European Community

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Enlargement Puzzle: Can They Fit?

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The "Nine" Ponder Enlargement

Does political imperative outweigh economic consequences?

STEPHEN MILLIGAN, *Brussels correspondent for* The Economist

MANY AMERICANS SEEM WORRIED ABOUT THE POSSIBLE threat to democracy posed by Eurocommunism. But, oddly, few of them seem aware of the huge advance made by democracy in Europe in the last four years: Three major European states, Greece, Portugal, and Spain, have abandoned dictatorship, defeated Communism, and introduced full-blooded democracy. After so many years when it seemed that pluralistic democratic regimes all over the world were constantly being toppled either by Communist rebels or by army colonels, this represents a triumph for democracy.

In all three countries the move to democracy was under constant threat. In Greece the current Prime Minister, Constantine Karamanlis, lived under imminent danger of assassination when he took power. In Portugal it seemed for a time that the Salazar dictatorship had only been overthrown to be replaced by a Communist dictatorship. And in Spain no one believed that the supporters of the late General Franco would allow a full democratic regime to be re-established within two years of his death. And yet it has all happened—against huge odds. So today the peoples of these three nations, totaling more than 54 million, live under democratic rule. All three have held elections in which the moderate parties have triumphed and the extremists of left and right (including the Communist parties) have been decisively rebuffed.

It is important to begin any discussion of EC enlargement by considering the consequences of these three democratic revolutions. The need to show that the West will back the forces of democracy (which are still not fully secure in any of the three countries) is the most important political, strategic, and economic factor in the enlargement of the Community. The problems of letting any, or all, of these countries become full members of the European Community are immense, but they are not as immense as the political imperative to help defend and develop democracy.

In all three countries the newly elected governments have been enthusiastic to make their countries members of the Community. Why? Mainly because all fear the dangers of isolation, which could lead to the overthrow of democracy. They feel that if they are tied to the Community, it will be harder for non-democrats to seize power again. They also feel that the opening of European markets to their nascent industries is an essential prerequisite for further economic growth. Greece applied for EC membership in 1975, Portugal applied in the spring of this year, and the formal Spanish application was delivered in late July.

The European Community's reaction to all this has been understandably slow. The EC Commission, in looking at the Greek application, suggested in early 1976 that Greece ought to go through a pre-membership period before becoming a full member. This approach was promptly rejected by the EC Council of Ministers, which felt that this would be taken as a snub in Athens and ordered that talks for full Greek entry should get under way as soon as possible. However, at that time, the Council had not appreciated that Spain and Portugal would also be delivering applications for membership soon afterwards.

In May of this year, EC Council of Foreign Ministers met at a country castle in Kent in southern England to talk about enlargement. Incredibly, it was the first time that these ministers had had a full discussion together on enlargement. And at this meeting it became clear that the problems of enlargement were much bigger and more varied than anyone supposed at first.

The Treaty of Rome (which founded the European Economic Community) does not have much to say on the subject. Article 237 simply says: "Any European state may apply to become a member of the Community. It shall address its application to the Council, which shall act unanimously after obtaining the opinion of the Commission." Curiously, it does not even specify that the state must be democratic, a legal omission in the Treaty which several of Europe's present leaders, like Britain's David Owen, want to put right.

The first enlargement of the Community in 1973 to include Britain, Ireland, and Denmark was a difficult enough business. Britain first applied as long ago as 1961. It took 12 years before she and the others could join. In

EC foreign ministers met at a country castle in Kent, England earlier this year to discuss the Community's possible enlargement in southern Europe.

some ways, the second enlargement will be easier. None of the three applicant countries has the same political hesitations as Britain had (and still has) about joining a supranational bloc of countries. Nor do they have the problem of the complex trading arrangements with the Commonwealth which the British had to disentangle. But their economies are rather poorer than those of Britain, Ireland, and Denmark.

The problems posed by enlargement can be grouped as follows:

(1) AGRICULTURE. This will be easily the hardest issue to negotiate. The three potential members are all far more dependent on agriculture than the EC average and primarily produce Mediterranean goods like wine, peaches, olive oil, apples, and tobacco.

This production poses a serious threat to the Community's own Mediterranean regions in Italy and southern France. Already, most of these Mediterranean products are in surplus, and the regions where they are produced are much poorer than the EC average. A report prepared for the EC Commission by a special team headed by Adolfe Pizzuti and published earlier this year found that the economic situation in the Community's Mediterranean regions was worse than farmers in northern, temperate Europe. The Mediterranean share of total EC farm output has slumped from 18.5 per cent in 1964 to 17.6 per cent in 1973, and income per head is far lower. Most Mediterranean farms are small—and therefore less efficient. Farms of less than five hectares account for two-thirds of output in Mediterranean regions, against only one-third for the whole of the Community. And whereas the number of small farms is dropping by 4 per cent in northern parts of the Community, it is only dropping by 2 per cent in Mediterranean regions.

Typically, Mediterranean goods like fruit are only sold for a short season and perish quickly. So prices can soar or slump over a short period, and profitability is very uncertain. And the Community's own common agricultural policy gives little help. Most of the policy's price support systems (which produce "food mountains") are directed at temperate, northern goods like milk, beef, and butter.

Things have already been made worse for the Community's Mediterranean farmers by the Community's liberal trade policy with all the countries which border the Mediterranean—from Morocco to Israel. This has allowed cheap imports of Mediterranean produce which have often damaged the Community's own producers.

The entry of Greece into the Community poses a relatively small threat to EC Mediterranean farmers except in peaches and tomatoes. The impact of Portuguese entry would also be small except for wine. But the real threat comes from Spanish entry. Some 75 per cent of Spanish farm produce is of the Mediterranean variety, and it is now sold at prices up to 60 per cent cheaper than inside the Community—a gap which has been widened by the devaluation of the Spanish peseta after the Spanish general election. Spain has the biggest area of vineyards in Europe (bigger even than France's), and its wine is often of a comparable quality to French wine.

Inside the Community France is the country most concerned. It fears that the entry of Spain could obliterate many of its poorest farmers in the south. So the French Government has demanded that the Community revise its agricultural policy to protect Mediterranean farmers before enlargement can go ahead. The French would like:

- a minimum price to be fixed for Mediterranean goods traded between EC countries, to protect their own farmers from cheap imports;
- minimum levels of quality set for fruit and vegetables traded between EC countries, to protect their own farmers from competition from sub-standard imports;
- a ban on the mixing of wines imported from other countries, since much ordinary wine is made from blends of different wines;
- more aid for Mediterranean farmers to help restructuring.

These demands, however, are not all acceptable to the

The opening ceremonies for the last and only time the Community "enlarged"—in January 1973 to include the United Kingdom, Ireland, and Denmark.

Italians. Although Italy, too, is worried about competition from Spain and the new entrants, it is vitally dependent on trade with France. Huge quantities of Italian wine are now sold in France, at cheaper prices than French wine—a problem which provoked the famous "wine war" between France and Italy and led to rioting in the streets of the French Midi region in 1975. The protectionist demands which the French now seek, to protect their own farmers, would gravely hurt the Italians, because they would also hit Italian trade with France.

So the French may well have to reform their demands to suit the Italians. This is likely to mean they will both simply demand heavy extra spending from Brussels to help their farmers. However, this will be equally unacceptable to countries like Germany and Britain. The Germans, who have to pay 37 per cent of the Community's total budget, are not keen to spend huge sums subsidizing Mediterranean farmers. And the British, too, are loath to pay more money into the EC budget and also pay higher prices in the shops for Mediterranean goods.

The British and Germans may well retaliate and argue that the best way to help EC Mediterranean farmers is to give less aid to northern farmers which would save a lot of money and cut prices of temperate goods. But this will not be acceptable to the French, who also need to protect their northern farmers.

And, amid the hubbub inside the Community, the new entrant countries may refuse to accept any limits on their ability to sell Mediterranean goods to the "Nine"—which, after all, will provide their best hope of making money inside the Community. They will also point out that they are all net importers of temperate produce, like beef and butter, from the northern Community—so why should they not be free to sell their Mediterranean produce in return?

This complex issue will be the hardest to solve, and if any one problem is to block enlargement (especially the entry of Spain), it will be this one. Already in France it has become a hot political issue, and many politicians and farmers' leaders have said that enlargement cannot be allowed unless the agricultural policy is changed in the way France wants.

(2) DECISION-TAKING. The entry of any new member automatically reduces the arithmetical chance of agreement in a system where most decisions have to be unanimous. This means that enlargement could make all EC common decisions and policies harder to reach.

Since Britain, Ireland, and Denmark joined the Community in 1973, the original member countries have complained that it has been correspondingly harder to agree on common policies. For example, Britain and Ireland have recently been sharply at odds with other EC countries on farm and fish policy because their interests are very different from those of the original six EC members.

Most EC decisions are not taken by the supranational EC Commission in Brussels, nor by the supranational EC Parliament. They are taken by the EC Council of Ministers. Originally, under the Treaty of Rome, Council decisions were meant to be taken by "weighted" majority (small countries had fewer votes than big ones), which meant that no one country could veto a decision. But General de Gaulle got the rules changed in 1966 because he objected to this infringement of sovereignty. Today, any country can effectively veto a decision it does not like. So inevitably new members of the EC club bring the risk that they will veto more decisions. There are worries, for example, that Greece might veto EC help to Turkey, or oppose support for a neutral policy in Cyprus. And there are worries that Spain, with its traditional links with the Arab world, might be more anti-Israel than the rest of the EC countries.

On a more mundane level, the entry of three new members poses bureaucratic problems. The Community will have to struggle with three more languages and the consequent proliferation of paper, translations, and interpreters. And the Commission will have to reshuffle all its staff to make way for Greek, Spanish, and Portuguese

Bas, *Tachydromas*, Greece

recruits. There are worries as to how easy it will be to find staff of the right quality and experience in these countries.

Among the present member states, there is widespread recognition of the need to reform the decision-taking process, but the remedies suggested are very different. The French would like to concentrate more decisions in a directorate formed by the big countries. Not unnaturally, the smaller countries resent this. Belgium, Holland, and Luxembourg all argue that the answer is to return to the pre-de Gaulle system of majority voting on the EC Council.

(3) MIGRATION. Germany and France are both scared that the application of the EC rules which allow "free movement of labor" inside the Community could lead to a wave of immigrants spilling out of the three new members. Traditionally, both Germany and France have allowed large immigration from countries like Turkey and Morocco. In total, there are already some 4.5 million migrant workers in the Community. But the present high levels of unemployment mean that it is politically unacceptable for, say, Germany to let a Spaniard take jobs when over a million Germans are out of work. At the recent EC summit in London, German Chancellor Helmut Schmidt strongly argued that unlimited migration would not be possible. In fact, heavy emigration is unlikely from Greece, but from Spain and especially Portugal (where unemployment is near 15 per cent) it is all too possible.

(4) ECONOMIC DIVERGENCE. The Community's attempt to create an economic and monetary union has been gravely disrupted by the economic storms of the past five years. Few EC countries imagine much progress can be made while the divergences in inflation, trade, and growth are so enormous within the existing Community. But many hope that a renewed effort could be made as and when the economic situation improves.

This hope, however, will be even more distant if the three new countries join. At present, EC income per head ranges from $6,195 in Germany to $2,180 in Ireland. But Spain's income per head is $2,446, Greece's $2,139, and Portugal's only $1,517. At the same time, the present poor members of the Community can expect to get smaller transfers via the regional and social funds than they would otherwise get. Ireland, for example, is afraid that it may lose many of the cash benefits it has so far enjoyed from EC membership. A year ago, Ireland demanded the EC Council promise that no present member state should lose the benefits it now enjoys from Community spending as a result of enlargement. That is a demand which will be almost impossible to fulfill.

(5) COST. Since all three applicants are relatively poor, they can expect to receive more money from the Community than they will pay in. An independent economic institute in Berlin has estimated that if the three had been members in 1977, they would have cost the present Community countries around $700 million in extra transfers. But the German finance ministry estimates that in 1980, allowing for the growth in the EC budget meantime, the cost will rise to around $1.5 billion. And this makes no allowance for the possible cost of paying for more help to the Mediterranean farmers.

Naturally at a time when all EC countries are trying to trim their public spending, this prospect is not too attractive, least of all in Germany, which pays the biggest slice of the Community budget.

All EC countries still reckon that these thorny problems are surmountable. Foreign ministers all agree that the political importance of helping the new democracies outweighs the economic problems. But it is far from certain that all three countries will become members soon.

Greece will open the detailed negotiations for membership in Brussels this autumn, and there are good hopes that these could be finished by the end of 1978, allowing Greece to become a full member by 1980. Most observers are confident that Greece will achieve this without too many problems.

But the prospects for Spain and Portugal are much more uncertain (a) because the very size of Spain means that the problems are relatively bigger, and (b) because, in the case of Portugal, its economy is so weak. It may well be that Spain and Portugal will not become full members until the late 1980's. In the meantime, some new form of association may be suggested to bridge the gap. The Belgians, for example, have suggested that these countries ought to be admitted to the Community's political cooperation network before becoming full members. This would allow Spain and Portugal the political advantages of links with the European Community without all the economic consequences of membership. But this idea has not yet won much support.

Greece

A "special case" for EC membership

JOHN PESMAZOGLU, *member of the Greek Parliament and co-president of the EC-Greece Joint Parliamentary Commission*

THE "ATHENS AGREEMENT" ESTABLISHING AN ASSOCIATION between Greece and the European Community was designed to lead to full membership. The agreement was ratified by the Greek Parliament early in 1962 with a comfortable majority and the only opposition from the Communist left. In today's Greek Parliament full membership is supported by a majority of about 80 per cent of the electorate, including the Eurocommunist left. Opposition to Greece's entry now comes from a socialist movement of a neutralist orientation and from the "orthodox" Communist Party. The present majority is not likely to decline significantly in the next elections—to be held not later than 1978—if negotiations follow their normal course and the terms of accession correspond to the legitimate interests and proposals of Greece.

What explains this positive attitude of the majority of the Greek people towards full membership? First, the widespread belief that European integration is a necessity for the safeguard of peace and progress and the pursuit of the common interests of all European peoples. The conservative minded see of course this progress as essential to the free enterprise system, while progressive groups expect greater independence from the superpowers and more rapid structural change in European society. The present economic difficulties in many European countries and the relative stagnation and weakness in the Community in recent years are considered as indications that a stronger and more effective European entity is required to plan and apply common policies to meet the crisis. An early, powerful new start is deemed essential, and direct elections to the European Parliament are seen as an important step in the right direction.

Second, consolidation and advance in the European Community are generally expected to reinforce democratic institutions and prevent the revival of totalitarian forces in any country. European democratic solidarity for the support of human rights and political liberties is deemed essential for stability and the consolidation of a deepening cooperation among the European peoples. These considerations are of great importance to the

Greek Minister of Coordination and Planning Pahayotis Papaligouras (right) and EC Commission President Roy Jenkins during a recent Brussels meeting.

Greek people after the seven-year dictatorship. The 1967 *coup d'état* and the suspension of democratic government in Greece were condemned by the EC Commission and by important groups in the European Parliament, as well as by the Council of Europe, despite effective support of the dictatorship by the North Atlantic Treaty Organization (NATO), the US Administration, and several West and East European countries.

Third, despite serious damages and setbacks and the inability to realize essential structural changes during the dictatorship, the overall net effect of Greece's association

"The application of EC agricultural policies means to the Greek farmer a higher real income, increased price stability, and greater safety for the sale of agricultural produce."
© Constantine Manos, Magnum

has been positive, although the benefits were much greater for the Community than for Greece. Import duties are now abolished for most of Greek exports to the Community and for about two-thirds of Community industrial exports to Greece; for the balance of EC industrial exports to Greece, import duties are now halved, and further annual reductions of 10 per cent will take place to their complete elimination. During the first 15 years of the association, Greek per capita income rose from about one-third to almost half the Community per capita income. During the same period the growth rate of productivity in the industrial sector has been almost double the corresponding growth rate in the Community countries, as well as in other European Mediterranean countries.

As a result of the suspension of political cooperation between Greece and the Community after the *coup d'état*, however, the harmonization of agricultural policies had not taken place in accordance with the Athens Agreement. This gravely damaged agricultural modernization and development. Greece was also deprived of considerable Community resources after 1967, following the interruption of development aid which had to be provided in accordance with the Athens Agreement.

AFTER THE COLLAPSE OF THE DICTATORSHIP IN 1974, the Greek Government has sought a full reactivation of the association, and the application of strong mechanisms to recuperate from the negative effects of "freezing" the association between 1967 and 1974. These results could be secured only by early full membership in the Community and participation in the discussions leading to a European union. Greece's accession is seen as an important step toward a greater and stronger entity comprising the European South and opening a new era of healthy cooperation and stability in the Mediterranean.

In view of the fact that full integration of the Greek economy in the European Community, with harmonization of policies in agriculture and other important sectors, was already foreseen in the Athens Agreement, Greece's accession does not imply significant additional strains beyond those already expected under the association. A new push for modernization and development should be made and further rapid increases secured in productivity with advanced specialization in production. The application of European agricultural policies means to the Greek farmer a higher real income, increased price stability, and greater safety for the sale of agricultural produce. These benefits to the rural population combined with systematic support for Greek regional development are the essential immediate economic gains expected from full membership. They are, of course, linked to extensive reorganization and the application of more advanced farming and commercial techniques in agriculture.

In the urban sector, despite expectations of strain from increased competition threatening inefficient firms, the business community as a whole confidently supports full membership. In the liberal professions, the consequences of free establishment of doctors, lawyers, engineers, or architects are weighed against corresponding opportunities to be opened to Greek professionals for free access to the Community countries. Workers and employees attach considerable importance to increased labor and trade union protection as well as to the prospects of improved working conditions and higher salaries following a stronger process of integration.

The oil from the pressed fruit of olive trees remains one of the Mediterranean region's primary agricultural products.
© Elliott Erwitt, Magnum

The whole question of agriculture poses one of the biggest hurdles for EC enlargement: Would, for example, this Greek goat cheese simply add to the EC food surplus "mountains"? © E. Lessing, Magnum

Greek policies are oriented toward increasing concentration of Greek productive development in activities of relatively high techniques employing more skilled and better paid manpower. No one underestimates the scale of the necessary organizational mobilization in order to minimize the potential negative effects and to maximize the opportunities from full membership. But these efforts and objectives are placed within the framework of policies for rapid economic and social progress.

The majority of Greeks supporting Greece's accession also favor Portugal's and Spain's entry into the Community but insist on Greece's special case justifying early full membership on account of the advanced stage of Greece's association. The proposed establishment of a "preparatory phase" to secure the necessary adaptations in the countries seeking accession has been fulfilled in the case of Greece with the 15-year association. The view that the three new Mediterranean members will dilute the Community and change its character toward a "free trade area" is considered by Greeks as not necessary and certainly not desirable. Strong economic and political considerations point to the necessity of an enlarged Community including the Southern European countries and precluding a dangerous, deepening division in Europe. The enlargement is seen as a process strengthening, rather than weakening, European integration. It should provide a challenge to, and incitement for, political decision-making—leading to a powerful political entity with a growing impact on international developments.

Constantine Karamanlis "on record"

an address to the European Studies Institute of Brussels University, May 1977

An overwhelming majority of the Greek people believes in the idea of the progressive unification of Europe. Greece has been oriented in a constant and meaningful fashion toward the Community since 1959, that is, since the beginning of the negotiations for the conclusion of the association agreement.

The accession request of Greece is unique, compared to all other requests, in the fact that we already concluded in 1961 an association agreement of a special nature that solemnly recognized, in the preamble as well as in its Article 72, Greece's desire to become a full member of the Community.

Greece has officially declared several times, and repeated on April 5, 1977, that it is ready to accept all existing Community legislation. Far from hindering procedural development that will reinforce European cohesion, Greece intends to contribute to it by promoting the great ideal of the Community's founders to realize the gradual and decisive unification of Europe.

Furthermore, my country expects the moral, legal, and historical fact that Greece alone has been closely linked to the Community for more than 15 years to be fully appreciated on its own merits.

The Hellenic Government is convinced—given that its own political will as well as that of the nine EC member states has been secured and has been solemnly manifested many times—that all the problems to come will find, within a relatively brief period, solutions favorable to both sides in conformity with the spirit and the letter of the Treaty of Rome and the other Community treaties.

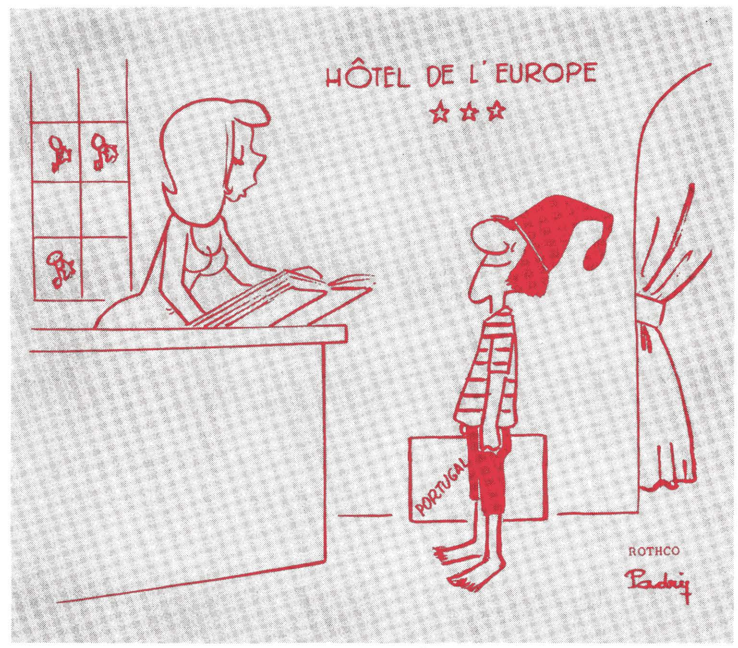
EC target provides economic and social incentive

REGINALD DALE, *European news editor of* The Financial Times

AT FIRST SIGHT PORTUGAL LOOKS AN IMPROBABLE candidate for full membership in the European Community. Already one of Europe's poorest countries, it has been in a state of constant economic crisis ever since the "Red Carnation" revolution of April 1974 ended half a century of dictatorship in which little effort was put into either economic or social development. Only massive foreign aid, much of it from the United States and EC countries, is now staving off financial collapse; national income (at $1,600 per head in 1975) is less than one-third the EC average. A senior Government minister has openly admitted that for the moment Portugal is in no state to accept any of the three fundamental principles of the Rome Treaty—the free movement of goods, labor, and capital.

The country's agriculture, which employs almost a third of the labor force, is still in disarray following the two years of upheaval after the revolution in which long-oppressed peasants seized land, stock, and machinery from their former owners. Both on the land and on the factory floor, the anarchic attitudes that erupted with the revolution are still very much in evidence. Many of the top managers and technicians, who fled the country during the revolution, are now comfortably settled in Switzerland or Brazil and will not return. Long years of protectionism discouraged management from modernizing or trying to compete aggressively abroad, and much of industry is small and inefficient. As Industry Minister Alfredo Nobre da Costa said in a recent speech, "For a long time Portuguese management closed its eyes and shut its ears to Europe." The huge and creaking civil service is unversed in international and commercial law.

None of this, of course, is any secret to Prime Minister Mario Soares, whose minority Socialist Government has been clinging precariously to power since last year's elections. When Portugal formally lodged its EC entry application in Brussels in March of this year, Soares knew full well that the path to full membership would be neither quick nor easy. Indeed, both Brussels and Soares were quite aware that immediate entry was the last thing that Portugal needed or wanted.



"Yes, I'll have a room for you . . . in a few years." Padry, *Le Herisson*, Paris

In making the application, Soares' motives were as much political as economic. In the first place, he wanted to demonstrate the international respectability of his Government, both to his creditors in the West and to the Portuguese voter at home. Secondly, he thought that Portugal's position as a candidate for membership in the Community, with its strict democratic criteria, would discourage right-wing forces that might be tempted to go for a return to authoritarian government. Thirdly, of course, a certain amount of national pride was involved in applying before Spain—thus demonstrating that the Portuguese had succeeded in restoring democracy and re-entering the Western fold in advance of their more powerful Iberian rivals.

More generally, Soares believes that the Portuguese people must be given some kind of target to aim at to provide an incentive for solving the country's economic and social crisis. His hope is that once it is clear that EC membership is a definite prospect in the not too distant future, the country will simply have to pull itself together. The response of the Nine so far, which has on the whole been to welcome Portugal's application for political reasons while stressing the economic difficulties, has been probably no more and no less than Soares wanted.

The optimum timetable as seen in Lisbon is for entry negotiations to start early next year with a view to membership in three to five years' time. There would then be a five-year transitional period—the same as the period granted to Britain, Ireland, and Denmark, and the one that Greece is asking—to allow the Portuguese economy to integrate progressively with those of the other member countries. This would mean that Portugal would not be exposed to the full blast of EC competition until the mid-1980's, by which time tariffs are in any case due largely to disappear under the country's existing free trade agreement with the Community.

BUT IT IS FAR FROM CLEAR THAT even that sort of timetable will give Portuguese industry and agriculture enough time to prepare itself for the challenge. Portuguese farmers' representatives have said they favor EC membership but also have stressed the need for major structural reforms first and that these may take 10-15 years.

For staple products like wine, there could be both advantages and disadvantages. If Portuguese growers expanded their production and concentrated on high-quality wines, they could win an important market in the EC nations to the north. But Portugal could itself be flooded with wine from France and Spain (assuming it joins, too) once the trade barriers come down. As a net importer of cereals, Portugal would have to pay more for its grain once it aligned its prices to the higher EC level. And while the country is an efficient producer and exporter of tomato paste, rival producers France and Italy will almost certainly want safeguards for their own farmers written into any Portuguese entry agreement. The same goes for citrus fruit, where the Community already imports 65 per cent of Portuguese production.

"Long years of protectionism discouraged management from modernizing or trying to compete aggressively abroad, and much of Portuguese industry is small and inefficient." © Guy Le Querrec, Magnum

Looking ahead to EC membership, agrarian economists are recommending development of new farm exports, particularly fresh fruit (grapes, cherries, apricots) and vegetables (tomatoes, cucumbers, green beans, peppers) and frozen vegetables like carrots and cauliflowers. But this will need money and energy: Portuguese agricul-

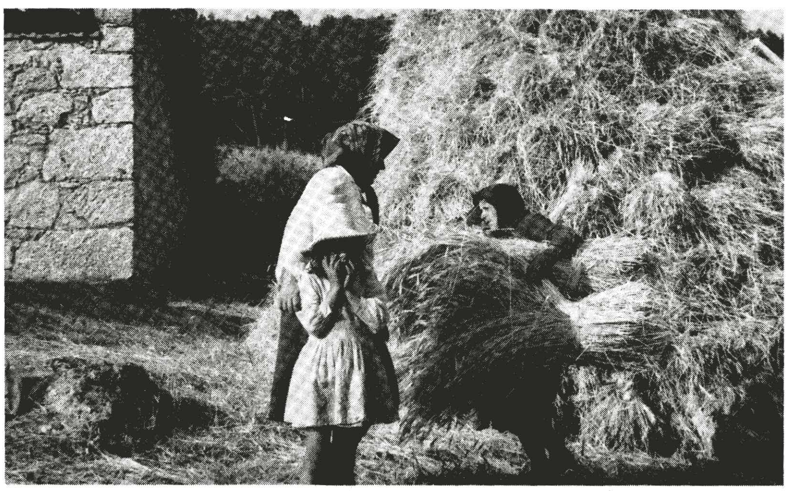
A twine factory in Portugal, where "both on the land and on the factory floor, the anarchic attitudes that erupted with the revolution are still very much in evidence." © Viva, Magnum

tural productivity is way behind that of most other European countries.

On the industrial side, there are high hopes that the country's new heavy industries, producing items like transport equipment, cranes, and gantries, will do well in a wider European market. The bigger, more modern textile plants are also highly competitive—to the point where the United Kingdom, for example, is constantly trying to restrict Portuguese imports to protect its own domestic industry. The vast new Sines refinery and petrochemical complex is also planned to operate on international markets.

But smaller, less efficient enterprises will be hard hit. In textiles, shoes, and clothing, for instance, there are far too many tiny companies that are still stubbornly opposing mergers and modernization. Few Portuguese firms have any experience of international competition.

"Portugal's agriculture, which employs almost a third of the labor force, is still in disarray from the seizure by long-oppressed peasants of land, stock, and machinery." © Guy Le Querrec, Magnum



In addition to the loans it is already receiving from EC governments and the European Investment Bank, Portugal will be looking for considerable sums from the Community's regional and social funds to help restructure its economy and attack its massive unemployment problem as soon as it becomes a member. But there are two major uncertainties here. First, it is far from sure that enough Community funds will be available—particularly if new members Greece and Spain are also doing their best to drain the Community's limited coffers, to say nothing of existing members Britain, Italy, and Ireland. Secondly, no serious studies have yet been done on the real impact of EC membership on Portugal and the resources required to respond to the challenge.

A more general uncertainty persists over the whole attitude of the Portuguese people toward the Community. Soares maintains that his entry bid is backed by 85 per cent of the population on the disarmingly simple grounds that only one party, the Communist Party, is opposed to membership, and the Communists won only 15 per cent of the vote in last year's general elections. But the average Portuguese voter knows little about the Community and what membership would mean in practice. The Moscow-oriented Communists, with their stranglehold on the country's trade unions, will campaign hard to keep Portugal out.

Soares has staked his political future on a positive response, both from the Nine and inside Portugal, to his membership application. It will be some time before he can finally tell whether his gamble has paid off.

Mario Soares "on record"

The institutionalization of democracy has placed Portugal in a position of political equality with the democratic countries of Europe. European integration is no longer facing the seemingly insurmountable obstacles that it had encountered. Portugal feels itself to be European, and Europe in turn feels that Portugal is a country lying within its sphere of action and influence, or better still, that Portugal is part of Europe.

It is true that Portugal's membership in the European Community is a serious step which calls for careful reflection. It will certainly require extensive negotiations. We do not believe that Portugal's application for membership is likely to raise serious economic objections. Portugal has already assumed many obligations commensurate with membership in the Community, and the negotiation process will allow for gradual adaptation. Portugal, being a small country, will naturally be concerned about loss of its national sovereignty. But it should be understood that the idea of Europe does not imply a disregard for the national phenomenon; rather, it constitutes a recognition of the existence of interests which are European and thus transcend national borders.

The citizens of nation-states enjoy greater stability and anticipate a brighter future when they view their situation from a more global perspective. On the other hand, one feels that Europe is on the move, and it would be regrettable if Portugal were to lose out on the opportunity of participating in and benefiting from these forthcoming changes. Europe is undergoing a transitional phase, and Portugal's entry into the Community of Europe will enable it to contribute to the Europe now taking shape—a change which will no doubt be historic and signal the start of a new era.

The vast majority of the Portuguese people, through their leading political parties representing 75 per cent of the electorate, have demonstrated their support, both in public statements and in parliament, for the Government's decision to apply for membership in the European Community. The Constitutional Government, in an historic gesture, formalized this decision on March 28, 1977, before the EC Council. The Council for its part accepted Portugal's application on April 5 after having solicited the EC Commission's report, in accordance with the terms of the Treaty of Rome. The foundation has thus been laid, and Portugal has embarked on a path which will certainly not be an easy one but which will enable her to find her destiny once again and will assure her survival as a free and a European nation.

Spain

Domestic economic woes propel membership bid

MIGUEL ACOCA, *Madrid-based correspondent, writes for* Newsweek

SPAIN IS PUSHING HARD FOR MEMBERSHIP IN THE European Community. "We have a European vocation," is a refrain frequently voiced by Premier Adolfo Suarez. Spain's calling card is its newly established democracy, its new representative parliament, and its pledge to write a new constitution to shape the country like the rest of Western Europe.

The 44-year-old Premier, architect of the transition from a dictatorship to a budding democracy, regards EC membership as the only way to save the depressed Spanish economy from total collapse. This view is shared by King Juan Carlos I, the 39-year-old monarch who gave Suarez the support needed to unlock the political shackles and fetters imposed by the late dictator Francisco Franco, and is also shared by opposition political leaders like Felipe Gonzalez, general secretary of the Socialist Workers Party; Santiago Carrillo, head of the Spanish Communist Party; members of the cabinet, and of industry, and labor leaders. Also backing Spain's bid for EC admission is the United States, the biggest ally of Suarez and avowed admirer of his performance to date.

The most serious problem facing Suarez and the Spanish people, however, is not political but economic. The Premier neglected the economy, which was in a steep down-swing when Franco died, throughout the transition. Suarez refused to take any measures to deal with inflation because he didn't want to upset the right, the left, or the center during the dismantling of the dictatorship. Early this year, when the price index showed that prices were going up at a 30 per cent yearly rate, he simply stopped publication of adverse statistics.

Suarez defended the policy of deliberate neglect on the grounds that a transition government could not impose economic and fiscal reforms. "An economic and fiscal program is the task of an elected government and an elected parliament," he would explain. But while Spain waited for its first free election in 41 years, the foreign debt mounted to nearly $13 billion. Spaniards continued to import more than they shipped abroad. The chronic balance-of-trade deficit kept right on mounting. No longer did tourism income and remittances from 3 million Spaniards living and working abroad bridge the gap between imports and exports. Spain consumed imported petroleum as if it were made by the sun on its own Costa del Sol. Spaniards smuggled pesetas out for conversion into dollars, marks, yen, and Swiss francs at such a rate that officials estimate Spaniards hold $4.5 billion abroad. This amount is almost equal to Spain's current gold and foreign currency reserves.

Unemployment soared to 1.3 million, nearly 10 per cent of the labor force. The figures were so bad that Spain could not borrow abroad. The International Monetary Fund suggested drastic measures earlier this year. So did American bankers. These included devaluation of the peseta, price-and-wage controls, direct taxes, rigorous collection of income taxes, and a whole package of economic and fiscal reforms aimed at reviving the state-controlled economy left behind by Franco.

A political animal, Suarez did not want to bite the economic bullet even after his party, the Center Democratic Union, won the June 15 parliamentary elections. He wanted to wait until after the municipal electoral races, which will take place either in December or early next year.

Spanish Foreign Minister Marcelino Oreja Aguirre (right) meets with EC Commission President Roy Jenkins in Brussels.

But the new economic ministers, headed by Enrique Fuentes Quintana, a pragmatic technocrat, convinced the King and the Premier that the Government had to act, and on the double, in order to overcome the grave economic crisis and create a climate for the survival of democracy. The result was a 20 per cent devaluation in July, the second cheapening of the peseta since Franco's death less than two years ago. The Government also pledged fiscal reforms. Industries and individuals who "never paid taxes before," in the words of a minister, "will now have to bear the burden of paying for the running of the country." Stiff penalties for tax evasion were drafted.

No sooner were the Government's intentions announced than the stock market—which the Suarez Government watches carefully as an index of confidence—dropped to its lowest point since the 1936-39 Civil War. The left, particularly the Socialist- and Communist-dominated labor unions, gave grudging approval but made it clear "workers would not pay the price of wage controls that did not compensate for inflation." Head of the Communist Workers Commissions Marcelino Camacho suggested an increase in the minimum monthly wage from 12,000 to 24,000 pesetas.

APART FROM ITS PURELY DOMESTIC IMPLICATIONS, the economic plan was clearly designed to prepare Spain for the Common Market—and, in effect, shift to the Nine part of the burden of economic recovery and march toward a full-fledged democracy. EC members for 15 years had excluded Spain because it was a dictatorship. On July 28 Spain formally asked admission to the Common Market.

No doubt its bid was accelerated by the Community's decision to review the applications of Greece and Portugal—two other former dictatorships. The Suarez Government obviously felt that it had to knock on the Community's door not only to assuage public opinion at home but to be taken into account with the two other southern European nations.

The request for membership came as Spain was negotiating tariffs on orange exports to Common Market countries. Spain, in effect, views the Community as a natural market for its agricultural produce, but fears that both France and Italy oppose its entry because of its fruits, vegetables, and wines. Spaniards also contend that the Nine want to delay Spain's membership to keep out Spanish steel and textiles.

Spanish manufacturers, who have enjoyed high protective tariffs, however, are literally terrified of losing their domestic market to West European finished products. "Our factories will have to learn to compete," said an official. "The Government can't nurse them forever."

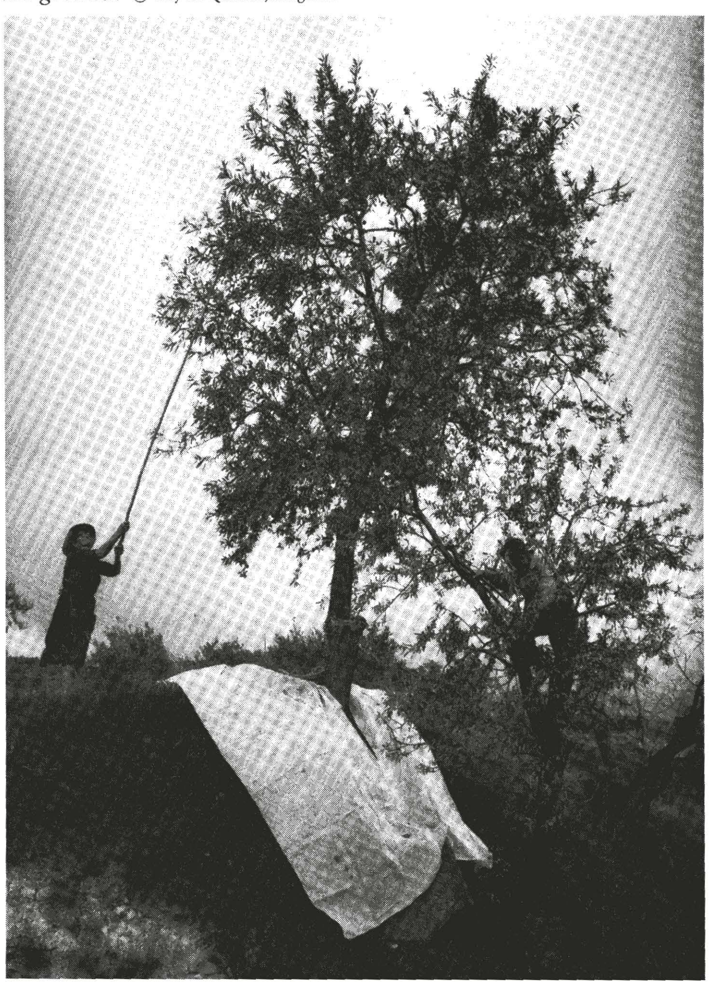
The Government no longer boasts that Spain is the world's tenth industrial power and that its per capita income is now above $2,000 yearly. It recognizes that without the emigration to West European jobs in the 1960's and early 1970's Spain would have choked with a labor surplus. Now it is aware that the country's entire economic structure—a mixture of capitalism and fascist state enterprises—has to be changed. "We have to remodel the whole thing in the worst of times," said an official, "with an energy crisis all over and recessions in most of our traditional markets."

The long-suffering Spanish people appear aware of the problem and seem willing to exercise patience and tighten their belts. But they look to Western Europe for help and understanding. This was true while Franco ran Spain with an iron hand. It is true now.

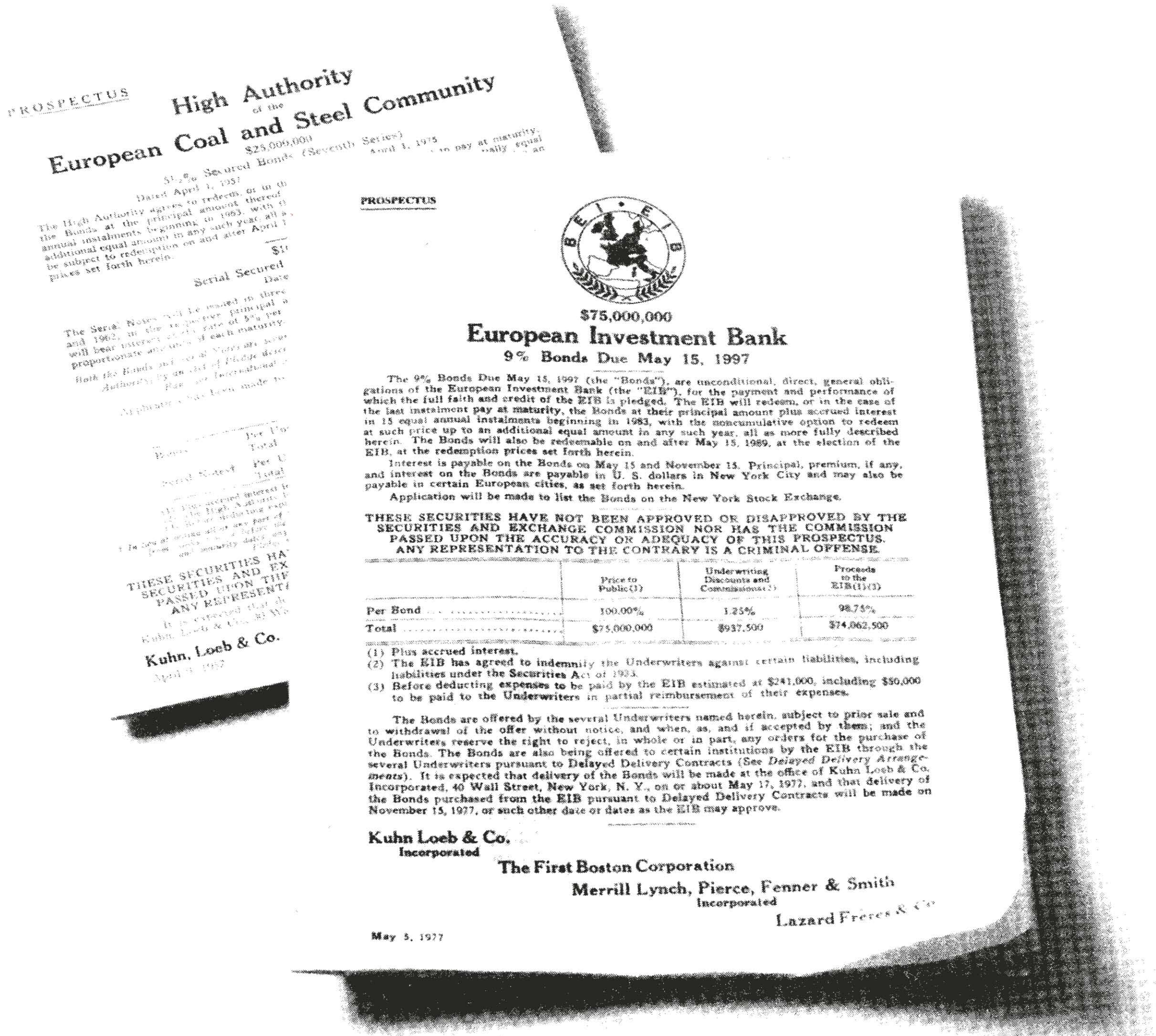
The Nine have large investments in Spain. A prolonged depression will affect these investments and raise the specter of nationalization. Continued unemployment, leading to labor unrest, could also spark a military coup and a return to isolation.

"The stakes are big for us and for Europe," said an adviser to the Premier. "We weigh more on the scale than either Greece or Portugal. We have much in common with each other, but we're very different. An upset in Spain can affect Western Europe for years and years. That's why we must become members of the Common Market."

"Spain views the Community as a natural market for its agricultural produce . . . and herein is the cause for French and Italian farmers' fears." Shown above are almonds being shaken to the ground. © Guy Le Querrec, Magnum



Kuhn Loeb—a continuing commitment.



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The Declining Dollar

Is anybody really unhappy?

PAUL KEMEZIS, *Washington editor for McGraw-Hill's* Oilgram, *who formerly reported from Brussels*

SINCE THE EARLY 1970'S, EUROPEAN MONETARY OFFICIALS have likened their relationship with the dollar to being in a rowboat with an elephant. As long as the elephant doesn't get restless, everything is fine. Well, the elephant is suddenly very restless as the United States has piled up an astronomical trade deficit in the first half of 1977. The value of the dollar has plummeted, and fears of new inflation and protectionism have grown.

The roots of the deficit lie in America's gigantic oil imports and the luck of the economic cycle, and there is not much that can be done about either in the short term. But a major fight has broken out between the United States and Europe, and inside the Carter Administration itself, on what if anything can be done to ease the problem. US Treasury Secretary Michael Blumenthal, who has called the shots for the United States so far, has counseled do nothing. As the dollar sinks, he says, US goods will become cheaper abroad, and the trade deficit will begin to right itself. This would also have the effect of getting European countries and Japan, which now have huge payments deficits, to import more and bear a little more of the Western world's oil deficit—something Blumenthal has not been able to get them to do voluntarily. The US Commerce Department sees the crisis as a great excuse for stepping up official US assistance to exporters, including rescuing the Domestic International Sales Corporation (DISC) tax credit system from execution by Congress.

The Europeans have bridled at the use of the dollar's nose dive to manipulate the world economy. Belgian Foreign Minister Henri Simonet calls the do-nothing US policy "aggressive neglect," a switch from the "benign neglect" of the early 1970's when John Connally sat in Blumenthal's chair and also let the dollar plunge. In Washington, Federal Reserve Chairman Arthur Burns voiced alarm at the inflationary effects of the sinking dollar, and a diving stock market echoed this concern. In Congress, House Banking Committee Chairman Henry Reuss has condemned "living in a fool's paradise which says deficits don't matter," while Trade Subcommittee Chairman Charles Vanik has called for oil import quotas as a drastic measure to right the situation. Finally, the Organization of Petroleum Exporting Countries (OPEC) nations have begun to look seriously at cutting their ties with the shrinking dollar and selling oil for a new "basket" type currency. The alternative to this would be a new oil price rise to recoup lost dollars.

In mid-August, faced with mounting pressure and criticism that he was "talking down" the dollar, Blumenthal suddenly voiced support for a strong dollar. This seemed to be a signal that he was ready to halt the skid by intervention, and the dollar firmed up on European money markets. But this action solved no fundamental problems and left the Carter Administration's real intentions cloudier than ever.

The fundamental problem is that the US trade deficit is too large, so large that even an extremely large, healthy economy with a relatively sound currency cannot bear it very long without showing strains. The reason for this is oil and the fact that since the 1973 OPEC price explosion there has been no oil policy in the United States because the Republican Presidents and Democratic Congress could not agree on one.

US Treasury Secretary W. Michael Blumenthal counsels "do nothing." US Treasury, Washington

STARTING IN 1972, US domestic oil production began to slow down as the great fields in Texas reached their peak. Projects to replace this loss, such as nuclear expansion and development of the Alaskan oil field, were also slowed. But demand kept rising as the Washington political deadlock kept oil prices at traditionally low levels. The US oil pricing system currently works to subsidize foreign imports so they cost the American consumer about $3 below the world price. It was natural that when demand gaps arose because of shortfalls of other energy sources, imported oil became the safety cushion. The trickle of the 1960's became a torrent in the mid-1970's. By 1977 oil imports ran about 9 million barrels a day, half of US oil consumption, and more crucially, 20 per cent of total US energy consumption. Because of the OPEC boom this vital 20 per cent cushion will cost a staggering $40 billion to $45 billion in 1977.

In the pre-embargo days, the US oil bill was already starting to grow; it was $8.4 billion in 1973 compared with only $3.6 billion in 1971. But it shot to $26 billion in 1974 with the new price situation, and after a pause in 1975 has leapt spectacularly each year. In 1976 and particularly 1977, the swollen oil bills translated into abnormally high trade deficits because of the economic cycle. In mid-1976 America was entering into an economic upsurge, ahead of other Western nations. It was buying foreign industrial goods in increasing amounts while sales of its own goods abroad were lagging. Also the dollar had recovered from the doldrums of the early 1970's—making US sales abroad more difficult.

As a result, US trade earnings abroad have not been enough to cover the oil deficits, and the resulting trade deficits have stuck out like sore thumbs. In 1977, the first six months produced a deficit of $12.5 billion, compared to $790 million for the same period a year before. Even though exports rose in this period as other world economies began to absorb more US goods, the import level was up even more sharply—reaching almost $13 billion a month in June and creating a record $2.8 billion monthly deficit.

Analysts have found specific reasons for the sharp US oil import jumps during this period: The severe winter caused excess use of fuel, and demand rose in the spring as dealers replenished stocks; heavy buying in June was traced to fear of a price jump later in the year when the US Government begins buying crude oil for its strategic petroleum reserve. But underlying these month-to-month spurts, the basic US consumption rate is incredibly high, and the Administration admits that even with the Carter energy plan (introduced April 20), consumption will remain high for years to come.

If the Carter energy conservation plan succeeds, it will at best cut US oil imports to 6 million barrels per day by 1985. At current prices this would still cost $27 billion per year, and with inflation and OPEC rises could cost by 1985 what we now pay for 10 million barrels per day. Less optimistic analyses of the Carter plan say that it will be unable to cut back imports and foresee a permanent US oil bill of $50 billion to $60 billion a year.

FACED WITH THE GROWING DEFICIT THIS SPRING, the newly organized Carter Administration decided to look the other way—for a number of reasons which were logically defensible and with a lesser deficit might have been accepted by all. As it was, the massiveness of the trade losses that gave too many persons a case of the elephant in the rowboat syndrome, and the resulting slide, unhinged the rest of the calculations. The basic American assumptions at that time were:

Bas, *Tachydromos*, Greece

- The United States will earn back over half the $24 billion trade deficit this year on capital account through private investment from Europe, returns of profits by US-based multinationals, and the continuing inflow of about $12 billion yearly in OPEC capital seeking a safe haven. The projected $10 billion overall balance of payments deficit for 1977 is no threat to the dollar. (But even the stolid US Treasury admits a few years of $12 billion deficits would be dangerous.)
- Western countries that use a lot of OPEC oil should have substantial trade deficits. If they don't, they are using aggressive trade policies to shift the burden onto some other non-oil country. This argument was aimed directly at the big surplus countries—Germany, Switzerland, Japan, and the Netherlands—and placed the United States in the same boat with the developing nations and poorer European nations, which also import a lot of oil, buy lots of Volkswagens and Sonys, and like the United

States have massive trade deficits. The fact that the International Monetary Fund in early August was only able to scratch together about $10 billion in extra funds to help meet these sorts of problems supported the US position that the world oil debt problem will only be solved if the rich nations of the West shave trade surpluses by stoking home economies and buying goods from nations which cannot otherwise meet oil bills. (Critics here point out that the Americans are making a virtue out of their own oil gluttony and are asking unacceptable economic sacrifices from the other Western powers. This level of unacceptability had in fact been somewhat defined during the London economic summit last May when, in response to US demands for more economic stimulus abroad, other nations led by Germany promised to expand "within reasonable inflation limits." The Germans now claim "reasonable" means 4.5 per cent growth at home this year, although the United States thought it had gotten a 5 percent promise from Chancellor Helmut Schmidt.)

- The dollar should be let free to float down if there is a huge trade deficit because, under the inexorable rules of the monetary world, eventually a cheaper dollar will make US goods cheaper and the imbalance will right itself. (Critics here have another trump card to flash at the Americans called the "spirit of Rambouillet," which says that currencies certainly are free to float but that when "erratic fluctuations" occur, the responsible government should step into the money market to smooth things out. Also since the world currencies have begun to float, countries are quick to charge that others are purposely manipulating their currency downward to gain what amounts to protectionist trade advantages. Recently the Americans were flinging the same charges at the Japanese about the yen that are now being thrown back at them about the dollar.)

At any rate, it was the third American assumption about a free float that unraveled first, and the blatant use of the sinking dollar to force through the second American assumption about sharing the load quickly followed.

The immediate lesson of this first excursion of the Carter Administration into the monetary mine field is that the Europeans worry about the US deficit but that they see it as a homegrown problem which requires above all American self-discipline to solve. The politically weak European governments are not going to endanger their economies to help the Americans, who have a relatively strong economy plus a politically stable government. Whether the Americans can curb their import appetite or develop new trade outlets without disturbing the present uneasy peace over trade issues remains a major question. So the Carter Administration must try to manage the deficit because it cannot ignore it.

"Multinationals" Is Not A Slogan

EC policy focuses on investments and accountability

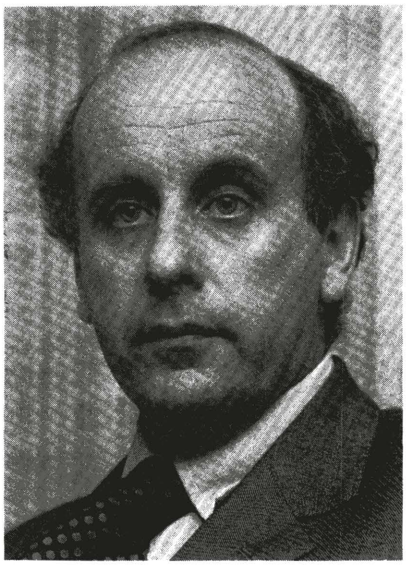
JOHN ROBINSON, *editor of the Brussels-based newsletter* Multinational Service

" 'MULTINATIONALS' IS NOW A SLOGAN, AND WE'RE not that interested in slogans," says Viscount Etienne Davignon, EC Commissioner for industrial policy, and the man responsible for the multinationals (MNC) office recently created in the Commission's industrial affairs department. Careful to dispel any idea that EC industrial policy officials are engaged in a "witch-hunt" against MNC's or a "populist attack on big business" (a charge made by former head of the industrial affairs department, Ronald Grierson, on a recent Brussels visit), Viscount Davignon is anxious to stress the positive impact MNC's can have on the European economy. And positive impact means new investment capital, the economic lifeblood that the Community now desperately lacks.

For Davignon, aware as he must be of the persistent outward flow of investment capital from Europe to the United States, cooperation between the EC Commission and multinationals on this vital issue is to be the watchword of the new MNC office. "First among the focuses of our policy on multinationals," he says, "is investments," with "some sort of harmonization of investments—things like the Japanese are doing, a sort of strategy enabling you to be ahead of events rather than running behind them, to know, for example, where increased competition is going to come from and thus be able to organize yourself to meet it without succumbing to protectionism." Creating a more favorable competitive environment for MNC's operating in Europe thus appears to be the centerpiece of the "dialogue" Davignon is seeking with the multinationals. It reflects his belief: "Obviously you have to meet people who decide on investments if you want to organize yourself to meet international competition."

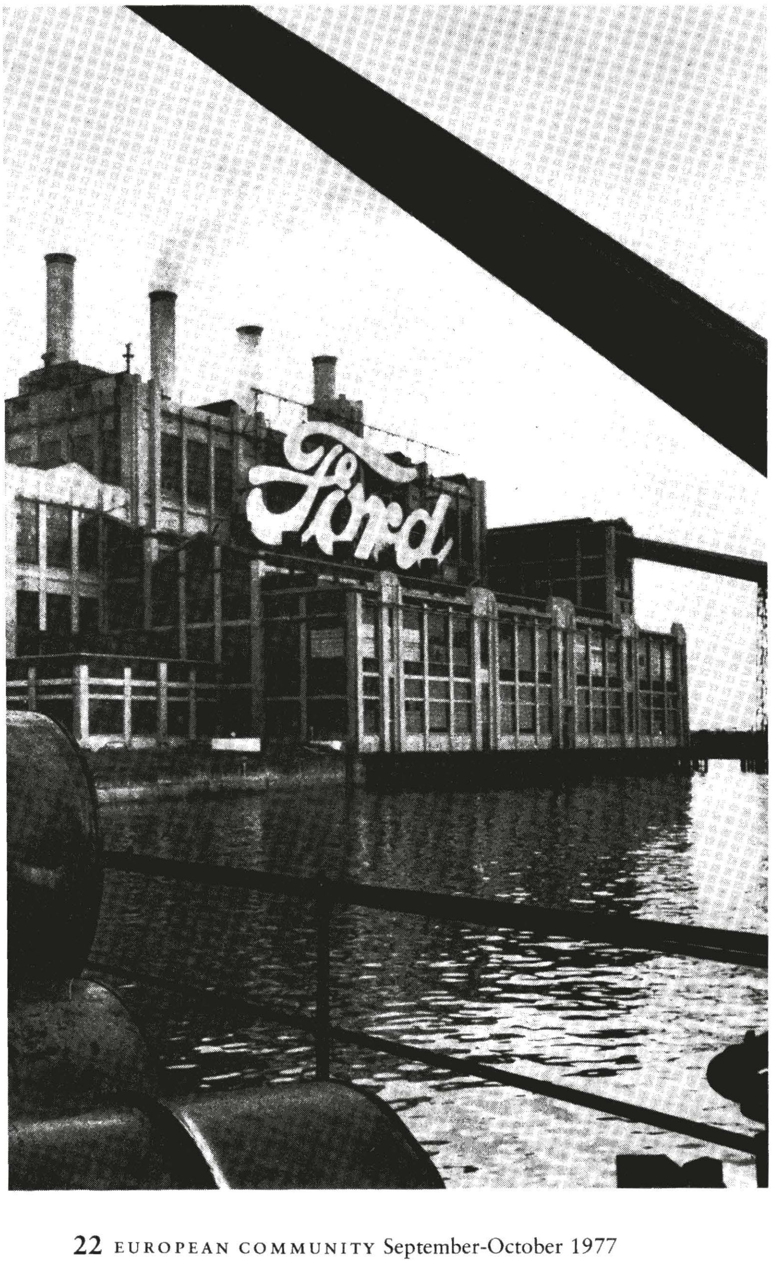
Not that "dialogue" with the multinationals should be construed as economic *dirigisme*. "I don't like the word interventionism," says the Viscount. Indeed if interventionism is to be, it will be a two-way process: "We want the multinationals to be active in helping us develop our policy, which means cooperation on their side in what I call the growth pattern, the active pattern, of our policy." This form of cooperation, believes the Commissioner, is of mutual interest. "If multinationals become more and

Clear evidence of the multinational presence in Western Europe.



Viscount Etienne Davignon, EC Commissioner for industrial policy.

New investment capital, such as brought by this Ford plant in the United Kingdom, is one of Commissioner Davignon's examples of "the positive impact of multinationals."

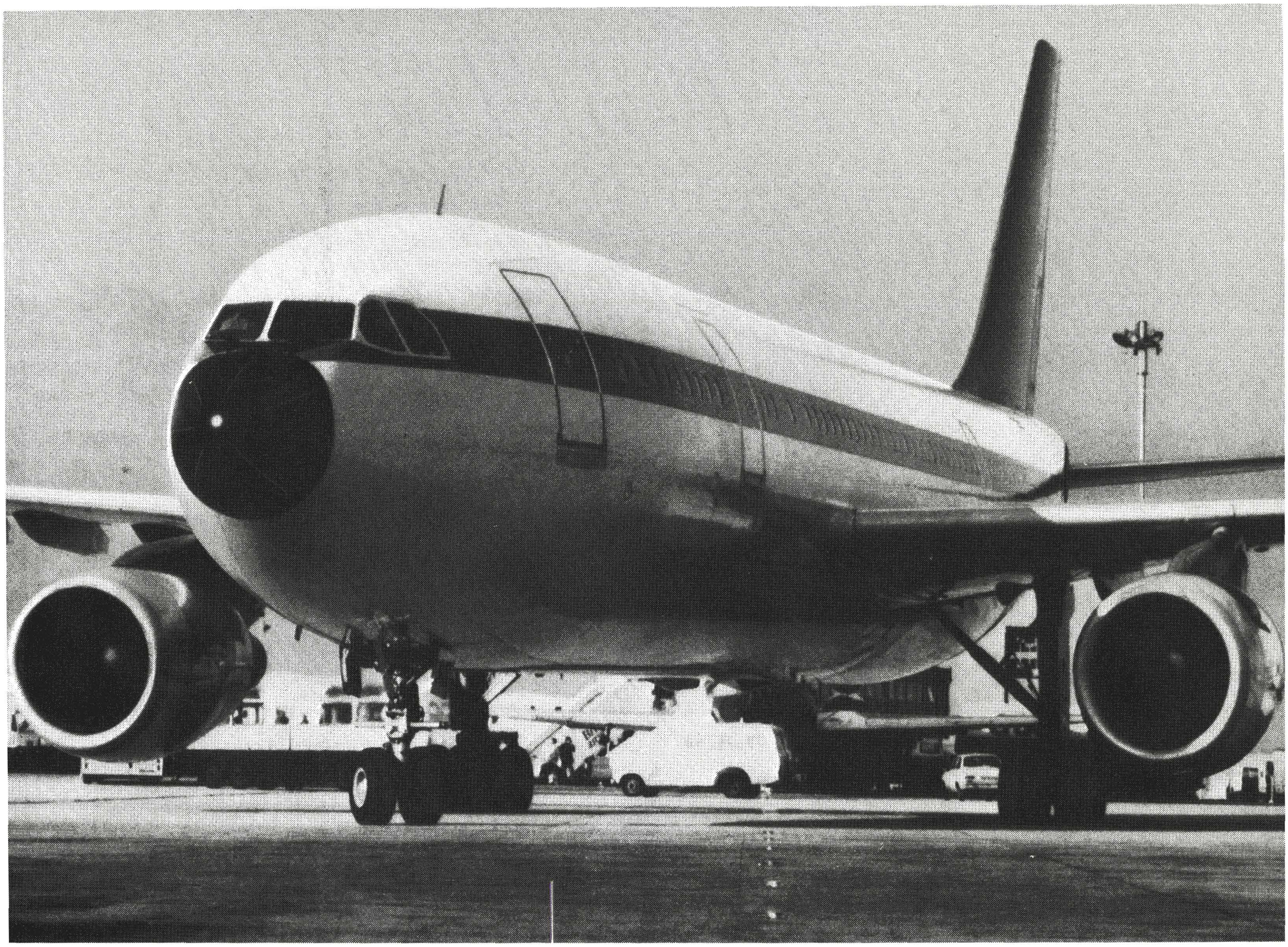


more involved in our various activities, and might well receive help to do so, then in return we're going to be sure that our policies will be sustained."

THE "OPEN SHOP" POLICY toward MNC's, as Davignon styles it, demands in return openness from multinationals themselves in their dealings with European public authorities. So great is the economic power of multinational capital that a degree of public accountability is essential. No doubt alluding to the efforts of the Community's company law department to legislate for this accountability, especially via the so-called "seventh directive on company disclosure and accounting," Davignon stresses, "You can't pursue this sort of policy without a minimum of transparency. If the Commission has to explain what it does, and if governments must explain what they do, then there is the need for business to do the same thing. And to be sure of this transparency, there must be some rules, not more in the Community than in the United States and Japan or elsewhere, but not less either."

Awareness that multinational capital is more flexible in its geographical scope than EC legislation leads Davignon to rebut the suggestion that the Community should commit itself to out-and-out discrimination in favor of European-based multinationals. "I don't think you should have an overall policy of granting preference to what is European, simply because it's European." But the European Community must seek to encourage its own firms via an active public purchasing policy. "Of course, we've got to pursue a policy of public purchasing, just like the United States does. A great number of advantages for the United States," Davignon continues, "derive from the enormous purchasing markets provided by defense and space, markets which are, of course, de facto reserved for US industry and even legally so in some cases. What we in Europe must try to do is to give the same type of guarantees to our own companies. . . ."

Turning to international attempts to draft codes of conduct for multinational companies, Davignon acknowledges that the Commission cannot politically afford to be deaf to the demands made by the developing world for binding international regulations for MNC's. Indeed, he maintains that the Organization for Economic Cooperation and Development (OECD) guidelines for multinationals (adopted in June 1976) can be improved upon in the United Nations framework, especially as regards investment in the Third World. Here, the problem of insecurity could be met "by creating rules which would be compulsory for everyone involved," and Davignon notes that "the business community also has an interest in certain types of regulation, so that it knows what the rules of the game are."



The CSCE Conference in Belgrade

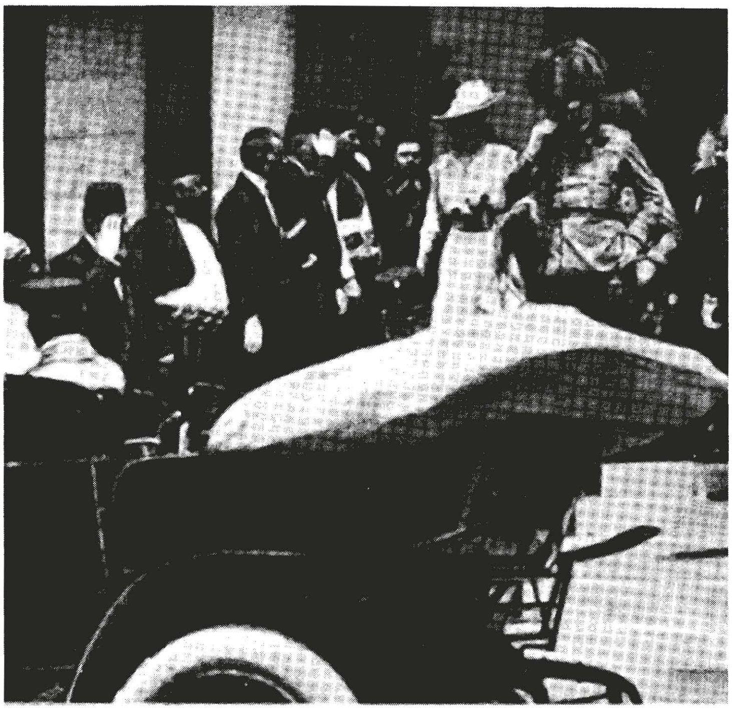
The gun of Sarajevo still smokes

ROSE H. FALES, *Washington-based freelance writer recently returned from Yugoslavia*

At times the smell of the smoke from Gavrilo Princip's gun seems to blow through the air vents at the Sava Center: a reminder to the diplomatic noses of the CSCE *delegates that the Bosnian Serb's reason for killing Archduke Franz Ferdinand was to dramatize the right to live under a government of one's choice. To the South Slavs, Princip was a hero. In Moscow, he was an ineffectual mercenary. In Berlin, an unexpected pawn in the Hohenzollern chess game. In the rest of Europe's royal capitals, he was a crazed anarchist. In Vienna, he was a traitor. And still, the dissident of one country is a martyr to another.* Gott mit uns *was translated* Dieu et mon droit *in the other trenches. And Amy Carter writes to the son of a political prisoner in Moscow.*

"Beginning June 15, our city of Belgrade is the diplomatic center of Europe," said Zivorad Kovacevic, president of the Assembly of Belgrade. The Mayor was referring to the Conference on Security and Cooperation in Europe (CSCE), whose ambassadorial delegates, following the instructions of the Final Act signed at Helsinki in August 1975, were then beginning their preliminary session. It was their task to set the agenda for the "Follow-up to the Conference" meeting now going on in Belgrade.

For a world used to summitry, the words may have sounded extravagant, but to the small army of diplomats who have come of age since the Conference began in November of 1972, this was no hyperbole. Nor was it to the large army of journalists and television crews who came to watch them. The possibility of East-West confrontation has always existed in the CSCE, but the politicizing and publicizing of human rights during 1977 seemed to make the clash inevitable. No visible clash came during the summer session, and all delegates say they are determined to try to avoid one now during the full session, which is likely to run into 1978. As was hoped, therefore, the Belgrade Conference is patiently "proceeding to a thorough exchange of views both on the implementation of the provisions of the Final Act and of the tasks defined by the Conference . . . the deepening of their mutual relations, the improvement of security and the development of cooperation in Europe, and the development of the process of détente in the future."



Archduke Franz Ferdinand and wife photographed moments before his assassination in 1914.

Patience is indeed the name of the game in the CSCE. Should the letter "P" be added to the other initials, the word would look like any other unpronounceable Yugoslavian place name, such as a suburb of Zagreb called Cmrok. CSCEP or Cscep might become one more addition to the long list of obscure cities where European men have talked of peace: Aix-la-Chapelle . . . Ghent . . . Brest-Litovsk . . . Rapallo. . . .

Yet the Belgrade Conference could be different. The cohesiveness of the EC position during the two years of negotiation in Geneva, and the two years following Helsinki, have shown the rest of Europe how a pragmatic union of former friends and enemies can coordinate policies when they so choose. Helsinki recognized the corporate entity of the "Nine" by having the Italian President sign the Final Act twice—once for Italy and once for the EC Council of Ministers. The European Community hopes for the same sort of recognition here, although any sort of "end document" in Belgrade seems wishful thinking. For this is the first time that diplomacy has tried to pass collective judgments on the behavior of individual countries in the management of their internal affairs, based on evidence collected over two years by a plethora of official, quasi-official, and even clandestine monitoring commissions. (One has the letterhead HAIG, not after the general or whiskey, but short for "Helsinki Agreements Investigating Group.") It is the first time that the Soviet Union finds itself deserted by all but its five most disciplined satellites as it tried to obfuscate the political review which all other 29 governments insisted upon. Moreover, while the CSCE is chipping away at the ideological walls which separate democratic and totalitarian states, there is a powerful symbolism in doing it in a country which is, uniquely, a halfway house between the two.

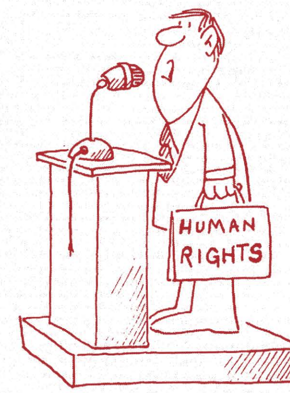
YUGOSLAVIA WAS CREATED when the Hapsburg, Hohenzollern, and Romanov empires were killed as dead at Sarajevo as was Archduke Franz Ferdinand himself. Launched into the Twentieth Century by Woodrow Wilson's myopic, utopian dreams of self-determination, Yugoslavia today mirrors the successes and failures of those dreams. This multinational land, with its long exposed frontiers has had deep involvement with individual, civil, and national rights since its beginnings. The free flow of people, goods, and ideas is basically what human rights is all about . . . what the CSCE is all about. It is what Yugoslavia has experienced since Byzantium pushed out the Hungarians, who had pushed out the Bulgars, who had pushed out the Francs, who had clobbered the Avars. . . .

During the long months of diplomacy ahead, as the delegates split into working groups divided among the three "Baskets" of national security, of economic and technological exchange, and of human contact, they will have ample time to study the country around them. What they may learn from Yugoslavia could help them achieve some sort of a concluding document in 1978.

Basket I talks of confidence-building measures, or CBM's as they are known in CSCE dialect. They may be no more than Potemkin villages, as one frustrated Helsinki scorekeeper called them, but to the old Croatian Communist Broz Tito and to the leaders of the other neutral European states, any scrap of paper that would give warning of an invasion, no matter how illusory, is worth at least the signing. Yugoslavia's plains and valleys and coastline have been the historic route of migrations and invasions. Each army left its ethnic and cultural stamp, so that today the six Republics are made up of five different Slavic nations and at least 17 identifiable minority groups. These speak four official languages, have three religions, and use both Roman and Cyrillic alphabet. It is easy to understand why this original melting pot of Europe welcomed the politically unaligned position dreamed up by the Marshall to set Yugoslavia apart from the Cold War hegemonies.

It is said that the only foreign soldiers whom the Yugoslavs fear are the Russians. That the Soviet Army would immediately overrun the country after Tito's death is of course unlikely; but the scenario which is dreaded is that one of Yugoslavia's Republics might spin off on a nationalistic or ethnic binge, and be supported by one of the Warsaw Pact countries that has interest in pockets of its own ethnic minorities within that Republic. Then the Soviet divisions might move.

Bas, *Tachydromos*, Greece



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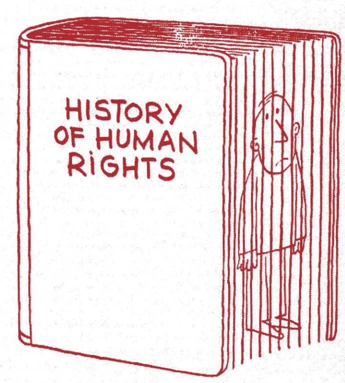


Mitropoulos, *Ta Nea*, Greece

Although the CSCE is more than aware of national security, there is no hardware being displayed at Belgrade. Instead, it is caviar, not guns, being displayed. Because of the inspired invitation of Miodr Prodit, director of Belgrade's Modern Art Museum, each country will exhibit what it considers to be the best of its art after 1970.

Among the goals of Basket II is greater cooperation in environmental affairs. CSCE delegates are acutely aware

"What the CSCE delegates may learn from Yugoslavia—this multinational land with its long, exposed frontiers and origin in individual, civil, and national rights—could help them achieve some sort of a concluding document in 1978." © Marc Riboud, Magnum

of how much the East needs to learn about the control of pollution from the West. The setting in Yugoslavia is appropriate: The Sava River, which joins the Danube at Belgrade, carries in its swift current the industrial waste of the richer Republics of Croatia and Slovenia. And nearby through gasoline-choked air the Adriatic is un-Homerically "wine-dark" from the numerous factories.

The Brezhnev proposals for pan-European conferences on the environment, energy, and transport are what the East wants to get on with, and why it finally agreed to submit to the political review called for in the Final Act at the insistence of Western Europe. But other clauses in Basket II are hard going for the EC Nine, whose policy for establishing trade agreements with Comecon countries is as involved as the problems which the United States has with the post-Kissinger Congress, determined to link trade and tariffs with human rights.

Yugoslavia receives most-favored-nation (MFN) treatment from the EC member states; and its government pushes ever deeper into consumerism as one way of economically keeping the disparate Republics interdependent. However, priorities are obviously set in ways prohibited in a democracy. For example, the enormous Sava Center was built in 10 months just for this conference. This center could be the last monument built for post-World War I conferences, taking its place beside the faded elegance of League of Nations buildings in Geneva. It is light, functional, and almost beautiful, but with an air of unreality quite suited to this five-year-old Conference.

A country which could construct such a building so quickly should have better roads. The ancient caravanserai course, with its romantic names from Sarajevo to Istanbul, is still the direct route West to East. But there appears little romance to the driver of an international lorry weaving his way over the Bosnian mountains through gypsy carts and bullock-drawn haywagons.

The bad roads don't seem to deter the tourists. Twenty-nine million of them came in 1976, and the "guest-workers" drive home (or across the country to Turkey) in their secondhand Mercedes with their pockets bulging with hard currency.

IN SPITE OF THE RECESSION IN THE WEST, Yugoslavia's trade is preponderantly oriented toward Europe; about 36 per cent is with the European Community. There is not much unemployment. There is a reserve of skilled labor; foreign investment is welcome, and satisfied. Volkswagen turns out thousands of Rabbits, Dow Chemical has two huge plants, and it is all done with self-management.

Each worker becomes a shareholder, sharing in the profits and losses, with a Stakhanovite incentive to work harder for more pay. Western observers with the multinational companies estimate that one day out of five is taken up with self-management bureaucracy.

The Pandora's box of Basket III does not make the Yugoslavs unduly nervous. Indeed, President Carter's report to the CSCE Commission in June gave the country the equivalent of honorable mention.

Foreign magazines and newspapers are available on most newsstands, although the foreigner wonders who reads them. Santiago Carillo's book *Euro-Communism* can be bought over the counter. The press is free to write copiously about any subject, up to a point. "Charter 77" in Czechoslovakia was covered in great detail until discussion of criticism of government came too close to Prince Paul's Palace, which serves as the Marshall's office. There is an absolute taboo about criticizing Tito.

Yugoslavia learned long ago how to handle minorities. In the Sixteenth Century, the Sultan's man in Bosnia was worried about some of the unruly Orthodox Christians in Sarajevo. So he built them an enchanting jewel of a church. Tucked away behind walls in the Souk area so that Allah's faithful would not notice it, the little church is open for business today. In the Nineteenth Century the Austrians added a pulpit gilded with the Hapsburg double eagle, and the modern Turks added a latticed screen for the women. It stands close by the great Mosque of the Bey, and from inside one can hear the muezzin call as he has done continuously for more than 500 years from the same minaret. The church is around the corner from an old synagogue which was part of the community of 15,000 Saphardic Jews before the War. There are some 500 now in Sarajevo, and the former synagogue is a museum to those who disappeared.

In 1941 the politically uneasy Kingdom of Yugoslavia looked for some way to show how important the Bosnian Moslems were to the Government. A splendid mosque was built in the heart of Zagreb, and it was completed not long before the Germans dive-bombed Belgrade that Easter. It is now the Museum of the Croatian Peoples' Republic. There is no trace of its three minarets, and where oriental carpets once hung on the circular walls are photos and mementos of the bloody skirmishes of those early Communist days. There are some good ones of young Josip Broz.

Human Rights in Western Europe

Is a jurisprudence developing?

REPPS B. HUDSON, *senior research assistant at the Government Research Corporation, Washington*

ON FEBRUARY 8, BRITISH ATTORNEY GENERAL SAM Silkin stood before the European Court of Human Rights in Strasbourg, France, and did an amazing thing: He publicly admitted that his Government had tortured prisoners—suspected provisional Irish Republican Army (IRA) members in Northern Ireland. The violations of Article 3 of the Human Rights Convention, of which Britain is a member, had occurred almost six years before. More than four years of hearings had been conducted before Silkin made his astonishing admission.

According to the charges, British authorities had made an "administrative practice" of systematically abusing the rights of prisoners interned during the violent period of late 1971. Altogether, several hundred persons, virtually all Roman Catholic, were subjected to the alleged abuses. Particularly odious for the Irish Government, which had filed the charges against the United Kingdom, were the "techniques of torture" used to create alienation, disorientation, and psychological instability—hooding prisoners; forcing them to stand or lean against a wall, sometimes on toes and fingertips; using incessant noise created by electronic devices; and depriving them of food, water, and sleep.

Over periods of six to 14 days these practices caused sexual impotence and feelings of complete hopelessness and powerlessness. Documents and witnesses brought before the Human Rights Commission, which heard "Ireland versus the United Kingdom" and passed it to the Human Rights Court, told of 12 men, aged 23-to-48-years-old, being subjected to torture similar to methods used by the North Koreans on the crew of the captured American intelligence ship Pueblo.

"It is our hope that as a result of these proceedings, the use of psychological as well as physical torture, which have become tolerated even by allegedly civilized states in recent decades, will once and for all be banned from Europe at last," said Irish Foreign Minister Garrett FitzGerald during a Washington visit last spring. FitzGerald gave the British credit for not walking out as the evidence against them mounted. "We make no apologies for having taken our action in respect to torture and maltreatment of prisoners in Northern Ireland," FitzGerald said, "but we recognize that this action would have been fruitless but for the fact that the British Government, like our own, accepts the supranational jurisdiction of the Strasbourg institutions. It is that that is important."

The choice always remains for a nation to thumb its nose at the Human Rights Commission and the Court or to pull out of the Convention. Greece, under the dictatorship of the "Colonels," did just that in a display of pique a few years ago. After hearing complaints of mistreatment under the Human Rights Convention, the Human Rights Commission launched an investigation of conditions in Greece in 1969. It reported back to the Council of Europe—Greece was one of 18 members—that 213 cases of alleged human rights violations had taken place under the regime of the Colonels. The next month, in December, Greece withdrew from the Council of Europe. Greece became in effect an outsider in Europe, if not an outlaw, for its abuse of political prisoners. In November 1974 the Greeks sought and received readmission to the Council of Europe after Prime Minister Constantine Karamanlis had re-established democracy.

In his admission to the Human Rights Court, Silkin did not challenge the details compiled by the Irish Government. Instead, he asked Dublin to drop the case and erase that point of difference between the two Governments so they could turn together to ending the bloodshed in Northern Ireland. And Silkin promised the Court that his Government would not engage in torture again. Ireland, however, has persisted in the case, and the matter will not be settled until the Court makes a final ruling on it, possibly later this year.

Although draped in political necessity, Silkin's statement to the Human Rights Commission stands as a recently planted milepost along Western Europe's journey toward a vigorous code guaranteeing the rights of individual citizens. Observers of European integration find much hope in that fact that an official of Her Majesty's Government did not contest the charges lodged by Ireland to the point of leaving the proceedings. As a rule

"The Human Rights Commission in 1969 reported to the Council of Europe that 213 cases of alleged human rights violations had taken place in Greece under the regime of the Colonels." UPI Photo

governments do not make such statements of wrongdoing readily, nor do they relish making pledges before international courts. Nonetheless, as one State Department official in Washington remarked, "The British got up, said they tortured prisoners, and promised not to do it again. That's quite a lot for a country to do."

GOVERNMENTS IN BOTH EASTERN AND WESTERN EUROPE have been preparing briefs and testing legal defenses for the follow-up Conference on Security and Cooperation in Europe (CSCE) in Belgrade. By the standards of the European Convention for the Protection of Human Rights and Fundamental Freedoms (the full title of the Human Rights Convention), their efforts may seem infantile and their debates boring and inconclusive at best. The discreet deliberations that have gone on for two decades under the Human Rights Convention are a vast conceptual distance from the political arena where Eastern and Western Europe, the Soviet Union, the United States, the Vatican, and Canada meet charges of human rights violations with countercharges.

The signatory nations to the Convention have established and are continuing to build a regional standard for the conduct of governments when dealing with individual citizens, whether their own or another nation's. In fact, the Human Rights Convention is widely regarded as the most valuable contribution of the Council of Europe. Austria, Iceland, Norway, Sweden, and Switzerland bow to the complusory jurisdiction of the Convention, as do all nine members of the European Community. The right of an individual citizen to charge his or another government with human rights violations is unique in international law. When writing international conventions, governments usually prefer to leave to themselves the right of filing allegations. But it was recognized by the drafters of the Convention that the nature of human rights violations meant individuals had to have access to a legal body outside their own government, especially when the government is likely to be the violator of human rights. Nevertheless, abandoning the traditionally exclusive government right to file charges made some architects of the Convention, such as Sir Humphrey Waldock, quite nervous.

Some 20 years ago Waldock, a former Human Rights Commission president and Human Rights Court judge, argued for privacy in hearings and against making public affairs of the cases. As it turns out, the threat of public embarrassment is one of the most effective weapons the Commission and Court have. "Investigation of the shortcomings of a state in regard to human rights is a very delicate form of intervention in its internal affairs," the jurist said. "The primary duty of the Commission is to conduct confidential negotiations with the parties and to try and set right unobtrusively any breach of human rights that may have occurred. It was not primarily established for the purpose of putting states on the dock and registering convictions against them."

As Waldock and other drafters knew, the Human Rights Convention remains a fragile document, inherently weakened by the reality that member nations might turn their backs, as Greece once did. Despite encouraging signs of progress for international human rights, the legal framework is constantly in danger of being eroded by the acts of individual states.

Signatory countries are naturally reluctant to empower a supranational court to rule on alleged violations of the Human Rights Convention. But in effect, that is what has happened in Western Europe, because no member nation today wants the stigma associated with ignoring the Convention. International law experts regard the European effort as the most promising prototype of international accord on human rights anywhere in the world. As the British confession of torture shows, the Convention works and works rather well. The Convention, wrote British legal scholar Ralph Beddard several years ago, "may be found in the long run . . . to have played an important part in the creation of a legal likemindedness, harmonization without unification, which will make eventual unification a simpler task."

The Human Rights Convention was put into force September 3, 1953, when Luxembourg became the tenth member of the Council of Europe to ratify it. The European Commission on Human Rights, made up of one representative from each member country of the Convention, began functioning in 1955. By 1972 more than 5,000 cases had been brought by individuals to the Commission. Ninety per cent were turned away as inadmissable or simply thrown out after a brief review. Procedures are always in secret, as Sir Humphrey Waldock wanted them to be. Although the Commission tries to negotiate agreements between parties, cases may become stalemated and then go to the Human Rights Court if differences cannot be worked out. That is why the Commission referred "Ireland versus the United Kingdom" to the Court. The Irish and the British could never agree on a suitable punishment for the British, although the British have paid reparations to many of the injured Northern Irish Catholics. Ireland is holding out for promises by the United Kingdom that officials who ordered or knowingly permitted violations of Article 3 be tried in British courts.

The Human Rights Court only tackles the most intractable cases and can hear them in open court if it wants. It has heard 20 cases since it began operating in 1959 with a judge from each member of the Council of Europe. The Court said that in nine of the cases the Convention was not violated. In seven cases the Convention was breached once or more. One case was stricken and three, including "Ireland versus the United Kingdom," are pending. The cases cover a range of human rights issues:

- administrative detention of a suspected IRA activist by the Irish Government;
- forfeiture of freedom of expression in Belgium;
- detention for long periods in Germany and Austria;
- presence of a public prosecutor during Supreme Court deliberations in Belgium;
- vagrancy legislation in Belgium;
- obstruction of a prisoner's access to English courts;
- scope of trade union freedom in Belgium and Sweden;
- military disciplinary law in the Netherlands;
- compulsory education in state primary schools in Denmark;
- conviction of a publisher and seizure of material under an English act on obscene publications;
- lengthy proceedings before administrative tribunals in Germany;
- punishment by whipping with birches on the Isle of Man.

On April 5, 1977, European Community institutions—the Parliament, the Council of Ministers, and the Commission—issued a declaration of support for fundamental human rights defined in the Human Rights Convention and the constitutions of the nine member countries. An accompanying explanation from Brussels cited Community achievements in human rights: renewed EC Commission attention to fundamental economic and social rights, a program to help migrant workers, and establishment of special rights of citizenship in other member countries, including voting and holding political office.

The Human Rights Commission and Court deserve much praise for their efforts, especially when contrasted with the spectacle unfolding in Belgrade as East and West bicker over alleged tramplings of human rights by both sides. The context there is the same old political rivalry. Human rights may be shoved aside in the fray.

Joint EC-US Action

Joint action by the European Parliament and the US Congress on human rights is now very much on the cards. At the meeting in London between delegations from the two assemblies on July 11-13, a formal procedure was established for rapid consultations, leading to measures of four possible kinds:

- joint or parallel resolutions condemning systematic violations of human rights;
- interventions by both assemblies on urgent humanitarian grounds—for example, to protect the lives of individuals;
- joint missions of enquiry;
- participation at each others' public hearings on human rights issues.

In addition, the working group responsible for the proposals undertook to examine in depth four further fields of action:

- an international parliamentary bulletin on human rights;
- the development of international rules on political asylum;
- joint consultations between the Congress and Parliament on human rights questions discussed in the United Nations and other international bodies;
- the possibility of economic and commercial sanctions by the United States and the European Community against oppressive regimes.

The meeting also gave its support to the work of Amnesty International, and declared that at the Belgrade Conference at least as much attention should be given to "Basket III" (the principles concerning human rights which were written into the Helsinki agreement) as to the other elements of détente.

The eleventh joint meeting also discussed two other problems of mutual interest: a code of conduct for multinational companies and nuclear non-proliferation. On multinationals, further discussion took place on the draft code prepared by Congressman Sam Gibbons and European Parliament member Erwin Lange—which, Gibbons explained to a press conference on July 13, was "pretty stiff compared to the OECD proposals." Eight points of common agreement were identified on helping to prevent the spread of nuclear weapons, despite other sharp disagreements on policy: for example, the export of reprocessing technology and breeder reactors. However, both sides agreed on the inevitability of breeder development in Europe, and some of the US delegation thought that their Government would in time follow suit.

The Marshall Plan: 30 Years After

"Looking back in order to look forward"

LORD OLIVER FRANKS, *British Ambassador to the United States, 1948-52*

In recent years the European Community seems to have lost some of its original momentum, largely because inflation and recession have stimulated divergence rather than convergence among the economies of the member countries. As a result, the main success of the Community has been negative, lying in what it has prevented rather than in what it has positively achieved. It has prevented the governments of the member countries from developing policies of economic protectionism and exporting unemployment to each other. In its foreign economic policy, it has influenced the conduct of the United States and Japan. In general, it has been a principal instrument in keeping the worst recession since World War II from degenerating into a depression like that of the 1930's.

Now that the world economy is recovering, it is time to ask in what positive directions the Community should move to recapture its momentum. A yachtsman sailing in narrow seas between islands often has to look back at his marks if he is to reach his goal. I believe that a backward glance at the history of the idea of unity in Western Europe since the war suggests guidelines for the future.

The origin of that idea lies in the Marshall Plan, which provided aid for the reconstruction of postwar Europe 30 years ago. The idea was alive in the thinking of George Kennan when, as chief of the Policy Planning Staff, he drafted a report for General Marshall before his speech at Harvard University. Kennan insisted, and the thought was adopted by General Marshall, that the response of the European peoples to the General's offer must be a joint program of recovery, so that Europeans would begin to think like Europeans and move towards a larger, less fragmented market.

The idea was taken up again a year later in the preamble to the American Economic Cooperation Act: "Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no trade barriers and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation."

The idea of unity in Europe crossed the Atlantic as Western Europe responded to the Harvard speech. The Committee's report was a European recovery program, not a series of bids by particular countries. It stated that a joint organization to review progress achieved would be needed to ensure success. But it was only when the Committee met in the spring of 1948 to draft the Convention setting up its permanent successor, the Organization for European Economic Cooperation (OEEC), that the form this idea of unity should take was debated and clarified. The French had one view, the British another. The French wanted a strong center for the OEEC: a secretary-general of an international secretariat with authority to coordinate the activities of the member countries and power to initiate policy. They also wanted a strong executive board with power to act between full conferences of all the members. The British wanted the OEEC to be an instrument of intergovernmental cooperation under the full control of the participating governments, with the national delegations to the OEEC taking the leading role. Here was a real issue: Did the progress of unity in Europe require the admission of some limitation of sovereign independence? The French said yes; the British said no.

IN THE END, the OEEC broadly followed the British rather than the French model, but the French thesis remained active in men's minds. Essentially it consisted in the belief that unity in Europe, to be effective, required institutional form. The creation of institutions with a declared international purpose and agreed procedures changed the whole outlook of those who worked for them and made their staff international in their approach. Only in this way could the natural state of mind of national governments be overcome or mitigated.

In 1950 this belief led to the proposal for a European Coal and Steel Community (ECSC), ever to be associated with the two men who created it, Robert Schuman and Jean Monnet. Six countries accepted this proposal: France, Germany, Italy, Holland, Belgium, and Luxembourg. This step lead the "Six" to propose treaties establishing two new Communities: the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). The Rome Treaties signed in 1957 brought these into being.

The United Kingdom was unable to join the ECSC for fear of limiting its national sovereignty. It was not until 1975 that a decisive vote in Britain's national referendum closed the 25-year-old debate on how unity in Europe should be pursued.

It is clear in looking back to the Marshall Plan that the idea of European unity has changed the face of Western Europe in a manner inconceivable to those who remember Europe between the two World Wars. The creators of the ECSC were positive that the Community was a first step toward a political end, the federation of Europe. They deliberately limited the scope of the Community to one sector of the participating countries, and insisted on this practical, realistic limitation as a condition of successful progress. Both these thoughts were expressed in the original announcement of the French Government: "Europe will not be made all at once, or according to a single, general plan. It will be built through concrete achievements, which first create a de facto solidarity." And this approach reappears in the Treaty of Rome, which begins with a political commitment, "Determined to establish the foundations of an ever closer union among the European peoples," and then proceeds to elaborate in practical detail a series of particular policies and measures as stages toward the political end.

The proposers of the ECSC were wise in their generation. They understood that in 1950 Western Europe was not prepared for political federation. Progress must depend on limited, practical experiments in the art of living and working together. This dictated the sector approach that also determined the formulation of the next step, the EEC customs union. It is clear that at the present time Western Europe is still not prepared for political union. But this in no way means that the European Community cannot progress. Indeed it is imperative that momentum should be regained and advances made: For life and its institutions cannot be stationary; either there is progress and growth or there is decline and decay. I am certain that the full potentialities of the European Community still await exploitation and that, if we look back in order to look forward, past experience indicates that vigorous and constructive advance can be made through the sector approach.

IF SO, THERE SEEM TO BE three directions in which progress could and should be made. Each time political will will have to be exerted: The difficulties are substantial. The original Coal and Steel Community was a creation of such a sustained act of will, which, inspired by the vision of unity, mastered the difficulties, historical and material, between France and Germany.

The first is agriculture. Here the problem is major and critical, though limited. But as former EC Commissioner George Thomson says: "As the surpluses mount and the manipulation of the green pound becomes more and more complex, it ought to become clear even to that most powerful of producer lobbies, the Council of Agricultural Ministers, that the only way to save the common agricultural policy is to reform it." Of course, there is a large force of inertia to be overcome, and each member country has political problems affecting agriculture while the Community has problems with the world at large. Both the opportunity and the need for a positive act of policy are evident.

Next comes energy. It is time for the reason and will of the Community to be put to work on a constructive, unified energy policy. Oil from the North Sea has but a limited duration. Now and in future years the European Community is heavily dependent on oil for energy, but the price exacted by foreign suppliers is likely to rise yet more steeply. So the issue becomes what can be done to increase alternative sources of energy.

It is far from certain that production of coal in the Community can be sufficiently increased. Men may not be willing to mine at wage costs that can be afforded. There remains nuclear energy. But I do not think that today there is substantial agreement on the high technology of this kind of energy, about which plants are the most efficient, or the safest, to build. And any large program would face major issues about the disposal of radioactive waste that raise environmental, and in the last resort philosophical, problems. There is an obvious and clamant need for the Community to devise its long-term policy on energy.

Lastly, the most difficult challenge is monetary policy. In the early years of the Organization for Economic Cooperation and Development (OECD) liberalization of trade and of monetary arrangements went hand in hand, complementary to each other. On the basis of Marshall aid dollars, which brought food, raw materials, steel, and machine tools, these two successful policies constituted the foundation of the prosperity achieved by Western Europe. The European Community has brought about a great liberalization of trade through the Common Market. But this major action still lacks its counterpart—a common monetary policy. Of course, it is very difficult to accomplish. All governments think that monetary policy is an important instrument in the control of their economies. They therefore dislike and shy away from any proposal that appears to limit or subject to discipline this freedom to act, which they believe they possess.

But, in fact, governments are not nearly as free as they imagine in deciding on their monetary policies. Most of the time the external pressures of international trade reflected in the balance of payments severely restrict their freedom to act as they wish. Reaction to these pressures is not a positive action. It is an illusion for governments to believe that they can determine the destinies of their national economies in monetary matters more than to a limited extent. This is why a common monetary policy is a major challenge. So long as it is not faced, the European Community will limp. It has a common market; it needs its complement—a common monetary policy.

Secretary of State George C. Marshall presented the plan that bears his name at Harvard University in 1947. © Wide World Photos, courtesy Marshall Library, Lexington, Virginia

The origins of the European Communities can be directly traced to Marshall's idea for the joint reconstruction of Europe, on which he testified before a Congressional committee. © International News Photo, courtesy Marshall Library, Lexington, Virginia

around THE capitals

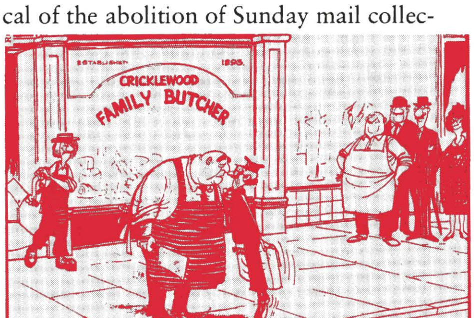
London

In Anthony Trollope's time a letter posted in London at night would be delivered in a remote hamlet of northwest England the following morning. Britons don't expect such wonders from their beleaguered Post Office nowadays but, at the prices they're paying, would welcome better value for their money.

The Post Office was nationalized eight years ago; and its record as a state corporation is far from proud, although its telecommunications sector, which handles the nation's telephones, is a financial winner. But mail prices have deteriorated as prices soar. The rate for a letter has more than quadrupled since 1970 and is pegged a third higher than the inflation rate. Angry Britons are downing their pens in droves and post fewer letters per head than in Belgium, France, or the Netherlands. Last Christmas officials estimated about half of all Christmas cards were delivered by hand.

The public outcry over mushrooming postal rates and an alleged cavalier attitude by the Post Office toward its customers forced the Goverment in January 1976 to appoint a committee of inquiry into the state of the country's postal services. Headed by Charles Carter, vice-chancellor of Lancaster University, the committee wrestled with its task for 18 months and concluded that the public had a fair case.

The Carter Report said sometimes the Post Office's customers "get the feeling they are being graciously permitted to use the systems." The committee was particularly critical of the abolition of Sunday mail collections as an economy measure and suggested they be reinstated. It accused the Post Office of "appearing to manipulate the figures in order to support its claim that the quality of service has not declined." For all its brickbats, the report allowed that, even if the Post Office needs a major shakeup to better attune it to peoples' wishes, the British still have one of the best postal services in the world.



"I feel you ought to know that if the small businessmen around here don't get their mail soon, they'll be all in favor of splitting the Post Office into two parts."
Mac, *Daily Mail*, London

The Carter Committee called for abolition of internal telegram services to help cut costs, since last year the Post Office lost an average of two pounds ($3.40) on each of the 3.5 million telegrams it handled. Night letter and international telegram services could be retained, the committee suggested, and a private agency could be paid to deliver the "life and death messages" that currently make up only 4 per cent of the domestic telegram volume.

By far the most controversial recommendation was to split the Post Office into two separate parts—postal and telecommunications. "The Post Office" would have its own chairman and board of directors. So would the "Telecommunications Authority." Consumer watch-dogging both would be an independent advisory council reporting directly to the Government. The committee's reasoning: The postal service is labor intensive with a declining volume of business. Its 24 million pounds ($40 million) profit in the 1976-77 fiscal year was its first venture into the black since nationalization. It remains propped up by heavy borrowing. But telecommunications is capital intensive with an expanding volume and range of facilities. It turned a 365 million pounds ($620 million) profit in 1976-77, of which 101 million pounds ($170 million) is being handed back in rebates to telephone subscribers on orders of the Prices Commission.

The number of telephones in service is up 70 per cent since 1969, and annual calls have soared from 8.6 million to 16.6 million. So the technicians must be doing something right even if the report branded "chaotic" the present policy-making structure of the Post Office. The Post Office Engineers Union, the Post Office and Telephone User Associations, and even the Post Office Board agree that a decentralizing split of the two services would be worthwhile. But the Post Office Workers Union, whose members have grown increasingly militant in the gales of public criticism, see many jobs threatened and warn that a split would be "a tragic and very expensive mistake."

The Labor Government heard the report with mixed feelings and wants comments from all quarters before drafting a policy paper. Sensible idea, that, since the public is not amused by the latest profits almost touching 400 million pounds ($680 million).

On another front, Queen Elizabeth's Silver Jubilee has given rein to statisticians delighting in pointing out how much better Britons are faring since she ascended the throne 25 years ago. They have busied themselves at their electronic calculators to divine that food has dropped in its real cost, to wit: It takes 22 minutes of work to earn the price of a dozen eggs compared with 57 minutes a quarter of a century ago. Bread is almost unchanged at six minutes a loaf as against seven minutes then. But drinkers can raise their glasses of the Scotch whiskey that only costs two and three-quarter hours of work instead of the seven and one-quarter hours in 1952.

PETER J. SHAW

The Hague

In the lush pastures that cloak Holland's north coast, hundreds of deep-drilled wells churn out the precious methane gas that fortifies Dutch prosperity and evokes the envy of West European neighbors suffering from a penury of fuel resources. But as in the somber Dutch fairy tales that often bear harbingers of gloom, the affluent times may be coming to an end. Unless major new fields are discovered in the next few years, the Netherlands' lucrative exports of natural gas will cease by 1992, and all known reserves will be exhausted by the turn of the century.

Faced with a shrinking bubble of natural gas, much of the Dutch population has responded with a stoic sense of civic duty to Government pleas to conserve energy. Rows of trim, brick houses are being insulated, people are forsaking cars in favor of bicycles, and even the rickety windmills are

Natural gas line running through a typically Dutch scene. Consulate General of the Netherlands, New York

being restored as rejuvenated power sources to prepare for the day when Holland joins the ranks of energy-poor nations.

While the energy crisis has served as a timely beacon to warn the Dutch public of the imminent demise of indigenous fuel reserves, the Netherlands has reaped windfall profits ever since Arab oil producers aimed an embargo at Rotterdam's vast oil and gas refinery complex four years ago. By shrewdly indexing the price of natural gas to that of oil, the Dutch Government—which rakes in 90 per cent of the profits from natural gas sales—has cushioned the burden of higher oil payments and also slowed depletion of gas reserves. But rising foreign demand still outstrips new gas finds, and Government experts claim it is only a matter of time before the country's fuel largesse runs out.

Last year, the Netherlands produced 94.3 billion cubic meters of natural gas and shipped 54 per cent abroad, primarily to Germany, Belgium, France, and Italy. The export sales earned nearly $3.5 billion, a little more than half the nation's oil import bill.

Environmental groups have argued for a more judicious use of the country's natural gas reserves, including a more frugal policy toward exports. But they also protest against expanding Holland's nuclear energy program, which calls for constructing several more nuclear power stations to augment the three plants already in operation. A few prominent economists have stepped forward to remind the public that new power sources must be secured in the next two decades if the country wishes to avert a decline in living standards.

Holland's natural gas exports have sheltered the economy from the ill effects of a lingering world recession, even as Dutch commerical interests have slipped badly on world markets in the last five years due to rising local costs in labor and raw materials. Shaken by the dour prospect of what will happen when the gas runs out, businessmen, politicians, and labor leaders are exploring new ways to cope with the looming economic crunch induced by a dearth of fuels. And for the time being, as in other Western capitals, they candidly acknowledge that no panaceas appear to be in sight.

WILLIAM DROZDIAK

Rome

When Giulio Carlo Argan, an art historian close to the Communist Party, became mayor of Rome 11 months ago, it was the first time since 1914 that the job had not gone to a Christian Democrat. To the capital, in disarray after years under the same party, Argan and his new left-wing coalition city government promised "a new way of administering Rome." After months spent working out an urban development program, the city sponsored a conference on the capital's problems in July. At the two-day conference held in the downtown Palazzo Braschi, four city commissioners publicly presented their outlines for dealing with some of Rome's most pressing problems. The work of the commissioners, in the areas of general planning, building, slum clearance, and the historical center of Rome, form the core of the administration's new program.

One of the top priorities is a three-year housing plan, under which an estimated 250,000 rooms will be built. Four-fifths of the housing is to be public or publicly subsidized, with the aim of meeting the needs of most persons currently seeking apartments. Only 20 per cent will be completely private. City administrators hope to contain the expansion of Rome—which now has an estimated 3 million inhabitants. Five million population projections form the base of a 1962 urban program that was followed, with some modifications, by Rome's city governments until last year. But even with such a halt in expansion, the city will need a growth area, with adequate infrastructures, away from the center. For this purpose, the new urban program provides for the development of 7 million cubic meters along an axis to the northeast of the city. Ministries and banks have already preempted much of the available space. The rest is to be used for commerce and other public services.

The unsightly shanty towns that ring Rome's shabby outskirts and the illegal buildings that frequently have sprung up next to them are another target of Argan's administration. His program aims to attack both problems by transferring slum dwellers to the new public housing projects and cracking down on illegal building that has flourished because of the housing shortage. To prevent Rome's historical center from becoming prey to building speculators, the administration intends to tighten up on granting concessions to renovate. And the proportion of park areas per inhabitant in Rome should be increased by acting on plans that have been on the books for years to convert several spacious areas, including the vast green expanse along the Old Appian Way, into public parks.

The city government's ardor in presenting its program to the Roman public was somewhat dampened by the Christian Democrats, now in opposition, who boycotted the conference on the grounds that they had not been sufficiently consulted on the new program. They also charged that the new city fathers have drawn much of their program from the Christian Democrats' own urban plan dating back to 1962. The administration, for its part, has given to understand that what counts in a program is not simply its existence, but its application.

Romans are perenially pessimistic about any government. They are also fairly certain that Rome will remain, whatever administrations may come or go. And that may have been one of the city's problems. Mayor Argan hinted at this when, at the conference, he spoke of the "need to defeat the old concept of Rome as sacred and eternal. It is precisely this preconception," the mayor said, "that has trapped the city for years in an erroneous urban plan."

CHRISTINA LORD

Brussels

Despite gasoline prices that exceed $2 a gallon, a remarkable number of Europeans persist in driving alone—ignoring official pleas to band into car pools and rejecting most forlorn souls who solicit free lifts along well-traveled roads. Veteran hitchhikers report some success in Germany, but with no speed limits in effect, long lines of Volkswagens, Mercedes-Benzes and BMW's usually accelerate right past weary pedestrians.

But now the Belgian Government, worried by mounting traffic congestion and exorbitant fuel costs, has approved an ingenious plan that should help foot-sore citizens entice rides and should conserve energy as well. Starting this autumn, hitchhikers in Belgium will no longer be jerking their thumbs at passing cars—instead, they will be waving coupons that can be redeemed for gasoline at service stations throughout the country.

Under a unique scheme called "taxistop," pedestrians can buy tickets, cross-marked in kilometers and gas liters, at banks, newsstands, and garages, and hand them to motorists in exchange for lifts. Coupon rates will vary according to the kind of journey—5 cents a kilometer for breezy, long-distance trips on freeways, and 10 cents a kilometer for short, inner-city hops. Transport officials are confident that the gimmick will catch on sufficiently to ease the clogged boulevards of Brussels as well as reduce the number of solitary drivers, thus promoting more efficient consumption of fuel. With gasoline so expensive and prices still climbing, Government officials reason that hard-pressed motorists can scarcely afford not to retrieve coupon-bearing hikers.

The taxistop idea was concocted nearly three years go by a group of irate citizens who protested in vain against Brussels' astronomical taxi fares imposed by a cozy cartel of cab companies. Using meters that ring up $1.30 when the door opens and click off 60 cents a mile, taxi owners run a lucrative trade in Belgium and fear that competition from the taxistop plan might harm business. Their efforts to abort the scheme were rebuffed by Transport Ministry officals, who hinted that if cab fares were not such a ripoff, the taxistop idea might never have reached fruition. After resolving a host of bureaucratic troubles and convincing insurance companies to offer blanket coverage for passengers using the tickets, taxistop backers finally received approval to start selling the hitchhike coupons this September.

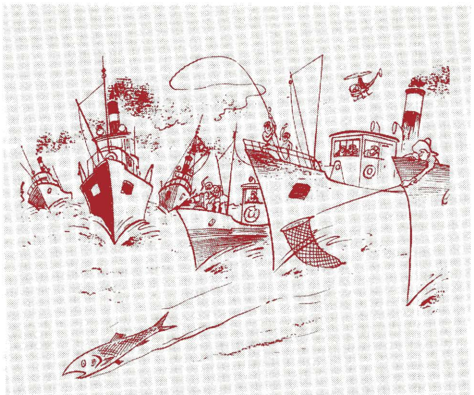
The plan's originators express cautious optimism about whether enough people will be lured by the taxistop idea to abandon their cars and take to the streets. "If nothing else, it will be a novel and fun way to meet new people and make friends," remarked one of taxistop's organizers. Officials at the Transport Ministry are also eagerly awaiting the initial public response, partly to see if the scheme will relieve snarled traffic in the city, but also to glean some indication about the popular will to take active measures to save energy. If the plan proves successful, taxistop may spread to other European capitals as an amiable, if unconventional, mode of urban transportation.

WILLIAM DROZDIAK

Dublin

The "Fish War" goes on, with Ireland pitting her strength against the Commission in Brussels and with the other member states looking on with keen interest. In practical terms the issue is a minor one. The Irish fishing industry is small—involving, both directly and indirectly, less than 100,000 people. In terms of the total benefits of Ireland's EC membership, a compromise allowing Dutch, French, and other fleets into Irish waters would seem the sensible way out. But practical compromise often comes to grief in the face of bigger forces, and in this case, these are the major forces of constitutional and international law.

The basic situation is simple. In common



"Quick—a fish!" Behrendt, *Het Parool,* Amsterdam

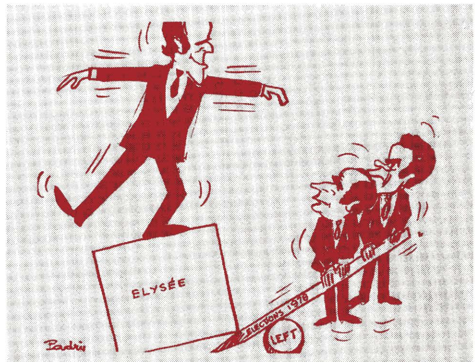
with other EC governments, the Irish Coalition Government passed an order on January 1, 1977, extending national maritime jurisdiction to 200 miles off the coast, as part of the common EC zone. The Government declined to do what the Fianna Fail Opposition proposed—which was to introduce at the same time an exclusive, 50-mile band to protect Irish fishing. Instead, a common Community policy on conservation and development, acceptable to Irish fishermen, was sought. It did not emerge; and under considerable pressure from the fishing industry, a unilateral conservation measure was introduced at Easter. This has now been rejected by the Europen Court of Justice as discriminatory.

In the meantime, the new Fianna Fail Government has come to power. It has to deal with the European Court's ruling, and it has to do so with the embarrassment of a firm pre-election commitment to the unilateral declaration of a 50-mile band exclusively reserved for Irish fishermen, with the possibility of negotiated licenses for foreign fleets from other EC countries within that coastal band.

But power always compromises the commitments of the past. What made good Opposition material and endeared Fianna Fail to the fishermen of Mayo and Donegal in the springtime of the year, looks very different when viewed in the cold light coming into the Cabinet room from the courtyard in Merrion Street and illuminating the advice new Fisheries Minister Brian Lenihan offers his colleagues in Government. He is not talking about a unilaterally declared 50-mile coastal band. He is talking about, and attempting to negotiate, a conservation system not very much different from the measures the previous Government introduced last Easter. It would be wrong to call it a baptism of fire for the new Government, but it is total immersion in a very watery font for the newly elected ministers, and it offers them none of the traditional honeymoon period.

More interestingly, it tests, right at the beginning of his period in Government with the strongest majority in the history of the state, Jack Lynch's capacity to deliver on the promises made in the run-up to the June general election. He promised the Irish people some very firm and specific undertakings, and he was elected because of massive public trust in those undertakings. The first of them to be called in, and put to the test, is fishing. Though of limited economic importance, the issues raised are emotive and far-reaching. They include questions of conservation and environment, Irish sovereignty and constitutional law, international law of the sea, and Europen law. But apart from all these matters, Irish people are asking a much simpler question: Can the Government honor its promises? And will it? Much more than fishing is involved in the answer.

BRUCE ARNOLD



"You can't knock me off!" Padry, *Le Herisson,* Paris

Paris

When partners are as different as Communists and Socialists, drawing up articles of partnership is no easy matter. Back in 1972, still far removed from public affairs, the two parties managed to agree on a loose program called the "Common Program for Government." Now at the threshold of power, they are trying to revise that program and finding the going tough.

The key areas of disagreement—defense, social, and economic policy—underscore the fundamental differences between the parties. They are so far apart that negotiators have been unable to find a compromise. By papering over the problem areas, they will approach the spring elections under a facade of unity, but a deeper analysis must cause even the most faithful believer to wonder at the durability of the alliance.

On defense, the problem is quite simply how to defend the nation. After years of opposition, the Communists rallied this year to support nuclear dissuasion, the *force de frappe.* The Socialists, who also have opposed the nuclear strike force since its inception under General de Gaulle, still find more evil than virtue in the bomb. They see it as too small to help France in an isolated conflict and irrelevent in a global war. To resolve the affair once and for all, the Socialists would call a national referendum and let the people decide; only the Communists don't like referendums.

If that is not a fundamental enough difference, than consider social policy. The Communists have been advancing enormous budget figures lately—one as high as $100 billion over five years—as a cost of their new programs, such as raising salaries, increasing benefits, and nationalizing industry. And the Communists want to accomplish as much of this as possible during the first year, that is, assuming the left wins in the March elections, during the spring session of Parliament.

The Socialists are much more circumspect. They have calculated that the cost of the Communist proposals during the first year would add roughly $12 billion to the 1979 budget, and think that is too much. The Socialists want to go slowly, not only to prevent an economic backlash but also to prevent the rightist political reaction that is certain to follow in the wake of a victory by the left.

The Communists believe the first year will be crucial, a kind of now-or-never period for the left. To delay, they argue, to put off the change, is to fritter away the capital of enthusiasm and goodwill that would accompany a victory by the left, the first since the Popular Front 40 years go. Following decades in the opposition, the Communists are for plunging in, creating a tide of energy that sweeps people along.

Far from holding nationalizations to the nine companies now listed in the Common Program, the Communists want to take over even more—financing the takeovers through bond issues that also would soak up buying power and hold down inflation. They have proposed more nationalizations that would include the major steel, oil, and automobile companies not already on the list of nine.

The Government majority has its divisions too, and they are, if anything, worse. The left's divisions, though they are political and more fundamental than those of the majority, are perceived by many to be less devastating, for, after all, these are serious men arguing over serious problems. The majority's divisions, those of the Gaullists, Giscardians, and centrists, are perceived, ever more, to be personal and trivial, and, to a great degree, dishonorable. The left, thanks to the weakness of the majority, is in the enviable position of turning its very weakness into virtue.

JAMES O. GOLDSBOROUGH

Bonn

At least three grim events threaten to dominate the political scene here in the fall. Most shocking was the murder of Juergen Ponto, one of the country's leading bankers, at his home near Frankfurt. Of all the terrorist killings here, this one has brought the deepest revulsion and the widest clamor for tougher state security measures.

This is partly because the suspects in the case are four young women—the key one is the daughter of a family friend of the Pontos. It is also because of Ponto's personal qualities. He was known far beyond the world of banking as a cultured family man who did a lot to further the work of young artists. But above all he was renowned as a strong defender of the "social market economy." And the attack on him is seen as an assault on the system that brought the Federal Republic economic success with a social conscience after years of dictatorship, destruction, and foreign occupation.

That system can ill afford to lose such an advocate at a time when its very basis is being questioned. Most other European nations envy Germany's low inflation rate and real economic growth rate of around 4 per cent. But the Government was aiming at 5 per cent growth and a cut in the number of jobless to around an average 850,000. Disappointing employment figures for July now show that for the third year in succession the country is almost bound to have a jobless total of over 1 million.

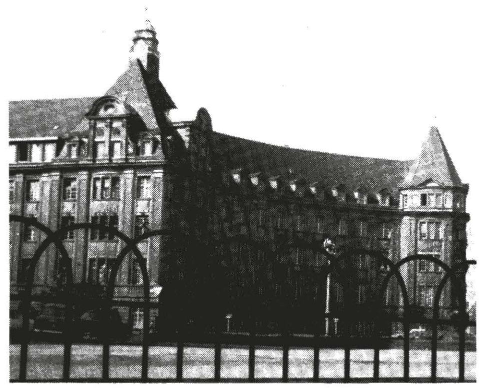
A series of Government programs to boost the economy and absorb the unemployed has not done the trick. Gradually the conviction gains ground that the years of fast growth and "over-employment" are gone for good. Must this be so? The trade union movement, for one, does not think so. Its leaders are beginning to suggest that if this is the best the system can do, then the system itself will have to be changed. But into what?

As if this prospect were not gloomy enough, Technology Minister Hans Matthoefer has chosen this moment to drop a bombshell over future energy supplies. He said in August that he expects a halt to construction of new nuclear power stations here for up to five years. He believes that the congresses of the ruling parties will decide on this step later this year and the Government will fall into line. Matthoefer's statement upset his own cabinet colleagues who planned to fight to see that no such decision was taken by the congresses. But more important is the effect such a halt would have on economic growth and jobs.

At present Germany has 6,400 megawatts of installed nuclear capacity. The Government says this must be gradually increased to 30,000 megawatts by 1985 if annual real growth of 4 per cent is to be achieved. And that growth rate in itself would not guarantee full employment or even something close to it. Little wonder that one of the country's leading engineering companies described the sort of energy shortage that would result if Matthoefer's forecast comes true as "basically threatening our free social order."

It almost goes without saying that many do not share the Government's view. The opposition to it in the ruling parties alone is plain enough. The familiar argument goes that it is the quality, not the quantity, of economic growth which is decisive. But it remains unclear how that shift to quality from quantity is to be achieved without a far bigger role for the state, a far smaller one for the private sector. And that would mean a change with a vengeance in the Federal German system.

JONATHAN CARR



Luxembourg

For centuries, the fate of this diminutive nation has been juggled in power plays conducted by large neighbors, but now the greatest threat to the destiny of the Grand Duchy is posed by local citizens, or the lack of them. A sharply declining birthrate, coupled with the swelling ranks of foreign residents, is submerging the country's identity and evoking, in the words of one official, "the problem of national survival."

Deaths have superseded births by a wide

margin over the last decade, and today Luxembourg's proportion of 8.5 births per 1,000 citizens is among the lowest in the world. Meanwhile, a sizable army of foreign workers, chiefly Italian and Portuguese laborers but also European Parliament officials and their families, continue to flock to the Grand Duchy and now comprise more than a quarter of its total population of 360,000. Just after World War II, foreigners accounted for only 10 per cent. If the current trend persists, Government experts claim that by 1990 more than 30 per cent of the population will be outsiders. While the traditional tolerance of the locals does not portend a xenophobic backlash, politicians have grown alarmed by the dwindling number of native Luxembourgers and have intensified pleas to procreate for the good of the country.

To some extent, the reluctance to breed may be rooted in the desire to ensure affluent living standards. Government officials cite statistics that show having more than two children saddles parents with much greater financial burdens, such as the frequent need to move out of apartments into roomier and more expensive houses. In addition, more adult women are pursuing careers and consider the prospect of raising large families too great an obstacle to the demands of their chosen professions.

Seeking ways to reverse the plunging population figures, Prime Minister Gaston Thorn's Government is weighing proposals that offer special incentives to parents to increase their offspring. Subsidized family housing, tax advantages, and bonuses for bearing more than two children are possible measures that could be adopted by the end of the year. The economic costs of such actions are the last of the Government's worries—a recently published report showed that Luxembourg enjoys one of the world's highest per capita incomes and lists only three people unemployed. Such a statistic would be cause for ecstatic celebration in other countries, but in the Grand Duchy, it serves as another grim reminder of the nation's demographic crisis.

WILLIAM DROZDIAK

Copenhagen

Wonderful Copenhagen is no longer quite so wonderful, if foreign visitors are to be believed. Tourists continue to be suitably impressed by the sights of the city by day, but at night they claim to be plainly bored. And some give this as the reason for their early departure for the more proven night resorts of Hamburg and London.

The tourists certainly have a point. A large number of nightclubs close down entirely in July, and even in August the night life is sorely limited. It is not an entirely new development, but the tendency has been nourished in recent years by rapidly mounting costs, and by staff problems. And it doesn't help matters that more and more Danes take refuge in southern Spain or elsewhere during their summer holidays, leaving Copenhagen devoid of Danish night wanderers.

A Copenhagen "sex-fair." © René Burri, Magnum

But the disappointment of the tourists is often more specifically focused on one fact that has not yet been widely acknowledged outside Denmark. Copenhagen is no longer *the* city of sin in Europe. Sex shops in Holland and Belgium still proudly call themselves "Studio Copenhagen," but today they are misnomers. Copenhagen is becoming a clean, some say drab, city. Live shows are no longer in business; the closest operates in Stockholm, a bit far to go for a single night. Blue movies are in abundance, but the competition from hard core US porn, shown in the plush surroundings of first-rate cinemas, is fierce.

Sex magazines and sex films still contribute to invisible Danish exports, but the entire sex industry is in decline. The godfathers of the Danish porn industry are in deep financial trouble, hit by the same market forces that gave them exorbitant profits in the beginning of the Seventies. Denmark was in the vanguard when sex liberalization got under way in Europe. The Danes provided a home market of importance, and tougher laws in the rest of Europe secured Denmark an influx of curious foreigners and a substantial black market. But those heydays are gone.

Other Europen countries have liberalized their laws, or at any rate are no longer enforcing them so strictly. This is especially the case in Germany, also traditionally a major market for these rather specialized products. And at the same time there has been a legal backlash in Denmark. Attentive observers on the Stroeget, the well-known main street of Copenhagen, will have noticed that although the sex shops are still there, they are more discreet in their window dressing: a result of systematic police action.

More important, the Danes, and especially the young generation, have almost completely lost interest in porn. The shops cater almost exclusively to foreigners, and even they are becoming harder to ensnare. The Danes have satisfied their curiosity; the young have never known anything but liberal sex laws. The hotel industry expresses some dismay at the absence of night life in Copenhagen in the summer, although it has never officially endorsed the sex industry as a tourist asset. In fact, many have said the exact opposite.

The real problem is one of cost. Copenhagen is an expensive city to visit, even though American tourists may find solace in the knowledge that the falling value of the dollar has to some extent been countered by the falling value of the Danish krone. And Copenhagen still has much to offer.

LEIF BECK FALLESEN

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The Wines of Bordeaux

Boom, Slump, Scandal, and now . . . Recovery

MARGOT LYON, *British freelance writer based in Paris*

THE ROUTE DES VIGNES THROUGH MEDOC TO ST. Estephe and Soulac is little more than a country lane, though it attracts thousands of tourists every summer. Big German and Dutch buses have trouble passing each other on the narrow, winding road, and there could be a case for widening it—except that in this and other areas of the Bordeaux vineyards, every square meter of land is precious. In the eyes of the Bordeaux growers and the French tourist agents, this is the Garden of Eden (Adam and Eve, according to the French, covered their nudity with vineleaves), a Promised Land flowing with wine and honey.

The Bordeaux region has made wine since Roman days, and began shipping it to England back in the Twelfth Century. In the Seventeenth Century merchants from England, Holland, and Germany settled in Bordeaux city and boosted the international trade, ousting the old local nobility, and becoming themselves the new "bottle of aristocracy." Among their Eighteenth Century clients was Thomas Jefferson, who is on record as exulting over the "fragrant delicacy" of Chateau Margaux Medoc wines.

Neither Medoc nor other famous areas of Bordeaux, such as St. Emilion, Pomerel, Entre deux Mers, or Graves, have any of the rich, red soil that is typical of Bordeaux's biggest French rival, Burgundy. Most of the soil is in fact so poor it could not grow wheat or corn. It is thin, pebbly, and often sandy—but perfect for wine. Even the pebbles are important: They soak up heat by day and cool off slowly at night, acting like millions of tiny bedwarmers.

The pebbles probably originated in the beds of the two local rivers, the Dordogne and the Garonne. The river banks produce famous crops, while the Entre deux Mers land between them gives some of Bordeaux's best white wines, dry and fruity. The two rivers flow into the wide Gironde estuary on the Atlantic. Some of the top category or First Growth wines like Chateau Latour, Chateau Lafite, Mouton Rothschild, and Beychevelle can "see" the water, and most of the best Bordeaux are not far from river or estuary. This too has its importance: During the summer months water rises and spreads from rivers and estuary in a shimmering haze that acts as a filter for the hot midsummer sun.

Wine has been made in Bordeaux since Roman days. Here Baron Rothschild oversees his Bordeaux grape harvest. © Ian Berry, Magnum

But Bordeaux gets Atlantic gales, too, that are only partly screened off by the pine forests near the coast. Heavy storms are not uncommon, especially in the treacherous months of May and June, when the spring pruning has been done and the vines are especially vulnerable. This year the region has suffered from late spring frosts, another traditional hazard.

So the vines have to be tough, even though they are groomed and pampered by Bordeaux's 25,000 local farmers with a mixture of inherited flair and modern technology. Not a weed can be seen at any time of year between the rows of vines that grow about one yard apart, linked by wire lines along which the new shoots wind. Every step in the year's routine of care is known and officially regulated. The aim is to produce a crop as excellent as man can make it, with heat, cold, and storms the only uncontrollable factors. Pruning is the key operation, as it determines how many bunches the vine will produce. Fewer bunches mean superior grapes; less rigorous pruning will mean more wine but poorer quality.

MOST OF THE 25,000 FARMERS own their own land, but their farms are tiny, sometimes as small as six acres. Traditionally the farmers sell their wine in spring after fermentation to one of the bigger local estates that produces the same specialized growth. Altogether the region covers 250,000 acres and produces an average of 500 million bottles a year. Only a small percentage of this, of course, is in the First Growth or *grand cru* category. Most Bordeaux wine is classed as *appellation controlée,* which means that it is good, guaranteed authentic Bordeaux wine of superior quality. The rest is ordinary table wine, which has nothing much to recommend it except the prestige of coming from the Bordeaux region. The *grand cru* wines are naturally the pace-setters. If their fortunes rise or fall, the *appellations controlées* tend to rise or fall behind them.

These days, the *grands crus* are mostly owned by bankers or multinational conglomerates. In the last century the Rothschild family bought Chateau Lafite and Chateau Mouton. America's Clarence Douglas Dillon bought Chateau Haut-Brion in the 1930's, and Britain's Lord Dowdray took over Chateau Latour in 1963 for his Pearson group. Bass Charrington, Lonrho, Harvey's, and Ralli Bowater of Britain all have stakes in the Bordeaux *grands crus,* as does the Canadian giant Seagrams. A few years ago the Japanese appeared on the scene and bought successfully. Last summer National Distillers, producers of Almaden wines, offered $10 million to Pierre and Bernard Ginestet, who own Chateau Margaux, one of the five most prestigious First Growths. The Ginestet brothers accepted the offer, but the French Government vetoed the deal on the grounds that too many of the best vineyards were now in non-French hands and that, like scarce Cezanne paintings, the rest should stay French-owned.

By the time the French Government gave this ruling, Bordeaux wines had become very big business indeed. Like the Californian growers, the French had been having a field day as the affluent society of the 1960's throughout the West, including Japan, took to wine-drinking. By 1970 the export market for Bordeaux wines had boomed as foreign buyers sent prices and profits soaring. The United States in particular became an important customer; US consumption jumped from 1.57 gallons of wine per American adult in 1963 to 2.67 gallons a decade later.

For a while the Bordeaux market went mad. A 900-liter cask of Chateau Latour in 1970, first offered at $8,000, doubled in price by 1972. In the same year a jeroboam (equivalent to five normal bottles) of 1929 Mouton Rothschild sold in New York for $9,200. Speculators began to act as if Bordeaux wine was as good an investment as gold or modern paintings. "First it was Cadillacs, then it was hi-fi, and then it was paintings," said Sam Aaron, president of Sherry-Lehmann, the New York wine and spirits retailer. Suddenly, *grands crus* wine became the "in" thing.

During the great Bordeaux "winegate" scandal, life went on as usual for the grape-pickers in Bordeaux vineyards. © René Burri, Magnum

The prestige of the Bordeaux *grands crus* pulled all other Bordeaux wines up behind them. Growers and dealers sold most of their 1972 and 1973 wines abroad and bought from their own small farmers at grossly inflated prices. Speculative buying started in 1970 and kept rolling for three years, with the United States as the major customer, followed by the Belgians, the British, and the Germans.

The 1970 crop was exceptionally good. In 1971 the harvest was merely good, but it sold for more than the outstanding previous year. The 1972 crop was poor, but no matter—the demand was enormous and the prices rose. The year 1973 produced a large crop of medicore wine; but before it came onto the market in the spring of 1974, the bottom had fallen out.

Why the nose dive? By this time the Arabs had quadrupled the price of oil, and the West had felt the cold blast of recession. The heady intoxication over wine could not last, with speculators buying enormous quantities often unseen and untasted, playing the wine market like the stock exchange.

INTO THE BARGAIN A BORDEAUX SCANDAL had broken out. One of the most respected shipping houses—Cruse—was found guilty of passing off cheap French wines from the Midi as Bordeaux *appellation controlée.*

The great *crus* were never called into question; to tamper with them would be unthinkable. And the majority of *appellation controlée* wines had nothing wrong with them except that their prices had got out of hand. But in the face of a world demand beyond Bordeaux's ability to meet, somebody began repeating the miracle of the marriage at Cana—until the French Government, suspicious of all this bounty, stepped in and sent its inspectors around the cellars.

So during the time of Watergate, Bordeaux was having its own Winegate scandal, which rocked the town for months. Its impact was small in the outside world since prices had plummeted anyway—in California as in France—because of the recession.

Big Bordeaux owners backed by multinational firms had resources and could absorb the sudden losses. Other dealers found themselves with huge unsold stocks bought at high prices and were naturally reluctant to buy more, except at low prices. But to complicate matters, the 1974 crop was good, so that Bordeaux cellars began to swim in wine without customers. The issue became who should carry the losses—the growers or the merchants. In August 1974 the growers walked out of the *Comité Interprofessionel des Vins de Bordeaux* (CIVB), which represents the growers, dealers, and other members of the trade.

There was a long wrangle, but in February last year the CIVB was revamped under a new president, Jean-Paul Jauffret. He had begun to overhaul the situation for the average expectable crops of 3 million hectoliters of *appellation controlée* and the 1.5 million hectoliters of ordinary wine produced each year.

At this point there is some help to be expected from the Common Market. Its overall wine policy is to help cut back the present surplus of low-grade wine and to concentrate on the finer, more palatable vintages such as those of Bordeaux. (The Community bought lower grades of wine during the glut of the early 1970's and distilled them into industrial alcohol.)

So the European Community backs the wave of reorganization that is presently going on in the Bordeaux region. Jean-Paul Jauffret has asked the French Government to overhaul the tangle of antiquated traditional legislation that has proved during the past hectic years, despite its complexity, to be ineffectual. He wants to simplify classification and labeling so as to eliminate some of the "chateau" labels now given to the Bordeaux *vin ordinaire.* These labels have no meaning whatsoever but merely latch onto the prestige of a chateau name from the Bordeaux region. He wants long-term sales contracts to protect growers against price fluctuations, the stockpiling of surplus wine, and quality controls without loopholes.

All this would usefully protect the growers and the unwary French and foreign buyers—the latter now led by Belgium, Germany, and the United States.

The boom, the slump, and the scandal have made the past few years exciting and agonizing for Bordeaux, yet they represent only a short episode in the history of Bordeaux wine. Put in perspective, the affairs are almost nothing, but they have created improvements by fostering change toward modern, effective control with safeguards for both farmers and consumers—in one of the wine regions of the world that is justly proud of its ingrained skill and its centuries' old traditions of quality.

NEWS OF THE COMMUNITY

EXTERNAL

Comecon Meeting Proposed

EC foreign ministers have issued an invitation to a delegation from the Council for Mutual Economic Assistance (Comecon) to visit Brussels. The Council suggested that a representative of the Presidency of the Council and of the Commission meet Comecon representatives to discuss possible areas for cooperation between the two organizations.

The two have been exchanging notes on forms of cooperation—the Community suggesting trade agreements between individual Comecon members and the European Community, and Comecon suggesting more or less the reverse—for three years.

Agreement is difficult because Comecon does not recognize the Commission's negotiating competence and the Community does not accept that Comecon has the powers it claims to speak on behalf of its members. The first breakthrough came in fisheries negotiations, where Comecon has been holding talks with a joint Community team.

Japanese Imports Checked

An anti-dumping duty on Japanese ballbearings was introduced by the EC Commission but immediately suspended following assurances by Japanese manufacturers on the prices they would observe.

The Community was already applying a provisional duty of 10 or 20 per cent depending on the company, and when it came to confirming the duty on a lasting basis, the Commission decided a 15 per cent duty was appropriate but only as a threat in case the companies did not keep their promises.

In another move designed to stem the flow of Japanese imports and give EC industry breathing space to improve competitivity, an import quota was introduced on Japanese motorbikes sold to Italy. Among other products subject to dumping investigations are steel, fertilizers, electrical appliances, soycakes, and certain forms of machinery.

Code of Conduct Planned

EC countries are to draw up a code of conduct for Community companies operating in South Africa and to consider the scope for trade and economic sanctions that might be effective in bringing an end to apartheid.

The goal, according to British Foreign Secretary David Owen, is "to erode apartheid at its foundations." The decision was taken at a July meeting of foreign ministers in Brussels to discuss questions of political cooperation.

The code's provisions, which are expected to be voluntary, are likely to enjoin EC companies, for example, to pay African blacks and whites equal salaries. The ministers also discussed the situation in Rhodesia, and Namibia, and the Horn of Africa, where there is constant tension between Djibouti, Ethopia, and Somalia. Belgian Foreign Minister Henri Simonet reported on his early July trip to Zaire.

Spain Wants in the Community

Spanish Foreign Minister Marcelino Oreja formally submitted his country's application to join the Common Market in Brussels on July 28.

The Commission welcomed Spain's wish for membership and promised to play a full and positive role in work to consider such an application. Spain is now the third official candidate for membership, behind Greece and Portugal. Portugal applied this spring, and negotiations with Greece are already into their second year.

Spain has long been linked with the Community by a preferential trade agreement and become eligible for the possibility of membership when it became a democratic nation.

EC Exports Worry Austria

The Commission has promised Austria that it will give in-depth consideration to problems for Austria's agricultural exports to the Community. The situation is of special concern to Austria, of all the European Free Trade Association (EFTA) countries, because it had successfully sold agricultural goods to the United Kingdom before EC enlargement, but its agricultural trade balance with the Community has worsened since.

Austria also has expressed concern over some of the implications of the Commission's crisis plan for the steel sector. It fears some of the proposals could create trade barriers. Its complaints were voiced at a summer meeting of the joint committee set up under the two sides' free trade agreement. These reviews of functioning of the agreement are held every six months with all EFTA countries.

Gundelach Visits America

EC Commission Vice President Finn Olav Gundelach visited the United States in July for talks about the multilateral trade negotiations in Geneva. He said he believes the negotiations can be successfully concluded by spring.

But Gundelach added that if an agreement is not reached soon, the entire free trading system will be endangered. A failure would open the "sluice gates" for protectionist measures, he warned. He said the United States has accepted the principle of the EC common agricultural policy (CAP), and EC officials are not giving up on CAP principles, but are dealing with them "in a more realistic manner."

Human Rights Discussed

EC foreign ministers have issued a plea for observance of human rights in Uganda.

The Council deplored "the consistent denial of basic human rights to the people of Uganda" and agreed to take steps "within the framework of its relationship with Uganda under the Lomé Convention to ensure that any assistance given by the Community to Uganda does not in any way have as its effect a reinforcement or prolongation of the denial of basic human rights to its people."

Uganda is one of the 52 African, Caribbean, and Pacific states linked to the nine EC countries by the Lomé Convention.

China and EC Explore Trade

Exploratory talks between a delegation of the EC Commission and a Chinese delegation were held in early July in Peking. The warm reception by Chinese authorities confirmed the political importance they attach to a strong Community and the conclusion of a trade agreement.

Minister of Foreign Trade Li Chiang said the foreign policy as defined by the late Chairman Mao—which aims at the independence and economic development of China by its own means—still stands, but that China also wants to develop trade.

Australian Premier Visits EC

Australian Prime Minister Malcolm Fraser's visit with Commission President Roy Jenkins this summer underscored the Australian Government's acceptance of the Community's "distinct international personality." He also conveyed his country's desire to broaden and deepen relationships over and beyond trade issues, which have tended to bedevil contacts in the past.

Fraser stressed that he felt it was in the interests of the liberal democracies to get together more. But this did not make him totally silent on the subject of the EC common agricultural policy, a frequent object of Austrian attack, particularly after the EC beef import ban. Although Australia has been urged to diversify its agricultural exports as a way of doing more agricultural trade with the Community along the US model, its agricultural exports are still plummeting in its trade deficit with Europe.

Fraser also complained of Australian exporters being undercut on third markets by subsidized EC exports of, for example, flour to Sri Lanka. The Commission raised the subject of prospects for future supplies of Australian uranium, and expert-level talks are to take place on the safeguards that would surround future sales.

Joint EC-Canada Promotion

The first concrete initiative in the promotion of EC/Canadian industrial cooperation under framework agreements signed in 1976 will be in the field of mini-computers, data communications, and terminals.

The two sides have started a program to bring together possible partners in this field, while the Commission, in liaison with Community and national industry associations in the field, is drawing up a list of companies that might be interested. The Canadian Department of Industry, Trade, and Commerce is carrying out a similar exercise. It is envisaged that medium-sized and smaller European companies seeking to break into North American markets will be interested in the plan.

Export Promotions Considered

The Commission is considering setting aside UA 2 million to finance a program of export promotion of EC goods in Japan—a market which is notoriously difficult of access for European goods.

The Commission has urged that the Japanese market be opened up in an attempt to right the major trade imbalance between the two areas. The money would be used for market analyses, financing European trade seminars, and exploratory trips for small and medium business.

This program is seen as complementary to the efforts the Commission is making to get the Japanese to dismantle nontariff barriers on cars, food products, and pharmaceuticals, for example.

Romanian Delegates Visit EC

Romanian Deputy Minister for Foreign Trade Constantin Stanciu headed a delegation to Brussels in late July for talks with the EC Commission on specific problems in economic relations between Romania and the Community.

The visit was unusual since the Council for Mutual Economic Assistance (Comecon) countries as a whole refuse to recognize the Commission as a valid spokesman for the Community countries. But Romania has always been somewhat of an exception and was the first to hold sectoral negotiations with the Community, in the field of textiles, although other Comecon countries have since followed suit in fisheries and textiles.

Stanciu saw External Relations Commissioner Wilhelm Haferkamp and a team of Commission experts headed by Director General for External Relations Roy Denman for talks on fisheries, the EC generalized system of preferences, transport, and trade in general.

AID

Botswana Agreements Signed

Two financing agreements and one training agreement under the European Development Fund have been signed between Botswana and the Community. The Community will provide UA 1.05 million—or just over two-thirds—of the cost of a four-year program to renovate and extend a ranch management center at Ramatlabama. Beef is Botswana's main export to the Community.

The second agreement relates to provision of UA 32,000 from Community funds to replace destroyed equipment at the Jubilee Hospital in Francistown, which treats Rhodesian refugees. The training agreement commits the Community to spending UA 1.2 million over five years for scholarships, technical assistance, and courses in agriculture, commerce, and public administration.

Palm Oil Mill to Be Built

A palm oil mill and oil storage installations in Togo have received a loan of UA 5.4 million from the European Investment Bank.

The package includes a loan of UA 2.23 million to the Société Nationale pour le Développement de la Palmeraie et des Huileries (SONAPH), and a conditional loan of UA 3.07 million to the Togolese Government to part-fund an increase in SONAPH's capital. The loan is for 15 years at 5.85 per cent after deduction of a 3 per cent interest rebate funded by the European Development Fund.

The total cost of the project is above UA 7.6 million. It involves constructing an oil mill with a capacity for processing 20 tons of fruit an hour at Agou in the plateau region and oil storage installations in the port of Lomé. The project is the logical adjunct to plantations established in the Agou region since 1970, also with Community aid. The oil mill will employ about 125 people, and the palm oil should become a major export earner.

New Cameroon Hotel Funded

The Société Hôtelière du Littoral (SOHLI) in Cameroon has been granted a loan of UA 2.7 million toward the cost (UA 10.4 million) of building a new hotel in Douala. Taking into account a 3 per cent interest subsidy financed by the European Development Fund, the 13-year loan is at 6⅛ per cent.

SOHLI is a joint venture of the Société Nationale d'Investissement du Cameroun, the Caisse de Stabilisation des Hydrocarbures, the Caisse Nationale de Prévoyance Sociale, Novotel, and Texunion. The new hotel will have 297 rooms and be of international standard. It will be built on the edge of the river Wouri near the center of Douala and will be run by Novotel. It will eventually employ a staff of about 285.

Kenya Gets Industry Loan

Production of Furfural, a chemical used in lubricating oils, and of furfuryl alcohol, a derivative used by the foundry industry, is to be introduced into Kenya with the help of a European Investment Bank loan. The bank will put up UA 5.88 million from its risk capital allocation under the European Development Fund.

The loan will enjoy a 3 per cent interest subsidy from the fund's resources and is being made at 5.15 per cent. It is for 11 years and goes to the Kenya Furfural Company, whose main shareholders are the Kenya Government and Kenyan Development Banks.

The new plant to produce these two chemicals and also two byproducts, acetic acid and formic acid, will make use of maize cobs as raw materials, which were hitherto usually discarded as worthless. It will be managed by Lewis and Peat Chemicals of London. The plant has been designed on the "no waste" principle, and part of the residues will be used to fire the boilers. The remainder will be available for use as bulk filler in animal feeds.

Funds Benefit 20 Countries

The latest funding from the European Development Fund for projects in African, Caribbean, and Pacific (ACP) countries amounts to nearly 95.5 million units of account (UA). It will benefit 20 countries, cover 20 financing conventions, and four training agreements.

The financing conventions range from conventional aid programs to emergency aid for Zambia to help resettle refugees and for Ghana to help cope with the drought.

Other projects include road improvement in Tanzania; bridge construction in Madagascar; sheepbreeding in the Ivory Coast; road improvement in Lesotho and Gabon; the Juba university in Sudan; an applied technology institute in Zaire; polytechnics, health services, and rural development in Guinea, and irrigation in Ethiopia.

Coffee growing in the Central African Empire; micro-development projects in Upper Volta and Sierra Leone; a training scheme at the general hospital in Mogadishu, Somalia; health improvement in Chad; fisheries in Trinidad and Tobago; funding for export help for the ACP secretariat in Brussels, and training schemes in Cameroun, Mali, Gabon, and Gambia are also being funded.

Stabex Payments Made

A second batch of payments to compensate African, Caribbean, and Pacific (ACP) states for loss of export earnings in vital commodities has been made by the EC Commission from the stabilization of export earnings (Stabex) resources under the Lomé Convention.

Four states—Cameroun, Guinea Bissau, Western Samoa, and Tonga—will receive a total of almost UA 7.8 million to offset shortfalls in earnings last year from cocoa paste, groundnuts, palm oil, copra, and bananas. This brings payments from the budget for last year's losses to nearly UA 31.2 million

At the same time payments have been made for 1976 losses on copra sales to five overseas territories: the Gilbert Islands, the New Hebrides, the Solomon Islands, Tuvala, and Comores; and a payment has been made to another overseas territory, Djibouti, for losses on skins and hides. The total amounts to UA 551,836.

Three additional allocations to overseas territories have been made to compensate for 1975 losses—to Belize for timber, to the New Hebrides for copra, and to Djibouti for skins and hides. The total of these payments is UA 1.8 million.

ECONOMY

Steel to Get Rebates

The EC steel industry is to get additional investment aid from the Commission in the shape of interest rate rebates. The rebate will be three points for the first five years on loans up to UA 20,000. Loans can cover up to 40 per cent of investment costs.

To qualify, the loan must be in line with the goals for reconversion of the steel industry, which is going through a particularly difficult period at present. The main criteria will be the size of the modernization or rationalization scheme involved, the importance of the investment in terms of the effect on employment hit by the steel crisis, the firm's own efforts to create new jobs for redundant labor, and pooling of investment by various firms.

In 1976 one quarter of steel industry investment in the Community was part-financed by European Coal and Steel Community loans.

Crisis Plan Progresses

A review of the Common Market's steel crisis plan shows most companies are respecting the provisions on minimum prices. Ninety per cent of the relevant production is being sold at the indicative prices, and that percentage is still increasing. Indicative prices are already having an impact on the very depressed market for steel.

The Commission has concluded, therefore, that it can wisely embark on a new phase of its market support program with proposals on a second set of indicative prices. This will in most cases increase the prices fixed previously by 2.5-to-15 per cent. Also, the list of products to which indicative prices apply will be extended. The prices are set at levels designed to ensure both profitability and competitivity so that industries farther down the production process can keep up with Japanese and US production.

In addition, the Commission has begun work on reorganizing the steel industry, regional reconversion, and worker redeployment programs, since the price measures are seen as a temporary palliative in the process of building a competitive, viable industry offering stable employment.

Inflation above Average

Inflation rates in the Community in May the latest month for which full statistics are available ranged from 0.4 per cent in Germany and Luxembourg to 1.5 per cent in Denmark. The spread of annual rates in the same month reflects the same trend: 3.8 per cent in Germany to 18.4 per cent in Italy.

The high rates of countries like Italy, the United Kingdom (17.1 per cent), and Ireland (16.7 per cent) combine to push average European Community inflation well above the industrialized world's average: 10.3 per cent as compared to 9 per cent, even though only two other EC countries are above the 9 per cent mark—Denmark, 9.9 per cent, and France, 9.8 per cent. The others are at 7.3 per cent (Belgium), 7.2 per cent (Luxembourg), and 7 per cent (the Netherlands).

The May figures were generally better than April's, however. The rates of inflation dropped slightly in Germany, France, the United Kingdom, Luxembourg, and the Netherlands. In Italy it was static, while elsewhere it picked up.

Target Prices Set Early

New target prices for the steel industry were introduced August 1, one month ahead of schedule. The system of target prices has been introduced by the Commission as a buffer for the badly depressed steel market.

Manufacturers, pledged not to drop below these prices, have worked faster than expected, which has meant the Commission could advance the proposed increases in existing prices and extension of the system to some new products by one month. These target prices are voluntary, but there is also a system of compulsory minimum prices for one product—reinforcing rods—and users not observing them are subject to fines.

ENERGY

Energy Outlook Is Mixed

Energy consumption in the Community in 1977 is expected to be about on a par with economic growth, at around 3.5 per cent. This would be met by a 1 per cent increase in oil consumption and a 10 per cent increase in natural gas consumption. Solid fuel consumption would remain steady, and the share of nuclear energy in electricity production would rise slightly.

Since indigenous oil production is

expected to double to 44 million tons (out of total consumption of around 940 million tons) and stocks were increased considerably at the end of last year in anticipation of OPEC price increases, actual imports are likely to fall by about 6 per cent. But this will be offset by a need for increased—almost doubled—imports of natural gas. The 3.5 per cent increase in indigenous natural gas production will not be sufficient to keep pace with the 10 per cent growth in demand. This is becoming a normal pattern for natural gas: imports increased 50 per cent last year, when demand was up 7.5 per cent.

This compares to 1976 increases in demand for oil and coal of 5.5 per cent and 5 per cent. In 1976 growth in gross domestic product was 4.5 per cent and in energy demand about 4.7 per cent.

Nuclear Involvement Advised

In an analysis of the Community's present and potential involvement in the "back-end" of the nuclear fuel cycle—such as reprocessing and waste disposal coupled with fast breeder technology, which produces more nuclear reactor fuel in the form of plutonium than it burns—the EC Commission has concluded that the Community commitment to all three is essential.

In three policy papers to the Council of Ministers, the Commission has pointed out that the Community is highly dependent on uranium imports to fire its nuclear power development programs. The Commission believes reprocessing and fast breeders both could contribute to reducing the level of dependence. Reprocessing of spent fuels would enable a 20 percent saving on uranium imports to be made and also cut down by 15 per cent the amount of uranium enrichment capacity needed.

Reprocessing also cuts down the bulk of the waste by separating uranium and plutonium from the spent fuels. However, it gives rise to high-level radioactive wastes, which pose a disposal problem because they must be safely stored for many thousands of years. Because they are less bulky they are in some respects easier to find sites for in a densely inhabited continent like Europe.

The fast breeder is also regarded as another essential link in a Community strategy for reducing dependence on outside sources of energy. The Commission recommends that the Community preserve the reprocessing and breeder option and that Community funding be provided for further research.

Ceiling on Oil Imports Seen

The EC Commission wants to set a ceiling on oil imports in 1985 of 500 million tons oil equivalent (TOE) yearly. Above that level resources will be hard to find on the world market, and the pressure of demand will push prices up unreasonably.

The target is 20 million TOE below what the Community currently imports. Since increases in demand will be largely offset by increases in indigenous production in the next few years, the Commission believes this target, which would bring energy dependence on imported oil down to around 50 per cent, can be achieved.

But it can only be realized if a greater effort is made to conserve energy, to burn more coal in power stations, and at the same time to encourage indigenous coal production, so that the import dependence is not merely shifted from one fuel to another with more natural gas being substituted for oil.

Coal Imports Rise Too Fast

Community coal production is not increasing fast enough, while coal imports are rising disproportionately fast. The Commission fears the increase in imports could have a lasting impact on Community production capacity, rather than being a supplement to it. Capacity is expected to be 229 million ton coal equivalents (TCE) this year, while imports may rise to around 45-46 million TCE.

Coal's share of primary energy production is remaining steady at about 19-20 per cent (compared to 55 per cent for oil, 17 per cent for gas, and 8 per cent for nuclear energy). Coal consumption last year rose to 267 million TCE from 252 million TCE the previous year. There was a bigger proportionate increase in the use of coal for power generation because the other big coal user, the steel industry, used less coal last year than usual due to the recession.

Community coal is rarely competitive with imported coal for generation of electricity, although it can hold its own compared to oil.

Nuclear Hearings Planned

The Commission plans to inaugurate public hearings on nuclear energy before the end of this year. The hearings are designed to help inform the public about nuclear energy; to ensure the Community's participation in the public debate on nuclear energy; and to assist the Commission in defining areas of priority. Each three hearings will be open to experts and press.

Experts will present papers to a panel comprised of the energy commissioner and chairmen of relevant committees. Public discussion will include the relationship of energy needs to economic policy and growth rates; energy policy; social changes and democratic control of nuclear power; and environmental and safety aspects. The first hearing was scheduled for late October.

ENVIRONMENT

EC Prepares for Oil Spills

The Ekofisk oil well blowout earlier this year has led the EC Commission to make a series of proposals on measures the Community ought to be taking.

The Commission has proposed a data bank on the means available for intervention in the event of an accidental spill, finance for research into technologies for collection and dispersal of hydrocarbons, the behavior of hydrocarbons in the sea, and the effects on fauna and flora.

The Commission also believes the Community should adhere to the Bonn Agreement on cooperation in fighting hydrocarbon pollution in the North Sea and the Barcelona Convention protocal on hydrocarbon spills in the Mediterranean. A high-level group will look into the causes, circumstances, and effects of recent oil spills at sea and possible remedies. The group will also prepare a general environmental impact statement on the effect of gas and oil installations at sea—drawing, in particular, on Denmark's experience after Ekofisk and Norway's general experience in this area.

Post-Seveso Action Taken

Following the Seveso dioxin accident, the EC Commission has taken two steps: (1) creation of a "chloracne panel" by the Health and Safety Directorate in collaboration with the authorities of Lombardy, and (2) the drafting of legislation on notification of industrial activities related to certain dangerous substances and preparations to avoid the recurrence of Seveso-type accidents.

The chloracne panel had its first meeting in Milan in mid-July to review the dermatological repercussions of Seveso. It agreed to set up a tentative classification system of the dermal manifestations; recommended further in-depth investigation, particularly on children below 10 years of age; and planned a third screening of these children in autumn this year. The extension of screening of teenagers with a control population and analysis of all other relevant data were also called for.

Pollution Controls Contested

Conflicting approaches to pollution control from the titanium dioxide industry (which is responsible for "red sludge") and the paper pulp industries in different parts of the Community have caused serious difficulties for EC environment ministers.

Fighting pollution by these industries is costly, as much as 25 per cent higher for the titanium dioxide industry, and the need for it is contested. Countries with plants sited on fast-flowing rivers and dispersing a pollutant whose harmful properties are disputed, however much there may be agreement that it is highly unaesthetic, argue against pollution controls. Countries with inland plants which dump the sludge at sea, however, want everyone to face the same costs to prevent competitive distortions.

Although there is relative agreement that there should be harmonized controls on new plants and their technology, for titanium dioxide production at least, the problems of existing plants and paper pulp plants have proved virtually intractable for the time being.

AGRICULTURE

EC Steps Up Fraud Fight

The EC Commission is stepping up its fight against fraudulent abuses of the guarantee section of its agricultural funding. Checks of companies' books have revealed that this is an effective method of uncovering irregularities. The audits have also contributed to an increase in the number of cases uncovered: 51 in 1973, 89 in 1974, 119 in 1975, and 109 in 1976.

Consequently, the Council of Ministers has agreed to give the Commission more systematic powers for checking commercial records in a representative number of firms in each member state. The number corresponds to half the firms in a member state with European Agricultural Guidance and Guarantee Fund earnings of more than UA 100,000 in the year preceding the check. This will mean checking 2,100 firms a year—a massive task that will be undertaken progressively.

Surplus Scheme Illegal

The European Court of Justice has rapped the Commission and Council on the knuckles with a judgment that a plan in 1976 for disposing of surplus skimmed milk powder was illegal.

The plan obliged animal feed producers to use a certain amount of skimmed milk powder as an alternative to other protein, such as soya, or to pay a nonreturnable deposit higher than the cost of the skimmed milk powder. The Commission disposed of over 400,000 tons of its skimmed milk powder "mountain" this way.

But the Court has ruled that it was unjust to force feed producers to pay three times the price of alternatives, particularly as this financial burden was borne by a sector of agriculture that had nothing to do with creating the surplus in the first place. The Court found that the implicit tax was disproportionate to the objective, and discriminatory.

The Community might have to pay compensation if material damage can be proven by any of the feed compounders or pig or poultry producers using the more expensive feed.

Partial Ban on Herring

Although discussion of long-term fisheries policy in the Community at the summer meeting of fisheries ministers was not particularly fruitful, the first steps were taken toward a comprehensive policy on conservation of herring, the species most seriously endangered by overfishing in Community waters.

It was agreed to ban all industrial fishing of herring for fishmeal production and to ban or subject to quotas fishing for herring in most other herring fisheries inside the Community's 200-mile limits.

The meeting coincided with the lifting of a ban on large trawlers by the Irish Government following a European Court of Justice ruling. Some of the herring conservation measures were designed as a Community substitute for this unilateral measure.

The measures also superseded a national herring fishing ban introduced by the United Kingdom pending the introduction of Community measures. Although the British measures, unlike Ireland's, had the guarded approval of the EC Commission, the Commission was glad to be able to supersede it with a package of Community policies.

HARMONIZATION

Tax Harmonization to Resume

Commissioner Richard Burke, in charge of taxation, has called for an immediate resumption of work on harmonization of excise taxes.

With the exception of the adoption in 1972 of an initial directive on tobacco taxes, little progress has been made in the Community on harmonizing these taxes in order to abolish fiscal frontiers. This is partly the result of the slow-down in moves toward economic and monetary union and partly because of differences over the proposals themselves.

The Commission wants to concentrate on harmonizing structures of alcohol and beer excise taxes first. The current operation of these taxes is giving rise to distortions in competition and Treaty infringements because member states are theoretically not allowed to tax imported products higher than domestic products.

The Commission therefore recommends that the Council start work on these two taxes with a view to adopting harmonized structures by May 1, 1978. The Council is then to tackle mineral oil excise taxes working. The harmonization would only affect the structure and not the level of taxes.

Stricter Controls Proposed

The EC Commission has proposed that stricter controls be introduced on emulsifiers, stabilizers, thickeners, and gelatinous products used in foodstuffs. The proposal says their use should be permitted only where there is no danger to human health and where there is a proven technological need.

The Commission has prepared a list of authorized substances with appropriate maximum permitted daily dosage. Special procedures will have to be followed to get a new product added to this list. This latest proposal supplements and updates existing rules on coloring agents, preserving agents, antioxygenic agents, and an earlier directive on emulsifiers.

Credit Rules Harmonized

The EC Commission has adopted a new approach to harmonization of export credit rules. It has proposed a directive on uniform principles to be applied by member states in their systems of credit insurance and export guarantees.

Previously, harmonization had been attempted via standard texts of insurance policies. This was successful in medium- and long-term transactions with public and private buyers, and guarantees for short-term transactions against political risks. But implementation was hampered by failure to agree on accompanying measures, notably premiums.

Consequently, the Commission has turned to the idea of uniform principles that do not require standard texts. The latest proposals put forward uniform principles for medium- and long-term transactions—leaving it to insurers and guarantors to draw up policies. The proposal covers four main types of financing: supplier, credit, bank guarantee, and financial credit. It provides that while there is no need for harmonization of premiums, rules, scales, and tariffs should be notified to the Commission and to insurers.

Code of Conduct Drafted

A draft code of conduct governing securities transactions throughout the Common Market has been drawn up by the EC Commission in conjunction with securities experts. It lays down and defines six general principles of stock exchange practice, which the Commission hopes will be introduced in all member states by the end of the year. The Commission has asked member states to nominate an authority to supervise voluntary observance of the code.

The code's principles are already widely accepted in all member states, but their interpretation will be less subject to dispute thanks to the 18 illustrative supplementary provisions incorporated with the main principles.

The code's main proposals are that information affecting any security should be made freely available to the public in a form which is accurate, readily understood, and timely; that all shareholders should be treated alike in a given situation; that company supervisory boards, directors, and managers have a special duty to ensure fair dealing even if observance of the code's objectives results in them having to forego short-term gains, and conflicts of interest between intermediaries and their clients should be avoided wherever possible.

Professionals Win Rights

The absence of a specific directive on freedom of movement for the liberal professions is no reason to deprive practitioners of the right to set up in business, providing the legal requirements of the host country are met.

This was the ruling in late June of the European Court of Justice in the case of Richard Patrick, a British architect who was appealing not being allowed to practice architecture in France.

Just 24 hours earlier the Council of Ministers had approved the directives on freedom of establishment and mutual recognition of displomas applying to another profession—nursing. These define training programs that lead to recognized qualifications and the conditions of right of establishment for nurses. Nursing is the second branch of the medical professional to benefit from formal Community legislation, the first being doctors. Pharmacists, veterinarians, and dentists are expected to follow.

SOCIAL POLICY

Migrant Children Discussed

EC social affairs ministers have adopted a directive to ensure that educational structures are adapted to take the special needs of the children of migrant workers into account. The directive applies directly to the children of EC nationals, but ministers expressed a desire to see all migrant children included.

The main idea is that the children should have special facilities available for helping their integration into the host country. Learning the language of the host country while being taught in their native language is a particular concern.

Ministers also adopted a directive harmonizing standards of safety lighting in places of work. In addition, Social Affairs Commissioner Henk Vredeling described his approach to social policy in five points: full employment, humanization of work, better social security, worker participation, and lessening of inequalities.

Unemployment to Be Studied

The Community's third tripartite conference of employers, unions, and member states agreed on a program of study following their analysis of the economic situation.

The program concentrates on structural problems of the current unemployment crisis; the profitability factors and implications of various forms of division of labor; how to increase employment in the tertiary sector—and particularly the public sector—while maintaining growth and stability; what changes are needed in the structure of employment and investment to take into account recent developments in world trade; and what does it take to obtain the climate of confidence leading to job-creating investment.

This complements the work already done by the Commission on the structural problems of unemployment among women and young people, employment premiums, and placement and training services. The conference agreed that the Community has a special responsibility in trying to overcome the crisis through better coordination of financial instruments and fighting protectionism. There was disagreement on what economic stimuli are needed, such as wage increases or tax cuts and more private or more public investment.

Young Unemployed Get Help

In view of the doubling of unemployment among young people in the European Community since 1973, meaning around 2 million of those under 25 are unemployed—one out of every three unemployed persons—the Commission has urged member states to boost vocational programs.

It proposes special attention to plans incorporating vocational guidance, application of basic skills, elementary mathematics, and training in the basic principles of economic and social life, such as social security or the role of management and trade unions.

Training in a broad range of skills with emphasis on the practical aspects and on-the-job training were also recommended. The Commission believes that these programs should be open to any young person who is unemployed or likely to be so, and who has no access to alternative forms of vocational training.

Pilot Projects Financed

The Commission has announced funding for four pilot projects in Belgium, Ireland, and the United Kingdom that could have Community-wide application.

The projects are a training course in Belgium for improving language skills of Italian migrant workers as a means of improving their professional and socio-cultural integration; courses in Ireland to create teams of qualified teachers to promote regional and local social development; a training program in the United Kingdom designed to reduce the imbalance between supply and demand in data processing; and another UK program to provide accurate job profiles for skilled technicians and workers.

Vocational Training Succeeds

An estimated 650,000 people in EC member states benefited from Community funding for vocational training in 1976. This emerges from the Fifth Annual Report on the European Social Fund, which provides subsidies amounting to half the cost of training programs in member states.

Moreover, the Commission believes there is an unquantifiable "multiplier effect" connected with this financing in that 10,000 of the beneficiaries were teachers or social workers who would subsequently be passing on newly acquired skills to others.

Of the UA 441 million budget last year, nearly three quarters was allocated to the less developed areas of the Community where social needs are the most acute. Not surprisingly, given the worst unemployment crisis in the member states since the war, applications for funding far outstripped demand. This was the first time this had happened; in previous years some categories of assistance had resources left over.

The Commission sees the fund's main role as contributing to Community employment policy by favoring vocational programs with well-defined and clearly visible objectives, schemes with a catalytic or promotional effect, and those which are unlikely to have been carried out without Community help. The Commission concentrates on helping young people find jobs and correcting structural imbalances between the various regions.

MEMBER STATES

Last Tariff Barriers Fall

The customs union between the three new member states and the six original members became complete July 1.

The last of the tariff barriers, which have been progressively dismantled since accession in 1973, fell for all except a few sensitive agricultural products.

At the same time, the last of the barriers fell on virtually all industrial trade between the Community and the seven countries belonging to the European Free Trade Association (EFTA)—Sweden, Switzerland, Austria, Finland, Norway, Portugal, and Iceland.

EFTA concluded agreements with the "Nine" in 1972 and 1973 that followed the same rate of tariff dismantling as the "Three" and the "Six." Since accession of the New member states, the Six's imports from the Three have increased by 74.3 per cent, whereas the Three's imports from the Six have only increased by 51.1 per cent.

In the three-year period preceding accession, the trend was the other way round: 35.8 per cent and 51.9 per cent increases respectively. The volume of trade almost tripled between 1969 and 1976.

UK Ban on Capital Movement

Britain is being allowed to continue restrictions on capital movements through renewal of a special Treaty derogation in force and periodically renewed since British accession.

The weak British balance of payments situation is though to justify a continuing UK ban on direct investment by UK residents in other member states, or on liquidation of such investments.

The measure also bans transfer of capital by emigrating UK residents—apart from transfers related to freedom of movement, death duties, grants, and property investments. The situation will be reviewed again before the end of the year.

RESEARCH

Aviation Research Proposed

The Commission has forwarded to the Council an initial program of technological research in aeronautical manufacture.

It encompasses proposals for research activities in two important areas: helicopters and airframes. These sectors have been chosen as priority areas because the major European companies are already involved in industrial collaboration, and are actively working toward rationalizing and strengthening this cooperation.

In addition to these industrial programs, the Commission points out that certain infrastructure facilities need to be supported in the Community. The most important of these is a large trans-sonic wind tunnel, where cost and scale do not justify any one nation going it alone.

The proposals are for a 4-year program at a cost of UA 36.7 million. Of this sum UA 14.7 million is for helicopters and UA 22 million for airframes. Although national research programs are generally entirely government financed, the Commission will seek financial participation from industry amounting to 20 per cent of the total cost.

Research Guidelines Drawn

In order to avoid one-sidedness in Community financed research projects and to ensure that projects are meaningful for individual citizens and do not just serve certain research interests, the EC Commission has drawn up guidelines for an overall Community research concept.

These imply, among other things, greater emphasis on social policy and medical research. A start has already been made with proposals for a program to research malformations and cell mutations and to develop more efficient heart/lung machines.

The Commission also plans proposals on the application of technology to society, conflicts between rural and urban life, and social problems of migrant workers. It hopes to look into problems peculiar to small and medium business and to improve use of indigenous raw materials by boosting prospecting for deep-seated deposits, improving mining techniques, making better use of low-grade or complex ores by improving processing methods, and researching methods of cost reduction for deep mining.

The programs, by adding to existing competence for research into new forms of energy and nuclear power, will require a tripling of research funding of more than UA 1 billion by 1980.

Data Processing Project Set

The Community plans to carry research into three areas of data processing as the second stage in concrete follow-up to a series of activities proposed by the Commission in September 1975. The member states have agreed to a one-year program of preliminary studies on portable data processing units and compatibility between computers of different makes. The program will cost UA 390,000.

Three studies will also be carried out in the security and confidentiality of data, improvements in programming methods, and evaluation of basic data systems. The Community will put up half the funding for the three-year program. Its contribution will amount to approximately UA 1.25 million. Also, UA 420,000 will be put towards a four-year program to be carried out in conjunction with European Organization for Nuclear Research (CERN) and the European Space Agency in high-speed advanced communication techniques.

Finally a budget of UA 200,000 has been set aside for exploratory studies in the next stages of the multi-annual program. A program of research into computerization of trade statistics and agricultural market organization data costing UA 722,000 over 18 months was adopted at the same time.

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.

Shattered Peace: The Origins of the Cold War and the National Security State. By Daniel Yergin. Houghton Mifflin Company, Boston, 1977. 526 pages including notes, bibliography, and index. $15.00.

A history of the Cold War, tracing the evolution of national security ideologies, policies, and institutions in America, beginning with the breakdown of the Grand Alliance and the Yalta Conference.

Consumer Europe. Euromonitor Publications Limited, London. Available through Nichols Publishing Co., New York. 274 pages with tables and index. $75.00 (hardcover).

A new annual handbook on the structure of the European household and the markets that depend on it; a systematic and compact profile of the European consumer—marketing profiles for over 100 consumer products in 14 main categories.

Physiological and Clinical Aspects of Oxygenator Design. Edited by S. G. Dawids and H. C. Engell, Elsevier Scientific Publishing Company, New York, 1976. 330 pages with index. $38.50.

Proceedings of the "Seminar on Advances in Oxygenator Design," which met in Copenhagen June 15-20, 1975, and was sponsored by the EC Commission with the assistance of the Committee on Medical Research and Public Health of the Scientific and Technical Research Committee.

Euro-Arab Cooperation. Edited by Edmond Völker. A. W. Sijthoff, Leyden, the Netherlands, 1976. 228 pages with tables and index. $16.50.

Collection of papers submitted to the 1975 Europa Instituut Colloquium on political, cultural, and economic cooperation between Western Europe and the Arab countries.

Product Liability in Europe. Association Européenne d'Etudes Juridiques et Fiscales. Kluwer, Deventer, the Netherlands, 1976. 155 pages.

A collection of reports prepared for the Conference on Product Liability in Europe held in Amsterdam on September 25-26, 1975; provides a practical approach to the problem of product liability in international law.

Industrial Property and Copyright in European Community Law. By Hartmut Johannes. A. W. Sijthoff, Leyden, the Netherlands, 1976. 315 pages with index. $29.00.

An analysis of the conflict inherent in the existence of a common market and industrial protection rights interrupting the free movement of goods; extensive case study documentation.

Judicial Protection in the European Community. By Henry G. Schermers. Kluwer, Deventer, the Netherlands, 1976. 406 pages with indexes.

A description of judicial protection within the sphere of European Community law of individuals, undertakings, and member states, using as evidence the case law history of the Court of Justice.

The Emerging European Enterprise: Strategy and Structure in German and French Industry. By Gareth P. Dyas and Heinz T. Thanheiser. Westview Press, Boulder, Colorado, 1976. 337 pages with notes, tables, bibliography, and index. $25.00.

A history of the development of industrial structures in Germany and France; shows how the two different traditions have been converging toward a pattern of product-market diversity and multi-divisional organization.

Decision Making in the European Community. By Christoph Sasse, Edouard Poullet, David Coombes, and Gérard Deprez. Praeger Publishers, New York, 1977. 352 pages with notes, tables, and bibliography. $22.50.

A medium-term analysis of the existing methods and machinery of the Community; suggests ways and means by which the Community could function better within its present institutional framework.

The Multinational Corporation: A Guide to Information Sources. By Helga Hernes. Gale Research Company, Detroit, 1977. 197 pages including indexes. $18.00.

A bibliography concentrating on the role of multinational corporations in international politics and relations, including basic information about MNC's as organizations, activities of MNC's within host countries, and their influence within the international system.

Texts Relating to the European Political Cooperation. Press and Information Office of the Government of the Federal Republic of Germany, Bonn, 1977. 176 pages.

A compilation of selected statements, speeches, and reports of the heads of state and foreign ministers of the EC member states, regarding integration efforts in the sphere of foreign policy and European political cooperation.

Studies of Foreign Competition Policy and Practice. 2 volumes. Supply and Services Canada, Ottawa, 1976. 736 pages. Available from UNIPUB, Inc., New York. $25.00.

Volume I examines the status of seven specified types of activity under the American antitrust laws: specialization agreements; export agreements; systematic delivered pricing; price discrimination; interlocking directorates; mergers; monopolization. Volume II describes the institutions and procedures relative to the implementation of competition policy in the Community, Australia, Japan, Sweden, the United Kingdom, and Germany.

The European Free Trade Association: Structure, Rules, and Operation. EFTA Press and Information Service, Geneva, 1976. 146 pages including appendixes and bibliography. Free.

A detailed examination of the growth and evolution of the European Free Trade Association, its contribution to European economic integration, and further cooperative efforts designed to reduce technical barriers to trade.

The Origins of the Marshall Plan. By John Gimbel. Stanford University Press, Stanford, California, 1976. 346 pages including sources, notes, and index. $15.00.

A study of the Marshall Plan, which rejects two major interpretations of its genesis in favor of an argument citing French intransigence about reparations and allocations of food and fuel as being the chief obstacle to four-power control of Germany and suggests that the Marshall Plan was a compromise solution to ensure German economic recovery and to make it politically acceptable in Europe and the United States.

Leading Cases and Materials on the Competition Law of the EEC. Edited by D. J. Gijlstra and D. F. Murphy. Kluwer, Deventer, the Netherlands, 1976. 403 pages with appendixes and indexes.

A specialized casebook on EC competition policy, which is meant to be used alongside one of the textbooks on the subject; presupposes a reasonable knowledge of the general principles of Community law. Each chapter includes a small selective bibliography to supplement the textbooks and casebook.

The Euro-American System: Economic and Political Relations between North America and Western Europe. Edited by Ernst-Otto Czempiel and Dankwart A. Rustow. Westview Press, Boulder, Colorado, 1976. 236 pages with notes and biographies. $25.00.

A collection of papers delivered at the Arnoldshain conference of 1975; exhibits the existence of a Euro-American system, analyzes the pattern of its basic operations, and identifies some of the major problems confronting it.

Codes of Conduct for the Transfer of Technology: A Critique. Edited by Susan S. Holland. Council of the Americas and the Fund for Multinational Management Education, New York, 1976. 129 pages. Available from UNIPUB, Inc., New York. $5.50.

A monograph tracing the evolution of opposing views of developing countries and multinational corporations regarding international codes of conduct to regulate the transfer of technology.

Published for the Commission

The following are studies and conference proceedings published for the EC Commission by private publishers. Copies can be purchased only from the publisher or US distributor and are not available from the European Community Information Service or the Central Sales Office of the Community.

Measurement of Irradiation-Enhanced Creep in Nuclear Materials. Edited by M. R. Cundy, P. Von der Hardt, and R. H. Loelgen. North-Holland Publishing Company, New York, 1977. 337 pages with index. $101.95.

Proceedings of an international conference organized by the EC Commission at the Joint Research Center, Petten, the Netherlands, May 5-6, 1976; examines irradiation creep in ceramic nuclear fuels, graphite, and non-fissile metals and alloys.

Hardness of Drinking Water and Public Health. Edited by R. Amavis, W. J. Hunter, and J. G. P. M. Smeets. Pergamon Press, Elmsford, New York, 1976. 553 pages with index. $35.00.

A detailed report of the proceedings of the European Scientific Colloquium held in Luxembourg, May 1975; examines the harshness of drinking water in relation to its other physico-chemical quality parameters; evaluates the consequences for public health of human intake of water possessing particular physico-chemical properties.

Public Health Risks of Exposure to Asbestos. By Professor R. L. Zielhuis. Pergamon Press, Elmsford, New York, 1977. 149 pages with appendix and bibliography. $12.00.

A report prepared for the Commission of the European Communities

Directorate-General for Social Affairs, Health, and Safety Directorate, comprising a preparatory study for setting guidelines for asbestos exposure with special reference to public health.

Modelling and Performance Evaluation of Computer Systems. Edited by H. Beilner and E. Gelenbe. North-Holland Publishing Company, New York, 1977. 514 pages with index. $39.00.

A report on the proceedings of the Second International Workshop on Modelling and Performance Evaluation of Computer Systems organized by the EC Commission at Ispra, Italy, October 4-6, 1976; deals with probabilistic models of computer systems, analysis of deterministic schedules of computations and tasks, and simple statistical models of computer systems.

After Sales Service in the EEC. By the Bureau Européen des Unions de Consommateurs. Graham and Trotman Ltd., London, 1976. 271 pages including appendix and bibliography. Available from UNIPUB, New York. $40.00.

An investigation of after-sales service and consumer warranties of domestic appliances in the European Community, including a summary of relevant European legislation and voluntary codes of practice, and a survey of consumer experience with after sales service and product warranties.

Environmental Impacts and Policies for the EEC Tanning Industry. By Urwick Technology Management Ltd. Graham and Trotman Ltd., London, 1977. 42 pages with appendixes and bibliography. Available from UNIPUB, New York. $40.00.

A study prepared for the Environment and Consumer Protection Service of the Commission of the European Communities, covering the European tanning industry pollution problem, available and developing anti-pollution technologies, relevant environmental legislation and norms, and economics of anti-pollution measures.

Reducing Pollution from Selected Energy Transformation Sources. By Chem Systems International Ltd. Graham and Trotman Ltd., London, 1976. 130 pages including appendixes, tables, and bibliography. Available from UNIPUB, New York. $22.50.

A study for the Commission of the European Communities Environment and Consumer Protection Service, presenting economic and technical comparisons and evaluations of pollution abatement means applicable to energy transformation sources; includes a survey of presently available technology and processes under development, and an examination of the major pollutants from both stationary and mobile energy sources. The major pollutants considered are sulphur dioxide, nitrogen oxides, carbon monoxide, and unburnt hydrocarbons.

Inventory of Major Research Facilities in the European Community. 2 volumes. Compiled by the Commission of the European Communities Directorate-General for Research, Science, and Education. Verlag Dokumentation, Munich, 1977. 1,561 pages. Available from UNIPUB, Inc., New York. $59.00.

Comprehensive two-volume index of 600 scientific and technological research centers and laboratories in the Community, with brief descriptions of principal facilities together with research and development activities. English/German/French/Dutch/Italian/Danish text.

Tax Problems of Cultural Foundation and of Patronage in the European Community. Kluwer, Deventer, the Netherlands, 1976. 116 pages. $17.00.

An analysis of the fiscal policy of the Community members, including taxes on the income of nonprofit organizations, taxes on nonbusiness related expenses, and the impact of value added tax on member 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.

EFFECTS OF FAST BREEDERS' CHARACTERISTICS ON CONSUMPTIONS AND EXPENDITURES RELATED TO ELECTRIC POWER GENERATION: AN ASSESSMENT FOR THE EUROPEAN COMMUNITY. *EUR 5598 e*, Commission, Luxembourg, 1976, 36 pages $7.90
Discussion of the effects of the physical characteristics of the FBR (breeding ratio, inventory) and of the associated fuel cycle (out-of-pile time) on the results of strategy calculations performed for an electric power system. Attention is focused on the penetration of FBR, on the demand of uranium and separative work, and on the economical performance of the breeders.

STANDARDS AND REFERENCE SUBSTANCES: PROGRESS REPORT 1975. *EUR 5551 e*, Commission, Luxembourg, 114 pages ..$7.80
Summary of the activities of the Community Bureau of Reference in 1975 including chemical analysis, physical properties, and technological properties of reference materials.

COUNCIL DIRECTIVE OF 1 JUNE 1976 LAYING DOWN THE REVISED BASIC SAFETY STANDARDS FOR THE HEALTH PROTECTION OF THE GENERAL PUBLIC AND WORKERS AGAINST THE DANGERS OF IONIZING RADIATION. *Radiological protection 8, EUR 5563 e*, Commission, Luxembourg, 1977, 50 pages ..$3.50
Complete text of the directive amending the basic safety standards adopted by the Council on May 13, 1976. The new standards take into consideration the increasing scientific knowledge in the fields of radiological protection, radiobiology, and the practical experience of applying these directives in national laws.

STATISTICS OF ANIMAL PRODUCTION 1976. Statistical Office, Luxembourg, 1976, 82 pages .$11.00
Statistics on livestock and breeding herds as of 1974, meat production including slaughterings and external trade in live animals broken down by country and meat categories per calendar year for 1965-1975, and balance sheets for 1974 and 1975.

ENERGY STATISTICS YEARBOOK 1976. Statistical Office, Luxembourg, 1976, 294 pages $17.20
Statistical information on the energy economy of the Community and each member state for 1970 to 1975, with some tables ranging back to 1960. The first chapter covers energy economy indicators and overall energy balance sheet, in ton coal equivalents by product. Other chapters give balance sheets, in physical units, for each energy source. Data concerns production, stocks, external trade, and internal market flows.

TAX STATISTICS YEARBOOK 1976. Statistical Office, Luxembourg, 1976, 121 pages $11.50
Data on revenue from taxes and actual social contributions in the member states for 1970-1975. Summary tables group tax revenue according to the economic character of the tax and detailed tables show revenue from each particular tax.

CREDITS A L'AGRICULTURE: ITALIE. *Informations sur l'agriculture No. 3*, Commission, Brussels, 1976, 155 pages $5.00
Report gives a detailed description of the present position as regards agricultural loans compared with those granted to the economy as a whole. Assesses the present degree of agricultural indebtedness, state influence on the availability of credit, the organization and cost of farm loans, the influence of long-term economic trends on agricultural credit, and probable future trends.

STATISTICAL YEARBOOK OF TRANSPORT, COMMUNICATIONS, TOURISM 1974. Statistical Office, Luxembourg, 1976, 116 pages $8.60
Transport statistics covering infrastructure, equipment, employment, traffic, and use for railroads, roads, interior and exterior navigation, and air transport in the Community. Includes surveys on road accidents, mileage by transport category, goods transported classified by type of merchandise and transport category, and energy consumption for rail and road transport. Presents limited data on postal and telecommunications services and tourism.

THE ANALYSIS OF ECONOMIC COSTS AND EXPENSES IN ROAD AND RAIL TRANSPORT. *Transport Series No. 4*, Commission, Brussels, 1976, 36 pages $1.75
By Ralph Turvey. Study comparing and contrasting the cost concept relevant to an economic analysis of freight transport with traditional cost analysis. Examines traditional analyses of expenses and why use of such analyses often produces results which diverge from the true economic cost of particular traffic movements.

GROWTH, STABILITY AND EMPLOYMENT: STOCK-TAKING AND PROSPECTS. *Information Memo P-46/77*, Commission, Brussels, 1977, 3 pages ....free
Summary of the Commission's discussion paper for the Tripartite Conference in Luxembourg, June 27, on the economic and social problems facing the Community.

THE COMMUNITY BUDGET. *Information Memo P-45/77*, Commission, Brussels, May 1977, 7 pages ....free
Discussion of the budget procedure and powers of competent institutions in the budgetary process, the scale and distribution of expenditure, sources of financing, and budgetary innovations for fiscal year 1978.

THE 1978 COMMUNITY BUDGET: COMMISSION'S PROPOSAL. *Information Memo, P-49/77*, Commission, Brussels, May 1977, 9 pages ....free
Summary of the draft 1978 budget with comparisons to the 1977 budget commitments.

HARMONIZATION OF CREDIT INSURANCE AND EXPORT CREDIT GUARANTEES. *Information Memo P-50/77*, Commission, Brussels, June 1977, 3 pages .....free
Summary of a proposed directive on uniform principles for member state systems of credit insurance and export credit guarantees for medium and long-term transactions with public and private buyers. Covers supplier credit, bank guarantees, financial credits.

TOWARDS A COMMUNITY REGIONAL POLICY. *Information Memo P-48/77*, Commission, Brussels, June 1977, 4 pages ....free
Outline of proposed new measures to broaden the scope of the Community's regional policy and improve the operation of the Regional Fund.

STATE OF THE EEC'S CUSTOMS UNION. *Information Memo P-53/77*, Commission, Brussels, June 1977, 3 pages ....free
Synopsis of a Commission communication on the development of the customs union and actions that need to be taken to improve its operation.

THE IMPACT OF RISING PRICES ON TAXATION AND SOCIAL SECURITY CONTRIBUTIONS IN THE EUROPEAN COMMUNITY. *Economic and Financial Series No. 12*, Commission, Brussels, 1976, 73 pages $2.00
Study on the interaction of inflation and taxation during the period 1968-1974. Examines the revenue consequences of increased inflation for five tax categories: personal income tax, corporate income tax, value added tax, excise duties, and social security contributions.

JENKINS: ECONOMIC, ENLARGEMENT ISSUES KEY TO COMMUNITY FUTURE. *Background Note No. 19/77*, Information Service, Washington, July 7, 1977, 5 pages ....free
Text of a speech to the European Parliament, July 6, 1977, by Roy Jenkins, President of EC Commission.

COMMUNITY TRADE IN 1975: CHANGES AS COMPARED WITH 1974. Commission, Brussels, 1977, 36 pages ....free
Analysis and statistics of Community and member state trade in 1975 with the world and within the Community. Covers the geographical structure of trade, trade by commodity groups, and trade balances.

COMPARATIVE TABLES OF THE SOCIAL SECURITY SYSTEMS IN THE MEMBER STATES OF THE EUROPEAN COMMUNITIES: GENERAL SYSTEM. Commission, Luxembourg, 1976, 125 pages. .$4.75
Ninth edition, situation at July 1, 1976. Covers benefits for health care, medical insurance, maternity, invalidity, old age, survivors, workman's compensation, family allowances, and unemployment.

PRACTICAL GUIDE TO THE USE OF THE EUROPEAN COMMUNITIES' SCHEME OF GENERALIZED TARIFF PREFERENCES. Commission, Brussels, May 1, 1977, 268 pages $4.70
Part one describes briefly the characteristics and mechanics of the Community's generalized system of preferences (GSP). Part two lists products, by common customs tariff number, that are eligible for preferential treatment. For each product this listing shows the autonomous and conventional rates of duty; the regulation governing preferential treatment; GSP duty rates for processed agricultural and tropical products; beneficiary countries; type of quota and quota ceilings, in percentages, for nonsensitive industrial products, and exact quotas for products under surveillance.

SYNOPTIC TABLES OF THE SPECIFIC MEASURES TAKEN BY THE MEMBER STATES OF THE EUROPEAN COMMUNITIES IN THE FIELD OF COMMERCE. *Commerce and Distribution Series No. 2*, Commission, Brussels, 1976, 166 pages $7.80
Reviews, in synoptic form, specific provisions relating to commercial activities in each Community member state. Tables cover competition rules, right of establishment, legal provisions on building and rental of commercial premises, taxation, financial aids, social security, and vocational training.

FREEDOM OF MOVEMENT FOR WORKERS WITHIN THE COMMUNITY: OFFICIAL TEXTS. Commission, Brussels, 1977, 32 pages $2.60
Official texts of the current valid legal instruments on freedom of movement for Community nationals.

SEVENTH REPORT OF THE STEEL INDUSTRY SAFETY AND HEALTH COMMISSION (1975). Commission, Luxembourg, 1977, 30 pages $1.20
Describes the activities of the Commission and its working parties during 1975 and analyzes the work carried out.

REPORTS OF THE SCIENTIFIC COMMITTEE FOR FOOD: SECOND SERIES. Commission, Luxembourg, 1976, 22 pages $2.60
Reports of the Scientific Committee for Food on amaranth, chemically modified starches, research on long chain fatty acids and oils and fats in food, thiabendazole, and propyl gallate.

CREDIT TO AGRICULTURE IN THE E.C. MEMBER STATES: A COMPARATIVE ANALYSIS. *Information on Agriculture No. 28,* Commission, Brussels, February 1977, 104 pages $2.95
Comparative analysis and statistics on the situation and trends in agricultural credit in the EC member states since the early 1960's. Covers total volume of credits granted to the economic sectors, the debt burden of agriculture, availability, duration, and costs of agricultural credit. Describes probable future trends in agricultural credit and the changes being made or planned for this sector.

THE EUROPEAN DEVELOPMENT FUND: ACCESS TO CONTRACTS. Commission, Brussels, 1977, 40 pages ....free
Pamphlet on the techniques of contract procedures for European Development Fund financed projects. Covers eligibility of contractors, tender notices, and bids and award of contracts.

REPORT ON TRADE RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND THE COUNTRIES OF THE AFRICAN CONTINENT. *Working Document No. 47/77,* European Parliament, Luxembourg, April 29, 1977, 47 pages ..free
Report prepared by Willem J. Schuijt for the Committee on Development and Cooperation. Examines relations between the Community and African countries under the Lomé Convention, agreements with the Maghreb and Mashrek countries, and the Euroarab dialogue. Attention is given to developments in South Africa and the need for a European policy toward South Africa, Namibia, and Rhodesia.

CREDIT TO AGRICULTURE: THE NETHERLANDS. *Information on Agriculture No. 4,* Commission, Brussels, February 1976, 116 pages .$3.20
Description of the situation and trends for agricultural credit in the Netherlands compared to loans granted other economic sectors. Analysis of the overall assets position of agriculture and horticulture, the influence of the government on lending policies, and the organization and cost of agricultural credit.

EURONET: THE EUROPEAN ON-LINE INFORMATION NETWORK. Commission, Luxembourg, June 1976, 13 pages ....free
Brochure on the projected scientific, technical, and socio-economic data network for public and private users in the Community.

SOLAR ENERGY—CAN IT HELP TO SOLVE THE ENERGY PROBLEM? *Information: Research and Development No. 7/1977,* Commission, Brussels, 1977, 5 pages .....free
Paper on the potential exploitation of solar energy and the projects financed under the Community's research program for solar energy.

THE EEC AND THE USA: RECENT TRENDS IN TRADE AND INVESTMENT. *Information No. 149/77,* Commission, Brussels, 1977, 7 pages ....free
Note setting out basic data on the evolution of US-Community trade and levels of reciprocal investment.

EEC-LEBANON. *Information No. 147/77,* Commission, Brussels, 1977, 18 pages ....free
Historical outline of Community trade and economic relations with Lebanon and the terms of the agreement signed on May 3, 1977.

THE AGRICULTURAL POLICY OF THE EUROPEAN COMMUNITY. *European Documentation No. 5/1976,* Commission, Brussels, 1977, 37 pages ....free
Brochure describing the development of the common agricultural policy, the principles and machinery of the market organizations, the external aspects, social and structural policies, impact of currency fluctuations, decision-making procedures, and future prospects.

TOWARDS A EUROPEAN EDUCATION POLICY. *European Documentation No. 2/1977,* Commission, Brussels, 1977, 17 pages ....free
Outlines the action program adopted by the EC Education Ministers. Describes programs for migrant workers and their children, documentation and statistical exchanges, cooperation in higher education, foreign language instruction, equality of opportunity, and European studies programs.

EUROPEAN INVESTMENT BANK ANNUAL REPORT 1976. European Investment Bank, Luxembourg, 1977, 80 pages ....free
Describes the bank's loans, guarantees, and equity in 1976. Includes the balance sheet and profit and loss account. Covers the bank's activities in the member states, Greece, Turkey, Portugal, the Lomé signatories, and certain overseas territories.

WATER CONTENT OF FROZEN OR DEEP-FROZEN POULTRY. *Information on Agriculture No. 15,* Commission, Brussels, 1976, 196 pages $5.00
Investigation of various methods of analysis and inspection to determine the quality of foreign water absorbed by frozen or deep-frozen poultry carcasses during preparation.

THE EUROPEAN COMMUNITY AND THE DEVELOPING COUNTRIES. *European Documentation No. 1/1977,* Commission, Brussels, 1977, 18 pages ....free
Second edition of a pamphlet on the Communities' trade and association agreements with developing countries, generalized preference system, raw materials problems, food aid, and financial aid for nonassociated developing countries.

A SELECTED BIBLIOGRAPHY OF WORLD PERIODICALS OF ENERGY INTEREST. *EUR 5469 e,* Commission, Luxembourg, 1977, 66 pages $2.70
Alphabetical list by title of periodicals relating to energy with a designation of country of origin. No other bibliographic information is given.

European Events

SEPTEMBER 1977

1-12 International Trade Fair, Strasbourg, France
1-3 International Symposium on Clinical Pharmacy, the Hague
1-4 Show Jumping: The Embassy British Championships, West Sussex, United Kingdom
2-10 7th European Microwave Conference and Exhibition, Kent, United Kingdom
2-10 International Congress of the Federation of Library Associations, Brussels
3 Floral Parade: Holland's equivalent to US Tournament of Roses Parade, the Netherlands
3 Cricket Gillette Cup Final, London
3 Royal Highland Gathering, Braenar Grampian, United Kingdom
3-4 4th Market Exhibit of Radio Materials and Telecommunications, Piacenza, Italy
3-4 Holkham Fair, Holkham, United Kingdom
3-4 Wine Festival, in public square wine flows from a fountain, concerts and dancing, Schwebsange, Belgium
3-5 27th National Coin Show, Riccione, Italy
3-5 National Exhibit of Seedplanting Machinery, Vincenza, Italy
3-5 Shoe Fair (Import), Copenhagen
3-5 Exhibition of Danish Shoes, Copenhagen
3-6 Pitti Bimbo Children's Wear and Accessories, Florence, Italy
4-7 Menswear Fashion Fair, London
4-8 International Watch and Jewelry Trade Fair, London
4-9 9th International Congress of EEG and Clinical Neurophysiology, Amsterdam
4-10 International Conference on the Great Electrical Grid Systems, Brussels
4-11 EUROPAC: 29th International Exhibition of Chinaware, Ceramics, Tableware, and Decorative Objects, Brussels
4-12 EUROPAC Trade Fair, Ghent, Belgium
5 "Braderie": Annual sidewalk sale, Luxembourg
5-6 Workshop on Contractile Behavior of the Heart, Ubrecht, the Netherlands
6-8 Men's Fashion Trade Fair, Amsterdam
6-8 Institute of Groundsmen's International Exhibition of Machinery, Equipment, and Materials, Surrey, United Kingdom
7 British Show: Pony Show, Cambridgeshire, United Kingdom
7-8 Horticulture: Great Autumn Show, London
7-10 Horse Racing: Doncasler, South Yorkshire (St. Leger-10), United Kingdom
8-10 International Sheepdog Trials, Senny Bridge, Brecon, Powys, United Kingdom
8-11 Burghley Horse Trials, Burghley, Stamford, Lincolnshire, United Kingdom
8-12 International Leather Week, Paris
8-12 International Exhibit of knickknacks, costume jewelry, leather goods, promotional articles, Milan, Italy

8-12 MACEF AUTUNNO '77: International housewares, crystal, ceramic, silver, gift, hardware, and utensil show, Milan, Italy

8-12 International Music and High Fidelity Show, Milan, Italy

8-13 Creative Craftwork Exhibit and Trade Fair, Paris

8-13 Jewelry, Gold and Silver, Clock-ware, Gift Week, Paris

8-13 Commercial and Professional Art Workshops Exhibition, Paris

9 Commemoration of the Liberation of Luxembourg by Allied Forces in 1944. Ceremony at the Monument of the American Soldier, Pétange, Luxembourg

9-11 Galway Oyster Festival, Galway, Ireland

9-16 International Trade Fair for the Brewing and Beverage Industries, Munich, Germany

9-18 World Hot Air Balloon Championship, Yorks, United Kingdom

9-19 41st Fair of the Levant, Bari, Italy

9-19 8th International Exhibit of Agricultural Machinery, Equipment, and Zootechnics, Bari, Italy

9-19 International Exhibit of materials, machinery, and equipment for the building, digging, prefabrication, conditioning, and road building industries, Bari, Italy

10 13th Congress of the International League Against Epilepsy, Amsterdam

10-11 Grape and Wine Festival, with fireworks along the Moselle, Grevenmacher, Luxembourg

10-13 European Men's Wear Show, Paris

10-13 Children's Fashion Exhibition, Paris

10-15 ANUGA: World Market for Food, Cologne, Germany

10-16 11th Congressional Federation of Neurology, Amsterdam

10-18 "Family's World": 15th European Consumer Exhibition, Saarbrucken, Germany

10-19 30th International Bolzano Fair, Bolzano, Italy

10-24 Salisbury Festival of the Arts, Salisbury, United Kingdom

10-25 International Fair, Ghent, Belgium

10-25 32nd International Home Furnishing Show, Monza, Italy

11 "Bîchemârt" Book Market, Luxembourg

11-14 IGEDO: 114th International Fashion Trade Fair for Lingerie, Foundations, Swimwear, Dusseldorf, Germany

12-14 Professional and International Show of Open Air Sports and Pastimes Articles, Paris

12-16 International Reclamation and Disposal Exhibition, Birmingham, United Kingdom

12-18 International Audio Festival and Fair, London

13-15 Control and Instrumentation Exhibit, London

13-16 Water Pollution Control Exhibition, Brighton, United Kingdom

13-16 Offshore Europe Exhibition and Conference, Aberdeen, United Kingdom

13-16 16th Meeting of the Society of Nuclear Medicine, Groningen, the Netherlands

14-16 Golf: Home Internationals, Hillside, Merseyside, United Kingdom

14-17 Horse Racing: Ayr, Strathclyde Western Meeting (Ayr Gold Cup—18), United Kingdom

15-17 Golf: Ryder Cup—Great Britain vs. Ireland, Lancashire, United Kingdom

15-18 24th Scandinavian Fashion Week, Copenhagen

15-18 International Hardware Trade Fair, Manchester, United Kingdom

15-18 Exhibit of Italian Knitwear, Bologna, Italy

15-23 Congress organized by the Belgian Royal Meteorological Institute, Brussels

15-23 International Plastics Exhibition: INTERPLAS, Birmingham, United Kingdom

15-25 IAA: International Motor Show, Frankfurt, Germany

16-18 6th Flormart, Padova, Italy

16-19 International Clothing Show, Torino, Italy

16-19 Men's Wear and Accessories, Florence, Italy

16-19 15th SUDPEL: National Leathergoods Show for Southern Italy, Naples, Italy

16-25 32nd International Milk Cow Show, Cremona, Italy

16-21 International Market for Videocommunications, Cannes, France

17-18 Le Bol d'Or (motorcycle events), Le Mans, France

17-16/10 10th International Antique Show, Florence, Italy

18-19 International Shoe Show, Brussels

18-21 Baby Show: 13th Annual Exhibition, Brussels

18-21 Vestirama: Professional Clothing Show, Brussels

18-23 British Veterinary Association Congress and Exhibition, Swansea, United Kingdom

19-23 2nd Annual Congress of the European Federation of Aerosol Packaging Associations, Brussels

20 "Prinsjesdag": the opening of Parliament, the Hague

20-23 International Filtration and Separation Exhibit, London

20-23 Dust Control and Air Cleaning Exhibition and Conference, London

20-23 7th Annual International Exhibition of Aerosol Packaging, Brussels

20-24 International Fisheries Exhibition, Aberdeen, United Kingdom

21 Football/Soccer: Scotland vs. Czechoslovakia (World Cup), Glasgow, United Kingdom

21-23 Congress of European Landscape Contractors, Amsterdam

21-29 Het Instrument, Scientific, Medical, and Industrial Instrument Exhibition, Amsterdam

21-30 Annual Partners Meeting, Baker & McKenzie (Fiscal Lawyers), Amsterdam

22-30 International Exhibition of Data Processing, of Communication, and Office Organization, Paris

24-27 National Jewelry Show, Florence, Italy

24-29 17th Italian Furniture Show, Milan, Italy

24-29 2nd Euroluce International Lighting Fixture Show, Milan, Italy

24-29 International Office Furniture, Furnishings, and Machinery Show, Milan, Italy

24-2/10 32nd International Exhibit of Food Preserving Industries, Parma, Italy

28-2/10 International Fair of Arts and Handicrafts, Copenhagen

29-2/10 EXPO-DENTAL '77: Exhibit of Equipment and Materials for Dentistry, Genoa, Italy

29-15/10 Birmingham International Ideal Home Exhibition, Birmingham, United Kingdom

30-9/10 Autumn Mobile Home and Trailer Show, Charleroi, Belgium

30-9/10 World Law Congress, Ghent, Belgium

30-9/10 World Congress on Private Assets, Brussels

OCTOBER 1977

1-4 European Furnishing Market, Lyon, France

1-5 National Gem, Mineral, and Paleontology Show, Venice, Italy

1-9 16th International Textile Show (Machinery and Accessories), Varese, Italy

2-4 Salon International (Hairdressing and Beauty), London

2-5 Frozen Foods and Freezer Festival, London

2-5 British International Footwear Fair, London

2-6 36th International Fashion Fair Week, Munich, Germany

3-7 National Trade Exhibition of Anti-Pollution Techniques, Grenoble, France

3-15 Dublin Theatre Festival, Dublin

4-8 German Office Equipment Exhibition, Hamburg, Germany

4-8 International Ocean Industries and Development Fair, Bordeaux, France

6-8 Nottingham Goose Fair, Nottinghamshire, United Kingdom

6-12 International Exhibit for Instrumentation and Automation with Congress, Dusseldorf, Germany

6-16 Motor Show, Paris

7-9 31st International Fair "For the Child," Cologne, Germany

7-9 Trade Show of Refrigerating and Air Conditioning Techniques and Machinery, Hanover, Germany

8-10 International Exhibit of Hospital-Surgical Sanitary Equipment, Milan, Italy

8-16 16th International Caravan Exhibition, Essen, Germany

8-23 Furniture Show, Brussels

9-11 International Sports, Camping, Outdoor Furniture, and Bicycle Show, Brussels

9-12 Cold Shore '77 Exhibition, London

10-14 International Market for the European Diffusion of Subcontracting, Strasbourg, France

10-15 International Mining Exhibition, Birmingham, United Kingdom

11-15 17th International Show of Chemical Equipment for Analysis, Research, and Lab Controls, Milan, It

11-20 International Business Show, Birmingham, United Kingdom

12-15 Exhibition of the Office Industry, Berlin

12-16 International Photo Cine Fair, London

12-16 Trade Exhibition for Control Equipment, Stuttgart, Germany

13-15 7th Annual Congress of the European Federation of Cytological Associations, Liège, Belgium

13-16 Electrotechnical Trade Exhibition, Dortmund, Germany

14-15 International Youth Swimming Gala, London

14-23 Grapes and Wines Exhibition and Fair, Montpelier, France

15-18 International Show for Horticulture Techniques, Ghent, Belgium

16-20 Junior Fashion Fair, London

19-30 Wexford Festival Opera, Wexford, Ireland

18-13/11 British Painting 1952-1977, London

20-22 30th Annual Seminar on Business Law and Rights Organized by the Faculty of Law of the University of Liège, Liège, Belgium

20-27 International Medical and Hospital Equipment Show, Brussels

22-30 German International Boat Show, Hamburg, Germany

25-27 Food Manufacturing Exhibition and Conference, London

25-27 Antiques and Fine Arts Fair, London

27-30 1st Yatching Film Festival, La Rochelle, France

29-30 15th International Coin Exhibition, Wiesbaden, Germany

30 Chestnuts and Sweet Cider Festival, Sauveterre-de-Rouergue, France

31-4/11 International Plant Engineering and Maintenance Exhibition and Conference, Birmingham, United Kingdom

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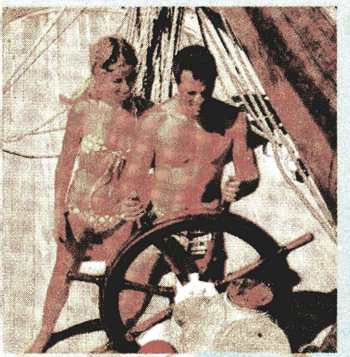

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