had been triggered by traders who didn't deliver 50 million pounds of Maine potatoes worth \$4.2 million.

"There was no direct connection with the new European potato boom, but we were determined that any related futures trading be kept a fair ballgame," explained a CFTC official. "We were satisfied at first glance that there was no wrongdoing." Nevertheless, some speculators entered the futures market on October 6, touching off what one broker termed a "mild rally" linked to expectations that the United States would continue as a major supplier to EC countries. In terms of prices anyway, such prospects seemed attractive. "Normally, we have to sell our potatoes on the wholesale market at 3.3 cents a pound, whereas in Europe we were getting more than double," explained Chipman Bull, head of the Maine Potato Commission. He estimated the Maine fall crop at 31 million cwt, 25 per cent of which he said would be exported to Europe. He added: "We are hopeful that the demand holds in the 1977-1978 season."

This may be wishful thinking, however, since every-



*Older, less automated system, also in Limestone, requires more elbow grease.* USDA Photo

thing will depend on next year's potato crops on both sides of the Atlantic. Right now, traders are confident the booming EC market will last until April, when early spring potatoes arrive in Europe from Egypt, Cyprus, and North Africa. Further projections involve pure speculation. A seasoned grain company marketing official who helped handle EC-bound spuds summed it up: "If the drought returns to Europe next year, the US potatoes are likely to do an encore. If the drought disappears, so will the US market." Added an official of the US Department of Agriculture: "Similar to the European situation, everything will depend on US supplies next year, and we are not about to make such a prediction."

THERE ARE, OF COURSE, BROADER CONSIDERATIONS evoked by America's 1976 potato boom, directly or indirectly linked to the Atlantic community's continuing strained relations in agricultural policy. And there are maybe some lessons to be drawn by both sides.

According to informed sources on both sides of the Atlantic, the situation could and should have been better exploited by EC officials—in a political context—by drawing attention to their liberalizing moves that facilitated the US imports. To be sure, such a move might have proven difficult for, as a US source noted somewhat cynically, "they simply needed the potatoes, apparently having no other place to turn, and thus declined to play up the policy questions."

Nonetheless, there are influential, pro-European elements in Washington who fervently wish that the European Community would use such occasions to speak out on behalf of the mutual interests involved in transatlantic agricultural trade questions, and better argue their positions when the action is on. "There are a lot of average Americans who need reminding who the customers are and that

they, the Europeans, too, have a case," said a US trade official.

By the same token, Washington could be reminded that it neglected to invoke what EC sources frequently describe as the "sledgehammer" approach to the Community's common agricultural policy (CAP), even though potatoes are not technically under CAP. "Washington simply forgot on this one and why?" pondered a well-informed source. "The business was going the US way, EC barriers were dropping, so why give Europe any points—that's why."

Indeed, on other agricultural trade fronts the United States was pressing its case with vehemence, almost as if the potato boom had never taken place. The EC Council of Agricultural Ministers decided during its October 25-26 session not to extend its controversial skimmed milk powder disposal plan beyond October 31. The Council also announced that a working group was being established that would study how to implement the end of the program with minimum disruption of the market. "American farmers welcome the decision," declared Assistant Secretary of Agriculture Richard E. Bell, who is not known for holding sympathetic views of the European Community's situation, nor of the CAP. Coming to the point, Bell quickly added: "We regard the whole scheme as illegal under the General Agreement on Tariffs and Trade (GATT) and will continue our action to seek redress under the GATT," noting that the milk disposal program violated guaranteed access to the EC market by US soybean exporters.

Meantime, the Atlantic community's oldest continuing trade dispute, the so-called "chicken war," had flared up again, with Washington once again threatening to raise duties on imported European brandies, mainly from France. "We are continually up against tough, deliberately protectionist EC policies," declared a spokesman for American poultry interests, who have regularly brandished the brandy duty hike as leverage on the Community to facilitate

*Gunny sacks of potatoes piled high at a Paris market.*  
© Henri Cartier-Bresson, Magnum



exports of American turkeys.

Significant and partly overlooked in the most recent flare-up was a statement from another American industry official who argued against retaliating. More important, he called for understanding of the CAP. Thomas E. O'Neill, president of the National Association of Alcoholic Beverage Importers, appearing at recent hearings of the Special Representative for Trade Negotiations in Washington, made a point rarely evoked by American businessmen. "The problem is that we are not dealing with a single issue of poultry or chickens, or more properly today, turkeys, but we are dealing with the very complex situation of the common agricultural policy," O'Neill said. "This policy is not

simply a protectionist measure. It involves very deep-seated social issues concerning, among other things, the protection of the small European farmer and agricultural producer."

Such views should be heard more often and increasingly aired in the United States, according to informed US trade sources. Not that increased discussion would necessarily resolve US-EC differences over agriculture, which are expected to continue as both Washington and Brussels prepare for new leadership and policies in 1977. But it might facilitate the move toward what Special Trade Representative Frederick Dent recently dubbed "reasonable compromise" over agriculture, irrespective of product or commodity.

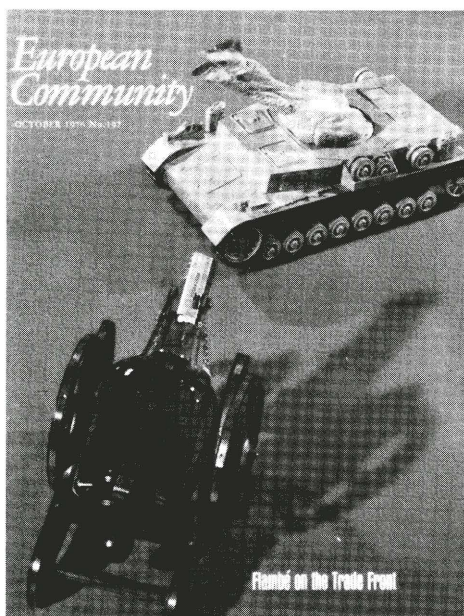
## Flambé Update

On November 26 the US Special Trade Representative, Frederick B. Dent, announced that President Ford had issued a proclamation partially restoring duties on imported (bottled and bulk) brandy.

On November 29 an EC Commission spokesman in Brussels issued the following statement: "The Commission regrets the US Government decision to raise the duty on imports of brandy from the Community. The Commission does not consider this decision justified and has made known its views on this point to the US Administration. The Commission, for its part, has done all it can to promote a more positive and liberal outcome and to avoid the present situation where both the Community exporters of brandy and US exporters of turkey are worse off than they would otherwise have been."

The following background information was released by the EC Commission Washington delegation:

- 1) In December 1963, in what was then termed the "chicken war" between the Community and the United States, US customs duty was raised from \$1.25 to \$5 on brandy entering at FOB (free on board) prices of more than \$9 per proof gallon.
- 2) In the closing stages of the General Agreement on Tariffs and Trade (GATT) XXIV:6 negotiations in 1974, the US negotiators let it be known that they intended to make an autonomous gesture of goodwill toward the Community following the satisfactory conclusion of these negotiations by easing the 1976 increase in the duty on brandy. No formal US commitment in this sense was given, and no return concession



whatsoever was promised or hinted at by the Community.

- 3) The Article XXIV:6 negotiations were duly ended, to the expressed satisfaction of the US Administration. When, however, the duty on brandy came to be adjusted, an entirely new element was introduced. President Nixon's proclamation of July 16, 1974, raised the threshold price for the higher rate of duty from \$9 to \$17 per proof gallon (i.e. brandy entering at below \$17 paid the pre-December 1963 duty of \$1.25). But the purpose of this liberalization was declared to be to encourage "the resolution of outstanding trade disputes between the United States and the European Community, including the removal of unreasonable restrictions on poultry from the United States maintained by the European Community."

- 4) The Community made clear immediately at the time that it could take no responsibility for this US statement and that in its view the matter of the Community's pro-

tection for poultry was one for which it was reasonable to expect the United States to seek a solution in the multilateral trade negotiations (MTN), which were then under way. The Community has on several occasions since made clear that it was willing to negotiate about poultry in the MTN.

- 5) Nevertheless, US pressure for a unilateral poultry concession from the Community mounted to the point at which, earlier in 1976, it was made a condition *sine qua non* for the maintenance of the change in the duty on brandy. The Community has done what it could to handle this matter amicably and in a liberal fashion. The semi-automatic increase in supplementary import levies on turkey parts which would normally have been dictated by market conditions in recent months has been held back, as has an upward correction in the technical coefficient used to derive the sluice-gate price for turkey breasts. The Commission has held technical talks with the US authorities to explain the operation of the supplementary levy, in an effort to dispel unjustified concern among US exporters. Finally, the Commission declared its readiness to reduce the protection of turkey drumsticks and thighs by about 15 per cent if the US would in return eliminate the increased duty which it imposed on imports of potato starch and dextrine as part of the "chicken war" of 1963.

- 6) These attempts at conciliation have now been dismissed by the US authorities, who have raised the duty on bulk brandy valued at over \$9 per gallon from \$1 to \$3 per gallon; and on bottled brandy valued at over \$13 per gallon from \$1.25 to \$3 per gallon.

- 7) While US poultry exports to the Community over the past five years have more than doubled in volume, Community exports of brandy to the United States have risen in volume by less than one-fifth.



# American Business in Europe

## *A Seminar on the Next 10 Years*

After World War II investment flowed out from the United States to the rest of the world in an astonishing stream. The total American stake abroad rose from \$7.2 billion in 1946 to \$119 billion in 1974. While that investment seemed to go in almost every direction, much of it was concentrated in Western Europe—today 30 per cent of the total is invested in the nine countries of the European Community alone.

These investment links have served to give "interdependence" between the United States and Europe a very practical character. The subsidiaries of American corporations and their trademarks have become part of Western European economic life. The American role is widely credited with a significant contribution to the innovation, high employment levels, and prosperity of the postwar decades in Europe.

In recent years, of course, one segment of opinion has become very vocal in its criticism of the American multinational corporations. These critics say that the com-

panies have become too powerful, that their appetites know no bounds, that they have usurped many of the prerogatives of governments.

But even as the critics have been speaking, it has become clear that something has happened—perhaps that the multinationals have lost their appetite for foreign adventures. It is not that these companies are about to surrender their present stake in the "ex-United States" markets. But American businessmen are suddenly showing a much greater caution about new investments abroad, including in Europe. They are unsure and uncertain about what to expect. Indeed, they seem to have discovered "the last safe place" to put down new investment—the United States. So have an increasing number of Western European companies.

Many people, Americans as well as Europeans, are asking themselves whether we are really observing the beginning of a new trend, or is this only a pause in the pace of interest by US business in Europe.

The answer is far from clear. To try to make sense of this complex issue, the World Affairs Council of Boston sponsored on November 4 a conference on "Doing Business in Europe: the Next Ten Years." The audience was composed primarily of Boston-area businessmen, but the problem is of just as much interest to businessmen in Houston or Los Angeles—or in Frankfurt or Milan. It was organized by Stan Spangler, director of the World Affairs Council, and Charles Baker, chairman of Harbridge House, a Boston-based international consulting firm. Their aim was to bring out the perceptions of a cross section of government, academic, and business people.

The remarks of the speakers—which follow in excerpted and edited form—provide important insights into how relations might develop between American business and Western Europe in the years ahead. It is a question of considerable interest to both Europeans and Americans. DANIEL YERGIN

**FERNAND SPAAK**, head of the EC Commission's Washington delegation

Looking at the economic situation in Europe, I must say that the scene is very depressing. It is depressing because we find ourselves, after three years, much further away from each other than we were in 1973. We thought the political venture to unify all Europe would gather speed in the Seventies to such an extent by 1980 that we would have an economic and monetary union. As far as we can see, we shall not be able to reach our targets. Why?

First, the unexpected has happened, as always, and the unexpected was the 1973 oil crisis. Not only in terms of increases in oil prices, but also in terms of a sudden realization that the world in which we have been living and prospering had changed. When the oil embargo came, the Community had not reached a stage of political solidarity where it could face such a drama-

tic situation as a community. Member states ran to what they thought were the safest shelters. They were wrong, all of them, and it had a very bad political impact. It was felt that this Community might be only a fair-weather community. We had been trying for the last 20 years to explain to people that problems were no longer national and that we had to look at them from Europe as a whole. We were gradually coming to a point where this awareness was growing. But most of the new problems were world problems, and we were not prepared in Europe to face the world dimension.

The second reason why the oil crisis suddenly threw us off balance was the economic consequences. We had been more or less keeping together. There were differences in growth and inflation rates, but they were manageable. But, suddenly, the effects of

the oil crisis, and all that went with it, were both inflationary in some countries of Europe and deeply recessionary. When faced with this double threat, the answer was different from country to country, due to different political and social environments. Germany, for example, reacted as you would traditionally expect Germans to react—by fighting inflation. The British, faced with the same problems, thought the first priority was to fight unemployment.

Immediately these choices led to very different economic policies, which gradually became translated into very different types of performances in our countries. At the worst of the situation in 1975, the inflation rates in Britain, Italy, and Ireland—the most hurt by the situation—were about four times the rate of inflation in Germany. The other countries of the Community were between those two extremes.

There are a number of candles flickering



*Fernand Spaak addresses conference.*

Photos by Sandra Shriver, Somerville, Massachusetts

in the dark. The first is a growing awareness of the situation. All of what has been achieved in the Community can only survive if we pull ourselves together and if we do what is necessary to bring the economic performances of our member states closer together again. A country like Germany, however, prosperous, has become very dependent on the existence of the enormous common market of 250 million consumers. In other words, each country of the Community, even the most prosperous ones, are now aware that the economic and social balance of each component of the Community is a matter of common interest.

Things look better, but they do not look very good yet for two reasons. First, we are still unable to reduce the rate of unemployment. And though perhaps more in Europe than in the United States, the rate of unemployment is one of the most important factors in political and economic life. We just cannot, as a political body, tolerate a high unemployment level for a long time. The second aspect is the importance of world trade for Europe. Our economies in Europe are much more dependent on world trade than is the US economy. Indeed, we are very much dependent on the economic situation in the United States. The recent pause in this country has created a similar phenomenon in Europe, which we find all the more worrisome.

I think 1977 will be a year of moderate achievement in Europe in economic terms, with around 4 per cent growth. We shall then face a very difficult unemployment problem, and I emphasize this once again, because it is a problem which is making the sort of policies we should develop most difficult to achieve. The lack of impact of those policies on the employment rate makes it very difficult to reach the sort of agreements with trade unions that are basic if we wish to control inflation. Moreover, in terms of balance of payments, we are in a worsening position. We have a number of countries which have reached a state where any deteri-

oration of their balance of payments would be tragic. In other words, even a small increase in oil prices might be that drop that would make the cup spill over.

Now, after this rather gloomy picture, I would like to be a little more optimistic. While performing badly in the domestic economic field, the Community has performed rather brilliantly in the foreign field—both in international trade and in external relations in general—emerging as a new factor in international life. We are, as a Community, building our relationship with the developing world, for reasons of his-

torical tradition, but also for reasons of economic need. The Community has also emerged as a new factor, one of stability, in the relationship between the democratic world and the non-democratic world. In the Mediterranean, Portugal, Spain, and Greece have changed over the last two years from totalitarian regimes to democracies and are trying to improve their economic situation and, at the same time, to confirm their commitment to democracy. The Community, with its democratic credentials, has emerged as a pole of attraction for these countries, both in economic and political terms.



*Seminar participants (left to right): Yergin, Phalen, Spaak, Baker, Katz, and Waldmann.*

**GEORGE PHALEN**, executive vice president, international division, First Bank of Boston

As far as the economic situation in the European nations is concerned, there are two words that we Americans probably have exported—"stagflation" and "pause." Stagflation is increasing unemployment and increasing inflation. Certainly most of the European countries in the most recent past and today are in this period of stagflation. Our own pause certainly reflects greatly upon what is going to happen in the next year or two in the European market.

We see labor costs throughout Europe increasing. Certainly there are controls in countries like Britain and others, but still the labor cost is going up. The fringe benefit cost is going up. This is bringing the unit labor cost for production in Europe up to levels that exist in the United States and, in some industries, are actually higher than in some parts of the United States.

The management of that labor is also something that we must consider. The cost of having an American manage your European operations is going up. The cost of having nationals do the management and giving them the proper incentives to do an

outstanding job is a problem. With wage controls in the United Kingdom and an income tax rate that runs up to about 83 per cent, it is pretty hard to come up with an incentive program for a chief management officer in Britain that really is going to mean money in his pocket.

We also should recognize that throughout the world, and certainly in Europe, we are going to be called upon to place more nationals at the top level of our management within our subsidiaries. This is a growing trend, and it is a good trend.

My conversations with a number of people who have been involved in the international area for many years show a general feeling that maybe all the talk about ethics and morals is going to go away. It is not. This area is going to be in the limelight. In Rome we are not going to do as the Romans do, but we are going to do as what is expected of the Bostonians. Certainly, in many areas of the world, this may make us non-competitive, and we may have to look to other directions in other parts of the world for increased opportunities.

Let me point out that I am speaking personally, rather than officially.

The bloom is pretty much off the investment rose in Europe as far as American business is concerned, and I do not think we will see the kind of burgeoning opportunities for US investment in Europe that we saw in the Sixties and the early Seventies. The European Community was growing rapidly, and at the same time, the US dollar was highly overvalued. US firms found that they could not export competitively from the US plants and needed to participate in the Common Market and in other markets. They found that essentially the only way they could do so was by establishing production facilities abroad. Moreover, with an overvalued dollar and a fixed exchange rate, American investors could buy foreign assets essentially at a discount, so that there was a sort of double-barrelled effect.

Now, those two conditions are no longer attainable. The dollar was devalued in 1971 and 1973, and is relatively cheaper than most of the corresponding major currencies. Moreover, the Common Market itself, while still evidencing substantial growth, is probably more in a period of consolidation. Indeed, the picture now seems to be reversing, with the dollar probably undervalued. The United States now appears to be a more attractive place for investment. Furthermore, US productivity is now growing at a more rapid rate than productivity abroad. We have an improved price relationship domestically in terms of better control over domestic inflation than do our European trading partners. In general our labor costs in many industries, particularly if you count fringe benefits, are lower than those costs in Europe.

There are other, more subtle factors that make the United States an increasingly attractive place to invest. There is movement in Europe toward worker participation. A lot of traditional American businessmen are worried about the possibility that they may have to share some management control with workers who really have a different orientation. Another factor, difficult to evaluate, has to do with political economy. American investors are now somewhat uncertain about the course of political developments in Europe. This is having kind of a dampening effect on US expectations. There is evidence of a slowdown of US investment abroad, but one doesn't know yet whether this is a secular or cyclical development in the economy, or whether it



ROTHCO  
to Hollowood

"Our accountant's opinion is that to present our American client with a portrait of George III would not constitute bribery."  
© Hollowood, Punch, England

really is a long-term sort of structural reexamination of investment plans by firms.

There is another, completely different perspective to the international investment picture. We have to recognize, businessmen particularly, that there is a growing capacity on the part of US lawmakers to attempt to apply normally domestic US legislation on an international basis. This will have to be factored into our thinking about investment and business conduct abroad. If there is US legislation on bribery, corruption, and illicit payments problems, the question of the extraterritorial application of US laws and the question of the moral codes and conduct between US affiliates abroad certainly come up. In some countries not only is this kind of payment a fairly-accepted form of business conduct, but in some countries nothing is done about preventing or stopping it. In some countries this is a form of income redistribution, or a normal way of supplementing the salaries of the government civil service. In those cases, the governments tend to ignore this kind of behavior, which may be fairly marginal and not terribly expensive. And yet if the American Congress does enact some legisla-

**DANIEL YERGIN**, lecturer at Harvard Business School and author of the forthcoming history of the Cold War *The Shattered Peace*

In the last couple of years one has seen more and more attention in the press and in public discussion given to the power of multinational corporations, primarily American ones. The conventional image is that they are predatory beasts, taking over the world, that they can not be restrained by national governments. While this type of public image has captured the stage, there

tion, American standards will then be imposed on the countries so that we require standards to be observed that the country itself does not.

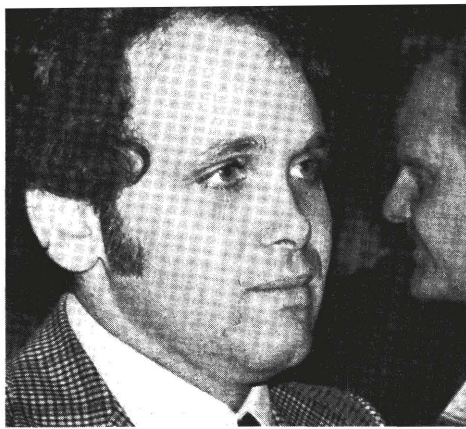
Another example has to do with the anti-boycott question. If there is legislation that precludes US firms from supporting or participating in the Arab boycott, the question arises as to the application of this kind of legislation to US affiliates abroad, as well as to foreign affiliates in the United States. Again, it is a question of how far one nation's laws extend beyond its borders.

Yet another aspect of investment abroad relates to a growing practice of government intervention in the marketplace under the general rubric of industrial policy. Foreign governments have discovered that they can do a great deal to supplement and support their traditional policy tools. In the past, governments, our own as well as foreign, limited themselves pretty much to the aggregates. They dealt with economic policy in terms of trade negotiations or monetary policy or fiscal policy or incomes policy that affected the economy broadly. In the past dozen years or so, however, governments have learned that they can involve themselves more directly in the day-to-day operations of business and they are doing so.

In particular, national governments have decided to create employment in or to insure the adequacy of the defense-related industries in order to have so-called prestige industries or high-technology industries as part of their national industrial structure. They have, in some cases, taken actions either to support a domestic industry or, indeed, they have decided that foreign investors have no part in it. What had traditionally been essentially private sector concerns, and private costs and benefits, have been shifted in part to the public domain. Governments are using intervention in the marketplace to further their employment, income, and world economic policies to a greater extent than in the past. This looks like a growing trend that will affect US firms dealing with Europe and in Europe.

is a reassessment going on within multinational corporations. They are really planning to pay much more attention to the United States than to Western Europe and to the Third World.

There are several reasons for this. One is that the national governments, which were supposed to be finished, are showing a surprising vitality when it comes to restraining



Daniel Yergin

these beasts. Second, we have seen in the last few years what might be described as the collapse of the "Bretton Woods world," that is an international world economy in which the United States played a hegemonic role, setting the rules. A particularly important change is that exchange rates are floating. Third are the problems posed in the last few years of no-growth, of economies perhaps overburdened with social overhead. Finally, there is the cost of producing overseas versus the cost of producing at home and then exporting. All of these have made the United States much more attractive. This country looks much more stable, a much more predictable environment in which to work. These issues raise a number of hard questions about what type of political economy companies will be operating in, abroad.

Looking first at the European Community, one sees that it faces a number of tasks. Certainly, coping with contraction and inflation has been the most difficult and has put the most pressure on the Community in the last few years. This contraction has made nations turn to their own solutions to try to deal with their own problems first. The second type of problem that the Community faces is establishing legitimacy. The summer of 1978, when direct elections to the European Parliament are set to be held, will be a very crucial time for the Community. This is really a difficult situation, whichever way it goes. If it fails, where does the European Community go? On the other hand, if these elections do succeed, it seems almost inevitable that there will be a kind of constitutional clash between a new European Parliament and various national parliaments over who controls what.

Another important question the Community faces is structure. Are Spain, Portugal, and Greece going to become part of the European Community, or not? There are many reasons for wanting to do so, including the underwriting of democracy in those countries. But the entrance of these weaker economies into the Community might dilute it to some extent.

The Community has begun to speak with one voice in foreign affairs, and that is much more important than many Americans realize. We have reached a point where the United States cannot act unilaterally. There are a number of restraints, both domestic and international, on the United States in international politics. It is very useful and helpful for the United States to have a strong partner, though there has been some reluctance on the part of Washington to accept this notion. In the US Presidential debates, the question came up: "What happens in Yugoslavia after Tito dies?" The question automatically became: "Well, what will the United States do?" But with a strong European Community speaking with one voice in foreign affairs, the framework is changed very much: "What will Europe do?" also must be asked.

Many Americans see in the recent elections in Western Europe a rejection of the welfare state, a kind of taxpayer's revolt. That is reading much more into these election results than is there. What they do seem to say is that there is a reluctance at this point to go further in terms of new types of welfare programs. Certainly the welfare state has been very much accepted as part of European life. It does face a problem that we face, although we are not so aware of it, and that is a shift in the age structure of the population. An increasing percentage of the population is over 65, making a disproportionate claim upon welfare services, subsidies, and medical care. That means a relatively smaller part of the population, in effect, supporting a relatively larger part of the population. We are not aware of it because our American system is much more decentralized, and we tend not to see it. It is a real problem and will create economic difficulties in Western Europe, just as it will in the years ahead for the United States.

The question of unions must be very central to anybody who has, or is considering, investments in Western Europe. That was a factor in the Swedish elections and even may have been in the German elections. It certainly is part of an ongoing and bitter battle in the United Kingdom, in France, and, to a lesser degree, in Italy. Most Americans tend to feel uncomfortable with the notion of worker participation. Actually, though, worker participation has been on the books in Germany for more than two decades, and it has provided a strong source of stability there. As a practice, it does seem to ameliorate social conflicts. In a country like the United Kingdom, where it does not exist right now, you see a very bitter conflict between labor and man-



Charles Baker, president of Harbridge House and chairman of the conference

agement. The result seems to be a veto society, a stalemate society, in which no one is powerful enough to make something happen, but many groups are powerful enough to prevent something from happening.

The last point that I want to deal with is the question of energy. It is amazing in the United States how energy, which seemed to be the number one issue 15 months to two years ago, is perhaps the fifteenth or eighteenth issue today. Certainly the Europeans rightly recognize that this is a critical issue. They are much more aware of their greater dependence upon Middle Eastern oil. Indeed, their dependence has actually increased over the last couple of years rather than decreased. They are finding difficulties in shifting back to coal. There are a lot of questions about nuclear power, and, as everywhere else in the world, there seems to be many roadblocks ahead for nuclear power. But the Europeans are in a much more difficult energy situation than we are because they have much less than they can really do themselves. Officials from many different countries all come back to the same thing: That they are out of the game, that the energy game is between the United States and Saudi Arabia. They also say again and again how shocked they are at the lack of an energy policy in the United States.

The effects will be felt in Europe over the next 10 years—will there be political peace or political war within countries? Is there rapid inflation? Does recession continue? These questions depend to a much greater degree than most are aware in this country on what happens to the American energy policy—that is, whether energy consumption can be controlled in this country, pressure taken off the price, so that the people in Western Europe have a chance to get their economies back in order. Another price rise will deliver a terrific wallop to the struggling economies there. So, in terms of looking to the future of Western Europe, to end with a paradox, one should look very closely at what happens in US energy policy.

It is clear that overall US investment abroad is slowing down. This may be a short-term trend. But it is interesting to note that, within the overall trend, certain sectors are increasing their investment in Europe. Petroleum is up, the food industry is up, transportation is up, and services and miscellaneous manufacturing industries are up. In many cases, they are up from 10 years ago, and in some cases they are up from 1974 and 1975. So that while the total may be showing some decline and slowdown, there are sectors in which investment is increasing.

The second conclusion is that the costs of manufacturing, at least within the Common Market, are roughly comparable to the costs of manufacturing within the United States. Of course, this is going to vary from country to country and from region to region within the particular country. The third conclusion is that investment in the United States from Europe is increasing substantially in the last years. I do not know what this means for the US investor looking abroad, because the fourth point is that there are still going to be special situations of interest on both sides. There still will be cases, opportunities, markets, locations which are attractive for the US investor in Europe.

In most cases in Western Europe, official government policy is still to welcome foreign investment, looking particularly favorably on US investment. European governments want to attract certain kinds of industries. The computer industry in France has been mentioned as a negative case, that is, where US companies were excluded. But it is also clear that because France wants a computer industry, that opens up an opportunity to a company that may not be in the industry directly, but which benefits from it. In many other cases, the approach taken by the governments is to attract an industry or activity they want. They have policies of helping their less developed regions, and there are regional differences within even the most highly developed of the European countries. The governments want to increase diversification. They want to boost employment, either throughout the country or in pockets of unemployment. Sometimes these pockets relate to declining industries—the coal industry, which was declining for many years; the textile industry, which is declining now; the watch industry in Switzerland.

There are many other examples. Most countries want to expand their exports, they want to earn foreign exchange. The United Kingdom is a classic case which continues to have a very extensive program of regional



Raymond Waldmann

incentives, loans, tax rebates, and so on as do all countries in Europe. In Britain this is seen primarily as a way of helping to increase domestic employment. Norway, on the other hand, sees no need to utilize the same programs which exist on the books to attract investment because its economy is overheated. In fact, the Norwegian Government is now taking steps to buy out foreign companies. Switzerland, on the other hand, is now, for the first time, adopting incentive programs at the canton level to assist

foreign investors. This is quite unique. Ireland is looking at its incentive programs, which have been very successful in attracting investment, as perhaps on the way out. France and Belgium are experimenting with new kinds of incentives, considering some form of guarantee to domestic industries to mitigate the increase in prices, to protect their export market. Lastly, Yugoslavia is reconsidering its investment stance. Not many American companies have shown a great deal of interest in Yugoslavia, and the Yugoslavians are not getting the kind of investment and the interest rates that they want.

There is no question that these various kinds of tax incentives and so forth influence investment decisions. It is also apparent that the European countries are going to continue these programs. Their economic programs will persist, if not on the national macro-scale, certainly on a micro-scale, and they will persist to meet unemployment and to spur diversification of industries. Most of these countries still want US investment. But there are obstacles. The question for the American businessman, as he looks at the familiar so-called bottom line, is whether the financial and fiscal advantages which are still in Europe, as well as the other factors which go into making business decisions, are sufficient to outweigh the risks and trends which are making it much less likely that American investors will consider Europe and which suggest that the bloom might stay off the rose.



Ross, Rothco Cartoons

# Fishing For a Common Policy

## *The Nine Reach Agreement at The Hague*

HENRY STURCKE, *American freelance journalist, now in Washington, previously in Brussels*

EUROPEAN COMMUNITY PROGRESS OFTEN HAS TO BE MEASURED in inches, but now it can be measured in nautical miles. By a decision to declare jointly a 200-mile zone of economic sovereignty in the North Sea and the Atlantic as of January 1, 1977, the Community broke a months-old logjam on the external aspects of the fishing policy. The agreement, reached in an informal weekend meeting of the foreign ministers of the Nine in the Hague, October 30, left unresolved, however, questions of revision of the internal fishing policy. These revisions are eagerly sought by the island members of the Community, Great Britain and Ireland, which had slowed movement for an accord externally until some protective internal guarantees could be given.

For the present, the Community has not concerned itself with zones in either the Baltic or Mediterranean, where so far no coastal states have extended their fishing zones. The Community has also left aside for the time being the question of mineral rights in the 200-mile zone, a sensitive issue while Britain is counting on North Sea oil to help alleviate her economic difficulties.

The Hague decision, though limited, was crucial, since Britain had already declared its intention unilaterally to establish a 200-mile zone on January 1 in the absence of a Community decision. Britain was facing the December 1 expiration of its interim agreement with Iceland and wanted to negotiate a new agreement to avoid an outbreak of another round of the "Cod War." Britain's 200-mile zone, amounting to slightly over 55 per cent of what will now become the joint Community zone, would have given London a bargaining counter with Reykjavik and prevented its own waters from being plundered by other nations excluded by wider zones around Iceland and Norway.

A decision on the 200-mile zone was to have been reached at the regular October 18-19 Council of Ministers meeting, but was hindered at the time by Ireland, facing pressures at home from the fishing industry for a coastal zone of 50 miles for Ireland's own use, without access given to other fishermen. Irish Foreign Minister Garrett FitzGerald stressed after that meeting that his Government did not oppose the 200-mile limit, but was establishing a "logical link" between the system to be applied with-

in this zone and the concessions to be granted to third countries.

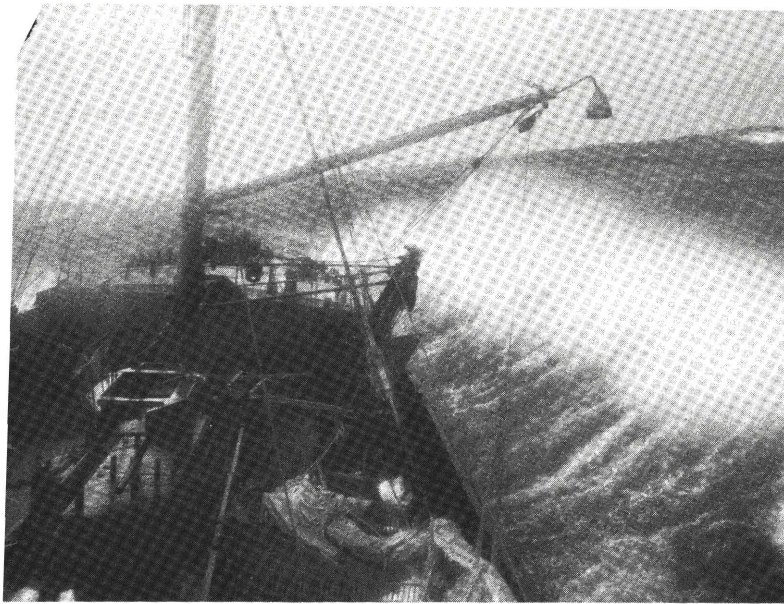
Then various EC institutions and personalities went into action. Danish Commissioner Finn Olav Gundelach traveled to Dublin to meet with members of the Irish Government. The EC Committee of Permanent Representatives hammered out documents to provide a suitable basis for agreement. And the Irish parliament passed a resolution demanding the 50-mile coastal zone "or other equivalent guarantees on the development of the Irish fishing industry." Here was the opening.

The final decision included a pledge to allow Ireland nearly to double her annual catch of 80,000 tons (2 per cent of the EC total) to 150,000 or 160,000 tons by 1979. Although Ireland still wants a coastal zone, she allowed the package to pass, and will continue to work for that goal in future discussions of the internal fisheries policy.

A second major point of the Hague agreement is the mandate given the Commission to negotiate new agreements on fishing rights with all non-EC nations. Those negotiations include both rights and limits of these nations to fish in Community waters and the rights of European fishermen in third country waters. In carrying out this mandate, the Commission may find its most delicate negotiations with nations in whose waters EC fishermen have traditionally fished but for whom EC waters offer little or no interest.

ONE OF THESE COUNTRIES IS THE UNITED STATES. Although the United States does no fishing of note in EC waters, the Community has "substantial fishing interests" off the US Atlantic coast, according to the Commission. Although the EC catch in what will now be the US zone only amounts to some 2 per cent of the EC total, it is caught by sophisticated deep-sea boats—representing an investment the European Community is anxious to protect.

Since the Community has no reciprocal rights to offer, its main bargaining position is to seek arrangements similar to what the United States agrees to with other nations. The European Community is also emphasizing its "good behavior" in the past in US waters, cooperating with US offi-



*Heavy seas in the North Atlantic stop cod-fishing temporarily, but in anything less than a gale, work continues normally.*

© Bryn Campbell, Magnum



*Cod fishermen nearly always have under their hat brims a knife at the ready for gutting fish, repairing nets, and freeing themselves from entangling ropes.* © Bryn Campbell, Magnum

*Meanwhile, in the ship's hold, a crew member is knee-deep in a fresh catch of cod.* © Bryn Campbell, Magnum



cialists in fish stock identification and other matters.

Nonetheless, the European Community expects a considerable reduction in its 1977 quota, but believes there would be grounds for making use of methods of retaliation if those quotas reflect less favorable treatment than those given to other nations. The Community also expects that in future years, as stocks in the US zone are replenished, the European Community will be able to increase its share in return for its cooperation with the United States with respect to fishery research, conservation, and management of fishery resources.

Canada presents a similar case, except for the presence of Greenland, with its share of the Community zone and the recent cooperation agreement between Ottawa and Brussels. As a result, the Commission sees the hope of a certain amount of reciprocal fishing. Fishing is important to the economy of Greenland as a whole, yet is relatively undeveloped. Since these conditions are mirrored to an extent in Canadian regions across Baffin Bay, the Commission will seek to give priority in any reciprocal agreement to the balanced development of local fishing in both areas. The European Community would then seek more favorable treatment from Canada than that received by other nations.

Iceland, with which the British especially are keenly interested in reaching agreement, represents a second type of nations for Commission negotiations. These are nations with which the Community has reciprocal fishing interests.

One of Iceland's main resources became famous during the "Cod War." But the haddock and other white fish found in Iceland's waters are also very tasty to European palates, and overfishing had threatened severe depletion. This would have been disastrous for Iceland, for which fishing represents 14 per cent of gross national product and 73 per cent of external revenue. Fortunately, Icelanders find the herring, blue whiting, and other fish found in Community waters tasty, so there is basis for agreement. Such an agreement would help Britain, since its fishing fleet is primarily geared to long-distance, deep-sea fishing—for example, cod in Iceland's new zone. The British have traditionally done very little fishing in the waters of other EC members.

Norway is another country whose fishing interests are closely interrelated with the European Community. But in this case, the Community catch in Norway's 200-mile zone far outweighs the Norwegian catch in Community waters (1974 figures: 749,000 tons to 442,000 tons). Add to this the fact that Norway's favorite fishing areas in the European Community are the coastal zones of Germany and Denmark, where the herring stock is close to depletion. Some experts are warning that no herring should be taken there in 1977.

As a result, the Commission is proposing that Norwegian access be limited further than 12 miles out, and that technical conditions (such as tackle, list of vessels, and



*Another step in the trip from the sea to the consumer—selling cod back at port in Britain.* © Bryn Campbell, Magnum

specified time periods) be laid down. This may not give the Commission enough bargaining room to conclude a purely reciprocal agreement. In such a case, it will negotiate for a gradual adjustment of EC catch in Norwegian waters, rather than a sudden cutoff.

The third group of nations with which the Commission must negotiate is that which has fished heavily in what will now be the Community zone, but in whose waters EC fishermen have little or no interest. In that group are the Soviet Union, Poland, East Germany, Spain, and Finland. Some of these nations are of special concern, since their fishing practices have contributed to the fragile state of fish stocks in the North Sea and North Atlantic. Experts report that these areas have been dangerously overfished, so Commission negotiations will aim toward gradual withdrawal of the boats of this group of nations. A certain amount of continued reciprocal fishing with the Soviet Union is foreseen, though, because of Community interest in the Bering and Baltic Seas.

NEGOTIATIONS WHICH PROMISE to be at least as complex as those with third nations are those which will decide revisions of the internal fisheries policy among the Nine. Even with the withdrawal of Eastern European and other fleets, there still will not be enough fish in the EC zone to allow completely free access. Some system of quotas will be necessary for conservation purposes. In the Commission's view, this system can also be used to protect certain regions, notably in Scotland, northern England, and Ireland, from economic and social dislocation due to a change in fishing conditions.

First of all, the Commission is proposing extending the coastal zone from six to 12 miles. This zone was provided for in the Accession Treaty as a temporary measure to aid Britain and Ireland's transition to EC membership. In it, the rights of the coastal nations are sovereign, though other member states which have traditionally fished there may continue to do so (as France does in certain English coastal waters). Originally it was seen as a temporary aberration in the principle of free access and scheduled to end December 31, 1982, but the Commission is now proposing that it be extended beyond that. The proposal also calls for a reexamination of the coastal zone system within six years, when it could be made permanent.

To provide the support needed by certain areas beyond that given by the 12-mile zone, the Commission is proposing establishment of total annual catch quotas of the main varieties of fish. These quotas would then be divided among member states based on past catch, availability of alternative employment, and general economic and social conditions. In addition, the Community would allocate funds for the restructuring and development of the fishing fleet in poorer areas.

Both the Irish and the British have called quota systems unworkable. Not only have the Irish called for a 50-mile coastal zone, but the British as well have submitted demands that their zone should be extended up to 50 miles in certain places as well. But the fact that the Hague agreement included a concession allowing Ireland to double her catch in the next three years indicates that quotas will form a part of the eventual agreement. Some Community sources expect there will be some bending on the coastal zone, perhaps allowing it to expand to 20 or 30 miles in some areas.

The difficulties with the present policy stem from two basic sources:

- The present fisheries policy was decided in 1971 by the original six members of the European Community. As such, it reflects the outlook and needs of basically "continental" states. It called for, among other things, free access to the coastal waters of each member by all the other members. In practice, there have been exceptions to this provision, but concern over this policy was one factor in the defeat of the EC membership referendum in Norway that year.
- The establishment of the 200-mile zone. When the internal fisheries policy was formed, it applied to the three-or-six-mile coastal zone then generally in use. But the Commission has determined—and the member states have not rejected the principle—that whatever additional area is claimed is Community water, under which the same free access should apply.

But the contribution of each member state to the new zone is not equal. Take the example of two nations of roughly equal size, Germany and Great Britain. The Fed-





*A wholesale fish market in France.*

eral Republic, with a coastal length of 308 miles, will have an economic zone of just under 12,000 square nautical miles. But Britain's coastline of 2,790 miles gives her an economic zone of nearly 275,000 square nautical miles.

THAT THE EC MEMBER STATES HAVE reached agreement on even part of their fishing matters is due in part to the fact that the United Nations Conference on the Law of the Sea (UNCLOS) has taken place, and that it has accomplished so

little. The renewed examination of the fisheries policy began in July 1973 in an effort to formulate a common position for the summer 1974 opening of UNCLOS in Caracas.

At that time, none of the Nine really favored a 200-mile limit. The smaller nations, such as Ireland, were reluctant to take on the burden of a larger zone, with responsibilities such as policing and pollution control, when there was little or nothing of interest to them further than 50 miles out. Iceland felt the same way. Major fishing nations with deep-sea capability, such as Germany and Great Britain, favored as much open sea as possible, giving them a wide choice of areas in which to freely fish and mine.

As UNCLOS wore on, however, it became evident that a 200-mile limit would be the rule, if not by conference decision, then by unilateral declaration. When Norway and the United States declared 200-mile zones, it became time to act.

The failure of the UN Conference on the Law of the Sea to progress quickly enough to head off unilateral establishment of 200-mile zones by major nations such as the United States (whose zone goes into effect in May 1977) suggests that future developments in international affairs will not be guided by worldwide organizations, with their unwieldy amalgam of diverse interests and aims, but by regional groupings, such as the European Community, which represent relatively homogenous interests and relatively unified aims. Moreover, the Hague decision shows that European integration still moves forward, not as the result of a major stroke of political will, but by small and necessary economic steps, which in time become political steps. Law of the sea is yet another area in which an economic question has led to a step forward in political cooperation.

*Beaching the boat at the end of the day. . . .* © Rene Burri, Magnum



# around **THE** capitals

## Brussels

Celebrating its six-hundred-and-fiftieth anniversary this year, Belgium's Louvain University has long been renowned for its incisive studies in Thomist philosophy. Lately the venerable institution has gained enhanced international prestige in another domain with several important innovations in medical research.

Louvain doctors put into service this summer the most advanced technique yet discovered for the treatment of diabetes—a computerized, artificial pancreas. Victims of diabetes suffer from irregular amounts of sugar in the blood, a state caused by insufficient secretions of insulin by the pancreas. At the Louvain clinic, the patient is hooked up to the machine by a two-way needle placed in the upper forearm. Small quantities of blood are absorbed and passed through an electrode bath, which registers the amount of glucose in the blood, then transmits the data directly to the computer. Following an analysis of the currents emitted by the sugar-sensitive electrodes, the computer programs the amount of insulin, or glucose if the blood sugar ratio falls dangerously low, and sends its messages into a "mixing" device, where the exact insulin balance is measured and injected into the patient.

A team of Louvain gynecologists recently achieved a major surgical breakthrough that may permit sterilized women to become fertile again. The much documented risks of the pill have provoked many women

to seek sterilization as the safest, if most drastic, form of contraception. Now those women may be able to recover the other half of a Faustian bargain, thanks to the operation developed at Louvain, if they have been sterilized by the so-called "ring method" and wish to regain their fertility.

The "ring method," perfected by Korean and American researchers at Johns Hopkins School of Medicine in Baltimore, blocks the fallopian tubes (where male sperm and the female egg meet to fertilize) with a tiny silicone ring looped over the ends, which destroys 10-to-15 per cent of the tube's tissue. Using a 400-X magnifying scope through the patient's navel, Louvain doctors can excise the ring-damaged part of the fallopian tubes—enabling the woman to conceive again. The operation, which takes only minutes, has been used already on more than 5,000 women and proved 99.5 per cent efficient. Doctors claim that the technique may also help women whose fallopian tubes or ovaries are deformed to become fertile.

The two discoveries underscore Louvain's subtle evolution from the realm of pure humanities toward complex clinical research, a transition that has become more evident since the bloody student riots in 1968, when Flemish students embarked on a crusade not only against the presence of French-speaking faculties on campus, but also the university's archaic examination process and the "relevance" of its courses.

—WILLIAM DROZDIK

## Paris

Against all advice (and it was considerable), President Valéry Giscard d'Estaing went ahead with his project to write a book, and it came out this autumn under the title *Democratie Française*. It was an immediate best-seller, but a critical failure. And there were plenty of politicians around Paris to say, "I told you so."

Giscard's idea all along has been that the left (not just in France, but in all of Europe) was occupying too much ideological terrain. With his new book, the French President offers an alternative and shows he has every intention of becoming the Olof



"A book or an electoral battle-horse?"

Padry, *Le Herisson*, Paris

Palme of southern Europe. His appeal is to those Europeans who reject both collectivism and what is known here as *capitalisme sauvage*, or capitalism American-style. The author doesn't hide his sympathy for some of Palme's conceptions, even borrowing the Swede's description of the ultimate goal as being a "gentle society," where all elements of class struggle have faded away and the various contending elements of society come together in a spirit of cooperative negotiation, with everybody seeking no more than his fair share of the pie.

In 175 pages of analysis—written, we are told, on weekends over a year—Giscard d'Estaing tries to convince his countrymen that the Socialist-Communist alliance must be rejected in the municipal elections next year and the legislative elections a year later. A leftist victory, he argues, would lead to an inevitable collectivization of France, something alien to French spirit and tradition. He makes it clear that the ultimate blame for the serious division in the nation must be born by the French Socialists, for they, alone in Europe, have rejected the democratic center to enter into a pact with the Communists.

If the Socialists were not blind, says Giscard d'Estaing, they would see that their real place was with him, or at least near enough to him that they would become a Social Democratic alternative, such as in West Germany. But if the French President

The "Old Hall of Flags" at Louvain University.  
Courtesy Belgian Embassy, Washington



is hard on collectivism, so does he criticize capitalism as something out of the past, unworkable in our complicated times. He sees it steadily giving way to "new laws and guarantees, diverse protections, coalitions, and understandings between workers and employers . . . and, as a last resort, the intervention of the state."

With a tone of mildness and reasonableness, the book might have been expected to become an immediate critical success, with the French center-left finally flinging out their hands to the new prophet. Alas, none of that happened. A few of the President's political cronies took up pen and microphone to publicize the book, but none of the nation's really important opinion-makers was impressed. They retained a traditional French cynicism. And, of course, the most devastating criticism of all was precisely the one that Giscard's friends had used to try to keep him from writing the books: You will be measured against it, they said. The people will ask why you say things, yet don't do them.

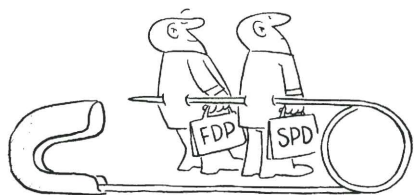
For the truth is that Giscard d'Estaing has accomplished few of the goals in the book. In two years as President he has constantly preached reformism and defended a French "middle way" between the extremes, but France in two years is no closer to that middle way. He has not attracted the Socialists to him, as he intended, and his own highly conservative majority in the National Assembly has not permitted any great reformism. The one real effort made this year, the capital gains tax, was attacked and emasculated by the Assembly so that the final version was hardly more than the shell of a reform.

But one must not be too hard on Giscard d'Estaing. Everybody, even the opposition, admires his courage. Alone, defended neither by enemies nor friends, he persists in defending his view that France must modernize, change, advance, seek new ways, break the old habits. In a nation as conservative as France, there are bound to be very few people who agree with that.

—JAMES O. GOLDSBOROUGH

## Bonn

The West German coalition of Social and Free Democrats, under Helmut Schmidt and Hans Dietrich Genscher, are back in office chastened by the narrow margin of their victory in the October Bundestag election, but determined to carry on for another four years. In theory, a majority of only 10 seats in the lower house need not be too much of a handicap. The precedent was the 12-



ROTHCO

Bas, *Tachydromos*, Greece

seat lead won in 1969, when the same coalition first won office under Willy Brandt and Walter Scheel.

Yet in 1976 the situation is different. The two party leaders themselves are pragmatic, realistic men, but they also seem weary. Schmidt faces a difficult time in his dealings with the German trade unions, which have not reacted kindly to the suggestion from the Government and from independent economists that if the German economy is to go on growing in 1977 at about the same speed as this year's 6 per cent, wages will once more have to be held back while corporate profits are allowed to soar. In addition, the Chancellor will probably have his ear bent a good deal more by the young Socialists and others on the left of his party who kept their differences to themselves during the election campaign but hope to see a more leftward swing in policy as their reward.

This may make relations with the liberal Free Democrats more strained than in the last months of the outgoing parliament. They did not lose as many votes as Schmidt's Social Democrats, and will use this as further proof that the country sees them as the continuing guarantee that the coalition will steer a firmly centrist course, especially in economic affairs.

Genscher will have continuing problems inside his party with those Free Democrats who are tempted to change partners and to examine an alternative coalition with the Christian Democratic opposition. Already the Free Democrats have given their blessing to leaders in two of the German states, Lower Saxony and the Saarland, who want to work with the local minority Christian Democrat Governments there. Although local arrangements of this kind might not at first affect the workings of the coalition in Bonn, over the next four years the Free Democrats could hardly fail to wonder whether their brand of free market economics and personal liberty might not be better advanced by joining up with the Christian Democrats.

The present Christian Democratic leader, Helmut Kohl, is a man most Free Democrats could probably work with. The drawback would be the continuing power of Franz-Josef Strauss on the party's right. He does not like the idea of a coalition with the Free Democrats but wants the opposition instead to concentrate on unseating the Government through its majority in the Bundesrat, or federal upper house. With 26-15 members in its favor in the Bundesrat—which is made up of nominated representatives of the states—the opposition could block a good deal of legislation. The Government's majority in the lower house during the new session that opens in mid-December will be too small to override the upper house's actions.

The difficulties of the domestic political situation may well propel the German Chancellor on a new round of international activity, however. That means almost certainly a tighter German grip on the helm of the rudderless European Community. It may also mean new initiatives from Bonn in other areas, including the Vienna talks on mutual and balanced force reductions in Central Europe and the whole range of relations with the Soviet Union.

—ADRIAN DICKS

## Dublin

The final weeks of the four-year term of any EC Commission are traditionally periods of intense speculation in the nine capitals of the Community, and particularly in Brussels, as the 13 Commissioners await news about their reappointment from the governments back home. In principle, the Commissioners are not the direct appointees of the individual governments: They are appointed as a college by collective agreement of the governments and then carry out their mandate independently of them in the interests of the Community as a whole. In practice, the individual governments have the power to reappoint or not, although for the first time this year it has been tacitly agreed that the incoming Commission President, Britain's Roy Jenkins, will have some say in the formation of his team.

In Dublin, where political feeling is rarely hidden, the reappointment issue has been public property practically since Patrick J. Hillery, who as foreign minister negotiated Ireland's accession to the Community, became Ireland's first member of the Commission four years ago as a vice-president with direct responsibility for

social affairs. While there is more than a grain of truth in Dr. Johnson's quip that the Irish rarely speak well of one another, particularly of their public figures, it became clear as the Commission's social action program began to get off the ground that Hillery was doing a good job and was, in short, a credit to the country in the first years of its European adventure.

However, there is another tradition in the Community which has it that a government is unlikely to reappoint a Commissioner of a different political hue to its own. This was the case in Ireland where the Fianna Fail Party, which Hillery represented in the Dail (parliament) for 22 years, lost power to a coalition headed by the current Premier, Liam Cosgrave, less than two months after he went to Brussels. Cosgrave's letter to Hillery informing him that he was not to be reappointed for another term was, therefore, not altogether unexpected. What could not have been anticipated, however, was that on the very day on which the letter was received, President of Ireland, Cearbhall O Dalaigh, would resign following what he regarded as a challenge to his constitutional position by a Government minister.

The resignation provoked a major constitutional crisis and placed the Government in an embarrassing situation. However, the coincidence which made it possible for the Fianna Fail Party to nominate as a Presidential candidate a man of Hillery's quality, stature, and general acceptability to the nation had a serendipity about it that could not be overlooked. The Government decided not to oppose his nomination: He was declared elected, and he was inaugurated as the sixth President of Ireland on December 3.

Thus, for the second time in succession, Ireland has found its President within the institutions of the European Community. O Dalaigh, a former Irish attorney general and chief justice, was the first Irishman to serve on the bench of the European Court of Justice in Luxembourg. Likewise, Hillery's inauguration was greeted with a certain amount of pride in Brussels. Although former Commission Vice President Raymond Barre was recently appointed Prime Minister of France, this was the first time that a Commission member had become a head of state.

—BRIAN O'NOLAN

## Rome

No one can quite believe it. Prime Minister Giulio Andreotti's fragile one-party Government, which depends on the Italian

Communists for support in parliament, has come up with a program of austerity measures that seems designed to sting just about everybody, from wealthy tax evaders to the humblest employee of the state railways. And what's more, he seems determined to make the program stick.

The goal is to raise 4,000 billion lire (nearly \$5 billion) in an effort to narrow Italy's balance-of-payments deficit. As if to emphasize the country's precarious economic situation, Andreotti chose October 3, the day the lira fell to 873 to the dollar, to appear on television and publicly outline the sweeping range of measures to the Italian people. The belt-tightening consists of a series of stiff price hikes, certain adjustments in the wage scale, and—unkindest cut of all—the abolition of some time-honored Italian-style privileges.

The price hikes began with gasoline, which overnight went up 25 per cent to reach a hefty 500 lire (58 cents) a liter for premium grade. Service station attendants struck in protest over the new prices, which net them nothing since the increase is all tax, and which they fear will lead to diminished sales. But there seems to be little danger of that; Romans are grumbling, of course, but the additional expense has so far done nothing to mitigate traffic jams in the capital. Train fares were also slated to go up 10 per cent on December 1, and then another 20 per cent next March. The hike may not succeed in eliminating the state railway's \$1 billion deficit, as it is allegedly intended to do, but it will bring the rates of Italian railways—still cheap by European standards—more closely in line with those of other countries.

Electricity also went up at the end of October, and telephones are due for increased rates, even though overseas calls were raised 30 per cent just two months ago. Fertilizers, whose prices are controlled by the Government, were granted an increase of 15 per cent, and Italy's postal service, which has already tripled its rates in little more than a year, will soon go up again another 10 per cent. And that is not all. Public transport, newspapers, and pasta (a staple in Italian kitchens) are due for price hikes in the near future.

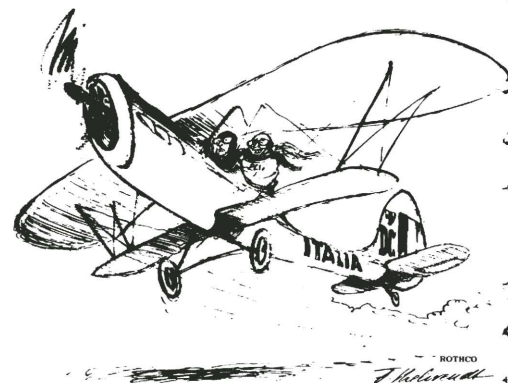
In addition to increasing prices, the Andreotti program is aimed at reducing purchasing power. After suspending a two-week temporary tax of 10 per cent on purchases of foreign currency inside Italy, the Government has reinstated it—this time at 7 per cent—for an indefinite period. The European Community is not happy with the measure on the grounds that it violates EC principles of free trade, but appears to be prepared to go along with it

for the time being. In addition, a complex measure to modify temporarily Italy's cost-of-living increases that are built into the wage system provides that persons earning salaries of more than 8 million lire a year (\$9,500) will no longer receive their cost-of-living increases in cash, but in Government bonds that cannot be redeemed for five years. Persons with salaries between 6 and 8 million lire (\$7,000 to \$9,500) will receive half of the increase in bonds, and half in cash.

Italians have generally taken these measures stoically, with a touch of fatalism. Where the economic therapy appears to hurt the most, however, is in the abolition of some long-time customs that had become part of the Italian way of life. One was the decision to eliminate railway discounts. Until now, railway workers and their families were entitled to ride free on the state railway. They were just one of a host of privileged persons—civil servants, schoolteachers, diplomats, clergymen, journalists, the military, and policemen also enjoyed railway discounts of varying amounts. The news of the plan to abolish their discounts provoked outrage among the rail workers, who staged wildcat strikes, protesting that free travel on the railways was not a privilege but a part of their salary.

The other measure that has aroused protest in various sectors was the decision to move seven of Italy's 17 holidays to the nearest Sunday. The idea is to cut down on the considerable amount of production time lost when a holiday that falls, for instance, on a Thursday is attached to the following weekend by means of the Friday in between. This time-honored Italian tradition is called a *ponte*, or bridge. The combinations are infinite, and the absentee rate for the non-holidays concerned has been astronomical.

The idea of eliminating some of the *ponti* had been discussed on and off for years, but no one had ever thought it would really be acted on; travel agencies had come



"Going up again. . . ." Behrendt, Het Parool, Amsterdam

to depend on the source of income that the organization of four-and-five-day package excursions provided. Andreotti has solved half the problem, by eliminating the opportunity to embellish on the holidays. He has not even attempted to annul the days off represented by the holidays themselves; and it is assumed that some compromise will be worked out by which workers will take the seven days in a lump at the end of the year or attached to their regular vacations. As several newspapers observed the week the measure was announced: "The bridges have been blown up."

—CHRISTINA LORD

## The Hague

In Europe as well as America, laborers are often skeptical of unsolicited benevolence shown by their employers. So perhaps it was understandable that many of the 150 workers who produced household equipment at the Breman plant in Genemuiden, Holland, to recoil with suspicion when the owners, the five Breman brothers, announced four years ago that they were handing over full direction of the enterprise to the employees. Disbelief quickly dissolved into joy when the workers received some 100,000 guilders (\$40,000), half the previous year's profits, to divide among themselves. Soon they elected a rotating committee of foremen responsible for running the firm, and one of the most unusual experiments in Dutch industry came into effect.

Today, in spite of a protracted recession, the Breman plant is thriving, a successful testament to the notion of economic democracy. Profits and productivity have nearly doubled, the number of workers has grown over four years from 150 to 485, absenteeism is 6 per cent below the national average, and salaries rank up to 20 per cent higher than the national norm. "We have a different idea about business," says the eldest of the Breman brothers, who range in age from 23 to 42 years and still carry a normal workload at the plant. "We believe that a firm should be a harmonious community, and those responsible for its success should share in the profits."

Under the 1972 plan unveiled by the Breman brothers, the workers determine the firm's hierarchy, electing the directors and voting on new personnel. Profits accumulated by the company are split up by the workers according to the principle that those maintaining top responsibility for the firm over a certain time period gain a greater share. Overall, workers earn more during their terms as "executives," but the discre-



"I have a motion from the windowsill. . ."  
Norris, *Vancouver Sun*, Canada

ancy between the laborer and management salaries remains far narrower than found in other Dutch industries.

Current acting "Director" Berend Eenhorn, who may return to twisting bolts next year, hails the company's *esprit de corps* and claims that rabid employee interest in the firm undermines the conventional belief that workers really don't care about running their enterprise so long as they receive fat pay checks at the end of the month. "Here we all must think and work together for the benefit of the company," he says—a concern that has bolstered each worker's pride in performing his tasks well. Communal decision-making has also extended to the design of the firm's products, and individuals are encouraged to submit new ideas and concepts for group consideration.

Last month the Dutch Ministry of Justice approved a legal writ requested by the Breman plant that establishes a new corporate code of ownership for full workers' autonomy, a bill that Breman workers hope will induce other medium-sized enterprises to follow their example of obliterating distinctions between bosses and hirelings.

—WILLIAM DROZDIK

## Copenhagen

When a snake moves, the ups and downs often look most dramatic at the tail end. And that is where the Danish currency, the krone, was when the Germans decided at a night session in October that the EC monetary snake needed a new skin to withstand the turmoils of the perennial monetary crises. The Germans unilaterally decided that the Deutschemark would be worth 6 per cent more Danish kroners than henceforth, thus singling out the krone as the weakest participant in the snake. The Danish then unilaterally decided that the German decision was in their best interest and, more convincingly, stressed that Denmark is happy to see the monetary co-

operation with the Germans continue.

No doubt the Danish Government also hopes, contrary to the predictions of many Danish and international financial experts, that this adjustment of parities will turn off the heat in the monetary markets for some time to come. *Vis-à-vis* the US dollar and all other currencies outside the jointly floating currencies of the EC snake—more precisely described as the Deutschemark zone—nothing has changed, formally speaking. But the markets seem to share Germany's evaluation of her partners, and in practice the dollar has moved up slightly in terms of the devalued EC currencies, and even the ailing British pound seemed to recover, momentarily.

But the changes are marginal, and the impact in Denmark has primarily been political. The most prominent casualty may yet be the Government of Anker Joergensen. His Socialist minority Government laboriously put together an economic program in August, claiming that the value of the krone could be safeguarded if a restrictive prices and incomes policy could be maintained through the winter. The program was passed by the Danish parliament, the Folketing, only thanks to a flimsy coalition of the Government and the smallest of the non-Socialist parties. The coalition was showing signs of stress even before the Germans acted, and is now in such bad shape that it may break up, bringing down the Government with it. The Prime Minister still has some options. One is to invite the small non-Socialist parties to accept ministerial posts in the Government.

The election in Sweden, where a non-Socialist Government was formed for the first time in 40 years, has not had any direct impact in Denmark. But it has further shattered the self-confidence of the Socialists, and is further evidence of a trend that is now obvious to almost everybody—that the wind of change in European politics is favoring the Liberals and Conservatives. The Germans gave Helmut Schmidt and his Socialist-Free Democrat Government another chance, but that does not really surprise, much less shock, anyone in Denmark. Schmidt is considered as a good Liberal or Conservative by very many Danes porting those political labels.

The talk of the town is not Danish politics, however. It is the expulsion of the entire staff of the North Korean embassy. Danish police have proved that embassy staff sold cigarettes, alcohol, and narcotics to the Danish underworld, and similar reports from the other Scandinavian countries indicate that this is not the work of a small number of criminals, but rather an officially

condoned method of financing diplomatic activities. If this is indeed so, the North Korean embassy in Copenhagen will carve out its own niche in the history of diplomacy.

The Danish fans of the North Korean leader, Kim il Sung, do not relish this kind of publicity. They have done their best to propagate the undiluted thoughts of their idol. The thoughts of Kim il Sung have been inserted as full-page newspaper advertisements in national dailies. Now people are asking how they were financed, and how the criminal activities of the diplomats can be in harmony with the pure bliss of North Korea depicted by its Danish fans.

—LEIF BECK FALLESEN

## Luxembourg

Kings, queens, and princes may have fallen into disfavor or oblivion elsewhere in Europe, but in the Grand Duchy of Luxembourg royalty retains an aura of serene eminence. With the gaze of a star-struck child, all Luxembourg riveted its attention on the November 8-11 state visit of England's Queen Elizabeth and her husband, the Duke of Edinburgh, Prince Phillip.

Hosting the visit was Luxembourg's own royal couple, Grand Duke Jean and Grande Duchesse Josephine-Charlotte, sister of Belgium's King Baudouin. Grand Duke Jean's close attachment to Great Britain stems from his studies at Amberbrooke College at Yorkshire and wartime service in the British army while Luxembourg was occupied by the Germans.

Typical of most royal visits, Queen Elizabeth's stay in the Grand Duchy included several ceremonial outings, replete with cortege, that never fail to arouse admiring instincts among Luxembourg's faithful. After visiting the heart of Luxembourg's economy—the giant ARBED steel plant—the Queen unveiled a new sculpture by Henry Moore placed before the Palais de Cour, seat of the European Court of Justice.

Apart from purely protocol reasons to repay the British state visit of Luxembourg's Grand Duke and Duchess back in June 1972, Queen Elizabeth's journey carried no real political weight. But in an era of tense international disputes, dire economic prognoses from Britain (indeed the European Community in general), and increasing apprehension about the political future of Europe, the innocuous pagentry of eagerly anticipated royal visits often serves a unique role, in distracting for a few days at least, the everyday worries of people.

—WILLIAM DROZDIK

## London

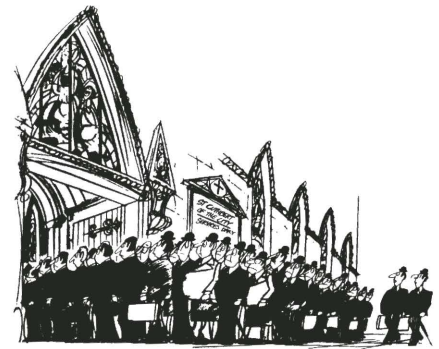
London, this reigning queen of cities, her mantle frayed but still worn with aplomb, is no longer gripped by drought. The late autumn rains, gentle as before, have washed away the traces of a blistering summer still recalled by the natives with some awe. A Londonophile returning to live here after more than six years away in Moscow and Rome is struck at almost every turning by the ways, mostly subtle, she has changed. She remains a gracious lady. But as with many a grand dame, the cost of enjoying her company and her pleasures has become dear, even with the sorry state of the pound sterling. Yet she still charms, muses. Sadly, she also irritates because many old standards have, by circumstance or design, been let slide.

Notebook on a rainy Tuesday afternoon:

- A bowler-hatted gentleman in pin-stripe suit emerges from the underground station with a vivid red umbrella crooked over his forearm. He opens it into the sea of brollies around him in the heavy drizzle, but it is not, as it would have been six years back, a red beacon in a black forest. Multicolored umbrellas are quite acceptable now, thank you very much.
- The little Italian *trattoria*, where one courted one's future wife over the *vitello alla crema con funghi*, still has the same splendid Genovese manager but no longer the agreeable prices.
- And where, oh where is the number 9 bus, or the Wimbledon train that should have rattled along 15 minutes ago. One remembers when. . .

Yes, one remembers with a small pang when the phone booths in the underground stations had doors and there were overflowing litter baskets on the train platforms. They are gone now, their absence a legacy of last winter's bomb blasts and frights. Signs remain posted in many establishments to advise clients that they and their belongings are subject to search for security reasons. But the truce has taken the edge off alertness, and the "gentlemen-please-keep-your-briefcases-with-you" card has slipped behind a pile of old books above the fireplace in *El Vino's* wine house.

The cost of food and drink away from home seems to have at least doubled, and fish and chips have almost become a rich man's delicacy. Rental prices of houses and flats have rocketed to New York and Rome levels, and the availability of affordable accommodation, due to a stiff rent act favoring the tenant far more than the landlord, is tenuous for someone not on an oil sheik's



"My God, Rodney, I hadn't realized things were THAT bad!" © Mahood, *Punch*, England

budget. Perhaps the most obvious change has been the worsening of public transportation—fewer and slower buses and underground trains and reduced hours—and the subsequent heavy increase of traffic in central London, where street parking, never easy, is often impossible. Parking fines at six pounds a crack are a nasty surprise. The newspapers, especially the commuter-oriented evening journals, seldom let a day pass without a broadside at London Transport's shortcomings. Readers' letters often tell it best, like the one from a woman who complained she was able to knit an entire bulky sweater in just two weeks of waiting for and riding on her erratic bus between home and work.

Londoners are hopeful things will get better in 1977, which is Queen Elizabeth's Silver Jubilee. The Jubilee organizers have already ordered up a 1-million-pound beauty treatment for London, which they hope will lure an extra 1 million tourists. Plans include construction of a 4.5-mile walkway from Leicester Square to the Tower of London, with inlaid Jubilee pavement markings and signs on noteworthy buildings, a clean-up of dozens of buildings and monuments in the West End, and the conversion of Coventry Street, linking Picadilly Circus and Leicester Square, into a pedestrian-only zone.

—PETER J. SHAW

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# NEWS

## OF THE COMMUNITY

### EXTERNAL

#### Ortoli Telegrams Carter

EC Commission President François-Xavier Ortoli sent a telegram in early November, on behalf of the Commission, to U.S. President-Elect Jimmy Carter, expressing warm congratulations on the result of the election.

In his position as a European leader, Ortoli expressed the conviction that the Carter Administration will continue to strengthen the close relations with the Community which are necessary to the peace and prosperity of the peoples on both sides of the Atlantic.

He sent his warm wishes for the success in his task and the happiness of the American people.

#### Trade Problems With Japan

Toshio Doko, president of the Japanese Industry Federation *Keidanren*, was in Brussels in October for talks with EC Commission President François-Xavier Ortoli and acting External Relations Commissioner Finn Olav Gundelach, on the problems facing European industry because of massive exports of Japanese goods to Europe.

The two sides exchanged views on the state of trade relations, and the Commission expressed its intense concern about the ever growing imbalance in trade—an estimated deficit for the Community of about \$4 billion this year.

The Commission pinpointed excessive concentration of Japanese goods in the car, steel, electronics, and ball-bearing sectors. It also stressed the need for voluntary cutbacks by both sides in shipbuilding capacity—a point stressed in Paris during talks with the Japanese Government on the same subject in the OECD (Organization for Economic Cooperation and Development) framework.

The Commission told Doko that it

was convinced that European exports needed to be rapidly increased to iron out the imbalance, but it needed the collaboration and help of Japanese business circles and government. Doko recognized the responsibility of both sides to seek solutions and promised the cooperation of the *Keidanren*.

#### Rhodesia Conference Hailed

At a political cooperation meeting in Luxembourg in mid-October, EC foreign ministers issued a statement welcoming "the British Government's speedy action in convening a conference in Geneva to discuss the formation of an interim government in Rhodesia, which would pave the way for majority rule within two years."

They appealed to all the parties concerned "to seize this opportunity to achieve a just and peaceful solution to this long-standing problem by bringing about an orderly and peaceful transfer of power to the majority in Zimbabwe."

In the meantime, the EC ministers confirmed that they will "continue to comply strictly with their obligations relating to sanctions."

#### Combating Terrorism

During his speech at the opening of the autumn session of the UN General Assembly, Dutch Foreign Minister Max van der Stoep, who is president of the EC Council, spoke in support of an initiative made by the Federal Republic of Germany on internationally agreed moves to combat terrorism—that those who take hostages will either be prosecuted or extradited.

The nine EC members had earlier agreed at a political cooperation meeting in the Netherlands that they would back this approach to what van der Stoep described to the United Nations as "one of the most odious crimes against life and human freedom, whatever the political objectives or affiliations of those who commit them."

German Foreign Minister Hans-Dietrich Genscher suggested that the UN General Assembly's legal affairs committee draw up a draft convention in time for next year's assembly.

#### First Canadian Meeting

The first meeting of the joint cooperation committee set up under the EC-Canada agreement on economic and commercial cooperation was expected to take place before the end of the year.

The agreement, which was signed in Ottawa this summer and took effect October 1, is intended to:

- provide a framework for discussing means of boosting trade between Canada and the European Community which has been declining in relative terms in recent years;
- pinpoint investment opportunities

for Canadian firms in the European Community and vice versa;

- organize exchanges of trade missions, such as those which have already taken place in the uranium, forest products, and non-ferrous metals sectors;
- encourage more sales of Canadian processed goods to the European Community, and
- improve Community access to Canada's raw materials.

The agreement represents a deliberate attempt by Canada to diversify away from dependence on the United States both economically and politically and is the first time that the Commission has assumed any responsibility for economic cooperation. The agreement specifically states, however, that it is intended as a complement and not a substitute for bilateral relations.

#### Greek Entry Negotiations

Greek Coordination Minister Panayiotis Papaligouras, who is in charge of his country's negotiations for EC membership, was in Luxembourg in October for a meeting with EC foreign ministers.

Papaligouras stressed that while he did not intend to minimize the undoubted problems associated with the entry negotiations, Greece does not want "to lose a day."

It was agreed that there will be quarterly meetings of ministers and monthly sessions of their alternates to tackle issues which the experts have not been able to solve.

#### Bangladesh-EC Agreement

A commercial cooperation agreement between the European Community and Bangladesh was signed in Luxembourg in October by M. N. Huda, presidential adviser for commerce and planning of the Bangladesh Government, Max van der Stoep, the Dutch foreign minister and current president of the Council of Ministers, and François-Xavier Ortoli, EC Commission president.

The agreement is similar to those with India, Pakistan, and Sri Lanka, meeting the European Community's commitment at the time of its enlargement to pay special attention to the trade problems of the countries of Commonwealth Asia.

Van der Stoep said at the signing that he expects the agreement to contribute considerably to Bangladesh's economic development, which is of particular concern since Bangladesh is among the least favored of the developing countries.

The agreement provides for non-discriminatory trading terms on both sides compared to those normally granted to other countries, promotion of trade to the highest possible level, increased economic and commercial cooperation in third countries, and

review of possible measures for overcoming trade barriers and adapting marketing structures.

As part of the agreement the Community has also rendered permanent certain temporary, albeit long-standing, customs duty reductions and suspensions on some products, including fish, tea, certain types of cow, sheep, goat, and other forms of hides and skins—all of which are of special importance to Bangladesh in its attempt to diversify away from reliance on jute, which currently accounts for 80 per cent of its exports.

A joint committee will meet about once a year to make sure the agreement is functioning smoothly and to discuss specific trade difficulties.

#### Improving Portugal Trade

Foreign ministers of the nine EC countries and Portuguese Foreign Minister Jose Madeiros Ferreira signed an additional protocol to the EC-Portugal agreement in late September.

The additional protocol makes improvements in trade arrangements for industrial products, such as textiles, and agricultural goods, such as wine, and extends security, social, labor, financial, industrial, and technological cooperation. A separate financial protocol provides for 180 million units of account (UA) of emergency aid to Portugal.

In signing the protocol, the Community is endeavoring to give effective and wholehearted aid to the Portuguese economy, and thereby to democracy in Portugal, as speedily as possible. The Community intends to further develop this form of constructive cooperation.

For his part, the Portuguese minister reaffirmed Portugal's desire to play its part in Europe and stated that his Government would give substance to this desire in due course by applying for Community membership.

#### EC-India Joint Commission

The fourth meeting of the EC-India Joint Commission was held in Brussels in early October to review the commercial cooperation agreement between the two sides.

Particular attention was paid to trade promotion activities, financing Indian participation in specialized trade fairs, missions by technical experts as well as visits by business delegations—such as the 38-man engineering delegation then in Europe.

The Joint Commission also reviewed progress in the leather and leather goods sector. A special joint India-EC Committee of Tanners was set up earlier this year after EC leather producers and processors had visited India to examine its potential.

The increase in Indian exports of cattlefeed to the Community in 1976

—following contacts fostered by the agreement—was noted with satisfaction, although India is still concerned about the effect of some EC health regulations acting as a disincentive to this trade. But the possibilities of cooperation in increasing production of cattlefeed and edible oil will continue to be examined.

The Joint Commission also made recommendations about possible Community technical assistance in public procurement, packaging, export testing and warehousing, and agreed to recommend a study on identifying sectors in which complementarity exists or could develop between India and the Community. Operation of sectoral agreements such as that on jute and coir was also reviewed.

### Ortoli, Soames in Turkey

External Relations Commission Vice President Christopher Soames and Council President Max van der Stoel traveled to Ankara in early autumn for talks with Turkish Foreign Minister Ishan Sabri Caglayanil.

Their two days of talks were intended to smooth difficulties in the European Community's association relationship with Turkey which have arisen over extending the agreement in the areas of agricultural concessions, financial aid, and freedom of movement of Turkish migrant workers.

Turkey regarded the Community's current offers as unsatisfactory and said so in no uncertain terms. The fact that Soames and van der Stoel had no improvements to offer on their trip did not ease the discussions. Consequently the atmosphere was gloomy—though not despairing—after the talks.

### Mediterranean Agreements

Four years after the European Community conceived its global approach to the Mediterranean, the panoply of agreements with the countries around its shores is about as complete as it can be.

With the conclusion of agreements with Jordan and Syria in late October, the final stages of what EC Commissioner for Development Claude Cheysson described as a unique policy of financial aid, technical assistance, institutional structures, and trade preferences has been launched.

The agreements with Jordan and Syria entitle them to sweeping concessions on their exports of industrial manufactures to the Community, preferences on individual agricultural products, and financial aid.

The Community has also concluded preferential agreements with Israel (with whom financial and cooperation protocols were initiated, rounding out and extending its agreement in force since May 11, 1975), Algeria, Morocco, Tunisia, and Egypt. An

agreement with Lebanon along the same lines as those with countries around it will be concluded as soon as feasible.

Spain was originally included in the approach, but this has now been overtaken by events as the Community ponders whether Spain could be a potential EC member or not.

### EC-Sri Lanka Commission

The first meeting of the joint commission set up under the EC-Sri Lanka commercial cooperation agreement was held in Brussels in October, chaired by Sri Lanka's ambassador to the Community, Tilak Gooneratne. The Community delegation was headed by Manfred Caspari, deputy director general for external relations.

The two sides reviewed recent economic developments in their respective areas and discussed multilateral economic issues, such as the Paris Conference on International Economic Cooperation between North and South.

The two delegations expressed confidence that their agreement can make a valuable contribution to mutual understanding and lead to a mutually beneficial relationship. A sub-commission was set up to examine some proposals for cooperation designed to increase trade between the two and look at some specific tariff and non-tariff problems raised by Sri Lanka.

### Egyptian Pact Concluded

Egypt has concluded an expanded preferential trade agreement with the Community following negotiations in Brussels in mid-October.

As of January 1, 1977, industrial imports by the Community from Egypt will be charged only 20 per cent, and after six months there will be no duty on this trade.

The agreement also provides for improved agricultural concessions and financial aid from the Community.

### EC-Australian Relations

Australian Foreign Minister Andrew Peacock stopped off in Brussels on his way home from the UN General Assembly, for talks with members of the EC Commission. Among those he spoke with were Commission President François-Xavier Ortoli, External Relations Commission Vice President Sir Christopher Soames, and Development Commissioner Claude Cheysson.

Peacock stressed that Australia wants to broaden and deepen relations with the Community and get away from the impression that all the two have in common—or rather dividing them—is the common agricultural policy.

Consequently he refused to dwell

on trade matters but concentrated on areas such as Asia and the South Pacific, the General Agreement on Tariffs and Trade, the multilateral trade negotiations, the North/South dialogue, the Organization for Economic Cooperation and Development, and the International Energy Agency.

Peacock said that in his view the lifeblood of the Community of the future will flow through its international work.

## AID

### More Food Aid Proposed

The Commission is hoping for EC Council approval of a greatly increased food aid program over the next three years.

At the very least, it hopes to keep milk powder and butteroil donations at 1976 levels—150,000 tons and 45,000 tons—but ideally it would like to increase aid in these two commodities to 175,000 tons and 65,000 tons, respectively.

At the same time, the Commission wants to increase cereal allocations from 1.3 million tons to at least 1.7 million tons, and ideally 2.5 million tons.

### EDF Aid to Seven Projects

The European Development Fund will help finance seven more projects in the ACP zone (the 46 African, Caribbean, and Pacific countries which are signatories with the European Community to the Lomé Convention):

- Mauritius has been granted 3 million units of account (UA) to construct subsidized housing as part of the reconstruction program started in the wake of cyclone Gervaise, which totally destroyed 7,000 houses and caused serious damage to plantations, crops, and the country's economic and social infrastructure. (One UA equals one 1970 dollar.)

- Rwanda will receive UA 4 million to construct fuel storage tanks and purchase trucks and fuel to cope with the difficulties in transporting supplies along the Mombasa-Nairobi-Kampala-Kigali route—which normally carries 80 per cent of the trade.

- Somalia will get UA 1.4 million to finance preliminary studies for irrigation of 34,000 hectares of agricultural land and development of an additional 5,000 hectares in the Juba Valley.

- Madagascar will receive UA 500,000 to subsidize three studies on developing a drinking water supply system in the extreme south of the country.

- Niger has been allocated UA 1.3 million to help further develop the

Badeguicheri Valley in a program to increase food yields and income from cash crops, to improve marketing, soil protection and conservation, and to construct small-scale transport and infrastructure facilities and storage in the area.

- Somalia has been granted UA 4.2 million toward extending the Sine Saloum, Casamance, and Senegal Oriental areas from 25,000 hectares to 33,500 for peanut production and deepout production of confectionery peanuts in the Diourbel region.

- Guinea-Bissau has been granted UA 162,000 to finance the import of vegetable seeds and light agricultural equipment to produce 5,000 tons of vegetables and help intensify cultivation in a 500-600 hectare area.

### Emergency Aid Programs

Since April 1, 1976, when the Lomé Convention went into force, the European Development Fund has allocated almost 47 million units of account (UA) out of the UA 50 million available in the first year to help out in emergencies resulting from natural catastrophes. (One UA equals one 1970 dollar.)

Niger received groundnut seed to offset the destruction of crops by aphids; Somalia received money for building schools under nomad settlement plans; countries affected by events in southern Africa—Botswana, Malawi, Zambia, and Zaire—received help toward purchases of rolling stock and spare parts; Mauritius and Madagascar received help for repairing cyclone damage, and Rwanda received finance for purchases of trucks and fuel which are vital to this landlocked country.

The Lomé Convention is not the only source of EC help to countries faced with sudden calamity. The Community has a special fund for coping with natural disasters, which was used almost exclusively for the developing countries this year. (The exception was aid for the earthquake victims in Friuli.) Guatemala received UA 700,000; the Lebanon, UA 100,000, and Mozambique, UA 70,000.

There is also an emergency food aid program which has benefited Angolan refugees, Mozambique, Zambia, Zaire, Lebanon, Vietnam, Senegal, Niger, and Mali this year.

### EIB Loan for Upper Volta

The European Investment Bank has made a conditional loan of 1.4 million units of account (UA) to the Republic of Upper Volta to finance an increase in the capital of the Société Sucrière Voltaïque. The loan is for 20 years at 2 per cent with a 6-year grace period. (One UA equals one 1970 dollar.)

At the same time the company itself is receiving a subordinated loan



of UA 3 million for 13 years including a 9-year grace period. The interest rate is 2 per cent for the first 7 years and 5½ per cent thereafter. This money will be used to increase the capacity of the Banfora sugar mill owned by the Société Sucrière Voltaïque and to extend the area planted with sugarcane from 2,250 to 3,500 hectares.

The loans are the first to be made from the UA 95 million set aside under the Lomé Convention's development resources for the 46 signatory African, Caribbean, and Pacific countries, for risk in capital ventures.

This capital investment should enable Upper Volta to meet all its sugar requirements until about 1983, thus saving on foreign exchange. The project will also mean 500 new jobs for Upper Volta nationals.

### International Food Aid

The Commission has presented to the Council of Ministers the proposed distribution for its 720,500-ton contribution of cereals to the member state-Community combined commitment to the international Food Aid Convention of 1.3 million tons.

At the same time, however, the Commission has told the Council that it believes the commitment is inadequate both in relation to the 10 million-ton target set by the World Food Conference and to its request for 1.8 million tons of cereals for next year.

The Commission reiterated its desire—already expressed in the draft budget and the proposals for a three-year program—that its contribution should be upped to 1.1 million tons.

The distribution it proposed for the 720,500 tons is 113,000 tons to Africa, 130,000 tons to the Near East, 232,000 tons to Asia, and 15,000 tons to Latin America. International organizations would get 120,000 tons, and 110,000 tons would be kept in reserve for emergencies.

### Indian Export Promotion

A visit by a 38-man engineering team from India to seven EC countries during October is the biggest export promotion effort ever yet financed by the Commission's export promotion program for non-associated developing countries.

Starting initially with a budget of 200,000 units of account (UA) in 1975, the Commission has gradually built up programs of trade cooperation and assistance with regional integration for those countries outside the scope of the Lomé Convention—mostly Asian and Latin American countries. (One UA equals one 1970 dollar.)

The 1976 budget of UA 4.3 million has helped finance participation by developing country exhibitors at 13 European trade fairs with a total

of 90 stands this year and organize trade missions from the developing countries to the Community and vice-versa.

The budget has also been used to set up six marketing seminars in 1975-76, send European experts in marketing and design to the developing countries (50 missions this year), and publish marketing brochures and guides.

### Aid for Non-Associates

EC foreign ministers took a new initiative in EC development policy this year when they approved 20 million units of account (UA) for the so-called "non-associate" developing countries—third world countries, essentially of Asia and Latin America, which are not signatories to the Lomé Convention. (One UA equals one 1970 dollar.)

It is thought that grants from this first sum of money for rural development aid will go to India, Pakistan, Sri Lanka, Bangladesh, Bolivia, and possibly Indonesia.

The Commission had originally recommended expenditure of UA 100 million this year, but member states were reluctant. The UA 20 million was included in the budget at the insistence of the European Parliament, and, although spending outside the Lomé Convention's African, Caribbean, and Pacific area is still controversial, it was agreed in October that since the money is in the budget, it should be spent and UA 30 million be included in next year's budget.

The details of the decision were left to development ministers, and it was made clear that the inclusion of a figure in the budget does not necessarily commit the Community to this new policy.

### Kenyan Industry Gets Loan

The European Investment Bank (EIB) has granted the Development Financing Company of Kenya a loan of 2 million units of account to be used to aid development of industrial projects in Kenya.

The money comes from EIB resources earmarked for investments in Lomé Convention countries (46 African, Caribbean, and Pacific states) and is the EIB's first loan to an English-speaking African country.

There will be a 3 per cent interest subsidy on the loan from European Development Fund resources, bringing the effective interest rate down to 6 per cent. The loan is for 11 years with a four-year grace period.

### Commercial Cooperation

As testimony to its desire to intensify cooperation with all developing countries, the Commission has proposed setting up a European commercial co-

operation agency under Community supervision. Its purpose will be to implement Community trade promotion policies and the generalized system of preferences (GSP).

The agency is regarded as a key element in promoting better take-up of GSP benefits by simplifying the system and providing advice on selling more products—particularly by pointing out opportunities in non-sensitive sectors.

It would also help ensure a better geographical distribution among the beneficiary countries, and encourage more profitable utilization from the exporter's point of view, since at present the lesser developed countries' trader does not always reap the financial benefits from the tariff exoneration.

Moreover, the center would provide documentation, produce a practical guide to the GSP in all Community languages plus Spanish, and if possible Arabic, and bring exporters and importers together.

It would also furnish traders with information on current levels of use of quotas and ceilings and advise on contracts and market information. In addition, the agency would promote developing country participation in trade fairs, organize trade missions, and provide training and technical assistance.

## ECONOMY

### Planning for Next Crisis

In view of the most recent recession in the Community's steel industry, the Commission is in the process of revising its steel policy and has drawn up a communication for discussion with governments on the changes it envisages.

The Commission's plans provide for a half-way house between the current non-interventionist free play of market forces and the interventionist role in pricing and import rules which the Commission theoretically has in times of manifest crisis but which it has never exercised because the Treaty provisions have generally been judged too extreme.

As a permanent measure the Commission intends to analyze and watch the market far more closely so that it has an up-to-date view of the situation at all times. It will also keep a closer eye on investments and use its credit facilities as a tool for steering investment.

With more topical information on new orders, order books, production and employment projections, stock positions, revenue, and capacity utilization of the steel industry, the Commission will be in a position to step in immediately when the situation

gets worrisome with precise production forecasts and recommendations and a publication of minimum reference prices as a prelude to minimum prices. It will also contact third countries whose imports might be causing problems, intensify international contacts, and pay close attention to the social and regional aspects of the problem.

### Hourly Labor Costs in EC

Despite the constant appreciation of the deutschmark, when it comes to hourly labor costs Germany no longer is the most expensive Community country, due to low inflation and good productivity.

Germany was overtaken by the Netherlands in April 1974, by Belgium, Luxembourg, and Denmark in April 1975, and this year the Netherlands has regained the top spot.

Hourly labor costs in industry in 1975 were 5.7 units of account (UA) in the Netherlands, UA 5.50 in Belgium, UA 5.30 in Denmark, UA 5.20 in Luxembourg and in Germany; UA 4.10 in France, and UA 2.70 in the United Kingdom. (One UA equals one 1970 dollar.) The most recent figures for Italy are UA 3.0 in 1974. There are no figures for Ireland.

The rate of increase in hourly labor costs between 1972 and 1975 has been highest in Belgium, which had an annual rate of increase of 21 per cent, compared to 17 per cent in France and Luxembourg, 16 per cent in the Netherlands, and 11 per cent in Germany.

Although relative performances per individual industrial sector may vary—so that Denmark rates highest for food, shoes and clothing, paper and printing, for example—the pattern is generally predictable.

German labor costs, which in 1972 and 1973 were most often the highest by industry, are now highest only in mechanical engineering and motor vehicle manufacture, while Belgium and the Netherlands took the highest place for about two-thirds of the industrial sectors. Italy and the United Kingdom, on the other hand, consistently vied for the bottom spots.

### Fighting Unemployment

Only two EC countries seem to be having any success in bringing unemployment down.

In the most recent month for which figures are available (September in Belgium, Germany, the Netherlands, and the United Kingdom; August for the others except Italy—July), only Germany and Denmark saw unemployment decrease from last year.

Denmark, Germany, the Netherlands, and Britain managed to bring unemployment down compared with the previous month's figure, and in Italy and Luxembourg there was no

change. The problem was still worst in Northern Ireland (11.4 per cent unemployed) and Ireland (9.8 per cent).

Belgium had an unemployment rate of 8.4 per cent; Britain, 6.1 per cent; Italy, 5.8 per cent; Denmark, 5.3 per cent; France, 4.9 per cent; the Netherlands, 4.8 per cent; Germany, 3.9 per cent, and Luxembourg, 0.3 per cent.

### Full Employment by 1980?

It is unthinkable that the Community should allow the unemployment levels of 1975-76 to persist, according to the Commission's proposals for a medium-term economic program for 1976-80.

The Commission calls for restoration of full employment by 1980 at the latest. This means that general domestic product has to increase faster than it has done for the last five years, with a growth rate of 4.5 per cent to 5 per cent annually, and that inflation must be reduced to tolerable levels, also about 5 per cent.

The Commission also believes that there are a number of necessary and urgent social reforms to be undertaken: Private and collective needs are being unsatisfactorily met; the gap between revenues in the peripheral and central regions need to be closed; energy and commodity independence must be increased, and more resources need to be spent on improving the environment in general and working conditions in particular.

This all presupposes better concertation among governments, employers, and workers. But in the Commission's view, this can only be achieved by more worker participation in the decision-making process and greater justice in income and asset distribution and in taxation.

Among the tools which must be used along the way are investment, competition, and consumer protection policies. And this must take place without forgetting the ultimate target of economic and monetary union, said the Commission.

### Bankruptcies on the Rise

Not surprisingly, in view of the Community-wide recession, the bankruptcies in the European Community are on the increase.

The number of cases of bankruptcy or liquidation reported has more than doubled in a number of member states over the last six years, according to figures for the period 1970-1975 published by the Commission.

In Germany the number of cases has gone from 4,201 in 1970 to 9,195 in 1975; in France, from 14,265 to 17,224; in the Netherlands, from 2,622 to 3,394; in Belgium, from 1,240 to 2,242; in the United Kingdom, from 4,622 to 6,676; in Ire-

land, from 58 to 161, and in Denmark, from 231 to 313 (in 1974).

Only in Italy is there a steady downward trend—from 7,059 to 3,196. In Luxembourg, where the overall numbers are small, there is no steady pattern: In 1970 there were 37 bankruptcies; in 1975, 29, but in between the number dropped to 14 in 1972, went up again to 20 in 1973, and down again to 16 in 1974.

The Commission has no policies directly affecting the situation as such—though it has discussed aligning bankruptcy provisions among member states.

The Commission also keeps a close watch on the measures which member states take to help firms in order to make sure that Community rules on free competition are not distorted and that the aids do not simply export the problem from one member state to the next.

### Possible Growth in 1977

The Commission's forecasts of possible economic growth in 1977, if member states pursue optimal economic policies, is 4 per cent gross domestic product growth, 4 per cent unemployment, and 7.8 per cent inflation.

This implies, however, alignment of monetary and fiscal policy between countries with payments deficits and those with surpluses and close surveillance of wages and prices. An extremely high priority is given to the return to price stability.

For individual member states, the Commission predicts 3 per cent growth for Denmark with inflation under 8 per cent; for Germany, 5 per cent growth and 4.5 per cent inflation; France, 4.5 per cent growth and 6.5 per cent inflation; Ireland, 3 per cent growth and 13 per cent inflation; Italy, 4 per cent growth and 17 per cent inflation; the Netherlands, 4.5 per cent growth and 7 per cent inflation; Belgium, 4.5 per cent growth and 8.9 per cent inflation; Luxembourg, 4.5 per cent growth and 8 per cent inflation, and for the United Kingdom, 3 per cent growth and 11 per cent inflation.

## ENERGY

### EC Scores "Above Average"

The eight EC countries which belong to the Paris-based International Energy Agency (IEA)—of which most industrialized countries are members—all achieved "above average" energy savings in 1975.

Expressed in terms of total primary energy consumption per dollar of gross domestic product, the IEA average was 97.3 on an index where 1973

equals 100. All EC countries were below this figure—as were indeed all but four of the 18 reporting countries. The United States was one of the above average countries.

Of the eight EC countries for which figures are published (France is not a member), Belgium scored best with a performance of 89.5 on the index. Next came Luxembourg at 91.3 alongside Denmark at the same figure. Then the United Kingdom at 92.2; Ireland at 93.0; the Netherlands, 94.2; Germany, 94.5, and Italy, 96.1.

### Aid for UK Coal Production

The European Coal and Steel Community has granted approximately \$4.3 million to help finance seven investment projects planned by Britain's National Coal Board to help keep coal mines producing some 6.4 million tons a year, with a further increase of 1.5 million tons in certain areas in order to offset closures elsewhere.

Britain is one of the countries with the biggest coal investment program in the Community. Thirty-three per cent of all coal investment in the Community between now and 1985 will be in the United Kingdom.

The latest loan has been made in view of the Community's goal of stabilizing production at 250 million tons in 1985. At the moment investment is lower than is needed to attain that goal. The loan will be paid in installments as the projects advance.

### Research on Nuclear Energy

Most of the European Community's money for energy research is spent on nuclear power. This year the Commission estimates that 710 million units of account (UA) of total energy research expenditure by member states of UA 1,159 million will be for nuclear research. (One UA equals one 1970 dollar.)

The European Community itself is putting up UA 105.25 for energy research programs. Nuclear power is the second biggest budget item: It accounts for UA 29.59 million of this total. If thermonuclear fusion research is taken into account, another UA 24.8 million must be added in.

Total member spending on this source of new energy and others such as geothermal and solar energy is UA 95 million. The Community itself is spending UA 8 million on other new sources of energy.

Energy conservation is a major element in national spending, totaling UA 158 million, while it is less important in EC subsidies of UA 3.22 million. Fossil fuels take UA 72 million of member states' research funds and UA 33.50 million of the Community research budget. Energy transport, energy storage, and social and environmental aspects account for a

total of UA 72 million of member states' spending, but no estimates have been made separately for the European Community institutions.

Member states are spending UA 48 million this year on energy resources substitution and UA 4 million on systems modeling. The Community budget is putting up UA 5.17 million and UA 0.97 million for these respective items.

### Joint Research Center

EC research ministers met in Luxembourg in late October for their first substantive look at the Commission's new proposals for the Community's joint research center (JRC) and agreed to further steps in implementing the thermonuclear fusion program.

The proposed four-year program for the JRC—which has laboratories at Ispra in Italy; Karlsruhe, Germany; Geel, Belgium, and Petten, the Netherlands—covers nuclear reactor safety, plutonium fuels and actinides, management of nuclear materials and radioactive waste, solar energy, hydrogen, conceptual studies on thermonuclear fusion, high temperature materials, environment and resources, measurements, standards and reference techniques, and service and support activities. Ministers agreed on the substance but not on the cost.

The cornerstone of the thermonuclear fusion and plasma physics program is construction of the Joint European Torus. No decision was taken on where this would be built—at Ispra, Garching in Germany, Culham in the United Kingdom, or Cadarache in France—but there was agreement on its legal status and how it will be financed: The Commission will put up 80 per cent of the money, the host country 10 per cent, and the associated laboratories in other member states 10 per cent.

### Energy Policy Progress

EC energy ministers met in Luxembourg in October to review progress in an EC energy policy and to discuss Commission figures showing that the Community is falling short of its targets for reducing energy consumption and dependence on imported energy.

Immediately after the oil crisis in 1974, EC member states decided that dependence on imported energy should be reduced to 40-to-50 per cent by 1985. Not even 50 per cent now seems possible: Consumption has started increasing again after falling for two years in a row, nuclear power is not developing fast enough, promotion of coal use is falling behind target, and not enough energy is being saved.

To boot, few of the Commission's proposals for remedying the situation have been adopted. These include bor-

rowing on the capital market to finance nuclear power, improving the coking coal subsidy scheme, providing subsidies for uranium prospection, and establishing a mechanism for fair distribution of oil in the event of a shortage.

## ENVIRONMENT

### Aid for Seveso Victims

Following a meeting between EC Environment Commission Vice President Carlo Scarascia-Mugnozza and Senor Vercheri, chairman of the Lombardy committee responsible for studying the environmental aftermath of highly toxic chemical dioxins released into the atmosphere after a factory explosion at Seveso, three further types of Community assistance have been suggested.

The Community's Joint Research Center has already mobilized experts belonging to the chemical databank network and made its mobile meteorological unit available.

Now, however, the Commission is considering widening this technical assistance to help study the possible environmental impact of industries in the whole Lombardy region.

The Commission plans to provide social fund money for retraining jobless workers and compensating farmers for land and crop losses from the agricultural guidance and guarantee fund.

### EC Weather Forecasting

While recognizing that the weather is dependent on a lot of factors beyond human control, the Commission believes that certain of society's processes—such as carbon dioxide emissions, heat losses by power stations—can be contributory factors.

The Commission—naturally spurred by this year's drought—feels that it would be useful to study these phenomena Community-wide. It therefore plans to select a group of scientists to look into the factors responsible for recent climatic disruption and see how they can be controlled.

The Commission will then suggest appropriate areas for research based on the experts' report.

### "Preventive" Laws Sought

Members of the European Parliament's energy and research committee have called on the Community to draw up legislation to prevent accidents like the chemical explosion at Seveso which dispersed highly toxic dioxin into the atmosphere.

The committee congratulated the Joint Research Center at Ispra in Italy

for the "extraordinary speed" with which it intervened after the Seveso tragedy.

The Ispra center mobilized the environmental chemical data information network set up under the Community's environmental defense program in order to obtain information on the toxicity, teratogenic effects, metabolism, and decontamination methods for dioxin. These were then passed on to Rome.

Ispra also lent its mobile ultrasonic radar equipment to take measurements of local meteorological conditions such as air turbulence and atmospheric inversion strata.

### Swiss-EC Expert Exchange

Swiss and EC Commission experts met in Geneva this fall to discuss methods of measuring water and air pollution and to exchange information on thermal pollution and on anti-noise measures and research programs.

This was the second meeting arising out of the December 1975 exchange of letters on closer cooperation between the two countries in the environmental area.

In the coming months the two sides will discuss water pollution and quality objectives, air pollution and the effects of nitrogen oxide on man and his environment, methods of measuring and controlling noise, and the effect of thermal waste on the aquatic and atmospheric environment.

There will also be an exchange of information on measures for supervising production of dangerous chemical substances and sources of environmental information. The next meeting is expected to be in June 1977.

## SOCIAL POLICY

### New ESC Chairman Elected

Basil Ferranti, a member of the British employers' delegation to the Community's Economic and Social Committee (ESC), was elected ESC chairman at its October session. He replaces Henri Canonge, a representative of agricultural interests.

On his departure from office, Canonge commented on the functioning and future of the committee, pointing out that since it was neither a panel of experts set up to assist the executive, nor an economic and social assembly, its development had been inconsistent in the recent past.

He also singled out certain ESC achievements over the last two years while he was chairman: As a result of increased cooperation with the European Parliament, an ESC rapporteur was asked to address parlia-

mentary committees and make available the ESC's expertise, which is greater on some technical matters than can be expected of parliamentarians.

According to Canonge, the committee's aim is to assist the Parliament without interfering with its fundamental prerogatives. Although Canonge conceded that democracy is essentially a matter for politicians, it needs—today more than ever before—to find an echo on the economic and social level.

### Youth Secretariat Set Up

The Commission will set up a temporary secretariat to deal with youth problems with a grant of 50,000 units of account (UA) to bridge the gap until a "European Youth Forum" can be created. (One UA equals one 1970 dollar.)

The secretariat will consist of 10 representatives chosen to achieve a balance among the different political leanings and interests of national and international youth movements.

The secretariat's job will be to work toward creation of the European Youth Forum by submitting ideas on its structure, goals, and operational methods as well as to ensure a flow of information and consultation with the Commission on problems affecting young people.

The secretariat will work completely independently of the Commission.

### Migrant Working Conditions

Better conditions for migrant workers and a harmonized clampdown on employers using clandestine immigrant labor are the goals of a draft directive proposed by the Commission in early November.

It is estimated that of the migrant workers from non-EC countries currently working in the Community, as many as 10 per cent may be there illegally. Immigrants from EC countries are never illegal because there is free movement of labor for Common Market nationals.

If adopted, the directive would provide immigrants with information on their legal position; tighten up and standardize frontier and on-the-job controls; punish those who have consciously smuggled immigrants into the Community or who have knowingly employed illegal immigrants; give the illegal immigrant who acted in good faith a right of appeal, and generally improve intra-EC cooperation in this field.

The directive conforms with the Community's 1974 "action program for migrant workers," which states that if illegal immigration were allowed to go unchecked, then efforts to improve the social situation of the immigrant populations as a whole could be jeopardized.

### "Green" Currency Changes

In order to reduce the billion dollar burden on the Community budget currently caused by having to subsidize food imports by EC countries with depreciating currencies and exports by the others, the Commission has suggested some changes in the system of monetary compensatory amounts (MCA)—which at present equalizes currency fluctuations at the frontiers in order to keep market unity.

A situation has arisen where, as Agriculture Commissioner Petrus Lardinois pointed out in London in October, "member governments are tending to use 'green' exchange rates in ways that go far beyond their short-term role as an economic buffer." He cited Britain—whose food imports are currently costing the Community 1.5 million pounds a day—as an example where some would like to use these rates "as a permanent consumer subsidy."

The new proposals advocate an automatic six-monthly review of green rates in the case of countries with depreciating currencies based on the loss in value over the previous 18 months. The adjustment for countries with appreciating currencies would be made annually.

For any one six-month period there would be a ceiling on the permitted level of adjustment, possibly of 5 per cent; and in the case of the three new member states the absolute ceiling on the level of MCA's would be 25 per cent, and 18 per cent for the original six members.

As Lardinois said in London, the idea is not to attempt to force the British Government "into sudden measures that would endanger its anti-inflation policy" and seriously destabilize production and trade, but to alleviate the effects on food prices "by making the changes over a period of time."

### Drought Damage Assessed

Agriculture ministers from the nine EC countries held a special meeting in Brussels in early autumn to exchange information on the impact of the drought and methods to combat the effects.

According to the Commission's balance sheet of the repercussions, the animal feed situation will be critical this winter and consumers will notice shortages of vegetables, particularly potatoes.

A number of countries have acted nationally to provide help for farmers. Accordingly, the EC Council of Ministers determined whether these steps were compatible with Com-

munity rules on free competition and movement of trade. Generally, all the national measures passed the test. In one or two cases the Commission will discuss with the government concerned whether equally effective measures cannot be found more in line with common rules.

Ministers also lifted import duties on some winter vegetables for a number of weeks, and in some cases for months, in order to ensure freer and cheaper supplies of potatoes, peas, beans, tinned beans, celery, carrots, and cabbage.

In order to be better prepared for future droughts, the Commission is looking into the water supply situation from the agricultural standpoint on a Community-wide basis and will report back to the Council on possible improvements. It is also examining the environmental implications of the drought and how to repair the damage.

### Restructured Dairy Market

A 2.5 per cent levy on milk production will be the main plank of a restructured dairy market if Commission proposals pass through the Council of Ministers unscathed.

This summer, the Commission first outlined its plans for reforming the dairy market, which generally produces a 10 per cent milk surplus. Now the Commission has provided the details bearing in mind the impact of this year's drought—which will reduce the surplus to 1 per cent this year.

The 2.5 per cent tax on production—which gives producers a share in responsibility for surpluses for the first time in the history of the common agricultural policy—would be accompanied by a tax of the same amount on vegetable oils to balance the two and prevent a shift to margarine.

The Commission has also proposed:

- a non-marketing premium for milk and a premium for converting dairy herds to beef herds;
- suspension of subsidies for the dairy sector—except in hill-farming and disadvantaged areas;
- accelerated eradication of certain diseases—by slaughter;
- prospection of new markets—such as subsidized milk for schools, and
- incentives for the use of dairy fats in certain products.

The measures would take effect from the beginning of the milk marketing year next April 1.

### EC Farm Policy Reviewed

The Commission's proposal on a levy on milk production and accompanying measures to combat the structural surplus of around 10 per cent in dairy farming was discussed by agri-

culture ministers at their October meeting in Luxembourg.

The measures, which include grants to convert to beef production, abolition of most subsidies for dairying, and free school milk, would be introduced next spring—giving the farmers time to recoup their losses from this year's drought, which considerably reduced last summer's surplus, though it did not wipe it out altogether.

The agriculture ministers also held a joint meeting with finance ministers to discuss reform of the monetary values in agricultural trade. The current system of monetary compensatory amounts (MCA) in trade, which compensates almost fully for monetary fluctuations and in which MCA's act as import subsidies or export taxes in an effort to retain market price unity, is costing 1.5 billion units of account (UA) a year. (One UA equals one 1970 dollar.) Dairy subsidies cost about twice that.

No agreement, however, could be reached on the two main proposals for savings: automatic adjustment by the Commission at regular intervals of the MCA's and devaluation of the so-called "green pound" used in agricultural trade with Britain in order to bring the MCA back below 40 per cent.

## HARMONIZATION

### Toward a Transport Policy

Transport ministers met in Brussels in early November for the first of two sessions before the end of the year.

There was consensus on the need for a consultation procedure between member states on shipping problems—the first time that all member states have agreed on the need to bring any part of sea transport under a Community umbrella. Initially the "Nine" and the Commission will keep in touch on shipping agreements being concluded bilaterally.

Much of the time at the meeting was spent preparing for discussions on opening negotiations on the United Nations code of conduct for liner conferences, market observation, and social regulations.

The ministers also agreed on a directive on the minimum standards of training for certain categories of unexperienced drivers of passenger and goods vehicles and on making the system of multilateral road haulage quotas permanent.

This experiment, which has been operating for several years, provides road haulers with the right to accept cargoes in a number of member states on one trip instead of making a straightforward return trip as is normal international practice.

### Screening Chemical Products

A proposal on screening new chemical products on a Community-wide basis to ensure their safety and conformity with EC standards is the latest in a long list of Commission suggestions on removing technical barriers to trade.

At the same time, this proposal is intended to coordinate safety standards in the European Community.

To date, the Commission has made proposals in areas as diverse as car brakes and cosmetics, boats and pressure vessels. Eight directives have actually been adopted by the Commission. The rest are still under discussion.

### VAT Base Harmonizing

EC finance ministers held a special meeting on value-added-tax (VAT) in Luxembourg in October and scheduled another meeting in December.

The meetings are designed to tie up the loose ends in harmonizing the assessment base for VAT throughout the Community. This has no effect on the actual rates of VAT although some of the categories affected by VAT may change.

The intention is to have one base equitably calculated to cover the same type of business in all member states as a basis for raising Community revenue.

After January 1, 1978, that part of the EC budget which does not come from agricultural levy and customs duty revenue and which is currently made up of a flat payment from national treasuries based on share of GNP, will be drawn from VAT income instead. The Community will be entitled to up to 1 per cent of VAT revenue to top up its budget.

### Product Liability Proposals

The Commission has recently put forward proposals on product liability to the EC Council of Ministers.

In the Commission's view, the only way to guarantee the consumer adequate redress for defects in products is to make the manufacturer fully liable for shortcomings in his product—irrespective of whether they were predictable or not—for a period of 10 years.

Such extensive liability could be borne by the manufacturer at little cost per product, according to the Commission, and would shift the onus of proving the case away from the consumer, who otherwise rarely has the means to take on a large company.

The producer's liability could amount to as much as 25 million units of account (UA) in cases where the product caused death or personal injury, to UA 50,000 for damage to immovable property, and to UA

15,000 for damage to movable property. (One UA equals one 1970 dollar.)

The types of products covered would be industrial goods, processed and unprocessed agricultural goods, and craft items.

## MEMBER STATES

### Unilateral Measure Regretted

Italy's decision to charge a temporary 10 per cent surtax on purchases of foreign currency by residents for marketing external payments provoked a special meeting of the Commission in early October.

After the meeting the Commission expressed its regret that Italy had felt obliged to take this unilateral, emergency step and took the view that partial and unilateral measures are no long-term cure for monetary speculation.

The measure was introduced for a period of two weeks only a few days after a timetable had been agreed with the Commission on progressive lifting of the current 50 per cent import deposit.

The Commission feared that the latest measure could have a substantial detrimental effect on the already precarious economic situation in Italy.

### EC Help for the Friuli

The European Coal and Steel Community (ECSC) has made a loan of 5.4 billion lire (6 million units of account [UA]) to the Cassa di Risparmio di Udine-Pordenone in the Friuli region of Italy, which was hit by a series of earthquakes this summer. (One UA equals one 1970 dollar.)

The money will meet up to half the cost of repair or reconstruction of 400 workers' homes and will be used by the Cassa di Risparmio to grant 20-year loans at 1.25 per cent interest with a five-year grace period. The ECSC will subsequently lend UA 5 million to steel firms in the region whose output was hit by the earthquakes.

A second loan has also been made from ECSC resources to help the earthquake-ridden zone of Friuli. Five million units of account (UA) have been made available to the Mediocredito di Friuli-Venezia Giulia di Udine to on-lend for 15 years at 4 per cent (with a five-year grace period) to cover 40 per cent of the cost of rebuilding or repairing four steel producers' plants.

Money from the European Community's agricultural guidance and guarantee fund and the regional fund will also be granted when the ap-

plications—which run to UA 45 million in the case of the farm fund and UA 15 million in the case of the regional fund—have been assessed.

## INSTITUTIONS

### Budget Increase Requested

The European Parliament called for restoration of almost all the cuts made by member states in the Commission's budgetary proposals when it held a special session in Luxembourg in late October to discuss nothing but the budget.

The Commission wanted to spend 9.3 million units of account (UA) next year, while the finance ministers lopped off more than UA 600 million, cutting it to UA 8.6 million. (One UA equals one 1970 dollar.)

The Parliament then used its budgetary powers to ask that UA 515 million be put back. It wants to spend more money on help for young people, information on direct elections, a European economic research institute, pilot schemes on improving migrant workers' housing conditions, research into the job market, vocational training for farmers, hydrocarbons, uranium prospecting, research, and protection of man and his environment.

Also on the Parliament's list of expenditures are: documentary research, computer policy, aircraft research, cultural problems, the regional fund, help for the victims of catastrophes, trade promotion in non-associated developing countries, financial cooperation with third countries, coal-stocking subsidies, agricultural price support, aid for young farmers, and food aid.

### Joint Parliamentary Effort

At their twenty-second joint meeting, this fall, the Council of Europe and the European Parliament agreed that the debates of both should be used to make European governments, the press, and public opinion aware of the implications for Europe of world interdependence and therefore of Europe's responsibilities.

Among their recommendations were:

- to work toward the creation of an economic, social, and political balance between the countries of northern and southern Europe;
- to develop a model for a coherent and emancipated European society;
- to strive for a democratic Europe which is ready to condemn behavior that it believes is against its principles;
- to continue tariff reductions in the General Agreement on Tariffs and Trade (GATT) and the generalized system of preference;

- to see Europe prepare a common, constructive position for the United Nations Conference on Trade and Development (UNCTAD) commodities conference;
- to take immediate action to alleviate the debt situation of the worst off developing countries;
- to promote private investment and transfer of technology to developing countries, and
- to spend more on development aid in order to reach the United Nations target of 0.7 per cent of gross national product devoted to development.

Finally they called for a united front at the Conference on International Economic Cooperation (North/South dialogue) in Paris and a common strategy for relations with Canada and the United States.

### EC Offering Floated in US

The European Community has issued a public offering of \$100 million in the United States.

The notes—due in 1981—will help finance prepayment of a portion of the floating rate bank loans which the Community incurred in connection with its \$1.3 million program of lending to Italy and Ireland to relieve their balance of payments situation.

The offering was made in October by a group of underwriters headed by Morgan Stanley and Co., Inc., the First Boston Corporation, Kuhn, Loeb and Co., Lehman Brothers Inc., and Salomon Brothers.

## COMPETITION

### Vouel Outlines Policies

In his first major speech before the European Parliament as the Commissioner for competition policy, Raymond Vouel highlighted current Commission preoccupations based on the triple objective of maintaining a single market, preventing abuses of economic power, and stimulating corporate dynamism.

Among the forthcoming actions, he said, are draft legislation on air traffic, a decision on an alleged refusal to supply a Dutch independent distributor during the oil crisis, and a continuing careful watch to ensure that state aids do not merely export a problem from one member state to the next.

In addition, Vouel stated that regional aids should really benefit the poorest regions and that industrial assistance should go to restructuring, not preservation, of obsolete industries. He also cited court action against four member states for coordinating export credits outside the Community framework and legislation on the powers of nationalized industries.

### Commission Frees Book Trade

As result of Commission intervention, free trade in books between the Netherlands and Belgium has been achieved with a considerable increase in the freedom of choice available to consumers in these two countries.

Following an investigation in 1974, the Commission found that a contractual ban on some of the Dutch clients of the Koninklijke Nederlandse Uitgevers Bond, exporting books to Belgium or importing books from Belgium to the Netherlands, was an artificial compartmentalization of the market which did not meet Community criteria on free competition.

Most members of the group complied with the Commission's ruling voluntarily. But Elsevier Nederland, Agon Elsevier, and Deltos Elsevier—which are all part of the Elsevier publishing house—notified the Commission that they intended to continue such restrictions in their terms of sale. The Commission, however, ruled that there are no grounds for

exemption from its earlier interpretation. Therefore, these firms have also dropped these conditions.

### Insurers Drop Restrictions

Following Commission intervention the Netherlands' largest transport insurers—who belong to the Vereeniging van Transportassuradeuren in Nederland—have dropped restrictions preventing members from entering into re-insurance contracts with non-members of the group in the Netherlands, such as mutual insurance companies.

They have also abandoned restrictions on a member's transferring marine insurance business to another member. In both cases the effect was to place restrictions on insuring risks in other member states.

The Commission's view is that any restriction of competition by firms in the insurance industry, serving to intensify the continuing isolation of national markets, needs close scrutiny under EC competition rules.

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# US-EC Talks

## *Trade and Seas Dominate Discussion*

IN THE LATEST IN A SERIES OF BI-ANNUAL, HIGH-LEVEL EC-US talks, held in Washington October 20-21, Finn Olav Gundelach, the EC Commissioner for customs union and internal market, sitting in for Commission Vice President Christopher Soames, who had fallen ill, met with US officials for what both sides termed "frank and useful" talks on numerous issues, including the tariff-reducing multilateral trade negotiations in Geneva, law of the sea, fishing policy, East-West trade, and relations with the Third World.

In recent years these talks have served as a forum for ironing out trade disputes between the United States and the European Community by taking a broad perspective that encompasses consideration of the overall effects of each side's actions in numerous areas as well as in world trading relations.

Under Secretary of State for Economic Affairs William D. Rogers, who led the US delegation in the talks, stressed the need for closer economic coordination between the United States and the Community in coming years. Said Rogers at a joint press conference: "Faced with changing economic and political structures, we must consult and find common positions. How we can organize our international organization and overcome the effects of the structural changes is our greatest problem." Commissioner Gundelach readily agreed, citing the need to work together toward stable economic balance and sustained growth as the first priority between the two sides.

Gundelach, in response to press questions over recent US-EC trade disputes, noted the practical inevitability of these disputes in considering the enormous volume of trade between the two sides. "One must concentrate on the fundamental economic and trade issues by drawing lessons from our past experiences. The lesson taught was that our fears [of protectionism] haven't materialized. . . . It is impossible to have strong and great trade between the United States and the European Community without problems."

In the turkey-cognac dispute, a carry-over from the 1963 "chicken war," the United States threatened to reimpose high cognac duties unless it received better terms for its turkey exports to the Community. Gundelach urged that such a serious step be delayed until experts from both sides re-examine the trade effect of EC policies and warned of the negative effect such a move would have on US-EC

relations and on the atmosphere at the Geneva talks. These multilateral trade negotiations (MTN's), both sides hoped, would be concluded at the earliest possible date. Gundelach said: "It is indispensable to conclude the MTN's in 1977." Rogers and Special Trade Representative Frederick B. Dent agreed.

The most disputed trade issues involve agriculture, where the United States has consistently favored a free-market pricing system for its exports as opposed to the Community's price-regulating system on imports as part of its common agricultural policy. Gundelach noted the existence of a "conceptual difference of approach," which he hoped would be overcome, while he also noted that the United States has always maintained a favorable trade balance with the Community.

Both sides expressed satisfaction over progress at the Geneva talks, where four major proposals on tariff reductions have recently been presented by representatives from the United States, the Community, Switzerland, and Japan. They hoped to begin negotiations soon for a general formula based on these proposals.

For the first time in the regular US-EC talks, the problems associated with the Law of the Sea Conference and fishing rights were discussed. The two sides were close to agreement on the basic issues to be discussed at the United Nations conference due to be held in March, as well as completion of an accord between the United States and the European Community over reciprocal fishing rights. On November 2 the EC Council of Ministers granted the Commission full rights to conduct negotiations for the implementation of a 200-mile wide Community economic zone to be declared January 1, 1977, and to negotiate reciprocal fishing rights with third countries.

The officials met in two plenary sessions and also held working groups on trade, the law of the sea, and fishing policy, while discussion was also held on other issues of importance to both sides. The consultations are held twice yearly, alternating between Brussels and the United States. This year's previous meeting took place in Brussels on April 29-30.

—ILAN BLUTINGER, European Community  
*intern from The School of International  
Service, The American University, Washington, D.C.*

# Recent Books

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

**Education and In-Service Training of International and European Civil Servants.** Cahiers de Bruges N.S. 34. Edited by Y. Chapel. De Tempel, Bruges, 1976. 226 pages. French/English text.

A report on the activities and conclusions of the symposium entitled "Bruges Week 1975," which was organized in cooperation with the International Institute of Administrative Services for a discussion on the education and in-service training of international and European civil servants and what can be done to improve the quality of personnel employed by international administrations.

**The 1500 Largest Companies in Finland.** Edited by Borje Thilman. UNIPUB, New York, 1975. 124 pages with index. \$30.00.

**The 1000 Largest Companies in Sweden.** Edited by Magnus Briggert. UNIPUB, New York, 1975. 126 pages with index. \$30.00.

**Belgium's 500 Largest Companies.** 5th Edition. UNIPUB, New York, 1975. 102 pages with index. \$30.00.

**The 1000 Largest Companies in Norway.** 9th Edition. Edited by Alf A. Bergersen, et al. UNIPUB, New York, 1975. 294 pages with index. \$30.00.

**The 1000 Largest Companies in Denmark.** 8th Edition. Edited by Preben Engell. UNIPUB, New York, 1975. 161 pages, with index. \$30.00.

Four individual publications which give information on sales, exports, employees, capital stockholders, assets, and profits for the leading industrial and trading companies, subsidiaries, commercial and savings banks, and insurance and service industries in the respective countries.

**Theory and Practice of Events Research: Studies in Inter-Nation Actions and Interactions.** Edited by Edward E. Azar and Joseph D. Bendak. Gordon and Breach Science Publishers, New York, 1975. 304 pages with tables, figures, appendix, and references.

A text which assesses current developments in "events data analysis"—its shortcomings, projected plans for setting up an international network of events data stations, methodology, and applications in research and policy-making.

**The Paralysis of International Institutions and the Remedies: A Study of Self-Determination, Concord Among the Major Powers, and Political Arbitration.** By István Bibó. John Wiley and Sons, New York, 1976. 152 pages with index. \$17.50.

A survey of the rise of the nation-state, with an analysis of the strengths and weaknesses such a system of international relations has created.

**East-West Trade (Volume 1): A Sourcebook on the International Economic Relations of Socialist Countries and Their Legal Aspects.** Compiled and edited by Dietrich Andre Loeber. Oceana Publications, Inc., New York, 1976. 424 pages with bibliography, indexes, and appendices. \$37.50.

An annotated collection of documents on the international economic relations of socialist countries, which includes material on international economic organizations, foreign trade systems of socialist states, socialist foreign economic activities, domestic law and its direct relation to foreign economic transactions of socialist countries, international property, and financial and credit relations.

**Le Droit de la Communauté Economique Européenne.** 2nd Edition. By Jacques Megret. Editions de l'Université de Bruxelles, Brussels.

Seven volumes of legal commentary and analysis of the Rome Treaty's respective articles, prepared and compiled by four leading academicians at the Institute of European Studies of the University of Brussels. Each volume is composed of two parts, the first dealing in the textual analysis of the articles, the second in the applicability of the articles.

**Commerce and Industry in the Netherlands: A Base for Business Operations in Europe.** Amro Bank, Amsterdam, 1976. 67 pages with tables and index. Free.

A brochure put out by the Amsterdam-Rotterdam Bank that presents an overall picture of the economic conditions prevalent in the Netherlands today, gives the regulations and procedures that must be observed when starting a business there, and provides specific information on transport and trade, imports

and exports, labor, banking and finance, insurance, taxes, and legal forms of business enterprises.

**The Future of the Multinational Enterprise.** By Peter J. Buckley and Mark Casson. Holmes and Meier Publishers, Inc., New York, 1976. 116 pages with tables, figures, and an index. \$16.00.

An analysis of the multinational enterprise, highlighting several key characteristics of multinationals and the concept of internalization, with a review of alternate theories of multinationals and the author's predictions of their future growth.

**The Economics of the Oil Crisis.** Edited by T. M. Rybczynski. Holmes and Meier Publishers, Inc., New York, 1976. 202 pages with tables, notes, index, appendices, and bibliography. \$24.00.

A compilation of essays dealing with the economic impact of the 1973 oil crisis on the developed countries and a review of the policy options confronting the leading industrialized powers in transfer payments, balance of payments, "petrodollar" recycling, capital requirements for developing alternate energy sources, and reforming the international trade system.

**The Origins of the Second World War.** By Joachim Remak. Prentice-Hall, Inc., New Jersey, 1976. 176 pages. \$8.95.

An historical chronicle that connects all the diverse threads that led to World War II, with a brief essay recounting and evaluating the Twenties followed by reports on important leaders of the time.

**The European Community in World Affairs: Economic Power and Political Influence.** By Werner J. Feld. Alfred Publishing Co., Inc., 1976. 352 pages with notes, tables, and index. \$9.95 (cloth), \$6.50 (paper).

An examination and analysis of the European Community's impact on the world's economic and political relations, focusing on the procedures and institutional structure for formulation of EC external policy; monetary, energy, and security problems; association arrangements; commercial relations with developed and developing countries, and relations with Communist countries.

**Industrial Relations Chronologies.** By Solomon Barkin. Labor Relations and Research Center, University of Massachusetts, Amherst. No. 1—United Kingdom, 1975. 25 pages. \$0.40. No. 2—Sweden. 1976. 25 pages. \$0.40. No. 4—West Germany. 1976. 21 pages. \$0.40.

A series of studies, an outgrowth of the book *Worker Militancy and Its Consequences*, by the same author, dealing with the national

development of industrial relations in each respective country, mainly based upon the past decade.

**University and Society: Towards a European Policy of Higher Education.** Cahiers de Bruges, N.S. 32. By O. Bury, et al. De Tempel, Bruges, 1974. 334 pages.

Reports presented at a symposium at Bruges, April 12-14, 1973, entitled "For a European Policy of Higher Education," covering cooperation among European universities and their ability to respond to the needs of society.

**America as an Ordinary Country.** Edited by Richard Rosecrance. Cornell University Press, New York, 1976. 276 pages with an index. \$9.75.

A compilation of essays by 10 foreign policy specialists who reflect upon recent US foreign policy and survey its prospects by covering military, political, and economic issues in relations with the European Community, the Far East, China, Japan, the USSR, and the Third World.

**Democracy and Government in European Trade Unions.** By Anthony Carew. George Allen and Unwin, Ltd., London, 1976. 244 pages with appendices, notes, bibliography, and indexes.

An examination of the organizational structure, internal control, and democracy of trade unions in eight Western European countries, specifically the internal operations of the engineering, textile, and railway unions, the role of the union conference, and the plant-level union organization and decision-making process.

**Elite Recruitment in Democratic Politics: Comparative Studies Across Nations.** Edited by Heinz Eulau and Moshe M. Czumowski. John Wiley and Sons, New York, 1976. 299 pages with notes, figures, and tables. \$17.50.

A comparative and in-depth study on the theory and method of elite selection, exploring the processes by which public officials are chosen—in the United States, the Netherlands, India, France, Italy, and Germany—and providing an analysis of what can and does go wrong in choosing leaders and alternatives for restoring the confidence of citizens in political processes.

**Statistics Europe: Sources for Social, Economic, and Market Research.** Edition 3. Edited by Joan M. Harvey. CBD Research Ltd., Beckenham, Kent, England, 1976. 467 pages with indexes. \$40.00.

An up-dated guide to main sources of statistical information for each European country on topics which

include: production, external trade, service trades, population, standard of living, education, justice, banking, transport, and communications.

**Reflections on the Economic Development of Hungary, 1967-1973.** By Dr. Mátyás Timár. A. W. Sijthoff, Leyden, 1975. 220 pages with charts, tables, and bibliography. \$18.50.

A theoretical and practical study of the economic and social relations of contemporary Hungary describing the structure of the economy, foreign trade relations, income stratification, taxation, and the measures taken to achieve social equality through a centrally planned economy.

**Swedish Economic Policy.** By Assar Lindbeck. University of California Press, Berkeley and Los Angeles, 1974. 268 pages with graphs, tables, and bibliography. \$12.00.

An objective and factual study on economic policy in Sweden since the end of World War II, with emphasis on social policy and analysis of the problems and occasional failures in Swedish economic planning.

**The Common Market.** The Reference Shelf, Volume 46, Number 5. Edited by Nancy L. Hoepfli. H. W. Wilson Company, New York, 1975. 181 pages with glossary and bibliography.

A series of articles and essays by leading authorities and journalists on the European Community, describing its strengths, weaknesses, relations with the United States, and future prospects.

**Un Droit des Temps des Crises: Les Clauses de Sauvegarde de la CEE.** By Marc A. LeJeune. Vander, Louvain, 1975. 385 pages with notes, bibliography, tables, and annexes.

A pragmatic and analytical account of the Community's safeguard clauses based on decisions taken by the Council of Ministers, the Commission, and the Court of Justice, examining the future role of these clauses in each area in which they are applied—customs union, agriculture, antitrust, monetary, commercial, general policies, and those associated with the 1972 Accession Treaty.

**American Farm Policy, 1948-1973.** By Willard W. Cochrane and Mary E. Ryan. University of Minnesota Press, Minneapolis, 1976. 431 pages with tables, an index, and notes. \$18.50.

A comprehensive account of American farm policies and programs in the last quarter of a century, containing historical records that detail farm policy legislation and the operations of the more important programs, followed by the author's interpretation and appraisal of the policies and programs.

**Une Chance Pour l'Europe: Problemes d'une Integration.** By Mario Pedini. Editions de l'Université de Bruxelles, Brussels, 1974. 198 pages. \$7.25.

A critical inquiry into the problems of European integration from 1965 to the eve of the Paris "summit" in 1972, describing the variances between the real and the desired outcome of European economic integration.

**Prophetes et Fondateurs de l'Europe.** By Henri Brugmans. College of Europe, Bruges, 1974. 383 pages with notes and bibliography.

A study of Europe's past outstanding intellectual figures from Virgil and Dante to Schuman and St. Exupéry, by the Rector of the College of Europe.

**From Summit to Council: Evolution in the EEC.** By Annette Morgan. Chatham House: PEP, 1976. 75 pages with notes.

An essay examining the effectiveness and legitimacy of the European Council, covering its evolution and the procedural aspects and functions of summit meetings within the Community.

**GATT Plus: A Proposal for Trade Reform.** Praeger Publishers, New York, 1976. 187 pages with appendix. \$15.00.

A comprehensive report by the Special Advisory Panel to the Trade Committee of the Atlantic Council that proposes new initiatives for further liberalizing the international trading system and includes the text of the General Agreement on Tariffs and Trade (GATT) as of March 1969.

**Longman Illustrated Companion to World History: A-Z.** 2 volumes. Edited by Grant Uden. Longman Inc., New York, 1976. 1040 pages with an index. \$35.00 per set.

A history reference book on world history from ancient to modern times, with over 2,000 entries including maps, diagrams, family trees, and an index that provides a detailed system of cross-referencing.

**Les Instruments du Rapprochement des Legislations dans la Communauté Economique Européenne.** By D. De Ripainsel-Landy, et al. Editions de Université de Bruxelles, Brussels, 1976. 195 pages with bibliography, tables, and notes.

A study of the legal instruments currently applied in the member states aimed at harmonizing a Community-wide system of laws by studying the regulations, directives, recommendations, and the problems and prospects created by their insertion in the legal orders of individual states.

## 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, 245 East 47th Street, New York, New York 10017.*

**EUROPE TODAY—STATE OF EUROPEAN INTEGRATION, VOLUME I.** European Parliament, Luxembourg, 1976, looseleaf (200 pages) ..... \$17.50  
*Compact guide to the state of integration in Europe. Covers the decision-making structure and activities of the Communities. Text is accompanied by references to the Treaties, to Council and Commission legislative and other documents, to the opinions of the European Parliament, and to the Official Journal. To be supplemented by a second volume on external relations. Periodic amendments to update the volume will be sent to subscribers and priced according to the number of pages.*

**CIGARETTE TAX HARMONIZATION.** Taxation Series No. 2. EC Commission, Brussels, September 1975, 106 pages ..... \$5.00  
*Report of a study for the Commission by Metra Consulting on the likely effects on demand for cigarettes of black and blond tobaccos in response to changes in the system for taxing manufactured tobaccos. Contains analysis, with statistical data, on the cigarette markets in each member state.*

**PARTICIPATION BY BANKS IN OTHER BRANCHES OF THE ECONOMY.** Competition-Approximation of Legislation Series No. 25. EC Commission, Brussels, February 1975, 190 pages ..... \$5.20  
*Study on the participation—i.e. shareholdings which carry power to influence another company—by banks in the non-banking sector. Examines the legal position and operating conditions for bank participation in each member state. Describes the economic, competitive, and operational advantages and disadvantages of participation and the non-banking sectors affected; the effects of differences in member states' laws on integration; guidelines for possible Community legislation. Prepared by Dr. Ulrich Immenga.*

**EUROPEAN COMMUNITY COMMISSION GIVES "CLEAR AFFIRMATIVE REPLY" TO MEMBERSHIP APPLICATION OF GREECE.** Background Note No. 6/1976, European Community Information Service, Washington, D.C., January 30, 1976, 4 pages ..... free  
*Summary of the main points raised by the Commission in its opinion on the Greek application for membership.*

**REPORT ON THE OUTCOME OF THE VISIT BY DELEGATION FROM THE EUROPEAN PARLIAMENT TO THE COUNTRIES OF THE ASSOCIATION OF SOUTH-EAST NATIONS (ASEAN) AND ON FUTURE RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND ASEAN.** Working Document No. 181/76. European Parliament, Luxembourg, June 29, 1976, 43 pages ..... \$1.00  
*Prepared on behalf of the Committee on External Economic Relations by James Scott-Hopkins. Outlines member state development assistance to ASEAN members and current commercial arrangements with the Community. Summarizes the economic situation of each ASEAN member.*

**COMMERCE EXTERIEUR: PRODUITS CECA 1972.** EC Statistical Office, Luxembourg, 1976, 415 pages ..... \$12.10  
*Foreign trade statistics of the European Coal and Steel Community covering imports and exports of iron, steel, iron and manganese ore, ferrous scrap, and coal, according to origin and destination by country and geographical areas.*

**CONFERENCE ON WORK ORGANIZATION, TECHNICAL DEVELOPMENT AND MOTIVATION OF THE INDIVIDUAL.** EC Commission, Brussels, 1976, 242 pages ..... \$3.00  
*Report of a conference held in Brussels, November 5-7, 1974, on improving living and working conditions. Papers on working life in Europe, industrial democracy, white collar work, working conditions and work organization in the European automotive industry, automation, industrial robots, financial and economic aspects of job enrichment systems, and the problems of education and training.*

**REPORT ON THE DEVELOPMENT OF THE SOCIAL SITUATION IN THE COMMUNITIES IN 1975.** EC Commission, Brussels, April 1976, 234 pages \$5.80  
*Outlines the activities of the Commission in the social sector and discusses the situation in employment, vocational training, industrial relations, wages, working conditions, housing, social services, social security, and industrial safety and medicine. Contains a statistical annex.*



**IRON AND STEEL UNDERTAKINGS OF THE COMMUNITY 1976.** EC Commission, Brussels, 1976, 188 pages, ..... \$8.60  
*List of Community steel producers with addresses, telephone and telex numbers. Gives production programs for each factory by product and method of production.*

**STATISTICAL PROBLEMS PRESENTED BY POLLUTANT GAS MEASUREMENTS MADE NEAR A POINT OF EMISSION.** EUR 5220 e. EC Commission, Luxembourg, 1976, 54 pages ..... \$2.80  
By J. Raguin. *Study on pollutant gas measurements related to industrial health and control in the immediate environment of industrial plants. Covers standards applied in various countries, practical conditions of measurement, and hypothesis of valid measurement results and statistical methods.*

**TOWARDS A NEW PARTNERSHIP: THE EUROPEAN COMMUNITY—CANADA FRAMEWORK AGREEMENT.** Information No. 134/76. EC Commission, Brussels, 1976, 19 pages ..... free  
*Note on the Community's economic relations and agreement with Canada. Covers trade and investment and a chronology of official contacts and agreements. Statistical tables on Canadian trade, balance of payments, and a general economic profile.*

**FINANCIAL REPORT OF THE EUROPEAN COAL AND STEEL COMMUNITY FOR THE YEAR 1975.** EC Commission, Luxembourg, 1976, 48 pages ..... free  
*Summary balance sheet of the borrowing and lending operations of the ECSC and the statement of income and expenditure for the year 1975.*

**FIFTH SYMPOSIUM ON MICROSIMETRY.** EUR 5452 d-e-f. EC Commission, Luxembourg, 1976, 1154 pages .... (Vols. I & II) \$54.00  
*Proceedings of the symposium held at Verbania Pallanza (Italy), September 22-26, 1975.*

**RADIATION PROTECTION MEASUREMENT—PHILOSOPHY AND IMPLEMENTATION.** EUR 5397 e. Radiological Protection 4. EC Commission, Luxembourg, 1975, 296 pages ..... \$6.00  
*Selected papers of the international symposium at Aviemore, June 2-6, 1974.*

**STANDARDS AND REFERENCE SUBSTANCES: BALANCE ACCOUNT FOR 1974.** EUR 5403 e. EC Commission, Luxembourg, 1975, 78 pages ..... \$5.00  
*Description of the work performed in the Joint Research Center at Ispra on standards and reference substances in 1974.*

**INTERCOMPARISON PROGRAMME ON ATMOSPHERIC LEAD MEASUREMENTS IN MEMBER STATES OF THE EUROPEAN COMMUNITY.** EUR 5431 d-e-f. EC Commission, Luxembourg, 1976, 113 pages ..... \$7.20  
*Results of a comparative program on methods of sampling and analysis of atmospheric lead with the objective of harmonizing the measurement techniques used in the member states.*

**TECHNOLOGY PATTERN IN THE EEC.** EUR 5530 e. EC Commission, Luxembourg, 1976, 300 pages ..... \$60.20  
*Statistical survey of patent applications published in Belgium, France, Germany, Luxembourg, Holland, and Britain between 1968 and 1971. The origin and evolution of patent applications are examined, based on a uniform classification of patent applications into more than 50,000 subject groups.*

**RESEARCHES ON CHRONIC RESPIRATORY DISEASES, INDUSTRIAL MEDICINE.** Industrial Health and Medicine series No. 18. EC Commission, Luxembourg, 1976, 329 pages ..... \$10.00  
*Papers and proceedings of a medical symposium held in Luxembourg, July 2-3, 1975.*

**CUSTOMS VALUATION.** EC Office for Official Publications, Luxembourg, 1976, looseleaf binder ..... \$11.50  
*Compendium of texts relating to customs valuation in the Community. Includes international agreements related to Community legislation, codified Community texts, conclusions of the Customs Valuation Committee on a number of illustrative cases, judgments of the Court of Justice, and the full texts of Community provisions in chronological order of their adoption.*

**PLUTONIUM PRODUCTION AND UTILIZATION FORECASTS IN EUROPE.** EUR 5479 e. EC Commission, Luxembourg, 1976, 30 pages ..... \$3.60  
By B. Haijink. *Study on the availability of plutonium in the near future in the Community and other West European countries. Forecast to 1990 is based on present and planned nuclear power installations and also on the probable available reprocessing capacity to recover plutonium.*

**PROGRAMME BIOLOGY—HEALTH PROTECTION ANNUAL REPORT 1975.** EUR 5484 d-e-f-i-n. EC Commission, Luxembourg, 1975, 945 pages ..... (Vols. I & II) \$40.00  
*Summary of the scientific results achieved during the final year of the five-year program adopted in 1971.*

**THE UNITED STATES & THE EUROPEAN COMMUNITY: THEIR COMMON INTERESTS.** EC Information Service, Washington, January 1976, 36 pages ..... free  
*Third revised edition. Presents facts and figures about US-Community trade and economic relations. Surveys the frictions that have strained EC-US relations. Topics covered include the Community's agricultural policy, enlargement, preferential arrangements and international economic aid, non-tariff barriers and protectionist tendencies on both sides of the Atlantic.*

**WORKING TOGETHER: THE INSTITUTIONS OF THE EUROPEAN COMMUNITY.** EC Commission, Brussels, 1976, 28 pages .... free  
By Emile Noel. *Brochure describing the Commission, Council, Parliament, and Court of Justice of the European Communities. Outlines the working methods of the Commission and Council and the interaction of those two institutions.*

**THE COURT OF JUSTICE OF THE EUROPEAN COMMUNITIES.** European Documentation No. 3/76. EC Commission, Brussels, 1976, 23 pages ..... free  
*Brochure outlining the powers, operations, and procedures of the Court. Discusses Court decisions affecting institutional development, economic legislation, social law, and the common agricultural policy.*

**PUBLIC OPINION IN THE EUROPEAN COMMUNITY.** Eurobarometer No. 5. EC Commission, Brussels, July 1976, 87 pages ..... free  
*Results of the opinion poll conducted in May 1976 in the member states. The survey questioned attitudes on inflation, unemployment, housing, and on the Community, political unification, and direct elections to the European Parliament.*

**THE SCIENTIFIC AND TECHNICAL RESEARCH COMMITTEE (CREST): ITS ORIGIN, ROLE, AND FUNCTION.** EUR 5393 e. EC Commission, Luxembourg, 1975, 24 pages ..... \$1.80  
*The report describes the origin of CREST, its role in the Community and specific competency. Annexes contain the legal bases and rules of CREST and its subcommittees.*

**PUBLIC EXPENDITURE ON RESEARCH AND DEVELOPMENT IN THE COMMUNITY COUNTRIES 1974-1975.** EC Statistical Office, Luxembourg, 1976, 37 pages ..... free  
*Figures on the amounts allocated in the final budgets of the member states' governments for research and development. Includes a breakdown by objectives, such as agriculture, defense, and environment, and a comparison with the United States.*

**2ND INTERNATIONAL SYMPOSIUM ON CAMAC IN COMPUTER APPLICATIONS.** EUR 5485 d-e-f. EC Commission, Luxembourg, March 1976, 493 pages ..... \$22.00  
*Proceedings of a symposium held in Brussels, October 14-16, 1975. Discussions on the application of CAMAC—a plan for connecting digital processors and computers to on-line peripherals in systems for computer automated measurement and control in industry, medicine and health services, laboratory instrumentation, communications, public utilities, and environmental controls.*

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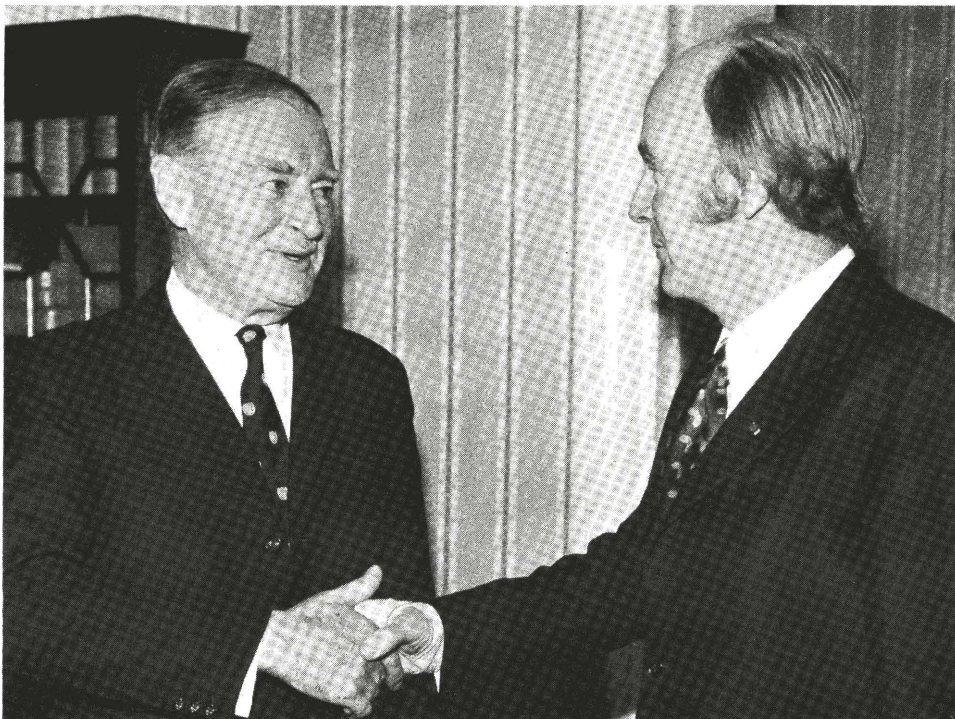
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## People & Events



Former Commission Vice President Patrick J. Hillery (right) receives congratulations from Irish Premier Liam Cosgrave on the former's election as President of Ireland (see page 35).  
© Irish Times

Jens Otto Krag, the former Danish Prime Minister and later head of the EC Commission's Washington delegation, continues to make the news: Reuters reports from Copenhagen that a nude statute of Krag, entitled "The Man Who Sold Us to the EEC," was recently unveiled at an outdoor art exhibition in the Danish capital; the work was done by three members of a controversial Danish art group "The Surrealists."

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