



European Community

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Energy: après nous, le déluge?

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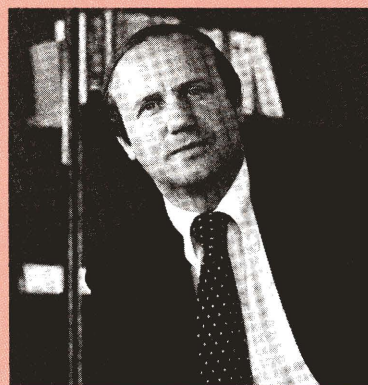
Cover (front): The break-up of the *Amoco Cadiz* off the Brittany coast; © Leonard Freed, Magnum; see page 25.

Cover (back): © Jean Gaumy, Magnum.

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Publisher's Letter

As this issue of *European Community* went to press, it remained unknown whether Aldo Moro was alive or dead, whether the Red Brigades had indeed carried out their heinous threats.

But Moro remains alive in the hearts and minds of his countrymen and fellow Europeans. For, as kidnap victim, he has symbolically united all shades of political opinion—and not just Christian-Democrats, of which he was the leader, and not merely in Italy but also in all Europe—in a steadfast reaction to terrorism.

A tribute to the former Premier, written by fellow countryman Marcello Spaccarelli, who worked closely with Moro, appears on page 13. And as the accompanying member state report makes clear, life as well as democracy in that country will go on.

The lead story this issue, beginning on the facing page, is about the unusually successful Copenhagen "summit," which took place April 7-8. But it is very much a story about events that have not happened yet. For it sets the stage for the Bremen and Bonn summits, which will no doubt dominate the West's economic headlines this summer.

And this issue's cover photograph of the breakup of the *Amoco Cadiz* off the coast of Brittany serves as a concrete image of the current paradox that, though we face an energy shortage, there is also a deluge—in the form of oil spills and nuclear proliferation, topics examined on pages 25-33. Thus the slightly altered quote attributed to Louis XV—"après moi le déluge."

Andrew A. Mulligan

Andrew A. Mulligan



The nine heads of government gather in the Château de Christianborg in Copenhagen for an unusually successful European Council meeting.

COPENHAGEN SUMMIT II

A lot higher than the first

REGINALD DALE, *European news editor of the London Financial Times*

FOR OVER FOUR YEARS THE NAME "COPENHAGEN" HAS haunted the European Community. It was in the Danish capital in December 1973 that the Nine held their most disastrous ever summit meeting. With the world energy and economic crisis just two months old, Europe's leaders failed to close ranks and reacted instead with bickering and indecision. It was one of the lowest points in the Community's 20-year history. Ever since, it has been an article of Community faith that "we must never repeat Copenhagen."

On April 7-8 the Nine tried hard to lay the ghost to rest, when, under the rotating system that puts each country in the chair once every four-and-a-half years, Copenhagen's turn came round again for the second time. Once again the background, if less dramatic, was somber. The Nine now fully appreciate the intractability of the problems of recession and unemployment that they failed to foresee in the dark days of December 1973. To make matters worse, the headlong fall of the dollar was causing serious concern in Europe, particularly in hard currency coun-

tries like Germany, which have seen the competitiveness and profitability of their exports seriously undermined. This time, however, the Nine reacted more calmly. The second Copenhagen summit has taken its place as one of the more successful in the checkered history of the Community's top-level gatherings.

The Nine continually stress that dramatic decisions should not be expected at each of their thrice-yearly summits. Public opinion tends to assume, quite naturally, that if nine European heads of government meet for two days something important should emerge at the end. Since, equally naturally, this is not always the case, governments work hard to prevent expectations from rising too high. The regular summits, they argue, are more like cabinet meetings. They aim to settle outstanding matters of daily Community business that could not be agreed at a lower level; where wider issues are concerned, they are quite likely to hold a general exchange of views without coming to a final decision. There is, after all, always another summit in a few months' time.

The Copenhagen summit conformed almost exactly to this pattern. Most importantly, the heads of government finally fixed a date for the first direct elections to the European Parliament, which will now take place in June 1979, just 12 months after the original target date of May-June this year. Finding a date was not in itself too difficult—all nine member states had already opted for much the same period—but the decision was of major symbolic importance. With the move to European political integration in the doldrums, most integrationists are now looking to the elections as the only possible source of a new puff of wind.

The 12-month delay has been due largely to the difficulty the British Government has had in persuading its more nationalistic members of Parliament to accept a move so tinged with "federalist" overtones. But there has been surprisingly little resentment at British foot-dragging. Germany was glad of the extra time to work out its voting system for the elections, and France would not have welcomed a new poll so soon after the country's bitterly fought March general election. If for these three countries it was a case of better later than sooner, for the others in Copenhagen it was better late than never.

The second item that fell into place at the summit was a declaration committing the Community to the respect of democratic principles and human rights—a venture that had been many months in the making. It might seem superfluous for the Nine to subscribe to such a declaration, given that they are among the world's most stable democracies. But that is not the point. The purpose is to make it quite clear to the three much newer European democracies—Greece, Portugal, and Spain—that they will have to undertake such a commitment if they are to fulfill their aim of joining the Community. The hope that

EC membership will help to underpin these Mediterranean democracies is the main reason why the Nine are prepared to risk the economic problems that their entry will undoubtedly cause.

A third item ticked off the agenda was of direct concern to the United States. The problem arose following the passage of American legislation requiring a renegotiation of the conditions under which the United States supplies Europe with nuclear fuel—part of the Carter Administration's drive to tighten up on nuclear safeguards and nonproliferation. This was not to the liking of France, the traditional champion of an independent European line, which said it could not accept that Washington should unilaterally dictate the reopening of a European treaty—in this case, the Euratom Treaty setting up the European Atomic Energy Community. The other countries, while sympathetic to the French view, thought it was too small an issue to risk a major row with Washington. After all, the United States only wanted agreement in principle to open negotiations at some undetermined future date. Nevertheless, the French largely had their way. Instead of agreeing to open negotiations, the Nine decided to inform Washington that they were "ready to discuss demands" for negotiations, the minimum commitment thought necessary to avert the risk of a cutoff of American supplies on the day following the summit.

BUT THESE ITEMS, THOUGH IMPORTANT, took up relatively little time in Copenhagen. The summit's dominant theme, discussed with an unusual degree of confidentiality, was the world economic and monetary situation and the possibility of joint Community action. The debate was far from restricted to Europe. The Nine's Copenhagen meeting was the first in a series of top-level contacts between Western leaders due to culminate in a seven-nation world economic summit to be held in Bonn, July 16-17, which will be attended by the United States, Canada, and Japan, as well as four EC members—Britain, France, Germany, and Italy.

In the run-up to the Bonn summit, Britain's Prime Minister James Callaghan has taken the lead in pressing for coordinated international action in which as many Western nations as possible would stimulate their economies in a bid to combat recession and unemployment. This is the so-called "convoy" theory, under which governments all move together, superseding the earlier "locomotive" theory, that gave surplus countries like Japan and Germany sole responsibility of pulling the rest out of stagnation.

Callaghan did not have it all his own way in Copenhagen. German Chancellor Helmut Schmidt had always rejected the "locomotive" theory, arguing that Germany had already done as much as it could. But he has not shown much enthusiasm for the "convoy" theory either.



Commission Vice President François-Xavier Ortoli and President Roy Jenkins are received by Queen Margrethe and Prince Henrik.

Once again in Copenhagen, Schmidt repeated that Bonn would have to wait at least until May to assess whether any further stimulus could be injected into the German economy. He did reluctantly agree to an EC target of 4.5 per cent growth by the middle of next year—largely to please his friend Jim Callaghan—but made it quite clear afterwards that he thought the figure totally unrealistic.

Nevertheless, the Nine are now committed to working out a package of reflationary measures to put forward as the Community's contribution to world recovery at the Bonn summit. They are unlikely to be dramatic, but Callaghan for one hopes they will have psychological significance. In what may well be an election year in Britain his aim is to be able to make the claim that he has prodded the other Western governments into joint action against unemployment.

But it was the summit's discussion of monetary problems that may in the end turn out to have been its most significant feature. Although little emerged from the heads of governments' deliberations in this traditionally secret area, it became clear in the days after the meeting that important new moves to stabilize European currencies had been under discussion. Most surprising was the revelation that Schmidt had shown considerable interest in a new European monetary zone in which the weaker currencies (like the British pound, French franc, and Italian lira) would be linked in some way with the stronger currencies (German, Benelux, and Danish) now floating jointly against the dollar in the so-called European "snake."

In the past Schmidt's position has been that currencies that are strong enough can join the snake, effectively a deutschmark currency bloc; if not, they should stay clear. If he has had a change of heart, it has almost certainly been caused by the decline of the dollar. Opinion in Germany is unanimous that the appreciation of the mark against the dollar can go no further without gravely threatening the country's economy. A new "European

currency zone," also favored by French President Valéry Giscard d'Estaing, could serve two purposes: First, it could create a new basis for defining the dollar's relationship with European currencies; and second, the inclusion of weaker currencies could help to keep the stronger ones from floating too high.

For the moment, however, all this remains speculation. As with the economic package, the currency plan is to be studied by experts between now and the Bonn summit in July. There are clearly grave obstacles in its way. Britain is strongly opposed, and it is hard to see how the volatile lira could be included. Nevertheless, EC Commission President Roy Jenkins believes that the Nine in Copenhagen took a major step toward the closer economic and monetary cooperation he has been urging since last fall.

Jenkins was particularly pleased at the apparent willingness, even of Schmidt, to consider new uses of the Community's unit of account (used so far mainly for budgetary calculations) so as to establish it as an embryo common Community currency. One idea, for example, would be to use the unit in central bank transactions, giving it a limited reserve currency role. A more ambitious plan would be for the Nine to pool some of their reserves, labeled in units of account, for use in support of the new currency system.

The next step will be to convince Jim Callaghan, who was apparently rather taken back that the discussion went as far as it did in Copenhagen. If there are to be new currency alignments, he would rather they were worldwide to include the dollar—preferably with a role for the International Monetary Fund. But there is no doubt that Copenhagen has set the scene for a new bout of intensified study of economic and monetary cooperation in Europe. It may all come to nothing—the Nine have a disconcerting habit of failing to turn aspiration into practice. If anything does come of it, however, Copenhagen may in the future be remembered as a milestone not on the wrong road but the right one.

EC-CHINA TRADE PACT

The "Gang of Nine" gets Communist recognition

STEPHEN MILLIGAN, *Brussels correspondent for The Economist*

THE EUROPEAN COMMUNITY HAS AGREED TO ITS FIRST-ever trade deal with the Peoples Republic of China. On April 3 Community officials—known perhaps in Peking as the "gang of nine"—together with a Chinese team signed a five-year trade agreement giving each other the equivalent of most-favored-nation status.

China has been wooing the Community for more than a decade but has only started to establish concrete links in the last four years. It sees the Community as a strong and powerful ally against the Soviet Union. In September 1975 China opened an embassy in Brussels, but the Soviets still refuse to formally recognize the Community's existence. Since 1976 China has been muttering about the need to sign a trade deal with the European Community, but at present trade between the two is limited by unilateral rules on either side. Last year the Community sold a mere \$1.3 billion to China, just 0.5 per cent of total EC exports.

A new impetus was given when Chairman Hua's regime took office in Peking, a regime keen to develop China's links with the West and to develop a freer and more open economy. Last summer the Chinese Trade Minister told an EC delegation that the delay in getting on with trade talks was due to Madame Mao and the "gang of four." But recent European visitors have gotten an ecstatic welcome. French Prime Minister Raymond Barre visited Peking in mid-January and was told by Vice Premier Teng Hsiao-ping: "Faced with the threat of aggression and expansion by the superpowers, the existence of a Europe growing more united and more powerful is in the interests of the European people."

The actual negotiations in Brussels for the trade pact lasted less than a week. There were a few technical problems in wording the agreement: The Community insisted on a "safeguard clause" to allow restrictions on Chinese imports in a crisis, but the Chinese only accepted on the condition that it euphemistically be renamed a "friendly consultations clause." Equally, the Chinese queried EC demands for an anti-dumping clause and, unfamiliar with Western trade jargon, seemed slow to grasp these ideas.



Chinese Foreign Trade Minister Li Kiang (left) and EC Commission President Roy Jenkins exchange greetings at signing of first trade agreement between the Community and the People's Republic of China.

The new trade pact is merely a nonpreferential agreement putting China on the same footing as other Western nations that have no special association with the Community. By itself it does not mean much, but it is the first step toward normal trade relations. And a promise by any state-trading country to buy more goods is significant because its government controls all purchases. The Chinese are keen to buy machinery and technology from the European Community, and a "mixed committee" will be established between the two sides to develop and encourage trade.

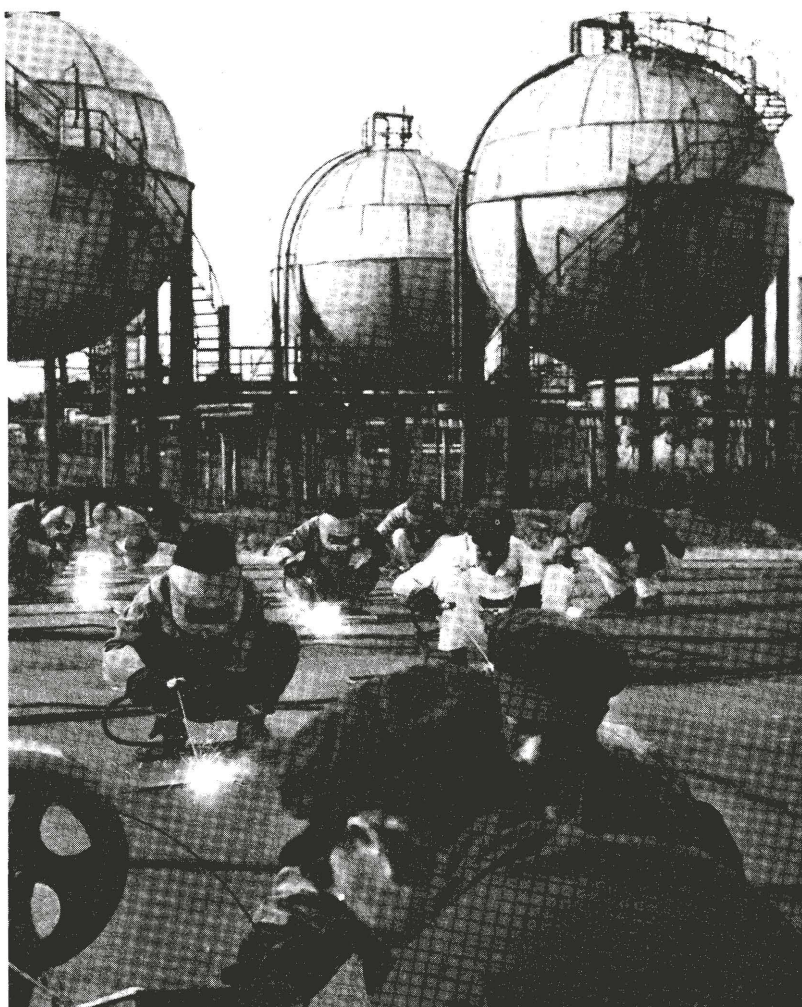
Last year Pu-Ming, director-general of China's Central Bank, said China intended to increase China-EC trade to the same level as Japan-China trade. This would mean a major boost. Last year Japan (China's biggest trading partner) sold \$3.5 billion worth of goods to China, and on February 16 the Chinese signed a new trade agreement with the Japanese designed to boost two-way trade to \$20 billion over the next eight years.

CHINA'S INTEREST IN EUROPEAN GOODS IS CLEAR, but what can Europe buy from China? Some 40 per cent of China's present exports to the European Community are food and textiles—and the Community hardly needs more of either at present. The market for traditional Chinese exports like silk, fur, and porcelain is also limited. Raw materials are one possibility. China may be able to sell tungsten, manganese, and antimony to the Community, although the size of Chinese reserves is as yet unknown. At present these three minerals account for only 1.9 per cent of China's sales to the European Community.

Thus, it is likely that the Community will continue to have a big trade surplus with China—the gap was already \$350 million in 1976. This means that China will have to build up debt, an ideologically suspect notion in Peking. But even here pragmatism seems the rule. The Chinese are considering the use of "deferred payments"—or borrowing.

Meanwhile, the Soviets are predictably suspicious of the new EC-China harmony. On the day the talks opened in Brussels, TASS, the Soviet news agency, described them as "being conducted in an anti-Soviet spirit, with the aim of increasing Chinese access to European technology—like electronics and nuclear energy—and designed to achieve strategic goals."

But the Soviets, too, are being forced to come to terms with the growing economic weight of the Community. They have already held some negotiations on fish with the Community, although these were abruptly broken off, and they are keen that Comecon should do a trade deal with the Community. Negotiations with Comecon (the Council for Mutual Economic Assistance) are due to resume this year, but progress is likely to be slow. EC



Installing new gas tanks at the Taching oil field. courtesy of New China News Agency

officials are reluctant to recognize that the Russian-dominated Comecon is a parallel organization to the Community. Besides, if Russia agrees that Comecon can talk to the Community, why cannot the Soviets recognize the Community's existence by opening formal relations?

The Community's magnetic power for these Communist states indicates the growing political significance of its common commercial policy: a point that is not always recognized inside the European Community.

EC TRADE WITH CHINA 1976

(in millions of European units of account; 1 EUA=\$1.27 in 1976)

	<i>Exports to China</i>	<i>Imports from China</i>
Germany	492	212
France	275	153
Italy	99	123
United Kingdom	96	131
Belgium/Luxembourg	32	41
Netherlands	31	70
Denmark	7	21
Ireland	0.037	3
EC Total	1,034	756

THE WEST'S ECONOMIC FUTURE

Radical and conservative critiques

ROBIN MARRIS, chairman of the economics department at the University of Maryland

MY LAST ARTICLE ARGUED AGAINST THE IDEA THAT THE economic system of the rich countries was faced with intractable problems. This was not the same as an argument for optimism. The article suggested we were witnessing a "point of inflexion" in economic development—a process in which, having moved briskly and quite steadily for a number of years, progress would have to slow down. But slower growth is not the same thing as catastrophe, even if for environmental reasons we have to slow down almost to zero.

There are, however, many people who deny this proposition using a mixture of theoretical and pragmatic arguments, such as evidence of successive economic disturbances in the past decade. Some of these people are radical, some conservative; some left-wing, some right-wing.

Contemporary radical critics mostly follow Marx's footsteps when he claimed that the practical consequences of capitalism were morally outrageous and that it was doomed to self-destruction. Similarly, contemporary radical criticism is a mixture of moral grievances and assertions about functional failings in the mixed economy that has somehow survived a century after the publication of *Das Kapital*. But many contemporary radical critics can by no means be fairly described as Neo-Marxists, any more than can the typical contemporary rightist be called a high Tory. The former will often, unlike Marx, admit that modern capitalism has some bull-points, while the latter sometimes reveal surprisingly radical streaks—for example, some conservative critics believe that affluent capitalism has produced serious moral contradictions.

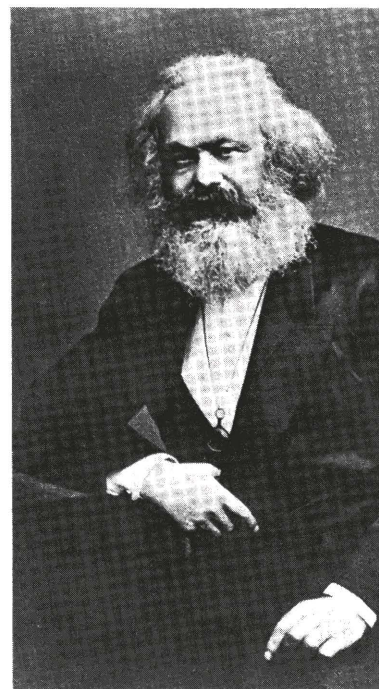
In some of the more pessimistic current theories, typical radical arguments would be some or all of the following:

- It is increasingly difficult for democratic governments to organize desirable economic changes, such as an en-

This is the second of two articles discussing the economic future of the West. Part I appeared in the March-April issue of European Community.



Adam Smith, whose 1776 work *Wealth of Nations* advocating laissez-faire trade policy set the stage for modern international economic theory. © The Bettmann Archive



"Capitalist production begets, with the inexorability of a law of nature, its own negation," said Karl Marx in *Das Kapital*. © The Bettmann Archive

ergy program, because of the increasing political power of interest groups, which now include not only the traditional "vested interests" of business and labor but also the poor, the female, the young, the old, the handicapped, or, in the United States, almost any group whose lifestyle depends on profligate use of some natural resource such as energy;

- Business civilization is generally in decline because it is prone to ever increasing stagflation and a variety of other disorders such as racial disharmony, strikes, and white collar militancy;

- "Social affluence"—meaning protection against economic insecurity—makes it increasingly difficult to get people into essential but unpopular jobs and also increases stagflation;

- With a high proportion of the population in full-time education up to late ages, pleasant jobs are increasingly

regarded as a right, and even “frictional” unemployment is increasingly unacceptable.

Many of the above points, or others like them, show a degree of insight, but it is doubtful they add up to a case for a general crisis. Indeed, they often reflect the very successes of the past quarter century. Our standards for judging the performance of our economic and social environment have grown high. Certainly it is true that the modern education system has created dependent attitudes among some young people, but many are responding to contemporary conditions in a realistic way by aiming for useful qualifications to get satisfactory jobs. There is something rather trivial about the scatter-

problems are caused by a perverse propensity for rich-country populations to elect Social Democratic governments in Europe or to support liberal Democrats in the United States. To this can be added the general philosophy of the Chicago University school of political economy, which attributes most troubles not to big business but rather to the ever increasing bigness of government: A combination of misguided social democracy and excessive government intervention is thus the main cause of stagflation, crime, and unrest. There may well be some moral contradictions in the free market system, these critics would say; but the most effective political response is not government intervention but the implementation of



Assembly supervisor surveys closed-down factory in Britain. © Leonard Freed, Magnum

shot style of the whole radical critique. It often reads mainly like the woes of affluent Americans who have never experienced invasion, only recently queued for gasoline (never for potatoes), and cannot remember what it is like to stand in the cold outside a factory gate hoping for work. But, of course, if this is the way people feel, it is a form of social unrest that could turn into economic trouble.

It is, however, a familiar phenomenon that people who seem especially endowed with economic benefits are particularly prone to petty complaints. This could be an interpretation of a significant proportion of rich-country discontents of our time.

WHAT ABOUT THE CONSERVATIVE CRITIQUE? A common theme of American conservatives is that most of our

various devices intended to imitate the working of a market. For example, if the educational system is malfunctioning, the public should be issued vouchers with which they may “signal” their displeasure of schools they perceive as letting their children down.

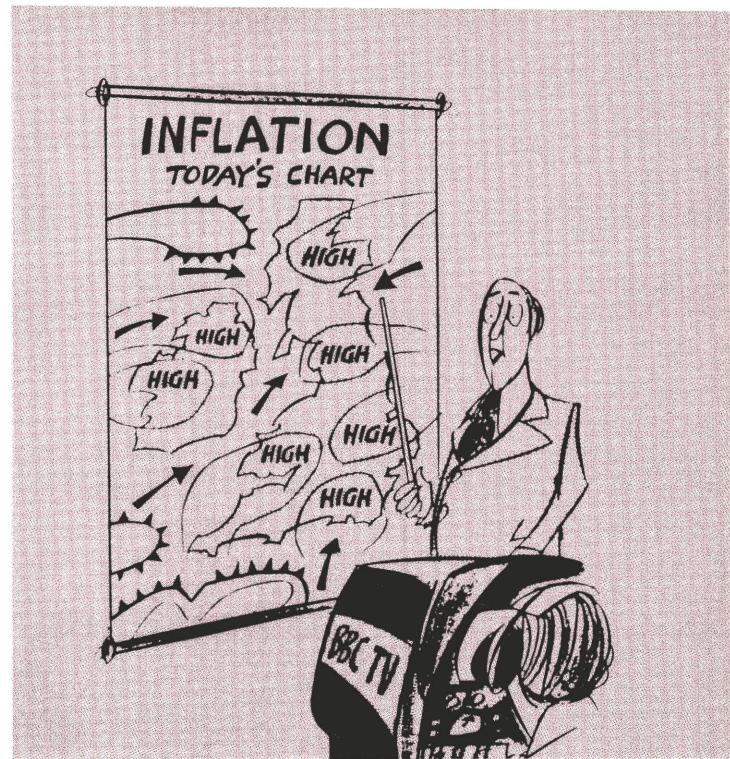
Some of these arguments, also, are not without force. Certainly the rate of growth of the government share of our economies—which turns out in most countries, and especially in the United States, to be mostly due to state and local, rather than federal, activities—seems to have become excessive. But these critics, less querulous and more lofty in tone than the radicals, do not effectively explain why it is that democracy seems to have been so inefficient that the people keep choosing the wrong kind of government. Could it be—perish the thought—that the

main explanation is many people perceive some version of the radical critique to be valid? Perhaps it is not a coincidence that some of the most violent radical manifestations have their origins in countries, such as Germany and Japan, that have been most successful economically?

Surely there is something to chew over here. It is not well known that, as much as Japan or Germany, the very different economy of France has shown one of the most successful economic growth performances among rich countries since World War II. It is also the case that, although there have been enormous gains in prosperity for many groups in France, especially in the Midi, these benefits have been unevenly distributed and some groups have experienced tough adjustments. This may explain why, had it not been for fear of actual Communism, the French would undoubtedly have elected a Socialist government last month. In so doing they would have behaved, according to conservatives, perversely (because they would have been gravely endangering their new prosperity) while appearing to confirm the radical proposition that in modern times disadvantaged groups bite back.

What then shall we do? Of course no one can honestly claim a precise answer. But the human race seems to have

Striking railroad workers block trains at Rome's main station. UPI



© Mahood, *Punch*

now developed a rather considerable capacity for both constructive and destructive self-criticism. Much of what we read and hear is essentially a symptom of that. We do not yet have an operational plan to solve the world's energy problem, and successive US administrations are having a hard time with their own domestic energy problem. Yet it remains to mankind's credit that we are reacting to the problem, rather than, as we might well have done no more than half a century ago, behaving like lemmings.

The most serious immediate problem remains the "flation" part of stagflation. There is little doubt that a judicious combination of fiscal, monetary, and incomes-and-prices policies could lick this problem inside a few years, but it must be accepted that the political difficulties in the face of such policy-making are considerable. I am forced to concede therefore—although, as an ancient Keynesian, this is painful—that if sophisticated remedies are politically unfeasible, the case for collapsing into the arms of Milton Friedman becomes quite strong. If so, it follows that countries like the United States and Britain should take their lead from countries like Germany rather than the reverse. Given the serious danger of revived inflation, it is scandalous that the United States should be urging more rapid expansion on the Germans and Japanese in the hope of short-term improvements in the US trade deficit.

The \$64 trillion question is whether, if we accept that there is no way of beating inflation without some rather uncomfortable short-term economic effects, political doom will result. If it did, the radicals would be proved right, but I for one do not believe it. I believe they are more likely to be proved right if, in fear of their own diagnosis, we compromise or prevaricate on inflation.

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ITALY

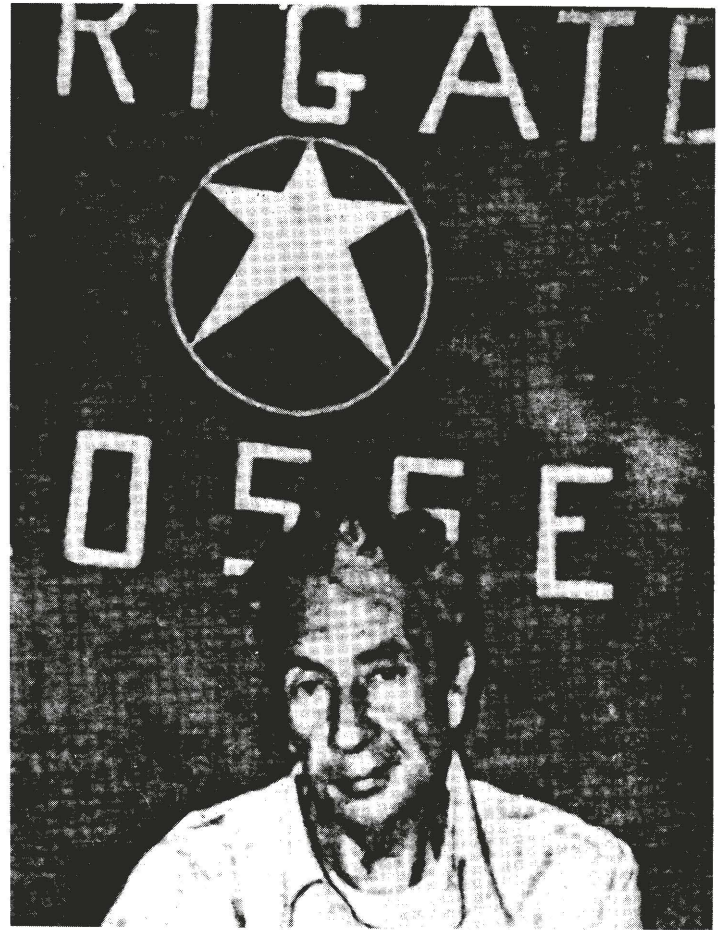
MEMBER STATE REPORT

CHRISTINA LORD, *American freelance writer based in Rome who works for The Economist*

THE IMPACT OF THE KIDNAPPING and possible murder of Aldo Moro, the most important leader of the Christian Democratic Party, has brought a serious setback to the ability of the Government to confront Italy's serious economic and social problems. This is not because the abduction pulled off with astounding professionalism by Italy's major left-wing terrorist group, the Red Brigades (*Brigate Rosse*), is in itself a threat to the structure of the Italian state (which is stronger than it sometimes looks), but because the wash of attention and concern concentrated on this single event has served as yet another distraction from Italy's main preoccupations.

Reaction to the Red Brigades has been uniformly hostile in a way that is rather rare in a country so generally contemptuous of its governmental system. The reaction is not confined to political moderates, nor to the Communist Party, to whom terrorism is political anathema. The far-left "extraparliamentary" parties are totally opposed to the terrorists, and even the anarchist *autonomi*, the newest tendency in Italy's broad left-wing spectrum (to the left of the old "new left"), find the Red Brigades a threatening development. To the man in the street, they are a symbol—not of the collapse of the state, but of the decay of the cities, the vast juvenile and graduate unemployment, and the general economic crisis. When he refers to Italy as a *pasticcio*, as he frequently does, he means all these things as well as the *Brigate Rosse*.

One in a thousand Italians might be sympathetic enough to the Red Brigades to regard their action as a last, despairing, futile gesture by the young and excluded, directed partly against the Christian Democrats for having done little in 30 years of power, and partly against the Communists for having attempted to become their partners in Government, thus disappointing those who hoped they would bring change. In general, however, Moro's kidnapping brought an unaccustomed solidarity to the Italians, who now regard police roadblocks as a regrettable necessity, and even police phone-tapping as a relief: It was feared the repeated telephone disconnections and line noises of recent weeks in Italy were the work of the Red Brigades themselves.



Former Italian Premier Aldo Moro in photo distributed by his terrorist captors. UPI

But despite the existence of this solidarity, it has not been used as a means to tackle the problems. Italy's unemployment rate, while probably underestimated, may not be the highest in Europe. But it consists mainly of young people seeking their first job, and is heavily concentrated in certain areas, largely the South. The economy shows no signs of accommodating them: The gross domestic product (GDP) only grew by 2 per cent in real terms in 1977.

The structure of Italy's employment is not solid either. It is calculated that some 20 per cent of the GDP consists of *lavòro nero*, unregistered employment at low rates by

firms which thereby circumvent taxes. Legal employment is dominated by state consortia whose commitment to patronage networks frequently prevent them from being profitable. The money-winning sectors of the economy are too concentrated in the now congested triangle of Turin-Genoa-Milan. The dangers of seeing their members unemployed have forced the federation of Italy's three big trade unions to maintain heavy restrictions on job mobility.

The trade unions were beginning to break new ground at the point when the Government policy impasse was made legitimate by the kidnapping of Moro. The Communist Party is at present uncharacteristically quiet in public, hamstrung by its new agreement to support the Government in return for close policy discussions in private.

The Communists have been tending to rely on the trade unions to fight their battles for them, but the unions were recently beginning to fight somewhat harder than the Communists desired. In January, however, Luciano Lama, the secretary of the Communist-dominated CGIL union and a Communist Party member himself, began to adopt a more orthodox economic policy—admitting that restrictive practices such as resistance to job mobility and dismissals were damaging to the Italian economy as a whole, and suggesting that unions be more flexible on



Police with search dogs comb an Italian seaside resort in the massive hunt for Moro's kidnappers. UPI

these issues in exchange for a greater say in government investment programs and in the development of the South. The other two unions, the Christian Democratic CISL and the Social Democratic UIL, swung reluctantly into line behind Lama.

The union secretary encountered most resistance inside the CGIL itself, where the rank-and-file are wondering increasingly how many more concessions to orthodox economics a Communist trade union movement is going

ALDO MORO: A Eulogy

To the average European, Aldo Moro is known as a five-time Premier of Italy, the president of the Italian Christian Democratic Party, and the most illustrious victim of a mad violence that nobody is yet able to understand fully. To his supporters and to his opponents in Italy, Moro appeared always as a man of "unlimited patience." Yet, to praise it as "unlimited" is to make it appear a form of extreme endurance, bred mostly by the "Southern pessimism" of a typical son of Puglia, the region at the heel of the Italian Peninsula.

Moro's patience went far beyond endurance. It entailed a sense of history, and involvement with the laws of nature and character that govern men even when in unbridled pursuit of their ambitions, a forbearance with the inevitable shortcomings of men whose ambitions are larger than their minds, a not too infrequent case. To some critics, so sophisticated a patience appeared Byzantine: They saw in Moro a master of style rather than substance and wondered whether his tolerance became a primary factor of political immobilism in Italy.

Moro's patience has always been a genuine tool of the community builder: an

unending talent for perceiving issues likely to bring men together—beyond, if not above, their rivalries—and a polite but firm disdain for the merely winning issues. It was a precious asset to his party and to his country as a whole in 1959, when Moro took over as general of the Christian Democratic Party and quietly healed a crisis that threatened to split the party.

But his patience was not conceived as a tool for his own ambition. In 1971 as a candidate for the Presidency of the Republic, Aldo Moro firmly refused any suggestion that he be elected without the support of a majority of his own party, as others had done before him. So it was that a Social Democrat member of Parliament, Luigi Preti, could write about Moro's great virtue of "establishing strong bonds of trust with his collaborators thanks to the great loyalty that he has for them."

Thus, if it is horrendous that the terrorists have hurled their ferocity at a man of such compassionate integrity, there is some logic in their choice of the victim. As elitists they consider the community but an object of conquest and their deepest hatred springs sadistic against anything and anyone that

builds and strengthens the community.

Their plans are meeting with total failure. There is a new solidarity within the Christian Democratic Party, and the Communist Party has witnessed the wisdom of the "strategy of attention" suggested by Moro toward its evolution. The Communist Party has made no attempt at taking undue advantages. It called off a session of its central committee to express its total solidarity with the Christian Democratic Party in the struggle against this "dark sect of murderers." Alberto Moravia and Leonardo Sciascia, two intellectuals of the left who had consistently refused to side ever with a state they judge unresponsive, have publicly declared they are far more repelled by the Red Brigades.

"The abolition of the death penalty was a revolutionary event in Italy," explained Sciascia. "I had hoped that, compassion aside, the Red Brigades would at least remember this fact when they profess to be revolutionary. We certainly face a hard future, but for the Red Brigades this misdeed is the beginning of the end."

Marcello Spaccarelli, *Washington correspondent for Il Popolo*, official daily newspaper of Italy's Christian Democratic Party.

to have to make. The Communist Party itself faces a growing revolt against its moderate policies. What these workers would do if they felt forced to reject the party is uncertain.

Some of them are joining the *autonomi* and engaging in undirected wildcat strikes. The big union federation, by contrast, tends to use the classical Italian weapon of the short political general strike. Lama is most recently on record as saying that *autonomi* should be excluded from the trade union movement. Although most union leaders are unlikely to accept this, it denotes the danger that the Communists feel the *autonomi* represent.

The *autonomi* are particularly strong among students, most of whom have no hope of a job, and the young unemployed. Neither of these groups have any memory even of 1968, the historic origin date of the new left, much less of the Resistance, from which the strength of the Italian Communist Party classically derives. But the *autonomi*'s present slogan—"neither with the state nor with the Red Brigades"—represents an important fact.

Unless, as is unlikely, the *autonomi* themselves are about to be surpassed on the left, the unemployed and the young are not going to become the strategic base of sympathizers that the terrorists of the *Brigate Rosse* need.

It should be remembered, too, that Italy is a large and highly diversified country. The bulk of the peninsula, especially the rural areas, feels that so little does government touch them, for better or for worse, that not even the economic and political crisis is close.

Large areas of the South have always found there is too little work in an overpopulated agrarian economy. When they emigrate to the cities, they may not be able to find work either, but that becomes an urban problem. The *Brigate Rosse* are a product of the urban economic crisis, not the rural one.

The countryside feels that terrorism, like crime in general, is not its concern. It is still possible to find areas in Italy where people do not care about the crisis. Italy has long been a difficult place to live in, but it may not necessarily become more so in the immediate future.

Social Issues

The Italian Parliament has recently become the fulcrum for the increasingly difficult "balance of forces" that have to be mustered for all important issues, in a situation in which there is no longer one clearly dominant political party. Two recent cases—the fair rent bill and the legalization of abortion—reflect the problems Parliament faces. After being put off for years, the issues have been successfully confronted only in the last six months.

Abortion is the most recent, and the text of the bill has only just passed the Chamber of Deputies and now faces the Senate, though no one expects it will fail. Abortion is at present illegal under old Fascist laws, and a national referendum was due this summer to try to abolish them. None of the major parties, however, wanted a referendum at a time when agreement has just been so precariously reached about the organization of the Government—for which the Communist Party now votes, although it holds no ministerial posts. The Christian Democrats narrowly held off an abortion bill last year. But though they oppose a law permitting abortion, they fear a referendum still more. The fact that as long as the law was amended, the referendum would not be held was a detail that was obviously crucial in everyone's political calculations.

When the abortion bill came up in April, therefore, the Christian Democrats abstained from voting on the bill as a whole, although they proposed several substantial amendments. In support of the bill were Com-

munists, Socialists, Social Democrats, Republicans, and Liberals. Against it were the Neo-Fascist Italian Social Movement and the tiny Radical Party. The Radicals, who have been in the vanguard of the opponents to the old laws, were attempting to force a referendum and tried to filibuster the bill out of existence by proposing as many as 80 amendments on some of the articles. Parliament responded by holding 18-hour sittings on several successive days.

The resultant bill, now passing through the Senate, is very much of a compromise. It says that abortion will be free and at the request of the woman alone as long as she is over 18, can

present a case on medical or social grounds, and has the operation performed within the first 90 days of pregnancy. After that, it is possible only if her life or health is in danger. Below 18 years she must have her parents' consent, or else that of a magistrate.

No position is made concerning some of the problems that other countries have had—such as whether doctors have the right to refuse to perform an abortion on grounds of conscience. This, in a Catholic country, combined with the tendency of Italian medical bureaucracy to be slow and cumbersome, could risk turning a law that is fairly liberal on paper into one that barely functions. And that leads to

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Italy's shortage of low-income housing will be helped by passage of equo canone, or fair rent law. © Bruno Barbey, Magnum

the question of whether the main intention of the law is to fulfill a social need or to avoid a referendum. But the legal basis for action is at least present.

The fair rent bill, locally known as *equo canone*, presents another problem, though its passage through the Senate last autumn was not really a problem of political alliances, since everyone knows that something had to be done about Italian rent laws. Still, the bill does not enjoy unreserved support, for ideas varied widely on what should be done about them. The bill is another compromise, but less

between different factions than between different solutions. It was attempting to solve many things at once, particularly the extreme disparities of rent in individual urban areas—largely the result of years of rent control as a temporary measure before a rent law was organized. The bill also hopes to help solve the problem of the absence in many areas of any accommodation that poor and working-class families can afford, and the related preference of builders over many years to build luxury apartments instead of low-cost housing—especially in potentially resort, seaside, or

mountain areas (and Italy has a lot of both).

The last problem could not really be solved by a fair rent law, except to reduce to some extent the astronomic rents charged for luxury apartments. The trouble is that creating workable fair rent procedures requires either the introduction of vast numbers of criteria for the condition of the house—its location, its amenities—which may be unfairly fixed, or else the imposition of a much wider range of flat rates, that would be easier to operate but are often unjust. To this must be added the problem of changes in value due to market factors.

The bill attempted to compromise between the methods of calculation. When, for instance, it was pointed out by all sides (by *Confedeltizia*, the builders' federation, as well as the Communists) that a basic value of 250,000 lire per square meter (calculated to give a return on investment of 3-to-4 per cent) made no sense when applied both to the industrial triangle and to Sicily, the basic value calculation was cut to 225,000 lire in the southern regions. But everyone still has a different idea on which criteria a basic value should be calculated, and everyone criticized the solution reached. Although the basic value may still be regarded as rigid, there are literally thousands of different combinations that can be made from it under different conditions.

Energy

When, at the end of last year, the Italian Government and Parliament finally agreed on an energy program for Italy, there were sighs of relief. It had taken some time. The national energy plan presented by Industry Minister Carlo Donat Cattin early this year, based on guidelines drawn by the Government's planning board, calls for the construction of eight nuclear power stations, each of a capacity of 1,000 megawatts, by 1985. Another four plants may be built later.

The agreement marked the end of several years of debate between public powers and vested interests over whether Italy should commit itself to the "nuclear option," or instead seriously consider developing alternative sources of energy. The only point on which all sides seem to agree is that Italy must take measures to reduce its dependence on imported oil.

Italy imports 85 per cent of its total energy needs and nearly all of its oil. The oil deficit last year was over 4 billion lire. Along with Japan, Italy is one of the most vulnerable of the industrialized countries in the energy field.

Its vulnerability has, paradoxically, given clout to the arguments of those who are opposed to the "nuclear option." Giorgio Nebbia, professor of resources at the University of Bari, feels that nuclear dependence—Italy would have to import much of the uranium to fuel its reactors—has far more serious political implications than do oil imports.

"In a conventional power plant if the Arabs turn off the oil, we could always import coal,"

With some 16 million automobiles on its roads, Italy remains heavily dependent on imported oil to keep the cars running. © Burt Glinn, Magnum

he said in a recent interview. "But a nuclear plant will only work with nuclear fuel. That means practically pledging allegiance to supplier countries such as the United States for a period of at least 25 years."

Other critics of the "nuclear option" find it simply uneconomical since only about 10 per cent of the energy made available could be converted into electrical energy. And the Government's own program gives only a vague



idea of how it would deal with one of the biggest problems, the disposal of radioactive wastes.

Still, many Italian groups think that Italy really has no choice but to "go nuclear." They argue that the development of efficient alternative sources of energy would take years, while nuclear know-how already exists and is readily available through licenses from companies in the United States and Canada. The Government calculates it will save 70 billion lire per year on each nuclear power plant in money that would have been spent to import oil.

"It's a matter of educating the public," said an engineer at the National Nuclear Energy Commission. "A nuclear plant now involves fewer hazards than driving on the superhighway."

Statistically that may be true. But many prejudices will still have to be overcome before Italy's energy program can really get under way. Demonstrations last year against the decision to build two reactors at Montalto di Castro, north of Rome, have drawn the attention of many Italians to the ecological and political issues involved.

The resulting awareness is not likely to af-

fect the passage of legislation to implement the Government's program, although it could slow down the process over the choice of sites for the planned power stations. Donat Cattin has already hinted that in the absence of cooperation by local administrations he may be forced to invoke a law allowing the national Government to dictate suitable sites for such projects.

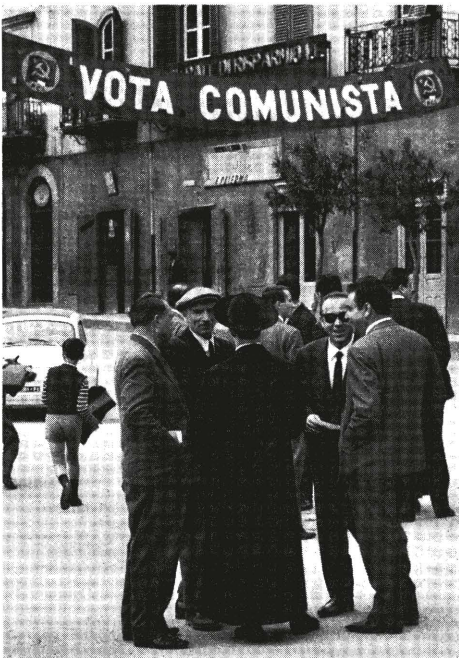
What public awareness mostly will do, many Italians hope, is create a climate that will favor development of an exceptionally secure system for the production of nuclear energy when it does finally get under way.

Regions

It is not—at least not yet—a matter that directly affects the everyday lives of most Italians. But the principle of regional devolution, recognized by the constitution 30 years ago but only recently being carried out at any practical level, has been one of the most controversial issues to face the Italian legislature in recent years.

One reason is that giving to the regions all the powers indicated by the constitution and by subsequent laws for regional reform quite literally means shifting a large portion of power from the Christian Democratic Party, which controls the central Government, to the Communists, who dominate a large number of local administrations. It is no accident that it has been the Christian Democrats who have

Regional devolution would mean a significant shift of power to the Communists, who dominate a large number of local administrations. © Costa Manos, Magnum



Good Friday procession in Sicily, one of Italy's less developed regions. © David Seymour, Magnum

posed some of the main obstacles to the implementation of regional powers.

After years of delay, regional governments were formed in 1970. Currently the process of carrying out regional devolution is based on a 1975 law delegating the Government to transfer functions to the regions as outlined in the postwar constitution.

Regional jurisdiction covers the broad areas of social services, the local economy, and territorial matters such as urban planning and forestry. But it is the job of the Government, aided by Parliament, to interpret the constitution and to determine the extent of power that regions are to have in each area. Not too surprisingly the central Government has frequently interpreted the constitution in the most restrictive way possible, and thus deprived the regions of much of their potential clout.

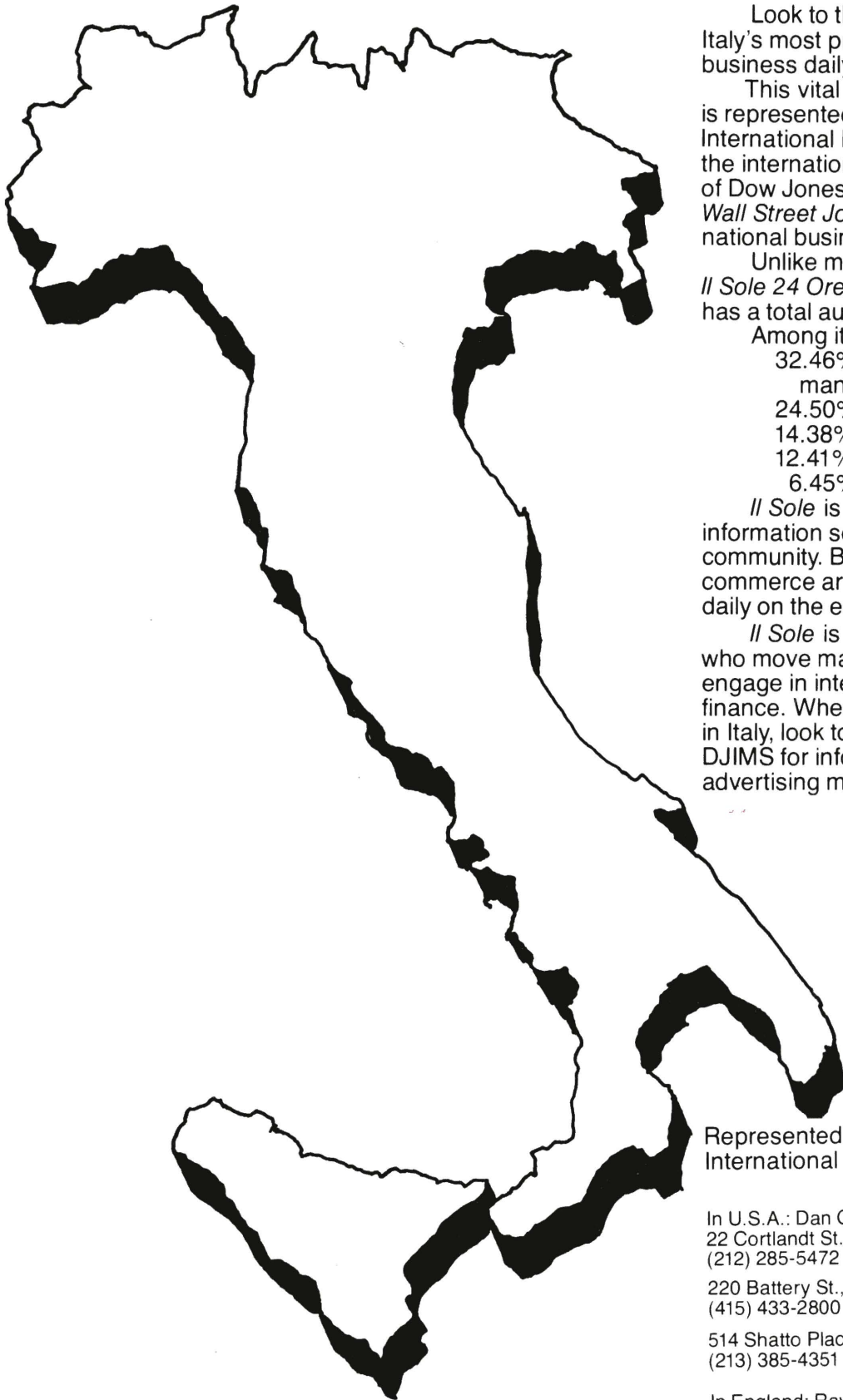
Regional devolution in Italy is not new. Five of the country's 20 regions—the islands of Sardinia and Sicily and three border regions with sizeable linguistic minorities—have en-

joyed a considerable amount of autonomy for many years because of special laws recognizing their particular situations.

But implementation of the remaining 15 regions as administrative entities has proceeded slowly. As more and more regions have leaned toward the left in recent elections, they have come to demand their due say in their affairs. The issue of regionalization became so heated that last year it was included in the agreement drawn up among the six major political parties as the basis for the Government. At that time specific deadlines, staggered over the next three years, were indicated for implementation of regional powers.

Proponents of regional autonomy envision the administrations, once under way, as coordinating bodies with enough flexibility to allow local governments to make full use in turn of their powers. What no one wants is for the regions to become merely a fourth bureaucracy, contending with state, provinces and townships, to encumber the life of the Italian citizen.

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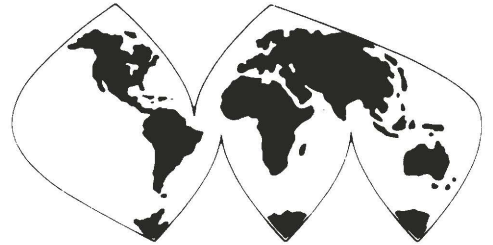
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TERRORISM

Not just an Italian problem

SANDY FEUSTEL, *Washington-based freelance writer specializing in international topics*

ABU DAOUD—A PALESTINIAN SUSPECTED OF MASTERMINDING the massacre of 11 Israeli Olympic athletes in Munich in 1972—was apprehended by French authorities in January 1977 while attending the funeral of another Palestinian in Paris. He was detained only four days and then released despite pleas from both Israel and Germany for his extradition. Although the French courts claimed that France was within the bounds of her international legal obligations, some nations expressed their moral outrage at this capitulation in the face of obvious Arab pressure.

The nature of international terrorism elevates it to a level where political considerations become paramount and the very definition of a terrorist can produce inconsistent responses ranging from capital punishment to a hero's welcome. One skyjacking can cut across the jurisdictions of several countries in a matter of hours. Public fascination with both the intensity of the attack and the heroics of the response make celebrities out of both a "Carlos" storming the Organization of Petroleum Exporting Countries (OPEC) headquarters in Vienna and the German assault forces recapturing a Lufthansa plane in Mogadishu. Both are Hollywood material. And complications arise in the prosecution of terrorism. Does the retention of a skyjacker in a country warrant the risk of inviting another terrorist attack for the release of their comrades? Are the principles of law and order more important than the risk to the lives of hundred's of hostages? Do the motivations of a terrorist count; must his political motives be considered in relation to the crime he has committed? Does flight from a politically repressed country via a skyjacked plane justify the act? Does the use of indiscriminate bombing as a means justify the end of national liberation?

Governments bog down over these and similar issues that cloud the waters of international cooperation. Most governments agree on the need to distinguish between criminal violence and operations of national liberation, but the political orientations of each country make these distinctions different in each case.

Nowhere is the difference in the terrorist threat more

apparent than in Europe, which has faced since the early 1970's a wave of hijackings, kidnappings, and bombing threats involving hundreds of hostages.

The nature of the threat to each country varies with each terrorist group. They are different in their motivation, appeal, and base of operation. The Irish Republican Army (IRA), for instance, has its roots in the military arm of a national movement and has a religious, as opposed to a more revolutionary, base. Split in 1969, the IRA, as a terrorist organization responsible for multiple bombings in Britain and the death of thousands including some 500 policemen and soldiers, is now composed of two wings: a Marxist group that has gone underground, and the Provisional arm of the IRA classified by some nations as a national liberation group fighting for the establishment of a new Ireland on behalf of Ulster's Catholic minority. The ETA, or the Basque Homeland and Liberty Group, is a separatist organization fighting for the total independence of four Basque provinces in northern Spain and is famous for the 1973 bombing murder of Vice Admiral Carrero Blanco, a premier under Franco. The Dutch were plagued by the spectacular South Moluccan train hijackings in an attempt to draw attention and Dutch support for their liberation efforts to secure independence for a small group of islands belonging to the Indonesian archipelago. All three sought international publicity for their cause and attained it by creative terror through their carefully orchestrated acts of violence.

The Baader-Meinhoff group that plagues Germany follows the pattern of leftist student unrest and urban guerilla attacks on the establishment seen in the United States during the 1960's and early 1970's. Unlike the IRA, the South Moluccans, and the Palestinian Liberation Organization (PLO), which seek political legitimacy and recognition, the Baader-Meinhoff group more closely approximates the Japanese Red Army, hiring itself out as a mercenary force. Taking its name from Andreas Baader, who established his initial reputation as an arsonist of department stores in Frankfurt, and Ulrike Meinhoff, a correspondent for a leftist magazine; the group began by robbing banks and moved on to the bombing of US



South Moluccan terrorists hold an entire train hostage in the Netherlands. UPI

military facilities in Germany. Various lawyers representing the terrorists have been accused of maintaining the group's cohesion while its major leaders were in jail by acting as go-betweens from the prison to the outside. The crackdown on terrorism in Germany is said to be the major reason for the group going transnational and appearing in such exercises as the Entebbe hijacking and the kidnapping of OPEC ministers.

It is the area of aviation security in which the most inroads have been made towards the prevention of piracy and terrorism. From a 1972 high of 62 international hijackings, the total has decreased considerably due to better airport security. Certain lax airports still exist such as in Spain and Greece, where it is felt that thorough searches of passengers discourage tourist interest. US airports point with pride to the fact that only two hijackings have occurred in the United States since the 1973 precautions went into effect, down from an annual total of 20-30. Of the two that occurred, both avoided the screening process—one by walking up to the security guards with a sawed off shotgun and the other by carrying seemingly innocuous objects on board and assembling them on the plane. Since the La Guardia bombing, hold baggage is sometimes subject to a different screening process, a system of search that has produced such by-products as marijuana and hot money. A further US innovation is the "sniffing dog" program in which 77 dogs scattered in cities throughout the country have been trained to spot hidden explosives within a few minutes.

Acting on a report that of the 28 hijackings occurring in 1976, 20 were due to inadequate screening, a

November 1977 meeting of the International Civil Aviation Organization (ICAO), an arm of the United Nations, passed a joint German-Japanese proposal urging all members to make the airport screening process mandatory and to exchange information on airport security. The United States finances this increased security with a 34-cent tax on all airline tickets, a system of financing it has suggested to other countries.

Boycotting airports with security problems is one tactic used—after the recent Lufthansa hijacking—with success in Algeria, where German service was temporarily suspended in protest against the Algerian policy of offering safe havens for terrorists. A similar attempt was made by the International Federation of Airline Pilots Association after the same hijacking incident. A worldwide strike threat by international pilots yielded a UN resolution condemning skyjacking but went no further than an appeal for the ratification of three major treaties dealing with hijacking: the Tokyo, the Hague, and Montreal conventions, which remain unsigned by nearly half of the UN members. The treaties, dealing with the extradition and prosecution of hijackers and the return of aircraft and passengers, are considered to be interference in the domestic affairs of some countries. Fifteen attempts in 1970 to hijack planes from Warsaw Pact countries into Western Europe brought the Soviet Union into the act causing it to join the ICAO and support the Hague and Montreal conventions.

Still, the debate goes on as to whether hijacking acts will be condemned as acts of violence or condoned as acts of national liberation. It is a debate that finds the majority

of UN members tacitly approving the German assault force raid on the Mogadishu airport to secure the release of hijacked Lufthansa passengers and, at the same time, implying that the raid on the Entebbe airport by a similar Israeli force was an invasion of national sovereignty. No country has gone as far as adopting a policy of denying landing rights to hijackers as a deterrent, and only the Soviet Union and the Philippines have adopted the death penalty.

When preventive security measures fail, however, the barricaded hostage situation often results. One frequent participant in the crisis management responses to such a situation is Dr. Frank Ochberg, of the National Institute for Mental Health, who lists possible government responses as assault, capitulation, bargaining, and delay tactics. Each have been used throughout the United States and Europe and reveal both the political interpretations of the stakes involved and the philosophical approaches to the problem by different governments.

The Lufthansa case is one of the most daring and successful examples of the assault tactic, but it must be remembered that most governments consider this as a last resort because of the enormous risk to innocent victims. Capture of the plane in a daring nighttime assault was scored by the German Border Protection Group 9, in training for just such an occasion since the 1972 Munich

Would-be airline hijacker is overpowered by a pilot with a fire extinguisher. UPI

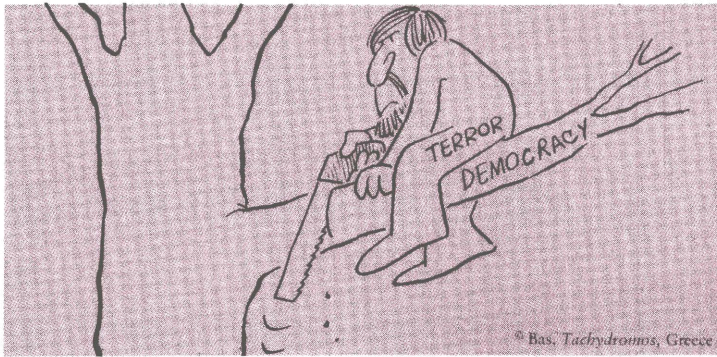


massacre at the Olympics. The 178 men trained as a paramilitary group are prepared to assault anything from airplanes, boats, to buildings. The United Kingdom has one of the top close-combat groups, the 900-man Special Air Service Regiment (SAS) which has seen action against Communist guerrillas in Malaya, the Mau Mau in Kenya, and the IRA closer to home. Unlike the German force that serves as a separate unit under the Ministry of the Interior, the United States has an attack force waiting in the wings composed of several outfits from the different branches of military service, not yet tested as a single group.

At the other end of the spectrum of response is total capitulation to the terrorist demand as was seen in the kidnapping of 11 OPEC ministers and 30 of their staff during an OPEC meeting in Vienna in 1975. During this meeting, five men and women of the radical Palestinian group known as the Arm of the Revolution shot their way into the meeting killing three and wounding eight. After all-night negotiations with the Austrian Government, the hostages succeeded in securing an Austrian Airlines DC-9 in which they took their captives from Algiers to Tripoli and back to Algiers before the ministers were released. Interior Minister Rosch was criticized for shaking hands with one of the most notorious terrorists, "Carlos," as he saw the plane off at the airport. The rapid capitulation was justified on the grounds of the importance of the hostages taken in the attack—with their safety as the number one priority.

What appears to be emerging as a preferred alternative involving minimum risk to captives involved in a barricaded hostage situation is the option of waiting out the event in a siege-like atmosphere offering no concessions to the terrorists, hoping that they will eventually release their captives and give up to the police without a fight. Several psychological factors are counted on in these situations. One called the Stockholm syndrome offers the possibility of some empathy developing between the hostages and their captors over a prolonged period of time in a confined area. Starvation tactics have been ruled out as possibly leading to delusions and increased violence on the part of the terrorists. Police forces such as the Scotland Yard and the New York Police Department have been trained to talk to the terrorists in order to win their confidence. Psychiatric consultants are usually brought into the act, and maximum effort is placed on trying to coax the terrorists into surrender.

An example of this wait-and-see response was the 1975 multiple terrorist attack in the Netherlands by the South Moluccans in which six of the group took over a suburban Dutch railroad train as others invaded the Indonesian consulate. Several times Dutch police were in a position to kill a majority of the terrorists but decided to wait it out instead. Dutch detectives took in food everyday,



and floodlights illuminated the train and consulate—revealing hundreds of heavily armed police. Grenade launchers were used to plant bugging devices on top of the train in order to listen to the terrorists inside. The first to surrender were the train hijackers, who were charged with the murder of three hostages. After being assured by detectives that the Dutch would at least talk to the Indonesian Government about the independence of South Molucca, the other terrorists in the consulate surrendered.

The Irish Government used a similar approach when it sat out a 19-day siege of IRA terrorists who had siezed a Dutch industrialist in Ireland. Psychological attention is even being directed to the treatment of hostages who face the aftermath of these traumatic experiences, a topic discussed at the recent “victimization” conference in Evian.

It is perhaps the legal end of the terrorist question that most severely strains government. The legal debate focuses on two points of view. One sees exclusion from prosecution for the politically motivated terrorist. The French, the champions of this view, revealed this philosophy when in 1976 they turned down a US Government request for the extradition of four American Black Panthers wanted in the hijacking of a Delta Airlines flight from the United States to Algeria in 1972. The common law approach of the United States and the United Kingdom recognizes no special status for politically motivated criminal acts. This position was reaffirmed in the United Kingdom when then Home Secretary Roy Jenkins announced that no political status could be given to any convicted prisoner as attention was riveted to the hunger strike death of Frank Stagg, an IRA terrorist.

In November 1976, an anti-terrorism convention was adopted by the Council of Europe that sought to plug the political motivation loopholes and make aerial hijackers and other terrorists liable for extradition to the country where they committed the acts. The convention took the Hague Convention one step further by making extradition mandatory and eliminating the option of prosecution in the state in which the hijacker was arrested. Still riddled with escape clauses, it was indicative of the serious attention European governments were paying to the

terrorist threat. The number of reservations tacked on the convention also revealed the number of political sensitivities involved, including the loss of a country's right of asylum and internal judicial control.

A recent case involving the extradition of Klaus Croissant, the leading lawyer for the Baader-Meinhoff group, is indicative of a swing in the French tradition of toleration of fugitives with political causes. A succession of terrorist events in Germany, including the Hans-Martin Schleyer kidnapping, the hijacking of the Lufthansa flight, and the suicides in jail of Baader-Meinhoff leaders, brought about a change in the French position and the immediate extradition of Croissant to Germany. Another sign of this trend is the proposal made by President Giscard d'Estaing at the December European Council meeting whereby extradition would be triggered automatically between any two EC countries when a suspect was wanted on charges for which the prison sentence in both countries was greater than five years.

Action against terrorism has created other strains on the working of the judicial system in which judges' lives have been threatened and exorbitant amounts spent for court security and the renovation of maximum security cells to contain terrorist prisoners. Despite the remodeling of an entire wing of the Stammheim prison where members of the Baader-Meinhoff group were held in solitary confinement with no outside communication, three of the group procured pistols and electrical wire and committed suicide on hearing of the death of their comrades in the Lufthansa raid at Mogadishu. Upon search of the cells, an ingenious system of communication was uncovered in which the terrorists had bored holes in their cell walls to contain a radio system and a primitive telegraph connected to the cell thermostat.

Situations such as the one facing Germany at present, when 120 hardcore terrorists are at large receiving haven from an estimated 1,500 radicals sprinkled around the country, have led to serious examinations of the tradeoffs between civil liberties and law and order. Italy has considered legislation allowing the police to hold terrorists without charge for 48 hours. Germany has had to enact legislation barring the presence of lawyers in some instances from presence in terrorist court cases and from visiting their clients in jail because some lawyers served as couriers between Baader-Meinhoff prisoners and their operatives on the outside. Helmut Schmidt recently warned of the dangers of law and order hysteria in reaction to the wave of terrorist attacks in Germany, for this is the long-range goal of urban guerillas, according to Walter Laqueur's book *Terrorism*. In it he argues that the goal of the urban terrorist is to get the government to crack down to such a degree in its reaction against terrorist attacks that the populace would become alienated by the government and revolt against its authority.

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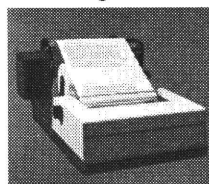
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OIL SPILLS

International problem requires international solution

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

IN THE LONG STRUGGLE TO MAKE TANKERS SAFE AND halt the growing pollution of the sea by oil, there has been one unerring rule: It takes a big wreck to get real progress.

The *Torrey Canyon* disaster of 1967 woke up a semi-somnolent maritime community and produced a set of minimum rules on oil spills and liability. It also created a 1971 British anti-pollution law with some teeth. The wreck of the *Argo Merchant* on the Georges Bank in late 1976 launched President Carter on a major drive to improve US tanker safety rules. This effort has been echoed in Congress and carried over into the international arena where momentum had been lagging. The biggest wreck of all, the *Amoco Cadiz*, by spewing its 230,000 tons of Iranian and Saudi crude this spring onto the north Brittany coast may now increase the international momentum and put another major maritime power, France, under strong internal pressure to improve the system.

The lessons of the *Amoco Cadiz* disaster are all too familiar:

- Poor seamanship, especially on flag-of-convenience tankers, is the number one cause of accidents. The Italian master of the rudderless Liberian-registered vessel simply did not judge he was in grave danger until it was too late.
- Tanker safety design, because of its expense, has not caught up with the explosion in ship sizes, making the large vessels inherently accident-prone. The *Amoco Cadiz* built in Spain for \$35 million did not have backup steering controls, which would have cost an extra \$500,000.
- International oil spill liability coverage is much too low given the sizes of cargoes that, if totally spilled, can ruin hundreds of miles of coastline. Unless they prove the owners of the *Amoco Cadiz* were grossly negligent, the fishermen and seaside resort owners of Brittany will get only \$30 million from the maritime industry to cover the immense loss.
- National programs, not to mention international cooperation, to prevent and clean up spills are grossly inadequate. The ship's captain haggled with a salvage tug for 12 hours without telling the French officials of his plight. Once the wreck occurred, the officials fretted and

feuded over what to do just long enough for a spring storm to break up the hull and make sure every drop of the cargo was spilled. A truck bringing needed US pumping equipment from Brest even had an accident.

The French beach cleanup effort, which turned out to be an improvised straw, sponge, and squeegee affair, despite much planning, never had a chance. The *Amoco Cadiz* fulfilled to the utmost part of Murphy's Law: Anything that can go wrong will go wrong.

The ship broke up less than two miles from shore—putting the oil on the beaches almost instantly. The rocky Breton coast provided active, churning waters, breaking up the slick and spreading it quicker. High spring tides washed the glop onto the high rocks and made containment booms useless. The crude oil had a high toxic level, particularly deadly to marine life. Also, the timing could not have been worse for the Breton fishermen, who after a bleak winter layoff were just preparing to go out for the spring season. There will be no fish or shellfish this year, and scant hope for coming years.

On the diplomatic side, the timing was also critical. A major accord on tanker design, agreed in London in February, is now awaiting ratification, and an accord on crew qualifications is due for negotiation in June. Also, new American rules on higher liability for oil spills will probably become law this year—challenging other nations to conform. The *Amoco Cadiz* will make it harder for the international community to maintain its normally complacent attitude in the face of these changes.

THE FORUM WHERE TANKER SAFETY ISSUES are fought out is the United Nations-affiliated Intergovernmental Maritime Consultative Organization (IMCO), based in London. IMCO has over 100 members but is dominated by the dozen or so top maritime powers. This means that it is capable of action if a consensus of the main players is reached, but also means that it will not go much further on innovations than the shipping industry can afford to install. IMCO established its first convention on preventing oil pollution in 1954, but up to 1978 its numerous accords on design and equipment had done little to cut



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spills. A US Congress report found, for example, that between 1969 and 1974, when IMCO rules should have been showing an effect, there was no reduction in tanker accidents and spills.

IMCO had spent a lot of effort in devising ways to stop ships from dumping oily wastes over the side. Waste storage tanks were provided at ports, and loading procedures were changed. But many tankers simply ignored the rules and dumped their wastes at sea, betting they would not be detected.

New scientific developments may improve the enforcement of oil spill laws by "fingerprinting" oil slicks and tracing them back to the ship of origin. But better international design rules are needed to make both deliberate and accidental spills less likely; and this set the stage for the February conference in London. The United States came in displaying a set of very tough unilateral design rules that it said it would enforce if the conference didn't provide results. The actual outcome was a set of compromises, managed with the help of Britain, that satisfied most US demands.

The Americans sought double bottom construction for all new tankers that would protect cargo tanks in case of collisions and groundings. The shipping industry complained of the high cost, and sympathetic members forced IMCO to settle for a system using strategically placed ballast tanks to protect cargo holds.

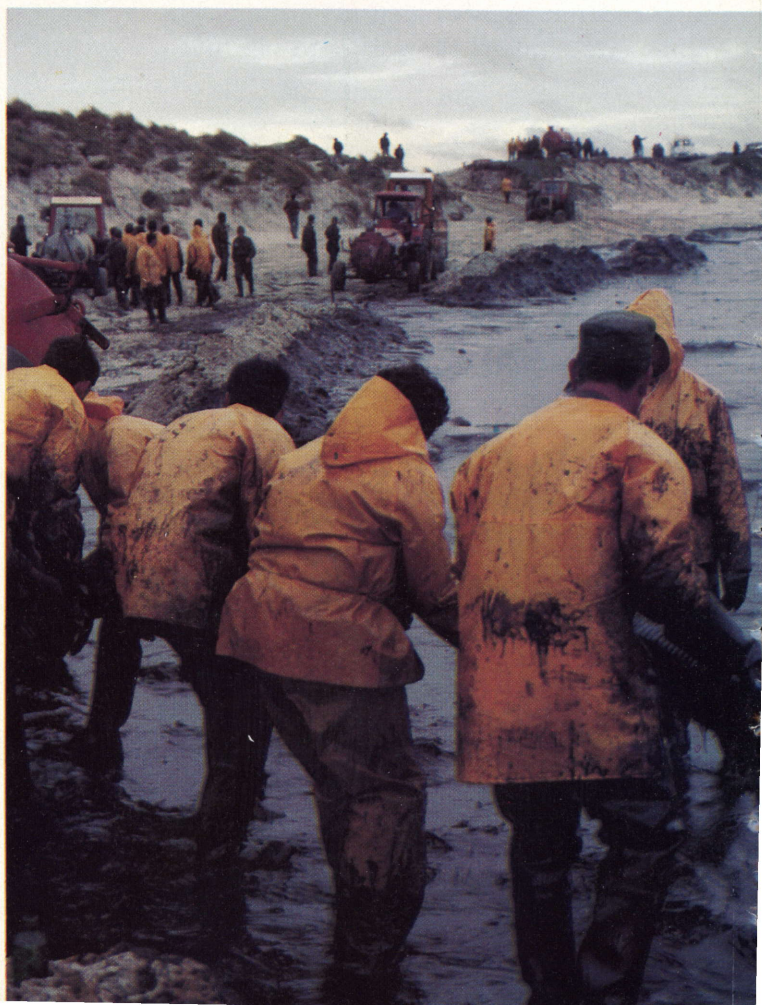
To cut down deliberate spills, the United States de-

manded systems on all ships to keep sea water ballast tanks separate from cargo tanks, since up to 90 per cent of sea pollution comes from dumping of oily ballast. This was agreed for new ships, but existing ships were allowed to continue ballasting in cargo holds if they installed new tank cleaning equipment. The Americans did win stricter rules on inspections, radar navigation aids, backup steering gear, and gas inerting systems in tanks that cut down explosion danger.

The fight is on now to get implementation of the accords faster than the usual five years. The United States is pushing members to apply the rules starting next year for new ships and by 1983 for old ships, and here international public opinion following the *Amoco Cadiz* may help. Another incentive will be the mood of the US Congress, which appears ready to accept the London compromise but clearly will push through stiffer unilateral rules if the anti-spill techniques don't work or IMCO members drag their feet on implementation.

While getting an agreement on the complicated tanker design rules in one sitting was remarkable, getting a meaningful accord on crew training from a similar meeting in June will be miraculous. Again the display of abysmal seamanship by the captain of the *Amoco Cadiz* as well as the performance of the Greek captain of the *Argo Merchant*, who was simply dozens of miles off course when he hit the rocks, may help move things

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along. A group of international experts working over five years has produced a draft agreement on minimal standards for officers of all types of ships. It lays down basic certification and training rules for captains, watch and navigation officers, engineers, and radio operators.

The main issue of the upcoming talks will be preventing the draft from being watered down by developing nations, which are expected to claim the requirements are too stiff. At the same time the United States and Denmark are planning to seek additional language in the final accord laying down specific standards for tanker crews.

For the third key problem, civil liability, IMCO has already gone as far as it wants to go. A set of accords reached in 1969 and 1971 have established a system under which an initial amount of damages from tanker spills can be paid without the need to go to court and find who was at fault. Under these rules the owner of a large tanker must pay initial damages up to about \$14 million no matter who is at fault, and then an international fund covers additional damages up to about \$30 million. Although the United States signed the accords, they were never ratified by Congress since the amounts were considered too small. Ship owners and oil companies therefore set up separate schemes known as TOVOLAP and CRISTAL, in industry jargon, to fill the gap. In fact, these are used in most cases, including probably the *Amoco Cardiz*, since they are simpler than the IMCO system.

MEANWHILE, CONGRESS IS IN THE PROCESS of adopting its own unilateral tanker spill liability system, which would force large tankers to carry up to \$300 million in insurance and set up a \$200 million fund fed by a small oil import fee to provide added coverage. US tanker owners support the plan because it will rid them of the present multitude of state liability laws, but they have been working to cut down the required liability on individual ships.

If the law is enacted, any foreign flag vessel bringing oil to the United States will have to conform. Since the United States is such a major market for foreign tanker trade, with about 1,400 ships currently calling in US ports, the ripple effect on world tanker traffic could be major and might eventually lead to improvement of the IMCO system.

The problem of preventing spills once a ship goes on the rocks and of cleaning beaches is perhaps the toughest. International rules exist giving coastal states powers to intervene if a ship is in trouble nearby, and a special 1969 accord divides up responsibility in the North Sea. But as in the case of the *Amoco Cadiz*, this doesn't help if the ship doesn't call for help. Special equipment to pump oil quickly out of grounded tankers exists, but it must be transported to the scene of the wreck, and this causes problems. Also, bringing in heavy equipment to contain spills and suck up oil near a wreck takes time.

Many of these problems could be solved with more government funding to anti-pollution strike forces, but so

far this budget item has been strangely neglected in most countries including the United States and France. In Britain subsidies to coastal towns for such cleanup gear were established after the *Torrey Canyon*, then cut back again.

Moreover, government officials still must rely in most cases on private salvage experts to off-load stricken ships, and here questions of finance and expertise are again raised. Contracts must be arranged under crisis conditions, something that was a major element in the *Amoco Cadiz* disaster.

Finally, even the experts cannot agree on the best way

to handle oil once it is in the water. Some advocate breaking it up with detergent, which is bad for fish but good for birds. Others try to suck it off the surface and protect life underwater.

As with most environmental problems, public opinion and governments are concerned more now than previously about oil pollution and have begun to seek solutions. But increasing oil traffic and ship sizes, a slowdown in new and safer tanker construction, and the basic international, hard-to-regulate character of the maritime industry conspire against progress.



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Spillover into the EC Council

One place where the *Amoco Cadiz* disaster had immediate repercussions was in the European Community. Previously the subject of sea pollution had seldom entered into Council chambers except for occasional Commission proposals and member statements. Suddenly there were long discussions of the problem, led by the French, at the April 6 Council of Foreign Ministers meeting and then the April 9 Copenhagen summit. The prospects suddenly appear bright for European cooperation on tanker safety issues.

A key point raised by the French, which the summit then called for action on, is common refusal of port entry by all EC nations to ships that do not meet existing international standards. This would discourage substandard ships, especially of flag-of-convenience states, from trading in Europe at all. The heads of government also called for coordination of policy on shipping lanes. The French are seeking tighter national powers to control or even ban some ship movements inside the 12-mile limit for en-

vironmental reasons. This subject, which conflicts with the innocent right-of-passage principle, is already being discussed at the Law of the Sea negotiations, where the Community plays an active part.

The Community will also see if it can coordinate its positions at international shipping conferences. The June Intergovernmental Maritime Consultative Organization (IMCO) meeting on crew training is an obvious place to begin such action, although the Nine could possibly also work together to get early implementation of the new tanker design and equipment standards adopted in February.

In the field of combating spills once accidents occur, the EC Commission had submitted a plan to the Council in June 1977 after the blowout on a Norwegian offshore rig dumped a large amount of oil into the North Sea. One key provision would be to set up a European databank, cataloging equipment, and trained personnel available to fight spills. The US Coast Guard recently set up a similar system that gives emergency

workers at the site of a spill a much clearer picture of where to look for needed vessels and gear to skim oil from the surface and separate it from the water. In cases where a ship is grounded and just starting to leak, speed in getting professional help to off-load cargo is especially vital.

The Commission also wants to undertake research into oil spill effects and new equipment for cleanup and monitoring. It would also certify chemical means used to disperse spills, where French and British views on techniques differ sharply. Finally, the Commission has suggested that the Community as an organization join the existing treaties for environmental protection of the North Sea (Bonn Agreement 1969) and the Mediterranean Sea (Barcelona Convention 1976). This way it could apply its data collection and research activities on a wider basis. In the wake of the *Amoco Cadiz*, the Commission paper will probably be redone and get a much closer scrutiny from the Council than normal.

—PAUL KEMEZIS

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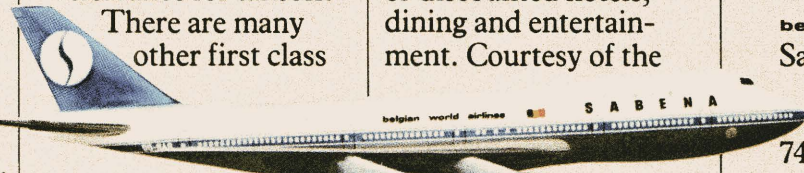
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SARAH MILLER, *Washington editor for McGraw-Hill's Nucleonics Week*

THERE IS NO SHORTAGE OF SUBJECTS ON WHICH THE US desire to promote European unity clashes with other American political or economic goals, particularly where Congress is concerned. But historically civilian nuclear trade was an exception. This was an area where the United States set aside other considerations and worked within the bounds of an agreement that not only treated the European Atomic Energy Community (Euratom) countries as a single unit but also put fewer restrictions on Euratom's use of US exported nuclear fuel than was the case with other countries.

Over the last few years the balance of US concerns has shifted, however, with a fear of the spread of nuclear weapons coming to the fore. Senator Charles Percy, a Republican from Illinois, recently underlined this by telling his Senate colleagues: "Unless we act now to halt the spread of this deadly threat, peace and stability will be undermined at a geometric rate. . . . We have no choice but to place nonproliferation among our very highest national and international priorities."

On March 10 this fear culminated in the signing into law of an act that requires the US State Department to renegotiate the agreements governing its nuclear trade, including the one with Euratom, and to demand stricter controls over the movement and final disposition of US exported fuel. To give some indication of the widespread support in the United States for the position stated by Percy, this bill passed the House of Representatives by a vote of 411 to 0 and the Senate by 88 to 3. This was despite strong opposition to the measure from the US nuclear industry. Nonetheless, the Europeans are anything but happy about the demand to renegotiate. Particularly offensive to Euratom is the fact that the new American law gives them little choice other than to negotiate with the US on the Euratom agreement or face a cutoff in US fuel supplies.

This whole turn of events grew out of a sense that has become widely accepted in America in the last few years—that the world is plunging prematurely past the current nuclear technology based on uranium and into the plutonium-based technology that would mean

worldwide availability of material easily made into nuclear bombs. Nearly two and a half years ago work began in the Senate on a bill to deal with this situation, with Senators Charles Percy and Abraham Ribicoff in the forefront. By the time the bill finally became law this February, Ribicoff had been replaced by Senator John Glenn as the leading Democrat behind the bill in the Senate, and Representative Jonathan Bingham of New York had emerged as its major proponent in the House. Glenn opened the debate in the Senate by quoting nuclear physicist Hannes Alfvén: "Atoms for peace and atoms for war are Siamese twins." Glenn then added, "The objective of this bill is to perform the delicate surgery that is needed to separate these Siamese twins."

From the beginning a central element of the bill was what has been dubbed "export criteria." The philosophy behind this is that nuclear reactors and fuel should not be freely bought and sold on the open market like washing machines and cars. Instead, sales of nuclear material should take place only when certain conditions relating to the safeguarding and final disposition of the fuel are met. The United States has always recognized this special nature of nuclear trade to some extent, in that it has required a license for nuclear exports, either from the now defunct Atomic Energy Commission or from the new, independent Nuclear Regulatory Commission. But the rules for deciding whether or not to grant such a license were never set out in law, and until the last couple of years the process was more or less perfunctory.

One of the things the US nuclear export bill, or Anti-proliferation Act as it is now known, does is to set out the rules for granting licenses. Or as Glenn put it, "establish strict export criteria or guidelines to assure that nuclear exports are used only for peaceful purposes." The six criteria that apply immediately under the new law require the Nuclear Regulatory Commission to find that the importing country has agreed to:

- 1) put all US exports under international safeguards;
- 2) refrain from using US exported material or technology to build a nuclear explosive, peaceful or not;
- 3) keep US exports protected from theft or terrorism;



The new US Antiproliferation Act puts special conditions on the export and reprocessing of spent, US-origin nuclear fuel—shown here in underwater storage—which is a major source of fuel for Europe's reactors. courtesy of US Department of Energy

- 4) give the United States a veto over the re-export of US-origin material;
- 5) give the United States a veto over plans to reprocess US-origin spent fuel, that is to separate out and reuse plutonium contained in the fuel coming out of a reactor;
- 6) apply these same conditions to any other material produced using US exported technology.

After either 18 or 24 months, depending on the situation, the new law also would require that the importing country have international safeguards on all its nuclear installations, not just those imported from the United States, in order to continue getting US fuel or equipment. For most countries if there is a problem with these criteria, it is with the last requirement, the so-called "comprehensive safeguards" provision. The first six requirements are already fulfilled in nearly all the existing bilateral agreements covering US nuclear trade. But this is where the unusually liberal terms of the Euratom agreement cause problems. While Euratom has no difficulty

with the comprehensive safeguards requirement, provisions in the Euratom agreement does not meet criteria number four. It gives the United States no say over the reprocessing of US origin fuel within the Nine.

SOME OF THE EARLY DRAFTS of the Antiproliferation Act simply ignored this situation, and the result could have been an immediate cutoff in the supply of US fuel to Europe upon passage of the bill. This would have come at a time when the United States still supplies a large and essentially irreplaceable part of Europe's nuclear fuel. The fact that France, on the one hand, and Germany, the United Kingdom, and the Netherlands, on the other, are working on plants that will make Europe self-sufficient in nuclear fuel some time in the 1980's would have done little to keep power plants running in the meantime. The Soviets are the sole alternative source at the moment, and US officials do not believe they have the capacity to make up a large part of the difference.

In any case, more cautious heads prevailed, and a special provision was added exempting Euratom from criteria five for an 18-month period. Should negotiations still not be complete after this time, the President has the authority to extend the exemption on an annual basis. To get this exemption, however, Euratom has to at least be involved in negotiations on the issue, and as of mid-April the Nine had still not accepted the US demand. The result was an embargo on US fuel shipments to Euratom which US officials insisted would continue until negotiations got underway. "We have absolutely no discretion" under the law other than to cut off supplies, one US official said. As the member state most adamantly opposed to any negotiations with the US on the issue, France insisted President Jimmy Carter had a loophole in the bill under which he could send the fuel for "national security" reasons without negotiations. In any case, the French pointed out that there is no immediate fuel crunch in Europe and even talked of "sharing" fuel with other members. The European Commission would be the negotiator for all Euratom in this case, and most of the member states appeared to favor the type of approach suggested by British Foreign Secretary David Owen. Letting the Commission enter into discussions with the Americans, Owen said, "is not the same as accepting the principle of renegotiation."

Given Carter's well-known anti-plutonium views, a number of European countries were equally hesitant to join up last spring when Carter proposed an international "rethink" of nuclear technology and its implications for weapons proliferation. Again France, as the nation most technically advanced in the use of plutonium, was par-

President Carter talks with key Senators and Congressmen after signing the Antiproliferation Act. World Wide Photos

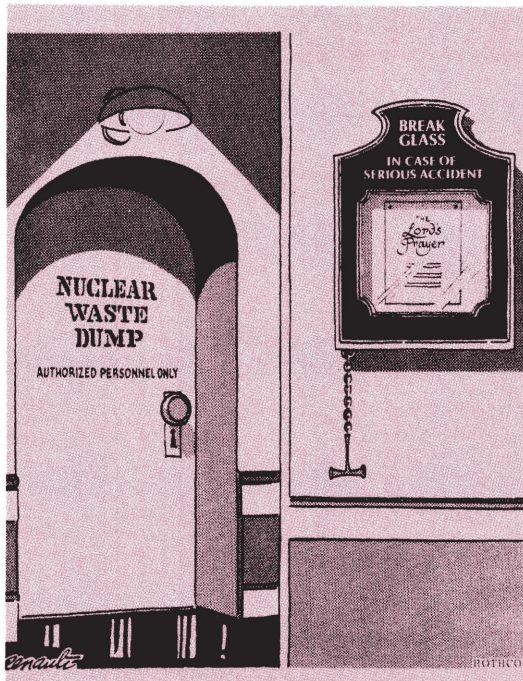


ticularly skeptical. France, Germany, and other European countries eventually went along with the International Nuclear Fuel Cycle Evaluation (INFCE) but only after the United States had agreed not to "pre-judge the results."

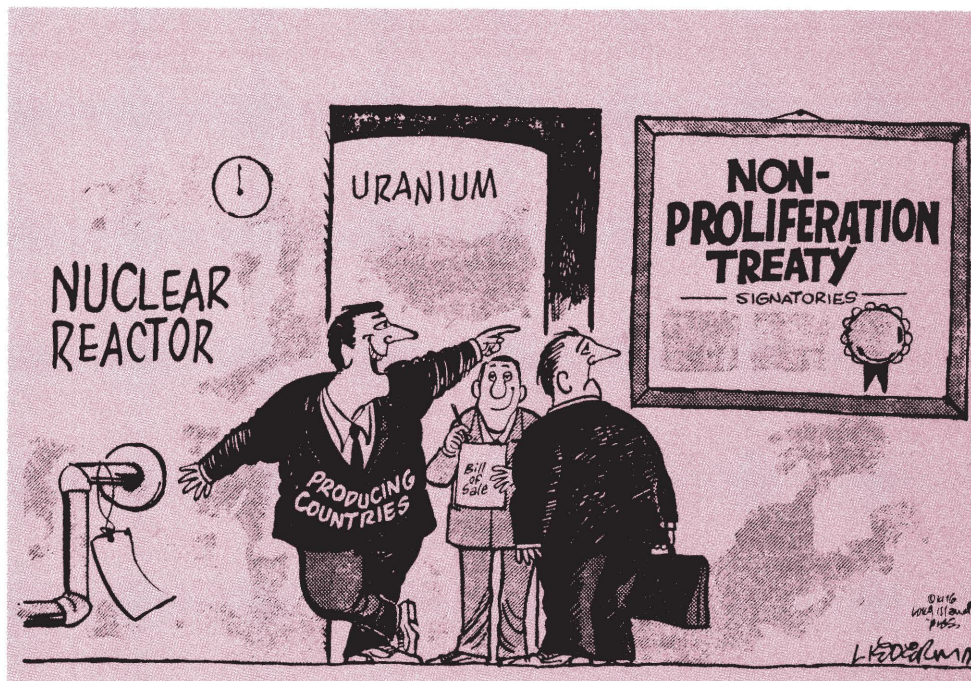
As European officials tell it, all sides agreed that this meant the United States would continue supplies of fuel and would not attempt to get other countries to alter their domestic nuclear programs until INFCE was over. The technical evaluation is expected to take about two years. Now with passage of the Antiproliferation Act, the Europeans suddenly are finding the feared INFCE very useful, as cries arise that the Americans are not "playing fair" under the rules they agreed to for INFCE. In fact the Europeans are expected to resist any serious attempts at renegotiation until the conference is over.

Veto rights over the reprocessing of US-origin fuel will not be the only point on the US renegotiation list either. When the bill first came to the Senate floor, it required a US veto over fuel "proposed to be exported or previously exported." In other words the requirement was "retroactive," to use the popular term in the Senate debates. Before any new fuel could be shipped after the 18-month exemption expired, Euratom would have to agree to a US say over whether or not it reprocessed all the fuel it had accumulated from the United States since the first nuclear reactor went on line. Senator Frank Church proposed an amendment to delete the words "or previously exported," arguing such retroactivity would be "unworkable and would gravely damage the United States in the eyes of the world as a reliable supplier."

This amendment was adopted, but only after another



Renault, *Sacramento Bee*, California

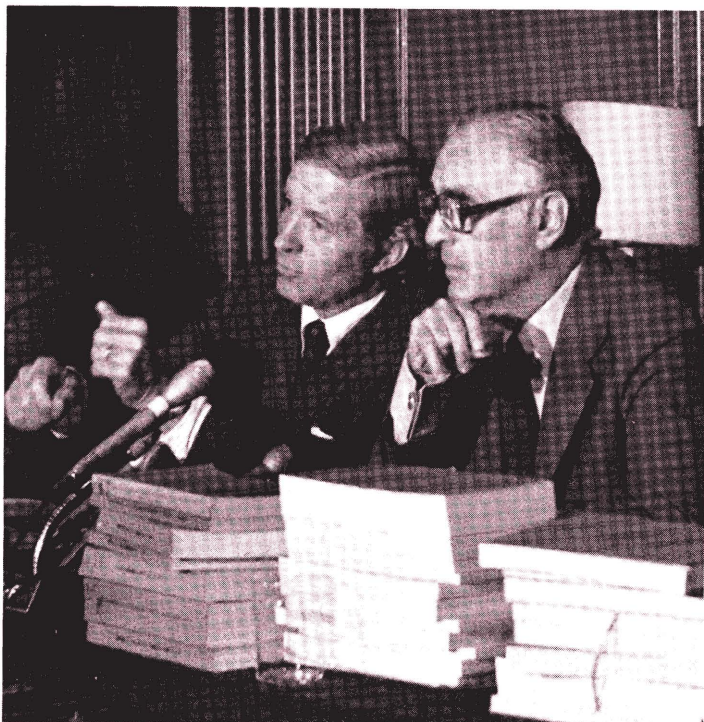


"That's for laughs . . . how many do you want?" Liederman, *L. I. Press*, New York

amendment proposed by Glenn was adopted also. This directs the President to "vigorously seek to obtain" control over previously exported fuel even if such control is not a binding criteria for new exports. Thus the issue is certain to come up in Euratom-US negotiations over a new agreement.

Another last-minute change agreed to by the Senate deleted a section of the act which would have caused major problems from a European perspective. This was a requirement for an American veto over retransfers of

Senators Charles Percy (left) and Abraham Ribicoff, leading supporters of the act.



US-origin fuel between Euratom member states. In effect this would have branched the principle of free movement of nuclear material within the Community. At the last moment the US Senate added language to its official report on the bill that specifically exempted intra-Euratom transfers from this requirement, however, so the point became moot.

But the issue of a possible US veto over reprocessing in Europe remains as a major difficulty in the minds of pro-plutonium European energy planners. Two years ago such a US veto would have seemed less significant for Europeans, as it did for numerous other countries that accepted it, because it was always assumed that when the time came, the US answer to reprocessing would be "yes."

The US Government has since "indefinitely deferred" reprocessing within its borders, however, to use President Carter's words, and has let it be known it wishes other countries would do the same. The Administration argument is that reprocessing is both dangerous from a weapons proliferation perspective and uneconomical from an energy perspective, so that it is best delayed and perhaps foregone altogether. Assurances by Carter that other countries have a "perfect right to reprocess" if they want it and that the United States will not try to prevent them from doing so have not laid all fears to rest.

So, despite signs a few months ago that initial ill feelings between Europeans and the Carter Administration over nuclear policy were assuaged, the issue promises to continue festering for some time. Some say that what is at stake is nothing less than the future stability of Europe's energy supply. Others say what is at stake is nothing less than the future of mankind.

BUYING US FARMLAND

Europeans face an emotional issue

AXEL KRAUSE, *who covers food and agriculture for Business Week magazine, previously was the magazine's European economic correspondent*

AS A GENERAL RULE FOREIGN INVESTMENTS IN THE US economy do not create much excitement. Last year some \$2.5 billion from abroad was spent on everything from new manufacturing plants and hotels to shipping centers, with hardly a stir. But in recent months a heated controversy has flared over a category of foreign investment that remains shrouded in secrecy, yet touches one of America's most treasured, sensitive resources: farmland.

Although much of the foreign money coming in is hard to trace, the European Investment Research Center, a private consulting firm based in Brussels, estimates that foreigners invested some \$800 million in US farmland last year, which according to US Commerce Department calculations, would come to a startling 30 per cent of all new foreign direct investment in the United States.

Equally surprising is that West Europeans accounted for half or more of this total, according to the center's director, Jules A. Horn, who explains it this way: "There is a trend today for the landed European gentry and others to sell off their holdings and to reinvest in the United States for reasons of security against rising taxes, rent controls, and risk of nationalization."

While other investment markets have waned, the combination of a cheap dollar, political instability, and a long record of rising prices have in effect made US farmland the single most attractive market for a wide range of investors—Germans, French, Italians, and Dutch, as well as Japanese and Latin Americans, although despite rumors to the contrary, there has been virtually no Arab oil money involved. "What we are witnessing," declares an official of the US Department of Agriculture, "is the biggest continuing wave of investment in American farmland since the turn of the century."

Predictably enough, US farmers—not prone to being cool-headed on such issues—are irate and pressuring Washington to do something. What is bothering influential farm groups and the Agriculture Department plus Congress is that prices of farmland, despite some recent softening, are dramatically higher than they were a few years ago; and the critics blame foreigners for much of the speculation. Fueling this line of attack are the signs of

hucksterism and shady promotions gradually beginning to appear, particularly in Europe. German newspapers, for example, are being flooded with real estate advertisements apparently from small US brokers that often offer only an anonymous post office box number for an address.

Policymakers in Washington are concerned about increasing foreign control of US farmland, too, on the grounds that last year's \$24 billion in agricultural exports represented a major component of US trade. "Food power is an important element in our security," declares a senior Government official. "We cannot permit the Europeans or Arabs to get a handle on it." Such emotionally tinged assertions support other, often heard arguments to the effect that since foreigners can take special tax breaks at home or through Caribbean subsidiaries, this automatically gives them a significant advantage over domestic investors.

Moreover, Washington is concerned that the identity of the foreign purchasers is seldom disclosed. Brokers and bankers on both sides of the Atlantic steadfastly refuse to divulge names, although they claim most investors are wealthy individuals rather than corporations or investment groups.

ANGRY, FRUSTRATED FARMERS throughout the Midwest and their allies in state capitals are currently trying to crack down on foreign investors by seeking registration of ultimate ownership and outright restrictions on foreign purchases. But the biggest probe is being conducted by the General Accounting Office (GAO), the watchdog agency of Congress, which is trying to determine the extent and locations of foreign investment in US farmland. It remains to be seen if something will come of all the fussing. Says an aide to the Senate Agriculture Committee, which ordered up the GAO study, "Once we get the answers to these questions, we will decide what if anything we shall do about the trend."

The weakening dollar, however, is only the latest of a number of reasons that foreigners are so attracted to farmland. The widespread feeling in France, Italy, and



"American agriculture is nothing less than the safest investment around . . ." Here, a soybean farm in Illinois. courtesy of USDA Soil Conservation Service

Latin America that political instability will continue at home for years to come is drawing many to real estate, even though US stock and bond prices also are down from previous highs of the early 1970's. There is an important body of opinion that firmly believes agricultural land will retain its value since worldwide food shortages are sure to occur in the future, "American agriculture is nothing less than the safest investment around," says Ernst-Ludwig von Bülow, who specializes in US real estate for a Hamburg-based investment fund, Lehndorff Vermögensverwaltung.

Bankers and brokers who act as intermediaries for the foreigners report that attractive right now are the relatively soft prices of US land caused by continuing cost-price squeeze on American farmers and worsened by depressed farm prices. But even if land prices begin soaring again, these advisers are telling their clients to buy, particularly the Europeans. The reason: farmland prices in Western Europe are still roughly double the price of the same quality land in the United States—\$3,000 an acre for prime farmland in Germany and France versus \$1,500 an acre in the United States last year, according to Chicago's Northern Trust Company, which manages about 400 farms in 35 states, including for European clients.

By the same token there are few signs of a reverse flow, even though the return on capital per acre is approximately the same in Europe and the United States. Indeed the market for farmland in Western Europe today is "thin," according to the Northern Trust, which has close ties to European banking circles. In a recent report the bank warned would-be American investors that property in Europe often does not come on the market and that, when it does, it is usually purchased by local farmers before outsiders hear about it—outsiders being European city-dwellers, as well as foreigners not only from the United States but neighboring European countries as well.

"It is therefore difficult to put together large acre ages," a Northern Trust official explains. "And it is a problem confronting Americans in Europe along with everyone else; there simply is not much land available, since the market disappeared during each World War."

Limited land availability in Europe has also stiffened resistance to outside investments in farmland from regional and central governments, which increasingly fear conversion of productive land into recreation and other leisure-related activities. But, again, a growing resistance is not directed against any particular nationality; and backed by European environmentalists, such policies are

proving increasingly effective throughout the Common Market.

“There simply is no situation in the land-buying market today—certainly not in Western Europe—that compares to the growing opportunities for farm investments available in the United States,” declares a long-time Washington-based European observer of both markets. “And you cannot really count those Americans who have invested in rural areas of northern Italy or southern France—or are trying to; these are strictly leisure or other nonagricultural operations.”

Unlike Europe, where successful, rural investments by foreigners quickly become known, it is difficult in the United States to pinpoint where foreigners are buying most heavily. Jules Horn of the European Investment Center says the so-called Sunbelt, running across the bottom third of the United States, is attracting the most money. He considers prices ranging between \$600 and \$1,000 an acre to be particularly attractive to European clients. But until the present sag in the land price boom—which incidentally is expected to reverse itself by the end of the summer—Europeans were far more interested in California and the upper Midwest states such as Illinois and Wisconsin.

Meantime Hamburg-based Lehndorff has kept its investors out of the nation's richest farmland states such as Iowa and Indiana, preferring to concentrate investments in Wisconsin, Missouri, and Arkansas. One particularly attractive area, says von Bülow, is farmland near the resort area of Lake Geneva, Wisconsin, 60 miles from Chicago. “Lake Geneva is gradually expanding,” he says, “which means that we may eventually be able to sell the land for construction.”

Real estate firms report the growth in foreign business is providing a major fillip to their sales—another, unique feature of the new US land rush, compared to the localized, artisan-like approaches to real estate purchases in Europe. One of the largest US firms is Oppenheimer Industries, Inc., a Kansas City, Missouri-based farm brokerage and management firm that operates a rural land portfolio comprising roughly 1 million acres of farm and ranch land, reports sales to foreign investors more than doubled in the past few years and now account for one-third of annual volume.

With offices around the country, including New York City, Oppenheimer recently put together the following typical deals: A Western European client whom Oppenheimer refuses to identify even by nationality recently purchased a 1,215-acre soybean and corn farm in southern Missouri for nearly \$1 million. Several weeks later the company helped an Italian investor buy a 315-acre citrus grove in central California.

A large San Francisco-based real estate firm, Amrex, Inc., which recently organized an auction-like sale of US

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Farmen und Weinbau in den USA

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farmland and other commercial real estate in Zurich, Switzerland, reports that of the approximately \$100 million in agricultural deals it arranged last year, half were with foreigners.

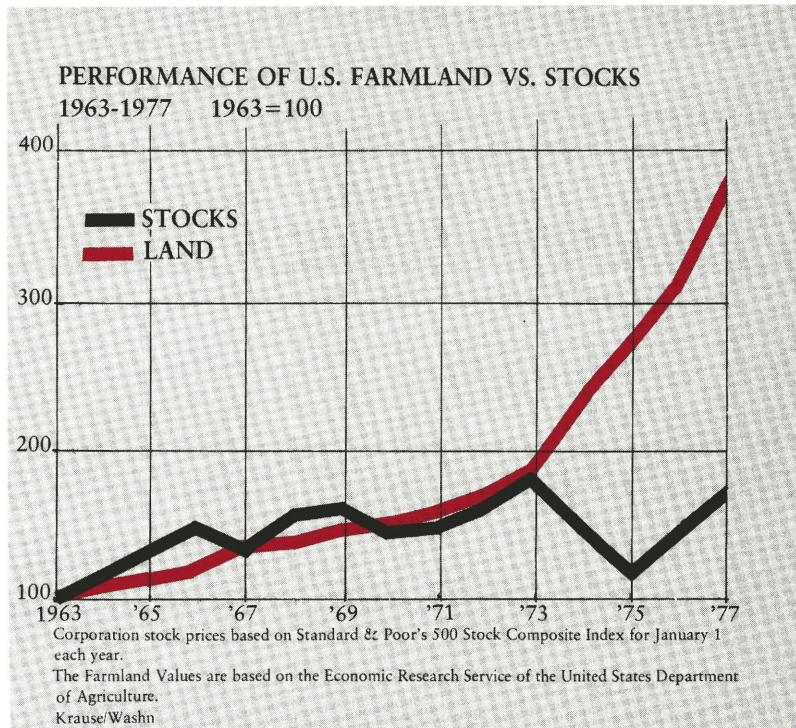
What especially worries US officials is the possible widespread use of foreign tax havens by farmland investors. Lionel S. Steinberg, director and former president of the California State Board of Food and Agriculture, finds it "totally objectionable" for foreign investors to buy California land through corporations headquartered in the Dutch Antilles, for example, which require payment of little or no income taxes.

UNDERSTANDABLY, BROKERAGE FIRMS, BANKS, and other intermediaries for foreigners are defensive about their activities. "Much of the paranoia concerning absentee ownership is due to poor communications," declares Reed J. Oppenheimer, vice president for Oppenheimer's international activities. "These people are not the suspicious cloak-and-dagger people they are made out to be," he says. The foreigners Oppenheimer deals with—European for the most part—are in his words, "either very knowledgeable or hire consultants before purchasing. Many have had farmland in their own countries for several generations and realize its inherent value as a long-term investment." Nevertheless, he concedes that foreigners "often purchase through a foreign corporate entity" designed to "facilitate tax considerations in their own countries and here."

Oppenheimer and others agree that should the controversy heat up on both sides of the Atlantic, it could become a source of friction between US and European officials with implications for trade and tax policy. But this is seen as highly unlikely in the foreseeable future, as well-informed observers continue to stress that the basis of the controversy is largely ill-founded, particularly such charges that the foreigners have been responsible for driving up land prices in the United States. "The well-heeled American farmers who can afford it are the ones who are driving up land prices," he maintains. And Oppenheimer adds, only 3 per cent of all US farmland turns over each year, a proportion estimated to be equal or slightly higher than the European rate.

What bothers dealers and managers of US farmland is the new breed of promoters. "They are difficult to identify, but they are all over Europe huckstering farmland. We assume most of them are American brokers trying to cash in on what they perceive to be a booming market in Europe," says the vice president of a large Midwestern bank. "We worry about them because they claim buyers can make 10 per cent or 15 per cent or more in net returns on their farm investments and that is just ridiculous."

Bankers and agricultural economists generally agree that, depending on crops, productivity, and location, net



cash returns on professionally managed farms rarely exceed 4 per cent and are usually closer to 2 per cent, without taking into account debt servicing and taxes. Indeed, such returns are roughly similar to European levels and help explain why large institutional investors and corporations on both sides of the Atlantic have generally shield away from investing in farmland on anything but a modest scale. "Investors seeking fast or high gains in Europe or the United States should definitely not be in agriculture," cautions a vice president for one of the big Chicago banks who travels frequently to Europe.

Both the American intermediaries and their European clients would be far happier if all the fuss died down. Somewhat defensively the Europeans are quick to point out—as do many American investors justifying economic expansion in the Common Market—that their actions are aimed at neither undermining the economy nor simply realizing a quick gain. "These investments are not made for speculation, but forever," declares Horn. "The trend toward land investments by Europeans stems from the need for a safety factor, like gold," he adds.

The controversy seems destined to continue simmering for the foreseeable future. Warns a staff economist on the Senate Agriculture Committee, which will review the GAO study: "We have no intention of dropping this issue until all the facts are in." The betting among both US and European observers is that given the relatively small amount of land involved—ownership of 97 per cent of America's cropland, after all, remains intact—cooler heads and reason will prevail with the result that the controversy will eventually subside.

"There is no reason to have another, protectionist-oriented flare-up between Europe and the United States at this time," says an expert on US-European trade questions. "Besides, America needs Europe and no American wants a reciprocal clampdown on the other side of the Atlantic."

around capitals

Luxembourg

He's been called "the invisible man from Luxembourg," but don't get the idea that Raymond Vouel is timid or unenterprising. I asked a British businessman recently how he felt about the EC Commission's competition policies. "Very un-Vouel" was the reply.

Luxembourg has cornered the market (if that is the right expression) in the Brussels competition department for many years now, but only in the past 12 months or so since Vouel took over the portfolio has it begun to create much of a stir. It is not, frankly, the most glamorous job in the world, and there are many who question its entire relevance at a time when questions of competition and protectionism have moved to an international stage.

Vouel, needless to say, disagrees. "It must be acknowledged that we are not yet quite clear where the bases for the Community's future industrial development lie at a time when the cards are being re-dealt at the international table," he concluded recently. "But one thing is certain: Difficulties are being met in a number of industries and we cannot remain indifferent to them because of their continuing importance to our economic life, because of their geographical concentration, and because of the social and political problems they raise," he added.

The idea of this quiet-mannered man from Luxembourg laying down the law to governments and multinationals struck many people as droll at first. They were wrong; and if you doubt it, ask anybody from the Distillers whisky group, or the United Brands banana company, or even the British employment secretary. All three, and more, have been compelled to change their practices following demands made by Vouel's 60-strong antitrust team in Brussels.

A Socialist whose family has been deeply involved in trade union affairs in Luxembourg, Vouel nevertheless takes a pragmatic approach to restoring EC competitiveness. He has little patience with governments that pay firms to keep on otherwise idle workers, and Britain in particular has felt some stick

over this. Yet he also said recently that "the various forms of restrictive practice and the attempt to gain economic power by unfair means represent the most potent and real threat that the market will be fragmented once again."

The EC treaties, which cover restrictive agreements between firms and abuse of dominant positions, have so far given Vouel and his staff the necessary legal backing for their operations. But more is needed, he feels, notably a bigger say for the Commission in controlling all big mergers. Proposals that would require advance Brussels approval for mergers involving a combined turnover of \$1 billion or more have been treated with stony indifference by governments of the Nine for nearly five years now.



EC Competition Commissioner Raymond Vouel

Vouel is expected to make fresh efforts to get such a procedure adopted this year. But it will be tricky, and the opposition will not come from governments alone. Even within the Commission there are those who feel the Community's best bet for trade and economic parity with the United States and Japan is to build up giant corporations capable of matching the foreign multinationals head-on. The test may be not only of Vouel's quiet political skills but also of the Commission's whole approach to open trading policies.

—ALAN OSBORN

London

The long-awaited Government policy paper on the use of North Sea oil revenues reads more like an election manifesto than the declaration of specific priorities it should have been. Woefully short on commitments, boringly long on clichés and pontificating, its empty generalizations leave all options open.

Britons are no closer to knowing exactly how their bonanza will be applied. The ruling Labour Party probably isn't too concerned, for the general election that must be held by autumn 1979 may well come a year early and North Sea oil benefits are a major platform strength. Prime Minister James Callaghan cannot afford to promise specific allocations that might offend the interest groups left out. Hence the policy paper was little more than what *The Economist* magazine labeled "Oil, Motherhood, and Apple Pie."

It set up four priorities: industrial investment, development of alternative energy sources, personal tax reductions, and improvements in public services, social welfare, and the inner cities. It did not say how these sectors would benefit from what is an undisputed windfall—Callaghan told Parliament that North Sea oil development already had created 100,000 new jobs, and by the mid-1980's would add about 9 billion pounds annually to the balance of payments, 6 billion pounds to national income, and 4 billion pounds to Government revenue.

Worse, the demurrers of the gloomsayers went unmentioned. The Government assumes the North Sea bonus, vital to Britain's economic recovery, will stretch at least to 1990. Although it has given Britain more economic options, it cannot resolve the wider problems of lagging world growth, industrial decline, and Britain's growing import leanings. The country's appetite for imports is so hearty that, even with North Sea benefits, the balance of payments could tumble back into deficit next year.

By 1980 the North Sea should be producing 2 million barrels of oil a day, enough to make Britain self-sufficient in energy and then a net exporter. The pound's recovery, the easing of International Monetary Fund surveillance, higher corporate profits, and increased investment are attributable to the North Sea boom.

The thunder of such benefits masks some troubling questions, like how much oil remains to be found in British offshore areas still unexplored. Some experts warn the quick build-up of North Sea production mutes the oil industry's concern about whether it can maintain output in the second



half of the 1980's. Their reckoning is that peak production from the 20-odd fields now on stream or being developed will be reached by 1981. By 1988 the output from these fields could decline to about half their peak rate. The production drop, if uncorrected, would come at a bad time—a forecasted worldwide shortage of oil supplies and much dearer crude oil prices.

Exploitation of more fields is the obvious answer, but oil companies are finding it increasingly difficult to justify commercial development when costs are soaring and newly discovered reservoirs are smaller. The biggest, most obvious, and structurally simplest fields in British waters already are being exploited. Some experts are putting the ultimate recoverable reserves at around 22 billion barrels, meaning nearly half the British oil resources are contained in fields already on stream or under development. This challenges by up to one-third the Department of Energy's belief that the ultimate recoverable total is between 22 and 33 billion barrels.

New exploration in the most promising areas will be costly because only small amounts outside currently licensed blocks are in water depths of less than 1,000 feet. So oil companies might have to abandon fixed platform systems and use floating platforms tethered to the seabed or dynamically positioned drilling ships. Then, there is what one economic pundit called the "Disaster Theory" that North Sea oil will drive up the exchange rate to a point where Britain's manufacturing industry becomes uncompetitive.

The Times summed up general reaction to the policy paper's shortcomings by saying its attempts to "to get the best of all worlds by not choosing any of them is patently inadequate." For the moment, though, North Sea oil is most precious as political gold.

—PETER J. SHAW

The Hague

The lean, saturnine features of Dutch Prime Minister Dries Van Agt could be seen locked into an even grimmer than usual scowl at the EC summit meeting in April. Would German Chancellor Helmut Schmidt agree to renegotiate the Dutch-German-British contract to supply enriched uranium to Brazil? Van Agt had wanted to know. The answer was "Nein."

Thus some four months after taking office Van Agt is wrestling with a political problem of some delicacy—in a word, URENCO. The acronym stands for a joint venture by the three countries to construct uranium enrichment facilities, of which the biggest would be at Almelo in eastern Holland. The whole idea has long been distasteful to Holland's numerous and vocal nuclear moralists, but it was not until March that they were able to swing the Dutch parliament behind them and thus land Van Agt in a totally unsought and potentially highly embarrassing confrontation with his URENCO partners.

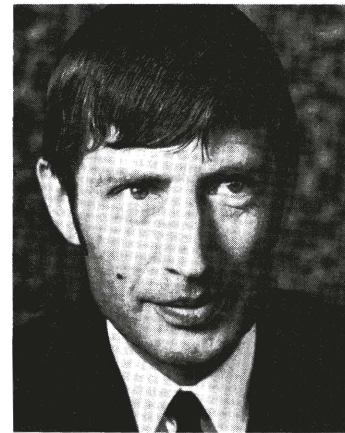
The specific problem is the proposed enlargement of the Almelo plant so as to produce enriched uranium for the nuclear power plants that Germany is planning to build in Brazil. What worries many Dutch is that waste plutonium from the plants could be converted into weapon-grade material and they don't think Brazil is a country that can be trusted to act responsibly about it. The fears were given tangible public expression in early March when more than 30,000 demonstrators converged on Almelo in Holland's largest (though remarkably orderly and good-humored) anti-nuclear protest.

A few days later the Dutch parliament's lower house voted to insist on stringent new safeguards from Brazil and the center-right coalition Government had no choice but to go along. "Holland will not deliver enriched uranium to Brazil if that country does not fulfill the Dutch parliament's demands for guarantees against the use of the waste plutonium in nuclear weapons," promised Foreign Minister Van der Klauw.

The Brazilians were affronted and said they would make the stuff themselves if European supplies were not forthcoming. But that is taken less seriously by the Dutch than the reluctance of the British and German Governments to join in calling for the new guarantees. Both indicated it was a matter for URENCO alone and that the question of disposal of the enriched uranium should be postponed until it actually left the Brazilian plants in the mid-1980's. This is essentially what Schmidt told Van Agt in Copenhagen. The Dutch are not entirely

helpless though. If Germany and Britain still want to sell enriched uranium to Brazil, and Almelo is ruled out, then the only practical alternative is to produce it at URENCO's British plant at Capenhurst in Cheshire. But British members of parliament are already on the alert.

The guess in the Hague is that some formula can still be devised by the four governments to get Van Agt off the hook with his parliament, but it will clearly be no painless process. Just as well for the harassed Prime Minister then that he has been spared another hassle with his parliament by President Jimmy Carter's decision to postpone production of the neutron bomb. The Dutch have always been Europe's fiercest critics of the bomb, and the Government has indeed already lost its defense minister over the issue—Dr. Kruisinga, who resigned in March over the cabinet's reluctance to take a stand on the matter. Van Agt had the subsequent mortification of seeing many of his own Christian Democrats vote for a parliamentary motion opposing production of the bomb.



Dutch Prime Minister Dries Van Agt

"We have reservations about the neutron bomb, but we felt it should remain an option to be used as a bargaining counter in arms talks between NATO and the Warsaw Pact," commented a Government official after the vote. "I won't pretend that Carter's decision doesn't make it a little easier for us to breathe, however," he added.

—ALAN OSBORN

Bonn

For a country generally thought of as having little of the industrial relations problems that have so long troubled Italy, Britain, or France, Germany has been having a hard time of it this spring. With over 3 million working days lost to strikes or lockouts by the end of March, 1978 already looks like being the most expensive year in the Federal Republic's history. Even in 1971, the worst

year to date, only 4.5 million working days were lost in the full 12-month period.

Neither of the two major disputes of this spring was as expensive or as damaging as, say, the recent US coal miners' stoppage. Nonetheless, the printers' dispute closed down most of the country's newspapers and magazines for a fortnight, while the engineering dispute in the southwestern region around Stuttgart saw some 250,000 workers directly affected with increasing short-time in other parts of Germany as supplies dried up.

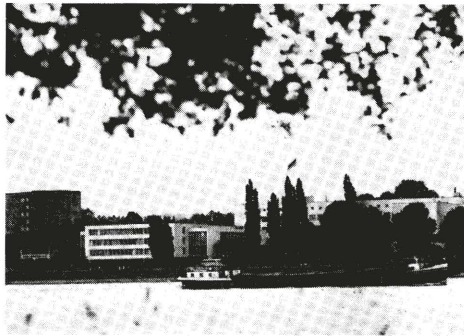
As in most industrial disputes, neither side got everything it wanted in either the printers' or the metalworkers' settlements. In the latter, particularly, there is even greater concern that upping their wage rates another 5 per cent, the engineering workers and their powerful union, IG-Metall, have taken one more long step towards pricing themselves right out of a world labor market where they are already—thanks to the steady rise of the deutschmark—the most expensive by standard international comparisons.

All the same, the German industrial bargaining system itself has survived one of its most difficult wage rounds ever, a little shakily but still able to claim it can reach settlements independently of governmental interference (though the good offices of Hans-Juergen Wischnewski, Chancellor Helmut Schmidt's chief troubleshooter, were used discreetly in the printing row). In doing so, the bargaining system has also shown itself capable of taking on more than the traditionally rather narrow tasks of German wage contracts, limited to pay and fringe benefits.

The novelty in both 1978 disputes has been the first tentative efforts made to tackle one of the most difficult problems facing any of the industrialized countries today—how to reconcile the updating of production technology through automated equipment with the claims of skilled workers. German printers, like their counterparts in the United States, have been among the first group of workers faced with the total disappearance of their skills. They went on strike for the demand that they should be guaranteed incomes and jobs under electronic, cold-type printing that would correspond to their situation under the hot-metal technology in general use since the beginning of this century. Instead, they have settled for a transition period of eight years.

For the engineering workers in the Southwest (a region that usually sets the pace for the rest of the country), a similar issue was at stake in their demand for protection of their jobs and of their wage-grades in the event of labor-saving machinery being introduced. Clauses going a long way towards

such guarantees, for a limited period of time, have been included in the 1978 wage contract, though this important precedent has not been followed in settlements in other parts of the country.



German employers, complaining about their costs and about the imbalance they perceive in the relative growth of wages and profits in recent years, are not welcoming either of these two efforts to grasp the nettle of job security in an era of technological change. In a development that worries many besides trade union leaders, the employers in both the printing and engineering industries have made extensive use of the lockout this year—a tactic which they are legally allowed to use, in careful symmetry to the strike, yet which inflames tempers as a throwback to the Nineteenth Century, and which, in any event, is hardest on those workers who belong to no union and get no strike pay.

So it remains to be seen whether the limited degree of protection that printers and metalworkers have each won themselves from the cold wind of replacement by less expensive mechanical production methods is going to serve as an example to the rest of German industry. Other countries, too, should be wary for the moment of seeing the Federal Republic in this respect as the "model Germany" to which Schmidt is fond of pointing. Strikes may happen less often, but they are all the more stubbornly fought when they do. And for a country whose own high level of prosperity has come to seem a threat to its ability to go on exporting its goods and paying its way, the stakes in wage negotiations are higher than ever.

—ADRIAN DICKS

Copenhagen

It was worse than Watergate. Such were the words of the public prosecutor when he confiscated a large number of client files on the premises of the tax lawyer more than six years ago. The files indicated that Mogens Glistrup had successfully helped his clients dodge the admittedly not very lenient income taxes of Denmark. For many clients

this proved to be a mere delay of payment, and a costly one at that. Many incomes were reassessed retroactively, and the transactions responsible for the tax rebates declared null and void.

A short while ago the City Court of Copenhagen ruled that the transactions of Glistrup himself were to a large extent null and void and that the methods he had used were illegal, though not criminal. Meaning that he could not be given a prison sentence. But he was fined the equivalent of \$250,000, and more important, ordered to pay costs of more than \$700,000, accumulated by more than three years of court proceedings, following three years of criminal investigation.

This may lead to the economic bankruptcy of Glistrup and may also of course influence his political fortunes. He is still the leader of the right-wing, anti-tax Progressive Party, though his political prospects are not too bright. The court ruling has already been appealed by the prosecution, and it may be another year before the Supreme Court gives a final verdict. But whether or not it upholds the verdict of the lower court, the parliamentary career of Glistrup seems to be at an end.



Mogens Glistrup UPI

If the higher court sentences him to prison, he will without the slightest doubt immediately be excluded from the Danish parliament. But it is almost equally certain that if the present fine is left unchanged, he will also be excluded from parliament as no longer possessing the integrity required of a member. Parliament itself defines the scope of the required integrity, but large fines generally trigger immediate exclusion. In theory, parliament may adopt a more lenient course, but this is highly unlikely in a case involving so controversial a figure as Glistrup.

The political success of Glistrup still confounds political scientists in Denmark and elsewhere. His party was founded in the spring of 1973 and by most serious observers regarded more or less as a joke. But in December of that year it captured almost one-sixth of the seats of the Danish parliament, and has since survived several elec-

tions with no decisive loss of electoral support. The platform of the party was, and is, virulently anti-tax, mingled with ultra-liberal articles of faith. No coherent program for the Danish economy is presented, and neither the parliamentary group nor the party organization is anywhere near consensus on such topics as foreign affairs, the European Community, defense, or religion.

The general view of most political observers is that Glistrup has mobilized a latent protest vote in the Danish welfare state. Some add that the weak performance of the conservative-liberal coalition from 1968 to 1971, following 15 years of Socialist-led governments, was a precondition of his success. If these more impersonal explanations really are the most important, the party may survive the downfall of Glistrup. But no one will give you a firm answer to that question now.

—LEIF BECK FALLESEN

Brussels

The language business is daily becoming more bizarre here. The new metro trains have now been fitted with recording devices that announce the name of each station in both French and Flemish shortly before they reach it. So what happens when you reach Schuman—spelled the same way in both languages? You've guessed it: First, "Schuman"—and then, after a moment or two of suspense, "Schuman."

This nonsense will surprise no foreigner who has ever tried driving to Mons via Brussels. Suddenly all references to "Mons" on the road signs vanish and "Bergen" appears. You have merely crossed into a Flemish speaking community with its own firm views on the name of the Belgian city (the French get their own back by calling Antwerp "Anvers"). These language sensitivities have now taken a new turn with each side blaming the other for letting Anglicisms creep into their respective tongues. Most of the heat is coming from the French speakers who charge the Flemish with insufficient tenacity in preserving the purity of their own language.

Thus according to one Francophone member of parliament, Flemish-speaking officials submit texts to Brussels liberally spiced with such English expressions as "gentlemen's agreement" "anti-dumping," and "cost-flow accounting." Translators, he alleges, take the easy way out by letting the original language stay in and so English gains still more currency in Brussels. The Flemish speakers have responded with some of the theology that the French are supposed to be famous for. If adequate French expres-

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sions for such concepts existed, then they would be used. But they don't, any more than French equivalents exist for "strip-tease," "lock-out," "bowling," "whisky-soda," and countless other such terms.

All this has been stimulated by a bill introduced into the Belgian Parliament by Antoinette Spaak, which seeks to provide penalties for the use of English and other foreign words and expressions in all official government written communications. Spaak insists her bill is not to outlaw other languages but "to preserve the integrity of the French language." Virtually all the Brussels press, including French language publications, have responded with hoots of derision. Of course the war against "Franglais" is nothing new: The French themselves have waged it—with little conspicuous success—under successive Presidents from de Gaulle onwards.

But the Belgians are time-honored practitioners of the art of defending linguistic purity and you should never underestimate the strength of their feelings on the issue. Spaak and her supporters are taken very seriously—indeed there are serious fears among the press about the possible legal consequences for papers and magazines if the bill does become law and they were expected to observe its provisions in reporting official statements and other government material.

Meanwhile, some depressingly familiar incidents have reminded us recently that Prime Minister Leo Tindemans still has some way to go before claiming any kind of success for the "Egmont" solution to Belgium's internal language war. The Mayor of Vilvoorde, a Flemish commune outside Brussels, has decreed that "all correspondence in any language other than Dutch will be considered invalid and without authority. It will be ignored." Not to be outdone, the Mayor of Schaerbeek has just ordered work to be halted on a new Flemish school in his commune. "There is simply no need for more school places for Flemish-speaking children," he says.

"If only the Romans had conquered all of Belgium instead of just half of it, life would be so much more agreeable today," a Belgian diplomat said recently. To which the foreign visitor or resident can only breathe a heartfelt "Amen."

—ALAN OSBORN

Paris

The Paris spring smiled serenely this year on French President Valéry Giscard d'Estaing, who emerged as the clear-cut victor in his country's recent legislative elections. His

tactful television appearances, reminding voters that the left's promises would disrupt France's fragile economic recovery, displayed a subtle blend of calm reason and conciliatory leadership. Such discreet appeals contrasted sharply with the tone of neo-Gaullist chief Jacques Chirac—and undoubtedly lured many last-minute votes from the Socialist camp to the newly formed amalgam of centrist parties, the Union pour la Démocratie Française.

This pro-Giscard grouping came out of nowhere to capture 23 per cent of the ballots, providing the patrician President with a crucial power base in Parliament that he lacked during the first half of his seven-year term in office. The vindication of Giscard's electoral strategy and the surprising success of his supporters moved some commentators to label France's new political era as "the decade of Giscard"—speculating that he has already sewed up the 1981 presidential race.

Basking in his glory, Giscard took the rare step of inviting opposition leaders to the Elysée Palace after the final election round in an effort, he said, "to end the excessive national divisions." Socialists and Communists were still locked in their bitter feud over who cost the left-wing parties their chance to govern and were in no mood to wave an olive branch with the President. Still, the sight of Georges Marchais and François Mitterrand climbing the steps of the palace to converse with Giscard sparked hopes that some long overdue reforms might take precedence over ideological wrangling.

In the wake of the elections, the visceral mood of the French seems clear—they want coherent change to improve their society, not turbulent revolution. They would like to revamp an archaic legal system that fails to provide habeas corpus and keeps people jailed without trial. Students demand smaller classes, more direct dialogue with teachers, and courses that prepare them for future jobs. Workers seek a minimum wage brought up to par with the rest of Europe. Merchants desire a more scrupulous fiscal code that collects proportionate taxes from large enterprises and eases the burden on tiny shopkeepers. The provinces clamor for more powers in local government to treat their own problems, rather than wait for insensitive decisions to be handed down from Paris. And the voters themselves, weary of an endless campaign saturated by banal rhetoric and political nitpicking, want to see the center-right ruling majority of the past 20 years spurred into carrying out concrete reforms.

Despite Giscard's attempt to knit a patchwork truce, the prospects for smooth passage of far-reaching legislation still look bleak. The Chirac-led Gaullists, rankled by

the inroads made by Giscard's forces and the President's quiet overtures to the left, grew more irate when renegade Jacques Chaban-Delmas rode the crest of centrist support to defeat party elder Edgar Faure for the presidency of the new Parliament (a post similar to Speaker of the US House of Representatives). Even though Chirac promised to back Giscard's pledges to promote social progress, the internecine squabble over legislative leadership seemed to rekindle the old fires of center-right rivalry, and raised fresh doubts about imminent proposals like tax reform.

On the left, meanwhile, Socialists and Communists continued to hurl epithets at one another as they mulled over the causes of their defeat. Still, they took time out from their own bickering to toss a few barbs at the new Government—the lack of new faces prompted the Communist daily *L'Humanité* to deride Giscard's vaunted "opening to the left" as an "opening to the past." While labor leaders assumed a passive pose, waiting for signs of good faith from the new Government, the revived party quarrels dredged up simmering political frustrations. For "the decade of Giscard," the road to reform in France looked a good deal rockier than during the exhilarating moments of victory in March.

—WILLIAM DROZDIK

Dublin

It is a year since Ireland's general election, a year during which the incoming and conservative Fianna Fail Government has managed to deliver on most of its election undertakings. It is now set for a full term in office, probably lasting until 1981 or even 1982. And the character of that term will be inescapably right-wing, based on a program of economic confidence and incentives for investment.

This, together with the sheer size of last year's victory and the shock it gave to the opposition, has had an interesting impact on the two opposition parties, and particularly on the larger of them, Fine Gael.

Both changed their leaders within weeks of the election result. Fine Gael, whose total number of seats in the previous parliament had been 55, was reduced to 43. Its old-fashioned and conservative leader, Liam Cosgrave, gave way to a politician better known in Europe than almost any other Irishman, Garret FitzGerald. As foreign minister, and as a dedicated European, he made a considerable impact within the European Community throughout the period from 1973 until the summer of 1977. Since then, however, though without losing

any of his enthusiasm for the European ideals and for Ireland's involvement in the affairs of the Community, he has turned his back on Europe in order to deal with the more urgent and more fundamental task of revitalizing his deeply demoralized and disillusioned party.

And he has done so by moving it firmly, while at the same time prudently, to the left. By nature Garret FitzGerald is a radical. But he also has the instinctive caution of the Irish politician. He now leads a political party that only a year ago was totally, even slavishly, behind a man of a very different political coloring. And he has already persuaded that party to accept a far-reaching and profound reconsideration of its beliefs and the direction in which it must now go.

He has toured every constituency in the country. He has met party workers everywhere. He has placed considerable emphasis on attracting young people into Fine Gael. And he has kept an open mind on policy. The strain, after this first year as leader, has been considerable, and it shows. But it has in no way impeded his main objective: to instill a broad, flexible, basically Christian Democratic set of political ideals into a party many of whose members still draw at least some of their inspiration and their attitudes from Civil War politics of the Thirties.

The right in Irish politics is firmly occupied by Fianna Fail. Until recently there was no effective left. Against prediction, and against the odds, it seems to be emerging more firmly from within Fine Gael than from the Labour Party. By contrast with Garrett FitzGerald's ready acceptance that Fine Gael needed to renew and revitalize itself, Frank Cluskey, the new leader of the Labour Party, who replaced Brendan Corish, has no such doubts about his own, much smaller party. The Labour Party is the oldest party in Irish politics, having been founded in 1912. It is also the least successful. It has never been truly socialist, except in the very early days under James Connolly and James Larkin. And it has never had the courage or the capabilities to do anything about this sorry state of affairs.

Superficially it did not do badly in the general election. The previous parliament saw it with 19 seats; this one sees it with 18. But in reality it should have increased its representation. It is now faced with the prospect that its one-time partner, Fine Gael, led by Garret FitzGerald, could well encroach upon Labour territory, and take over the entire left-wing mantle under the guise of a Christian Democratic philosophy which would have wide appeal. This would be refreshing for Irish politics, but could be disastrous for the Irish Labour Party.

—BRUCE ARNOLD

THE NEW INTERDEPENDENCE

A California conference, where "we learned something"

ALVIN SHUSTER, *assistant editor of the Los Angeles Times and former New York Times bureau chief in London and Rome*

In the wood-paneled hall of music at Pomona College, California, thousands of miles from Brussels, a few hundred students and visitors listened as two dozen speakers spent three days focusing on the problems of nine nations.

The myth, of course, is that the strange folks who live out West are more interested in European cars than European politics, more attuned to the intricacies of tennis than the complexities of trade, more receptive to the news from the community of Cucamonga than from the European Community. And, the myth goes, mention the EEC in Los Angeles and most people will think of Energy, Entertainment, and Cookouts.

Not so. Los Angeles is a city with a lively diplomatic community, with well-traveled transplants, scholars at a wide range of universities who maintain a wide range of interests, and many others who stay abreast of world events through an excellent newspaper, their own journeys, and an active World Affairs Council.

Yet it did seem to be a rather unusual setting for a conference entitled: "The New Interdependence: The European Community and the United States." It was held March 1-3 and sponsored by the Commission of the European Communities and Pomona College, a leafy and lovely school with an alert student body that showed an enthusiastic interest in the kinds of issues normally debated in offices of the Community or among those whose vacations include Europe.

This interest was stirred by a group of economists and political experts from Europe, the United States, and Japan, who delivered their talks and took questions on political trends, the future of the Community, the state of European-American relations and tensions between the developed and developing nations. The upshot included touches of pessimism and optimism and a heavy dose of uncertainty.

The main worries revolved around the economies of Europe and the United States, growing protectionist pressures, rising unemployment among the young, the strength of

Communist Parties in France and Italy, signs of introspection in the United States, the weaknesses of governments to deal with today's crises, and the general difficulties in shaping European unity. But there was general agreement on what one speaker called the "pervasive force of interdependence" and on the awareness of the need for better, if unspecified, arrangements to ensure coordination.

LIKE MOTHERHOOD, interdependence has become one of those words that generates little controversy. How to achieve it and make it work effectively is another question. And the relations between the Community and Washington, while improved, hardly have reached the stage where nobody has to worry about them any more.

It was fine for President Jimmy Carter and Vice President Walter Mondale to visit the Community's headquarters early in their terms in office. But those visits, while symbolically significant, did not mean all would be well. Anxieties remain on both sides, as suggested in the keynote speech by Sir Christopher Soames, the former British Ambassador to France and, until last year, the Vice President of the Commission in charge of external relations.

On the "Third World," for example, Soames said the Community seemed to feel more interdependent with those areas than the United States. "Why should this be?" he asked. "I think it's a combination really of the fact that we depend in the Community to a far larger extent than does the United States, for the provision of raw materials from the Third World. We believe that for a long-term sustained growth in all our countries, we need a constant flow of raw materials and growing markets from the Third World."

In broader terms, Soames recalled the tensions of the "Year of Europe" declared by then Secretary of State Kissinger in 1973. Both America and Europe had survived that crisis, Soames said, although subsequent issues



Former EC Commission Vice President Sir Christopher Soames answers student's questions. © Russell Lapp



Fernand Spaak, head of EC Commission's Washington delegation, stressing a point. © Russell Lapp



Panelists at the session on direct elections to the European Parliament. © Russell Lapp

arose. "There have been differences with the United States of a commercial character," he said, "mostly about access to markets. The United States Administration doesn't like our agricultural policy, for instance, and the Community is worried about certain attitudes of US policies."

As for the future, Soames said both Europe and the United States must stand fast against the pressures for protectionism because the longer the recession continues, the more intense the pressures. "We know on both sides of the Atlantic that to give in to those pressures would be really sinful and very dangerous indeed," he added. "So we must stand fast."

On the issues of Eurocommunism, Soames noted that the United States was worried about the trends in France and Italy and added that Europe was, too. "I assure you that if any member country of the Community ever got itself a government which ceased to follow precepts of a pluralist democracy and the freedoms that evolve, then that country could no longer remain a member of the Community," he said.

J. Robert Schaetzel, the former US Ambassador to the European Community who has maintained his links to all things European, also expressed some concern over protectionist sentiments. "There have to be multilateral answers, not national ones," he said.

"But, in general, I'm concerned about a sense of drift in relations between Europe and the United States."

Both sides are contributing to the uncertainty, he said. As for Washington, Schaetzel said, officials are saying the right things about Europe but such words do not seem to be having any effect. "The United States is terribly introspective right now," he added. "And we don't seem to have a coherency in our policies."

Still, the former Ambassador, who also served as Deputy Assistant Secretary of State for Atlantic Affairs, detected optimistic trends. He said that more and more Europe was looking for collective answers; that no single, dramatic issues loom between the United States and Europe at the moment; that some progress was underway on the "North/South Dialogue," and that "for some reason, things are just not as bad as people expected."

Some optimism also came from Senator Alan Cranston, Democrat of California and the Senate's majority whip, who emphasized that problems once considered domestic were no longer confined within the boundaries of nation states. Interdependence is no longer a choice for nations, he added, it is a reality, although at times "a harsh reality."

"The United States is in a better position to meet the responsibilities of interdependence than ever before," the Senator said. "I believe

we of the United States are entering a new era. We are stronger for the fact that our democratic system survived Vietnam and Watergate, and the abuses of power and the betrayals of trust that characterized both."

He, too, told the students and others that much remains to be done. He said that such international organizations as the International Monetary Fund and the Atlantic alliance have improved global well-being. But, he added, existing institutions need to become more efficient and responsive to avoid bureaucratic overlapping on such issues as energy, pollution, trade, and aid.

As he saw it, such reforms were required to reflect the "new" interdependence, which recognizes that there is no longer any such thing as a "unilateral solution" involving the export of domestic problems to other nations.

IT ALL REPRESENTED VARIED FARE FOR the audience, which was a mix in itself of tie-and-jacket experts and blue-jeaned students. Some students said afterwards that they found particular interest in the references to the joblessness among European youth, largely because of the similar problem in this country.

Jean Blondel, professor of government at the University of Essex in Britain and director of the European Consortium for Political Research, noted the rate of unemployment among youth in Europe was generating a "horizon of hopelessness" and some obvious dangers for European societies. "The political parties are not fulfilling their missions of understanding just what the problems are," he said. "That explains the rise of extra-parliamentary pressures these days—environmentalists, minorities, regionalists. The parties have tended to brush them away and not paid attention. They are floating over the heads of their electorates; they have lost touch. That's dangerous for those nations and Europe in general."

Several of the speakers, including David Marquand, the chief advisor to the Commission's Secretariat General, and Schelto Patijn, a Dutch member of the European Parliament, stressed the potential importance of the coming direct elections to the European Parliament. The concepts and the problems of the direct elections were not the easiest of topics for comprehension by the students.

The three-day conference, however, obviously was a useful exercise, despite its distance from the scene of all the European action. A large producer like California feels its "interdependence" with Europe as well as Asia. And the students at the meeting thought it was all worthwhile. "We try to stay on top of things here," noted one young man during the final day. But much of our thinking on Europe and its relations with the United States was rather vague. We learned something."

NEWS

OF THE COMMUNITY

EXTERNAL

Jenkins Visits Canada

EC Commission President Roy Jenkins made his first official visit to Canada in early March to attend the second meeting of the EC-Canada Cooperation Committee.

During the visit Jenkins delivered speeches to such groups as the Vancouver Board of Trade to explain major issues now facing the European Community. He touched on the forthcoming direct elections to the European Parliament, the development of EC economic and monetary union, international trade negotiations, and bilateral contacts.

Jenkins stressed that although Canada was a major supplier of raw materials, the world economy could no longer be divided between countries that furnish raw materials and those who process them. He indicated that there was great concern in Europe about the world monetary situation, which he characterized as "an element of instability in a world that is delicately poised economically between recovery and a return to recession, between maintaining the free trading system and slipping back toward the kind of recession not known for a generation."

Concerning the international trade negotiations now underway in Geneva, Jenkins said that they would succeed only through a balanced package that included both tariff cuts and dismantling of nontariff barriers, and covered both industrial and agricultural trade.

During the Ottawa meeting the Commission President observed that although the 1976 Canada-EC Commercial Treaty had not produced immediate or spectacular results, it had performed well during the current difficult economic climate. The meeting placed considerable emphasis on future industrial cooperation, including computer technology, aerospace, and trade monitoring.

Australia, EC Confer

During two days of talks, the Community and Australia agreed to begin a second round of major consultation in the spring.

The recent meeting in Brussels between Australian External Trade Envoy Vic Garland and EC Commission officials was a follow-up to earlier encounters in October 1977. The February 28-March 1 Brussels gathering was described as an "exploratory" one at which there was no attempt to negotiate or reach agreement on issues between the two.

Topics covered included the impact of the EC agricultural policy on Australian farm exports, deliveries of uranium from Australia, and the effects of recent EC policies to encourage the use of steam coal on Australian shipments.

Australia has found its traditional exports to Europe affected by the EC farm policy and would like to improve its access. This could play a role in Australia's willingness to supply much-needed uranium to the Community. But Australia is another uranium supplier country that is insisting on tighter safeguard procedures from the purchasers. Australia is also concerned that the new EC policy of encouraging steam coal use would curtail its shipments.

EC, Japan Sign Accord

Japan's huge trade surplus with the European Community may start on a downward path as a result of a new understanding reached between the Community and Japan in late March.

A joint statement issued at that time expressed a mutual belief that building large surpluses is inappropriate in the current world economic situation. The document also stated Japan's expectation that its fiscal 1978 account surplus would be about one-third smaller, including a decline in its surplus with the Community. Japan pledged to seek an increase in its imports of manufactured goods; to step up aid to developing countries, and to actively seek mutually satisfactory solutions on the selective application of tariff cuts negotiated at the multilateral trade talks in Geneva. Both sides also agreed to adopt systems for monitoring and carrying out this new trade relationship.

Commenting on the accord, Commission Vice President for External Affairs Wilhelm Haferkamp said: "A way has now been opened to further mutual understanding and cooperation in the future. . . . What is needed now is action."

US Law Prompts Talks

Trade problems arising from implementation of the new US Toxic Substances Control Act (TOSCA) have prompted the Commission to ask the Council of Ministers for authority to negotiate with the United States. The Commission fears that TOSCA's stringent demands on US manufacturers

and importers of chemical products may create a trade barrier.

The talks with US officials would center on mutual recognition of scientific information originating from manufacturers and importers, risk assessment procedures, laboratory test accreditation, and research cooperation.

Shoe Talks Begun

Faced with a potential glut of shoe imports into the Community, due to protectionist measures taken by industrialized countries such as the United States, the Commission has begun consultations with Hong Kong, Korea, Taiwan, and other shoe manufacturing exporting nations.

The talks are partly aimed at establishing a statistical monitoring system for shoe shipments, according to a Commission spokesman.

The United States has negotiated self-limitation agreements with several of these shoe exporters in June 1977; import quotas have been set by Australia, Canada, South Africa, New Zealand, and Japan.

South Korean Visit to EC

South Korean Foreign Minister Tong Jin Park visited Brussels in late February to discuss general economic and trade relations with Community officials.

South Korea is an emerging economic power in Asia and the developing world and, in addition to competing internationally on an increasing number of fronts, is interested in diversifying its dependence on Japan and the United States. The Republic of South Korea has a trade surplus with the Community countries but an overall trade deficit.

Having surfaced as a major economic strength in recent years in a number of industries like steel and shipbuilding, South Korea has evolved to a point where it is seriously challenging the leadership position of Japan in Asia. A number of Japanese firms have set up operations in Korea to benefit from the lower wage structure there.

Korea is a major beneficiary of the EC generalized preferences system for manufactured goods from developing countries. It has carried on recent negotiations with the Community in steel and textiles.

EC-EFTA Steel Accords

Accords with six of the seven member countries of the European Free Trade Association (EFTA) to apply the Community steel pricing system in their markets were announced in early March.

The accords will implement the recently adopted system of minimum prices for steel products through the end of 1978. Nevertheless, EFTA countries participating in this arrangement will benefit from being able to sell at a 3 per cent reduction below the EC prices.

In addition, a rapid consultative

machinery was established under the accords to work out any difficulties that might surface between signatories. The accords have been signed by Switzerland, Norway, Sweden, Austria, Finland, and Portugal. The other EFTA member, Iceland, does not produce steel.

EC officials who worked out the accords also told the press in Brussels that they were in contact with other steel producers and hoped to conclude similar arrangements soon. It was noted that of the Comecon countries, only Romania had given a firm indication of its willingness to negotiate but others had expressed verbal interest.

Dumping Paper Products

A temporary anti-dumping duty on shipments of kraftliner and paperboard from the United States was decided in early March.

The Commission action came after an investigation sought by French producers, representing some 75 per cent of the EC producers, and originally included a probe of such products from certain European countries and Canada. The examination revealed that products were in fact being sold below their declared domestic prices.

Following these findings, producers in Sweden, Finland, Austria, and Portugal agreed to raise their prices. Canada had not yet replied when the EC action was taken. Commission officials indicated that US producers might have also been willing to follow the lead of the European firms but were unable to do so because the US production is so fragmented that concerted action was virtually impossible in the short run.

The producers involved in the recent investigation are said to provide 70-80 per cent of the Community's imports of the products.

Uranium Supplies Discussed

President Carter's special envoy on nuclear nonproliferation matters, Gerard Smith, and Community officials discussed the implications of the recently-passed US law on atomic transfer and safeguards in late February.

According to the new US law, Euratom authorities had 30 days after the signature of the bill by President Carter to indicate their willingness to negotiate new and tighter safeguard systems demanded by the law. The US law's provisions are important to the Community since the Community depends on the United States for a large portion of its uranium supply.

The US law also requires purchasing countries to negotiate such new precautionary measures within two years, although there are provisions for the President to extend that deadline by one-year periods.

The Community also recently negotiated and concluded a tighter safety procedure system at the request of Canadian authorities, who will supply

nuclear materials to the Community. Canada had imposed a ban on exports to the Community pending the outcome of the negotiations.

Arms Duty Debated

The Commission's case against duty-free entry of military defense equipment into the European Community will be presented to member state representatives in a forthcoming meeting, it was announced in late March.

EC member countries had routinely waived duties on defense items until August 1977 when the Commission announced it might disapprove such waiver requests. The decision affects the F-16 jet fighter aircraft bought from the United States and partly assembled in three member countries, as well as other arms imports.

Some member states argue that waiver disapprovals would unduly raise the cost of needed defense imports.

Although the EC treaty allows duty waivers on imports on grounds of national security, the Commission maintains that application of a duty is not a matter of national security.

EC Supports US-German Pact

The EC Commission gave its support on March 13 to the US-German monetary cooperation accord to help stabilize the exchange rate of the troubled US dollar.

The Commission said in that it welcomed such an accord because it aimed at an operational dialogue between the most important world partners.

The Commission noted that monetary discussions would also continue at the Community's April summit meeting in Copenhagen, at other gatherings in May, at the Western summit planned for Bonn in July, and the EC summit in Bremen at about the same time.

The Commission source said the initial reaction of the international monetary markets to the US-German accord was disappointing. But it was noted that the accord had been the first instance of the United States accepting debts to the other central banks. It was also pointed out that the United States now had control of a potential pool of some \$8 billion at its disposal for support of the dollar. This pool, worked out by American and German authorities in Bonn, would include financial swap arrangements with Germany, International Monetary Fund Special Drawing Rights, and other possibilities.

ENERGY

Jenkins Supports Carter Bill

"I can hardly overstate the importance to Europe of the energy legislation now before Congress," EC Commission President Jenkins said at an April 14 press conference in Berlin when asked

whether the passage of the US energy bill was important for Europe.

"The European Community is much more dependent on imported energy than the United States, and is thus dangerously vulnerable to any variations in price and supply. Lack of appropriate legislation in the United States has already had effects reaching far beyond questions of energy and rendering still more precarious the stability of the international trading and monetary system. Hence we wish the US Administration speedy success in insuring the adoption of its energy legislation. For our part, we in the Community must make further strenuous efforts of our own to save energy, limit imports of oil, exploit indigenous resources, and develop new and unconventional sources of energy," said Jenkins.

On economic and monetary questions, Jenkins stressed that none of the measures proposed or discussed at the European Council was in any way directed against the dollar or the United States. Indeed, he said, stronger unity in Europe was not incompatible with the strengthening of transatlantic relations.

New Energy Approach Plan

New approaches to the Community energy program through assistance to the coal industry and a redrafted oil refinery system were announced by the Commission in late February.

The aim of the coal assistance plan would be to make Community coal more economically competitive with imported coal through subsidies. This would have the dual aim of lessening Community dependence on outside energy sources and aiding the balance of payments, and it would also of course help develop the domestic coal industry. The main EC sources of this steam coal are in Britain and Germany with some located in Belgium. At the moment some of this domestic production is not economically competitive.

The new Commission plan to limit petrochemical refinery capacity would be more flexible than its earlier version, which met resistance in the Council of Ministers. The first approach would cut back state aids to develop new refineries because of overcapacity in the Community. The plan met with opposition in Great Britain, where North Sea oil is just coming onstream and there is great interest in expanding domestic refinery capacity to handle it.

This period has been marked by increased reliance on and competition from oil on the energy market and the increasing cost and difficulty in producing coal. However, it was also pointed out that even greater dangers and difficulties were avoided because of the existence of the ECSC.

The industry has gone through phases of scarcity and abundance: a scarcity phase from 1953 to 1957, the entry of oil as a major competitor on the energy market from 1957 to 1973,

and the current period characterized by the energy crisis and an increase in oil prices.

Energy Priorities Set

The EC Commission accepted Commissioner Guido Brunner's proposed priorities for future energy policies at its March meeting.

The priorities are: (1) to implement at Community and national levels strong energy conservation measures and, where necessary, to establish rational pricing policies; (2) to support research and development of new energy sources; (3) to support the Community's coal industry and to encourage coal use; (4) to help solve the problems of the Community's refining industry; (5) to intensify the exploration effort for oil, gas, and uranium in the Community; (6) to ensure that the role of gas can be maintained and increased, and (7) to facilitate the steady development of nuclear generating capacity.

Nuclear Power a Must

Although environmental interests deserve an expanded role in the Community's nuclear policy, nuclear power is a much needed source of energy for Europe, according to the Commission's final report on the 1977-78 nuclear energy and safety hearings, released last March.

To avoid giving undue priority to nuclear energy, the Commission called for increased research into new forms of energy. Priority should be given to greater stress on conservation; and public opinion must be fully informed and consulted, the report said.

The Commission will propose several energy-related measures in the future and plans to urge the Council of Ministers to reexamine existing proposals on energy saving, alternate sources, waste treatment, plant siting, and protection of atomic facilities.

The Commission also favors giving environmental interests a larger role in the Economic and Social Committee and will set up a consultation procedure with the European Environment Bureau.

ENVIRONMENT

Noise Abatement Plan

Noisy air compressors used on European construction sites will quiet down, if the Council of Ministers approves a commission-proposed directive submitted last March.

The proposal, along with a 1975 proposal on jackhammers, is part of the Commission's long-term strategy to regulate all construction equipment used in the Community.

While the directive would only apply to equipment sold after the date of Council approval, member states would be required to pass domestic measures that conform existing equipment to the new standards.

Relief for Brittany

A European Community grant of 500,000 units of account, approved by the Commission in late March, will help clean up the waters and beaches of the French Brittany coast polluted by the break-up of the *Amoco Cadiz* supertanker.

The grant is available through the EC disaster relief fund.

UN, EC Officials Meet

Director of the United Nations Environment Program (UNEP) Mustafa K. Tolba met with EC environment officials in Brussels early in March.

At a press conference Dr. Tolba said that the purpose of his visit was to learn how UNEP could collaborate more closely with the Community in environmental matters such as: producing and using information on the relationship between development and environmental consequences; international conventions, such as that on cleaning up the Mediterranean Sea; undertaking pilot studies of environmental techniques used to fight pollution in member states; measuring the benefit as well as the cost of pollution abatement activities.

INSTITUTIONS

Budget Review Underway

The EC Commission began preliminary review in early March of its concept on the forthcoming Community budget.

According to a document representing the early phase of this process, the Commission believes that the recent budgets have been inadequate for the aims of the Community programs. Future budgets must truly reflect needs and priorities and must also aim at transferring and rationalizing national spending in certain categories.

At the moment, the review indicated, the EC budget is still too tilted toward the agricultural program because that currently is the only major area where the Community has assumed responsibilities formerly held by the member states.

While spending must be increased in other areas, the Commission said, such increases should be concentrated in a few priority sectors rather than scattered among a wide variety of activities. Such priority areas should include industrial modernization and competitiveness, which means not only adjusting declining industries to their new role but also building up competitive EC industries in key high-technology fields. Other main areas include spending to achieve a greater energy independence for the Community, the emergence of the fishing policy, and the gradual transfer of resources to pave the way for the entry and integration of the three applicants for membership.

Coal Anniversary Observed

The twenty-fifth anniversary of the first European common market, in coal, was celebrated in late February with the publication of a commemorative book and other activities.

While coal and steel were both covered by the European Coal and Steel Community (ECSC), it was with coal that the first common market structure was realized on February 10, 1953.

EC Energy Commissioner Guido Brunner remarked that during the last 25 years the European coal industry has passed through a difficult transition. Coal production has stagnated, the number of miners employed has plummeted dramatically from over 1 million to some 341,000, and the share of coal in the Community's energy consumption has fallen to below 16 per cent.

European People's Party Plan

Leaders of the European People's Party, composed of Christian Democratic parties of EC member states, recently introduced a draft program for the party's campaign for direct elections to the European Parliament in 1979. Belgian Prime Minister Leo Tindemans is president of the party.

The draft includes views on human rights and European unity, Europe in the world, various sectorial policies, the institutional system, and a brief declaration of the Christian Democratic option for Europe supporting a representative parliament, a second chamber representing the states, and a European government capable of governing in the true sense of the term. The emphasis of the program is on individual sectors with a view toward maintaining a political commitment to Europe.

Direct Elections Problem

The thorniest problem for the EC foreign ministers meeting in early March to prepare for the April summit in Copenhagen turned out to be the question of direct elections to the European Parliament.

Originally scheduled for May or June, the elections have been delayed because of national parliamentary procedures. And there was hesitation because some member countries had not yet completed the process of adopting legislation for the elections.

During the political cooperation segment of their meeting, the foreign ministers focused on African problems such as developments in Rhodesia, the Horn of Africa, and Namibia. There were also discussions about the continuing dialogue with developing countries, contacts with Japan, and the world situation in the steel sector.

Colombo Re-elected

The European Parliament unanimously re-elected former Italian Prime Minister Emilio Colombo as its president for a one-year term at its March session.

In addition, the Parliament elected 12 vice presidents and a number of

chairmen and vice chairmen of the various committees.

As in most years all countries and virtually all parties were represented in the election of the vice presidents. Socialists, with four vice presidents, had the most elected to that office. Several votes had to be taken in the chamber to elect the 12 because 13 members had put forth their candidacy.

In the other major housekeeping function, the Parliament also chose the heads and leading members of the 12 permanent committees where much of the Parliament's work is conducted.

Direct Election Effects

EC Commissioner Christopher Tugendhat told a Glasgow gathering in early March that a directly elected European Parliament would increase the accountability of the EC institutions to the public and would therefore be more likely to lead to greater powers for the Community.

He said that an elected parliament would be more effective in forcing the Council of Ministers to explain and justify its actions and would have more influence on the activities of the Commission than nine separate national parliaments.

The democratic control represented by the Parliament might produce a much needed streamlining of the Community management, said Tugendhat, and once the Council is satisfied the Commission is more subject to democratic disciplines, the Council would be willing to relinquish more power to the Commission.

He added that the parliamentary system should also produce better organized political party systems at the European level.

and a lack of information flow between enterprises and credit institutions.

Fiscal measures must be simplified so that small businesses do not have to employ experts to fulfill government reporting requirements; loans must be more available; and self-financing must become possible, Luxardo de' Franchi, chairman of UNICE's Commission on Small- and Medium-Sized Enterprises, said. Revenue from unincorporated enterprises must be recognized as business income and cease to be taxed at personal income rates, he added.

The report also recommends that small- and medium-sized enterprises make a much greater effort to use efficient management techniques, especially financial management, and to keep abreast of new developments by taking part in seminars and by taking advantage of expert consultant services.

Gloomy Economic Forecast

The EC Commission issued a dreary evaluation of the Community economic situation in mid-March—forecasting continuing stagnation and unemployment.

The somber prediction is that the growth target of 4 or 4.5 per cent set for the Community for 1978 appears unrealistic. As in previous forecasts, Commission experts indicate growth rates below those figures will not be sufficient to make a dent in the record-breaking rate of unemployment.

New data indicates the growth rate for 1977 may not surpass 2 per cent, instead of the 2.5 per cent forecast late in 1977. And the predictions for 1978 show figures closer to 3 per cent as a Community average.

Among factors cited as contributing to the plight, the Commission notes the slump in the exchange rate of the American dollar as a depressing impact on EC export performance. This may erode the improvements registered in 1977 when the Nine together showed a slight balance of trade surplus.

The document also indicated, however, that targets of reducing the average EC inflation rate to the 7-8 per cent level may have been achieved and that the spread in member countries ranged from 4 to 10 per cent.

In an accompanying document, the Commission experts also note the continuing failure to achieve a high degree of convergence in the EC national economic policies.

Loan Program Examined

Among the important issues discussed at an EC Council of Ministers meeting in late February were a forthcoming 1 billion unit of account (UA) loan program, the economic and monetary first phase action program, the world economic situation, and possible changes in the international monetary market operations.

Regarding the loan program, the ministers referred details to their permanent representatives pending an

opinion from the European Parliament. The principle of the loan has already been approved by EC leaders at the European Council.

There was a similar general discussion and decision on the first part of the program for closer economic and monetary integration in the Community. While considering general economic conditions the ministers basically agreed that all EC countries should move to boost their economies.

Ortoli Argues for EMU

EC Commission Vice President François-Xavier Ortoli told a London audience in late February that economic and monetary union would be a natural way of combatting the current economic slump but that a spirit of defeatism is hampering its realization.

Ortoli, in charge of economic and monetary affairs, told a *Financial Times* conference that the present economic crisis would seem to justify a turn to solidarity. Failure to implement some proposed unified economic and monetary policies would cause a splintering protectionism weakening the Community so that enlargement would be catastrophic, he warned.

Ortoli also pointed out there was no real contradiction between the advocates of dramatic moves toward economic and monetary union and the backers of a more gradual approach. "There is in actual fact no choice between these two alternatives," he said—noting that, despite all the sound arguments for union, it was impossible to achieve overnight because of major differences among the national economies.

Outlining some of the main objectives in both economic and monetary sectors, he added that "a fascination with failure" and unimaginative approaches could doom the project to the fate it has suffered since its inception.

Shipbuilding Discussed

A triangular discussion involving employers, trade unions, and the EC Commission was held in Brussels in March to deal with the continuing crisis in the shipbuilding industry.

Commissioners Etienne Davignon, for industrial affairs, and Henk Vredeling, for social affairs, took part with representatives of the European Metalworkers Federations and Liaison Committee of European Shipbuilders.

Shipbuilding in the Community has undergone a major recession in recent years partly because of decreased orders due to the mounting cost of fuel for shipping and increased competition for the remaining orders from Japanese, Korean, and other yards. The Commission has proposed a number of measures to deal with the mounting unemployment, ranging from reconversion of displaced workers and increased specializing and sophistication for the EC shipyards to more stringent environmental and safety requirements for ships using EC harbors.

ECONOMY

Aids to Small Business

Financing programs for small- and medium-sized enterprises must be restructured to encourage their growth and job creation, the Union des Industries de la Communauté Européenne (UNICE) said at a press conference in March.

The UNICE report on the subject recommends removing constraints that impede small- and medium-sized enterprises from making their maximum contribution to society through innovations, job creation, and the provision of goods and services. "We are not looking for special measures by the Community; in fact, we need less government, not more," said James Turner, of the Confederation of British Industries and leader of the working group.

Financing difficulties stem not from a deficiency in management or government, he said, but from the general decline of the economic situation, a hostility to the private enterprise ethic,

The recent meeting set up working groups to study aspects of the situation. Additional areas under study include the possibility of creating a special fund, and a question receiving much attention is the Commission projection for a massive cutback in employment in shipyards.

Too Much Italian Steel?

The EC Commission discussed steel in the light of new production figures at its early March meeting. Only Italy produced more than was predicted, and it appeared that it may have transgressed Community rules in doing so.

Youth unemployment was also discussed, and the Commission agreed that any employment stimulation programs must be compatible with existing national laws.

AGRICULTURE

Farm Prices Increased

Following a lengthy and spirited debate in mid-March, the European Parliament voted to support a 2 per cent average increase in agricultural prices for the coming season in the Community.

The support was in line with the Commission's price proposals but at the low end of a number of other proposals backed by various national interest groups. A large portion of the minority in the Parliament supported a 5 per cent increase, which had been urged by farmers' organizations and the Agriculture Committee of the Parliament.

During the debate over the price policy, EC Commissioner Richard Burke argued that the consumer had a lot at stake in the decision over food prices and that neither the consumer nor the producer drew any benefits from a policy that encouraged spending large amounts for overproduction. He noted that price policy alone was not sufficient to resolve some of the structural problems of Community farmers.

In the end Parliament sided with this policy of restraint and also backed the Commission's aim of progressively dismantling the system of monetary compensatory amounts without specifying a time frame.

Farm Revenues Improve

While the results from country to country varied considerably, a survey of EC agricultural income over the past two years indicated an average increase of 2.6 per cent in 1976 but an improvement of only 0.5 per cent in 1977.

The increase in 1976 came despite the extremely disruptive drought conditions that year. And in 1977 the slight improvement in real terms was registered despite a net increase of about 10 per cent.

The survey issued by the EC Commission in mid-March also showed major increases in Ireland, Denmark, and France, ranging from 21.5 per cent

in the first to 8.6 per cent in the third, but declines in the forecast for Italy (8 per cent) and most of the other countries.

During the period from 1975 to 1977, the report said, the average annual variation of the value added per person employed in EC agriculture increased by 14 per cent in net terms and 2 per cent in real terms.

AID

Lomé Pact Reviewed

The Council of Ministers and some 50 developing countries met in Brussels in mid-March, only a few months before negotiations begin to renew the Lomé Convention.

In his address to the meeting, Jamaican Foreign Minister P.J. Patterson cited a number of complaints about the operation of the accord. On the EC side, Commissioner Claude Cheysson expressed satisfaction at the experience to date in the financial and technical cooperation fields. He noted that more than 1 billion European units of account have been spent during the two years to finance some 300 projects.

Patterson also acknowledged satisfaction with some portions of the pact but outlined a number of less satisfactory aspects, including trade cooperation, import conditions for bananas, sugar, rum, the functioning of the export commodity stabilization fund, and the application of some financial and technical provisions.

As in the past, there was concern voiced by signators with the erosion of preferences granted to them by the Community due to bilateral and multilateral negotiations with other developing nations.

Aid Sent to Lesotho

The EC Commission announced in early March it had sent shipments of food aid to the landlocked African country of Lesotho, which was in the middle of a border clash on its frontier with Transkei, the recently created homeland for black Africans on South African territory.

Lesotho citizens are being put in increasing economic difficulty as a result of a campaign by officials in Transkei. Passports or visas are required from persons originating in Lesotho who want to go into or cross Transkei. Lesotho and other African neighbors do not recognize the official existence of a separate Transkei nation. Transkei was using these means to get recognition, but the result was that persons in Lesotho could not cross Transkei to travel to their jobs in South Africa or were separated from roaming cattle that may have strayed into Transkei.

EC Commissioner Claude Cheysson sent a message to Lesotho Prime Minister Chief Jonathon informing him of the decision to expedite the aid requests

and expressing the Commission's support against the apartheid policies of South Africa.

COMPETITION

UK Employment Subsidy

In a major decision on the impact of government aid on competition, the EC Commission approved in mid-March the extension of the British Government's temporary employment subsidy following significant modifications.

The Commission had been particularly concerned about the orientation of the subsidy program, which, as originally conceived, tended to perpetuate declining operations in the textile, clothing, and footwear industries. It felt there was danger of retaliation against the UK operations as a result of complaints it was receiving from other EC countries.

As a result of discussions between British, Community, and other authorities, the British plan was altered to the satisfaction of the others. The total budget for the program will be reduced by almost half, and the amount destined for the ailing textile, clothing, and footwear sector will also be reduced. The duration of the subsidies will also be reduced, and a restructuring plan will be required from longer-term recipients.

The British authorities will also be required to report detailed information to EC authorities about the operation of the plan, and the Commission reserves the right to propose other alterations as it sees fit.

Trademark Policy Clarified

The EC Commission's conclusion of three major cases has clarified its position on the application of trademark laws to competition.

In the first case, the Commission obtained an understanding from two firms using the same trademark name in different countries to end obstruction of the marketing of the other's similar washing powder throughout the Community. The firms—Henkel KGaA of Düsseldorf and Unilever NV of Rotterdam—had agreed to limit the same Persil product to the countries where each held the trademark for that name. Unilever held the trademark for the United Kingdom and France, and Henkel for the other EC countries except Ireland. The decision upholds the "Terrapin versus Terranova" European Court ruling of 1976 that the holder of a trademark is not entitled to prevent goods from another state bearing a similar trademark from being imported or marketed.

In the second case, the Commission allowed the Davide Campari-Milano SpA to grant exclusive license for its Bitter Campari trademark brand beverage to licensees in other countries. The parties deleted earlier clauses in

their contracts that prohibited exports to other EC countries.

An agreement was made in the third case whereby Penneys Ltd. of Ireland ceded the trademark and distribution rights to J. C. Penney Inc. of the United States. The first company will be allowed to continue selling its Penney brand clothes in Ireland.

Competition Rulings Appealed

Two major EC businesses have filed an appeal to overturn competition rulings made earlier by the EC Commission, the European Court of Justice announced in mid-March.

In the case appealed by the British Distillers Corporation, the Commission had attacked the company's practice of charging higher prices on the Community market for its whisky and other spirits than it did in its home market in Britain. The Commission was seeking to end price discrimination by getting the firm to lower prices charged outside the home market.

Instead, the company responded by raising prices at home and removing some of its popular labels from the domestic market. The Commission was still examining whether this did not constitute a violation of competition rules against refusal to sell products when the firm filed its appeal.

The second case involved a Commission complaint against BMW Belgium and its 47 dealers for banning the re-export of BMW vehicles imported into the country to other EC countries, a practice against EC rules. The company and dealers had contended that the instructions had been merely a refusal to sell to unauthorized dealers.

HARMONIZATION

EC Court Rules on Tax Law

The European Court of Justice declared in early March that member states could not modify or abrogate Community regulations with domestic legislation and declared unconstitutional an Italian tax measure that would have this effect.

A second consequence of the EC Court decision will be to speed up such cases in Italian courts. The Italian Constitutional Court ruled some time ago that whenever a conflict between Community law and Italian law was raised in a case, the case must be referred to the Constitutional Court. In other words, the judge hearing the case did not have jurisdiction to decide the question. The EC Court overruled this opinion and held that the judge before whom a case is brought can rule on the conflict point.

As the Italian Constitutional Court can take up to two years to give a decision, restoring jurisdiction to the original judge will speed up the litigation process.

Football Restrictions Eased

National football (soccer) federations in the Community agreed in late February to remove restrictions on player mobility by the end of this football season. This action would enable at least two non-national Community citizens to play on top division professional clubs.

At the time only Italy had an outright prohibition against non-nationals playing on professional teams. Other countries had a tradition of not hiring non-nationals and most had a limit on foreign team members. A 1976 European Court of Justice decision ruled that there should be no limitation or discrimination on talent from other EC countries, a decision in keeping with the EC Treaty assurances of freedom of movement for citizens within the Community.

Although the agreement does not fully comply with the Court ruling since it only opens up the possibility for two foreign players on a soccer club, a statement issued by the EC Commission described the move as "substantial progress."

The accord applies only to championship division professional teams and specifies that current players on foreign teams and their children will be regarded as citizens or residents of that country. The accord does not apply to non-Community citizens or to lower division or amateur teams, where there is even greater flexibility and mobility potential.

Advertising Draft Adopted

A draft directive attacking false, misleading, and unfair advertising in all media was sent to the Council of Ministers in late February.

The directive would not apply to certain categories of advertisements, such as political advertising, advertising by individuals, and advertising that does not promote the supply of goods or services such as by charities. The purpose is to protect trade, business, and professions.

The Commissioner Richard Burke, responsible for consumer policy, said the Commission would have no surveillance role and complaints would be handled by the member states under national law. The draft directive would allow comparative advertising, which is currently banned in a number of countries, give the right to associations with a legitimate interest to launch court actions, and shift the burden of proof in a court action to the advertiser.

SOCIAL POLICY

Health Sector Viewed

The Community's activities in the health sector are expanding and may soon involve more specific recommendations to limit the growth in health care costs.

In a recent speech EC Commissioner

Richard Burke explained some of the Community's previous actions in this field and provided details of the first meeting of EC health ministers in Brussels. He noted that this gathering had as its main preoccupation the cost of health services.

Commissioner Henk Vredeling told the meeting that the cost of health services had grown at an annual average rate of 20 per cent in the Community since 1970. This was due principally to the aging of the population, investment in hospital facilities, and increased consumption of medicines. Ministers expressed interest in restraining costs by better planning, preventative medicine, and curbs on pharmaceutical consumption.

Burke noted other areas of EC involvement in the health sector, ranging from possible directives to limit tobacco or pharmaceutical advertising to encouraging the free movement of physicians and nurses. There have also been a number of directives in the consumer field and the environment designed to safeguard public health.

Poverty Programs Approved

Poverty among the gypsies, charitable organizations, cultural phenomena in large apartment complexes, and special programs highlight the Commission's newest series of projects and pilot studies designed to continue its war on poverty in the Community.

The package, approved in late March, accompanied its decision to establish a group of independent experts to control and evaluate the various elements of the Commission's overall poverty program.

The study on gypsies will cover legislation, social conditions, sanitation and other aspects of nomadic and seminomadic peoples. Social and cultural life in French housing projects for moderate income residents will also come under scrutiny, as will the role and influence of charitable organizations. Programs will also be conducted in Amberg, Germany, Naples, and the five-country region around Luxembourg.

Immigrant Plan Revised

Responding to a call to strengthen protection for migrant workers against illegal employer practices in the Community, the Commission last March approved a revised version of its proposal to combat illegal immigration and employment practices.

The new plan, awaiting approval by the Council of Ministers, outlines responsibilities and liabilities of employers regarding employment of migrant workers, including wages, social security, and taxation. The European Parliament and Economic Social Committee had urged such an addition to the original proposal which also contains measures to inform workers and monitor employers.

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.

PROCEEDINGS OF THE EUROPEAN MOTOR VEHICLES SYMPOSIUM AND THE SEMINAR ON ACCIDENT STATISTICS. Commission, Brussels, 1977, Volume I, 409 pages\$8.00
Volume II, 355 pages\$7.35
Full set\$13.50

Papers and discussions of a symposium held in Brussels, December 9-12, 1975 on vehicle structure, noise pollution, protection of vehicle occupants, accident prevention, air pollution, energy use, and a seminar on road accident statistics.

INVESTMENT IN THE COMMUNITY IN 1976 AND ITS FINANCING. European Investment Bank, Luxembourg, 1977, 49 pages\$2.5
Survey of the investment in Community countries by sector, sources of investment capital, and the role of international capital markets.

TECHNICAL AND PHYSICAL ASPECTS OF ENERGY SAVING IN GREENHOUSES. EUR 5679 e, Commission, Luxembourg, 1977, 153 pages\$9.35
Reports and discussions presented at a meeting at Karlsruhe, Germany, September 22-24, 1976.

PROTEIN QUALITY FROM LEGUMINOUS CROPS. EUR 5686 e, Commission, Luxembourg, 1977, 400 pages\$22.50
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EEC SYMPOSIUM ON FOREST TREE BIOCHEMISTRY. EUR 5885 de-en-fr, Commission, Luxembourg, 1977, 290 pages\$14.40
Papers presented at a symposium in Brussels, January 25-27, 1977 on how research and practical application of forest tree biochemistry could best be developed in the Community.

ENTRAVES TECHNIQUES AUX ECHANGES DES DENREES ALIMENTAIRES. Documentation Bulletin B/6, Commission, Brussels, 1977, 18 pages\$1.15
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THE AGRICULTURAL SITUATION IN THE COMMUNITY: 1977 REPORT. Commission, Brussels, 1978, 496 pages\$20.00
General survey of developments in the Community's agricultural sector covering production factors, agricultural incomes, supplies, trade, and monetary fluctuations; detailed analysis of the operation of the common agricultural policy and the market for each product sector; detailed statistical annex on trade, production, prices, farm income, intervention measures, and EAGGF financing.

SURVEY OF RETAIL PRICES 1975. Statistical Office, Luxembourg, 1976, 72 pages\$2.70
Autumn 1975 survey of retail prices in the capitals of the member states for approximately 700 individual items for household consumption.

CONFIDENTIALITY AND BUSINESS STATISTICS IN THE EUROPEAN COMMUNITIES. Statistical Office, Luxembourg, 1977, 159 pages\$5.40
By Gerard Ader. Examination of the legal basis of statistical confidentiality in the member states, methods used by statisticians to maintain confidentiality, and the effect on the EC Statistical Office.

GAS PRICES 1970-1976. Statistical Office, Luxembourg, 1977, 272 pages\$24.00
Results of a survey of gas prices for 1970-1976 in the EC members with a breakdown for 29 locations and three values (price without taxes, taxes, selling price); commentary for each country on market organization, regulations, tariffs, taxes, and detailed analysis of prices.

- SEMINAR ON GEOTHERMAL ENERGY.** *EUR 5920, vols. I and II*, Commission, Brussels, 1977, 733 pages\$38.75
Papers of a seminar held in Brussels, December 6-8, 1977; first results of the contracts of the research and development program on geothermal energy funded by the Commission.
- SECOND REPORT ON THE ACTIVITIES OF THE COMMITTEE FOR INFORMATION AND DOCUMENTATION ON SCIENCE AND TECHNOLOGY OF THE EUROPEAN COMMUNITIES.** *EUR 5597 e*, Commission, Luxembourg, 1977, 55 pages\$3.90
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- APPRENTICESHIPS IN IRELAND.** *Social Policy Series No. 33*, Commission, Brussels, 1977, 82 pages ...\$3.00
By Thomas McCarthy. Report on the historical development, legal status, organization, and operation of the apprenticeship system in Ireland.
- APPRENTICESHIPS IN DENMARK.** *Social Policy Series No. 32*, Commission, Brussels, 1977, 54 pages ...\$2.00
By Helge Larsen. Detailed survey of current legal provisions for apprenticeships, the contents of articles of apprenticeship, structure of training schemes including vocational guidance, and the financial aspects and administrative organization of apprenticeships.
- COMMUNITY ACTION IN THE CULTURAL SECTOR.** *Bulletin of the European Communities, Supplement No. 6/77*, Commission, Brussels, 28 pagesfree
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- EUROPEAN FOUNDATION.** *Bulletin of the European Communities, Supplement No. 5/77*, Commission, Brussels, 1977, 28 pagesfree
Commission report of November 17, 1977, to the European Council on the tasks, objectives, structure, and financing of a European Foundation.
- SHIPBUILDING: REORGANIZATION PROGRAMME.** *Bulletin of the European Communities, Supplement No. 7/77*, Commission, Brussels, 1977, 24 pagesfree
Communication of December 9, 1977, from the Commission to the Council on the current problems in the shipbuilding sector and proposals for restructuring.
- EUROPEAN UNION: ANNUAL REPORTS FOR 1977.** *Bulletin of the European Communities, Supplement No. 8/77*, Commission, Brussels, 1977, 20 pagesfree
Reports by the Ministers of Foreign Affairs to the European Council and by the Commission on results achieved in various areas of integration.
- THE DEVELOPMENT COOPERATION POLICIES OF THE EUROPEAN COMMUNITIES FROM 1971 TO 1976.** Commission, Brussels, April 1977, 33 pagesfree
Brochure on Community policies toward developing countries in trade, commodities, transfer of financial resources, food and agriculture, and industrial and technological cooperation.
- COMMUNITY REGIONAL POLICY: NEW GUIDELINES.** *Bulletin of the European Communities, Supplement No. 2/77*, Commission, Brussels, 1977, 44 pagesfree
Communication and proposals submitted by the Commission to the Council on June 3, 1977, on the future of Community regional policy.
- COMMON POLICY FOR SCIENCE AND TECHNOLOGY.** *Bulletin of the European Communities, Supplement No. 3/77*, Commission, Brussels, 1977, 62 pagesfree
Communication from the Commission to the Council, June 30, 1977, outlining guidelines for the common policy in science and technology for the period 1977-1980; describes existing and future projects and criteria for selection of projects, financing, and institutional structures and procedures.
- YOUTH EMPLOYMENT.** *Bulletin of the European Communities, Supplement No. 4/77*, Commission, Brussels, 1977, 40 pagesfree
Analysis by the Commission of the problem of youth unemployment, a review of member state measures, and conclusions reached by the Council of Ministers, October 28, 1977 and the Standing Committee on Employment of November 24, 1977.
- COMMON CUSTOMS TARIFF.** *Official Journal of the European Communities, vol. 20, L 289*, November 14, 1977, Luxembourg. 363 pages\$8.00
Schedule of customs duties assessed on goods entering the Community as of January 1, 1978; preferential rates granted under trade and association agreements are not included.
- EECTUNISIA COOPERATION AGREEMENT.** *Information No. 162/77*, Commission, Brussels, 1977, 46 pagesfree
Description of the terms of the EC-Tunisia interim and cooperation agreements with details on agricultural concessions and origin rules, economic cooperation, and technical and financial assistance.
- THE COMMUNITY AND ITS REGIONS.** *European Documentation 4/77*, Commission, Brussels, 1977, 19 pagesfree
Brochure on the regional disparities in the Community, expenditure from the Regional Development Fund and other financial efforts of the Community, and the new regional policy proposals of the Commission.
- TOWARDS A EUROPEAN EDUCATION POLICY.** *European Documentation 2/77*, Commission, Brussels, 1977, 17 pagesfree
Pamphlet on the action program adopted by the EC Education Ministers covering education of migrant workers, links between educational systems in the Nine, documentation and statistics, cooperation in higher education, foreign language teaching, equality of opportunity, European studies, vocational training, and the European Social Fund.
- WORKER PARTICIPATION IN THE EUROPEAN COMMUNITY.** *European Documentation 3/77*, Commission, Brussels, 35 pages ...free
Survey of current legislation and systems of worker participation in the member states and the Commission's proposals in the field.
- REPORT ON EUROPEAN POLITICAL COOPERATION.** *Working Document 427/77*, European Parliament, Luxembourg, December 13, 1977, 25 pagesfree
By Erik Blumenfeld on behalf of the Political Committee. Review of developments in political cooperation by member states in the development of foreign policy and the problem of parliamentary oversight of this process.
- REPORT ON ECONOMIC AND TRADE RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND PORTUGAL.** *Working Document 187/77/rev*, European Parliament, Luxembourg, September 15, 1977, 38 pagesfree
Discussion on the operation of the current EC-Portugal trade agreement and the economic implications for Portugal of accession to the Community.
- GENERALIZED SYSTEM OF PREFERENCES AND RULES OF ORIGIN: 1978 REGULATIONS.** *Official Journal of the European Communities, vol. 20, L 324*, December 19, 1977, Luxembourg, 160 pages\$3.00
Official Journal of the European Communities, vol. 20, L 350, December 30, 1977, Luxembourg, 64 pages (origin rules)\$1.20
Texts of the regulations for the operation of the generalized system of preferences for developing countries for 1978.
- THE ENERGY SITUATION IN THE COMMUNITY: SITUATION 1976, OUTLOOK 1977.** Commission, Brussels, 31 pages\$1.65
Analysis of the general economic situation, the demand for energy, and the market situation; outlook for petroleum, natural gas, coal, electricity, and nuclear fuels.
- EUROPEAN REGIONAL DEVELOPMENT FUND: SECOND ANNUAL REPORT (1976).** Commission, Brussels, 1977, 62 pages ...\$4.80
Report of the Commission on the operation of the Regional Development Fund in 1976.
- THE EUROPEAN COMMUNITY, INTERNATIONAL ORGANISATIONS AND MULTILATERAL AGREEMENTS.** Commission, Brussels, 1977, 298 pages\$6.20
Overall view of the links established between the Community and world and regional intergovernmental organizations, and Community participation in the negotiation, conclusion or administration of multilateral agreements; contains the basic texts on the Community's status exchanged with each organization.
- CONSUMER PROTECTION AND INFORMATION POLICY: FIRST REPORT.** Commission, Brussels, 1977, 99 pages\$1.25
A general picture of EC activities in the field of consumer interest; shows the evolution of consumer protection and information policy in the member states from 1973 to 1976; includes the Council resolution on consumer policy and a bibliography of EC legislation of interest to consumers.
- COMMUNITY ENERGY POLICY: TEXTS OF THE RELEVANT LEGISLATION.** Commission, Brussels, 257 pages\$6.00
Compilation of EC secondary legislation on energy in force as of December 31, 1976; includes texts of resolutions, regulations, directives and decisions on coal, oil, gas, electricity and nuclear energy; lists relevant EC agreements with third countries on energy matters.
- THE PEOPLE'S REPUBLIC OF CHINA AND THE EUROPEAN COMMUNITY.** *Information No. 168/78*, Commission, Brussels, 9 pagesfree
History of the negotiations between the Community and China and statistics on trade since 1975.
- ELEVENTH GENERAL REPORT ON THE ACTIVITIES OF THE EUROPEAN COMMUNITIES.** Commission, Brussels, February 1978, 336 pages\$5.60
Detailed report on the activities of the European Coal and Steel, Economic, and Atomic Energy Communities in 1977.
- TWENTY-FIVE YEARS OF THE COMMON MARKET IN COAL 1953-1978.** Commission, Brussels, 1977, 188 pages\$8.00
Traces the development of the common market for coal since 1953 and the position of coal in the Community's energy supply; statistical annex covering all important aspects of the coal sector since 1953.
- EEC'S TRANSPORT PROBLEMS WITH EAST EUROPEAN COUNTRIES.** Economic and Social Committee, Brussels, November 1977, 164 pagesfree
Opinion of the ESC and report of the Section for Transport and Communications covering maritime shipping, road haulage, and waterway transport.

HIGHER EDUCATION IN THE EUROPEAN COMMUNITY: A HANDBOOK FOR STUDENTS. Commission, Brussels, 1977, 177 pages\$4.40
Manfred Stassen, editor. General information on the structure of higher education, degrees awarded, admissions policy, language requirements, and fees and grants for each member state; lists sources of information for initial inquiries and procedures for admission applications, entrance exams, and registration; contains a bibliography of national information material and sources.

THE EUROPEAN COMMUNITY AND CANADA. *Europe Information No. 1/78*, Commission, Brussels, March 1978, 11 pagesfree
Note on EC-Canadian trade, invest-

ment, framework agreement, and cooperation under the agreement.

HOW REGIONAL DEVELOPMENT HELPS TO SOLVE UNEMPLOYMENT AND INFLATION. Economic and Social Committee, Brussels, June 1977, 124 pagesfree
A series of case studies examining the contribution regional policy can make to reduce unemployment and inflation.

THE RIGHT OF INITIATIVE OF THE ECONOMIC AND SOCIAL COMMITTEE. Economic and Social Committee, Brussels, October 1977, 124 pagesfree
Description of the possibilities for exerting influence in the Community legislative process now that the ESC has the right of initiative.

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.

1976: **FAO Production Yearbook, Volume 30.** Published by the Food and Agriculture Organization of the United Nations, Rome, 1977. 296 pages. Available from UNIPUB, New York. English/French/Spanish text. \$15.00.

Statistical compilation on important aspects of world production in food and agriculture; includes land use and irrigation, population, production, food supply, means of production, agricultural machinery, pesticides, commodity prices, and price indexes.

The Euro-Dollar System: Practice and Theory of International Interest Rates, Sixth Edition. By Paul Einzig and Brian Scott Quinn. St. Martin's Press, New York, 1977. 121 pages. \$16.95.

A revised version of Paul Einzig's classic work about the practical operation of the Euro-dollar market and its theoretical underpinnings; includes a new chapter on contribution of the Euro-dollar market to post-oil crisis international financial stability and a new appendix showing how Euro-dollar transactions affect the banking system.

A Survey of Agricultural Economics Literature, Volume II. Edited by Lee R. Martin, et al. University of Minnesota Press, Minneapolis, 1977. 473 pages. \$25.00.

Devoted to literature dealing with the use of quantitative methods in agricultural economics; four sections cover estimation and statistical inference in economics optimization, systems analysis and simulation, and developments in agricultural economic data.

Essays in British Business History. Edited by Barry Supple. Oxford University Press, New York, 1977. 267 pages. \$17.25 cloth, \$10.50 paper.

Devoted to case studies of business organization and behavior; three sections cover the period 1870-1914, substantive aspects of British business in the Twentieth Century, and the questions of the role of the state in industry and industrial relations; examines the themes of scale, structure, administration, technology, and marketing.

The Construction of a European Community: Achievements and Prospects for the Future. By Pierre Maillet. Translated by Marcus J. Hurt. Praeger Publishers, New York, 1977. 185 pages. \$18.50.

An analysis of the accomplishments and shortcomings of the Community and its economic impact on member states; examines the role of supranational institutions, national governments, business groups, and unions in European integration; outlines Community economic policy instruments and external economic policies.

Euroguide 1977/78, Volume I. By Euroguide International S.A., Luxembourg, 1977. 1,643 pages. \$120.00. Full set of four volumes \$400.00.

This first volume of a directory covering Europe outlines the purpose, activities, and structure of international and regional organizations and nongovernmental groups in Europe; includes the European Communities, Comecon, United Nations agencies, and others; with three volumes to follow on political, economic, and social aspects of each European country.

Europe 2000. By Peter Hall. Columbia University Press, New York, 1977. 274 pages with index. \$15.00.
 Outlines the landscape of the future Europe and the main conclusions on education, industry, urbanization, and agriculture—the four project areas of “Plan Europe 2000”—and presents ways by which Europeans might view their problems but stops short of prescribing precise solutions.

Lambert Schaus. Luxembourg, Belgique, Europe. Luxembourg, Imprimerie Saint-Paul, 1977. 180 pages.
 Introduces Lambert Schaus, who headed the Luxembourg delegation to the Messina Conference, 1955-57, and was a cosigner of the Treaties of Rome and, as a member of the EC Commission from 1958 to 1967, organized the first steps of a common transport policy.

Organisation Europe. By Heinz Medefind. Translated by Norman Crossland. Europa Union Verlag, Germany, 1975. 125 pages.

A comparison between the administrative and parliamentary bodies of the Council of Europe and the European Communities; includes descriptions of their structures, elections, advantages, and problems.

Published for the Commission

Petten Colloquium on Advanced High Temperature Materials: Technological and Industrial Aspects. Edited by H. Kröckel. *Revue internationale des Hautes Temperatures et des Réfractaires*. Paris, Vol. 13, No. 3, 1976. 62 pages including tables and a list of participants.

Proceedings of the colloquium held in Petten, the Netherlands, January 29-30, 1976, and organized by the EC Commission; examines some of the major considerations affecting materials selection use in high temperature reactors.

Principles and Methods for Determining Ecological Criteria on Hydrobiocenoses. Edited by R. Amavis and J. Smeets. Pergamon Press; Elmsford, New York, 1976. 531 pages including annexes. Text in original language with English translation. \$35.00

A detailed report of the proceedings of the European Scientific Colloquium held in Luxembourg in November 1976; assesses the extent and results of pollution on aquatic life.

Bone Marrow Transplantation and Other Treatment After Radiation Injury. By H. Balner, M.D. Kluwer Boston, Hingham, Massachusetts, 1977. 83 pages with notes.

A review of current concepts about bone marrow transplantation as therapy for serious radiation injury;

What's Happening: Europe Summer Calendar 1978. David U. Larson, 615 North Capitol, Lansing, MI 48933, 1978, 126 pages. \$3.00.

Directory of more than 5,000 special events scheduled to take place in Western Europe from May to September 1978. Sources for additional information, lists of unusual events, and a directory of foreign national tourist offices are included.

Monetary Policy & Economic Activity in West Germany. Compiled by S. F. Frowen, A. S. Courakis, and M. H. Miller. Halsted Press, New York, 1977. 268 pages with index. \$35.00.

Brings together original contributions from a number of leading monetary economists on the conduct of monetary policy and the responses of the economy to monetary factors.

Arms Control and Technological Innovation. Edited by David Carlton and Carlo Schaerf. Halsted Press, New York, 1976. 366 pages with index. \$22.50.

Concerned with inadequate advances in arms control arrangements; seeks to define this problem and offers some approaches to a solution in light of the speed of technological innovation.

includes discussion of donor selection and graft versus host disease, a schematic classification of radiation injury, and a set of guidelines for the handling of serious radiation accidents.

Overcoming the Language Barrier, Volumes I and II. Third European Congress on Information Systems and Networks. Verlag Dokumentation, Munich, 1977. Available in the United States from K.G. Saur Publishers, 175 Fifth Avenue, New York 10010. 675 pages and 213 pages. Vol. 1, \$36.00; Vol. II, \$18.00; set \$54.00.

Papers and proceedings of the May 3-6, 1977, congress held in Luxembourg; reports on multilingual terminology and thesauri, human and machine-aided translation, and teaching and use of languages in the Community.

Tokamak Reactors for Breakdown; A Critical Study of the Near-Term Fusion Reactor Program. Edited by Dr. H. Knoepfel. Pergamon Press, Elmsford, New York, 1978. 650 pages with index. \$60.50.

A compilation of the lectures and discussions on the future of the Tokamak line of fusion research given at the International School of Fusion Reactor Technology in Sicily, September 21-October 1, 1976.



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