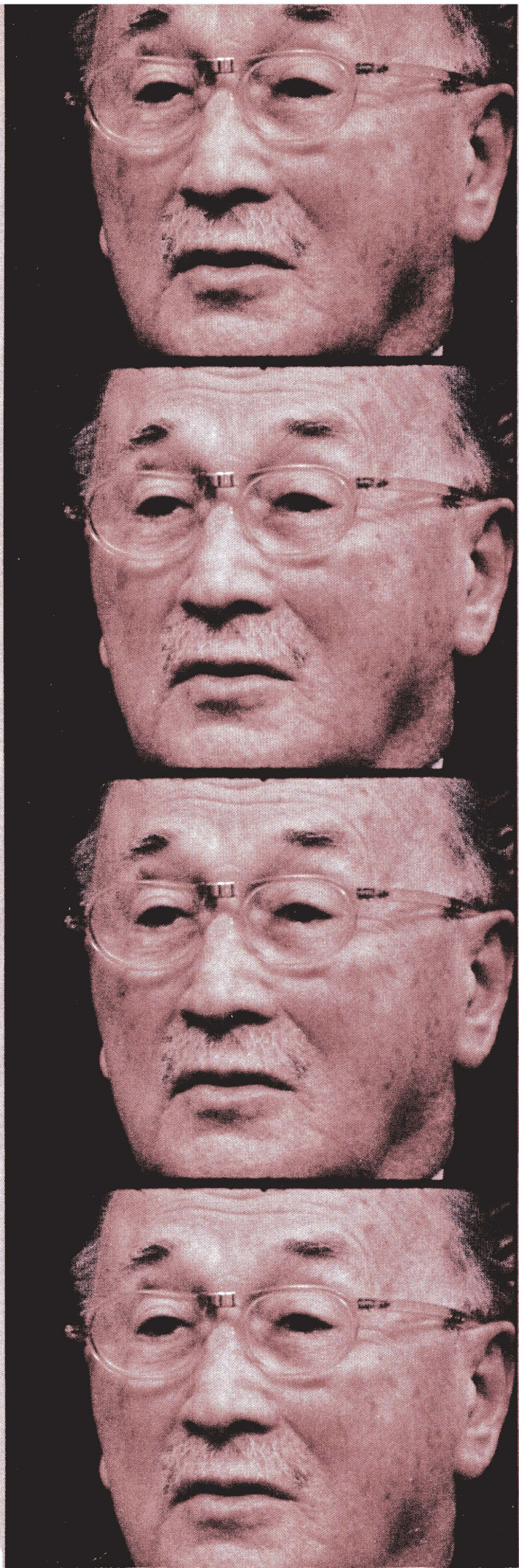


European Community

NOVEMBER-DECEMBER 1978 NO. 210

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**JEAN MONNET:
Producer of Dreams**

European Community

NOVEMBER-DECEMBER 1978 NO. 210

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Publisher's Letter

We are often unaware of the moments that change our lives. In October 1961 riding on a train from Cambridge to London, I opened a copy of Time magazine. On the cover was Bernard Saffran's portrait of Jean Monnet—"Father of Europe."

The story intrigued me. There were things happening across the channel on the Continent of Europe that we "islanders" barely knew about. Modern Europe was being born. Several months later in a car trip from Bari at Italy's southern tip to Paris, I observed the extraordinary progress that European integration had produced, and vowed then and there to get involved in Europe.

A little over a year later I was living in Paris as a foreign correspondent and witnessed in person de Gaulle's "non" to Britain and Ireland. It took 10 years for the dream of European enlargement to blossom into reality. In the interim I had several opportunities to meet Jean Monnet and many more to meet his close collaborators—my colleagues François Fontaine, who helped edit the Memoirs, and Richard Mayne, who translated them. A personal meeting with Monnet never left one with a sense of anti-climax.

So in this issue we make no apology for devoting space to history, for that history is Europe's future. We are grateful to Cyrus Vance for his special contribution, as well as for the opportunity to use the sketches by George Ball and Theodore White. The cover photo is taken from the BBC's memorable program on Jean Monnet by cameraman Raymond Grosjean.

Jean Monnet is 90 years old this November. His ideas, his zest for life, his dynamism, his patience are an example to a world demanding quick solutions to complex problems.

Andrew A. Mulligan

Andrew A. Mulligan



Photo by Henri Cartier-Bresson, Magnum;
courtesy Doubleday & Co., Inc.

MONNET'S MEMOIRS

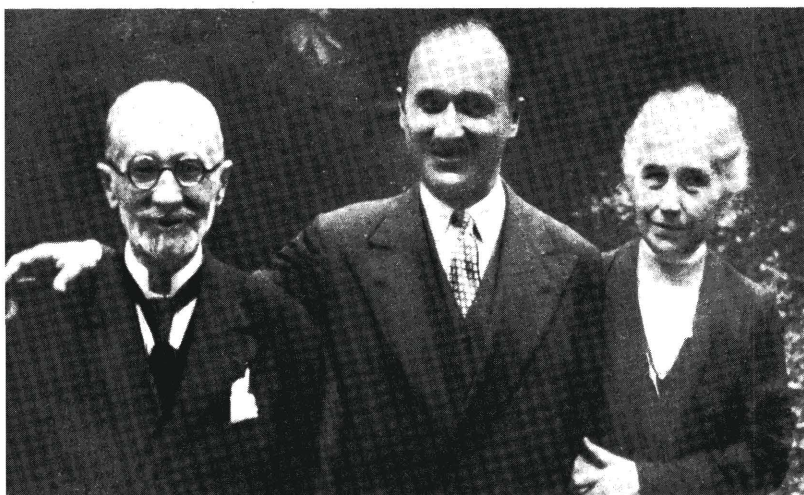
US publication of his book coincides with his 90th birthday

JEAN MONNET

A year has gone by now since I came back to this house, with its thatched roof and blue shutters, and its large garden stretching out toward the rolling countryside of the Ile de France. I seldom leave it: Those who want to see me have to come here. They talk to me about their worries. I understand their concern; but they have to realize that the building of Europe is a great transformation, which will take a very long time. They are naturally impatient for the success of what they have to do; but nothing would be more dangerous than to regard difficulties as failures. Perhaps they think that in my country retreat I am losing touch with current events and becoming too detached. They remember my former calls for urgent action. True

enough, action is always urgent, and I am glad that those responsible for it are aware of the fact. But they must also be aware of the essential virtue of perseverance, which is the only way to overcome obstacles.

The obstacles will undoubtedly grow in number as we draw closer to our goal. In the building of Europe, as in all great ventures, men push the obstacles before them, and leave them to their successors. I am not troubled by the fact that there are still so many obstacles on the road ahead. We have overcome many others that were just as great. In this respect, nothing has changed; nor will it. The only difference is that something has begun, something which can no longer be stopped. Twenty-five years ago, the urge to have done



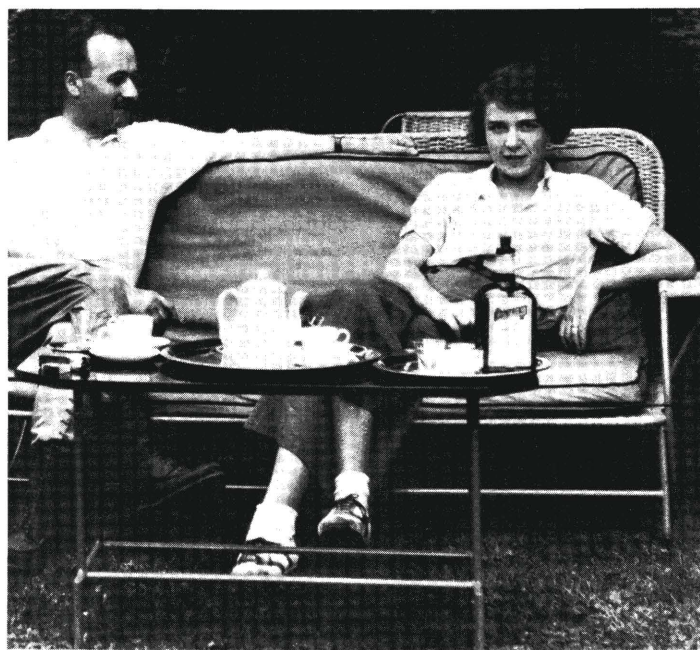
Jean Monnet with his parents.

Photos from Monnet Private Collection; courtesy Doubleday & Co., Inc.

with our violent past left us no choice but to advance toward a common goal. What was decided on then is still just as vital; and now it is part of the everyday reality of our lives.

I walk in the garden with my visitors. I go down toward the cottage at the foot of the meadow, where Marianne and my son-in-law Gérard Lieberher spend their weekends. Their children — Jean-Gabriel, Catherine, Jean-Marc, and Marie — run on ahead. Now I have time to be with them, and get to know them individually as they grow up. I press on into the paths round Bazoches, where I meet my neighbor Pierre Viansson-Ponté. “Good morning, Monsieur Monnet,” he says; and under that title I find in *Le Monde* some echoes of our conversation, filtered by his delicate art. The seasons go by: I had never noticed their passing before — I was too much distracted by activities in

Jean at 41 and Sylvia Monnet, 20, in China, 1929.



town. Spring comes round once more. Someone says to me: “There will be no spring for Europe this year. . . .” Perhaps: But we should look beyond the calendar, for stages, not time limits; we should keep on course, and not worry too much, now, about deadlines. There is nothing talismanic about this or that month in 1976 or 1978; about dates, I make no wagers. But I am certain that the passing seasons will lead us inevitably toward greater unity; and if we fail to organize it for ourselves, democratically, it will be thrust upon us by blind force. There is no place any more for separate action by our ancient sovereign nations. We have long since passed the crossroads where we had a choice of ways ahead. Since 1950, we have been engaged in the process of unification by our own free will, and no one has been willing or able to reverse it. If there are arguments, they are about means, not ends; and arguments are essential to progress.



Monnet with André and Amélie, his maitre d'hotel and cook for many years.

Photo by N. R. Farberman, *Life* magazine, © Time, Inc.; courtesy Doubleday & Co., Inc.

I HAVE KNOWN THIS GARDEN for 30 years, and have come back to it almost every night — except when I was in Luxembourg, where I had another garden, at Bricherhof. For me, it has no bounds: The world belongs to walkers. In the morning, as I have said, I make for the nearby woods, where I know every faintest path. Some of them are endless. It is essential for the spirit to start the day in the open air. In London, I had St. James's Park outside my door. In Washington, the houses on Foxhall Road were in the woods, and there were no fences between the yards. I can claim no specialized knowledge of trees or birds: They are simply the background to my thoughts, my form of poetry. André Horré used to explain the things of nature to me. He had started life in the mines of the North, and then had become a butler to follow his wife Amélie, who was a fine cook. When we settled in our Houjaray house, which I bought in 1945, he became a gardener. In London and Washington he had worked only

indoors; there had been neither room nor need to grow vegetables. In France, at the end of the war, it became a duty, and he accepted it. The spirit of his ancestors revived his love of the soil. While Amélie, with masterly intelligence, looked after the house, André let his imagination roam as he labored in the kitchen garden or among the flowers. They were a noble and devoted couple. They went with us to Luxembourg, and helped us settle in; then, they retired to the North. Their only son, a gifted boy, joined the staff of the [European Coal and Steel Community's] High Authority. When he died in an accident in 1953, his parents' silent and dignified grief was heartbreaking.

In the course of their lives with us in various countries, André and Amélie had met many well known people, who paid close attention to their simple good sense. I can still see André in his kitchen garden, talking with Walter Lippmann in 1948, shortly before the US Presidential election.

"Who do you think will win, Dewey or Truman?" asked Lippmann. Like most observers, he was sure it would be Dewey. André went on digging, and said:

"Well, obviously, Truman."

"Why?" asked Lippmann in surprise. André straightened up and said:

"Look — it's as simple as my trees. Roosevelt was elected three times. Three times the Democrats have won: That gives them deep roots. They won't be pulled up in one go."

The roots of the Community are strong now, and deep in the soil of Europe. They have survived some hard seasons, and can survive more. On the surface, appearances change. In a quarter-century, naturally, new generations arise, with new ambitions; images of the past disappear; the balance of the world is altered. Yet amid this changing scenery the European idea goes

The Monnet family in 1950.



"The world belongs to walkers."

on; and no one seeing it, and seeing how stable the Community institutions are, can doubt that this is a deep and powerful movement on an historic scale. Can it really be suggested that the wellsprings of that movement are exhausted, or that other rival forces are taking their place? I see no sign of any such rival forces. On the contrary, I see the same necessity acting on our countries — sometimes bringing them together for their mutual benefit, sometimes dividing them to the detriment of all. The moral is clear, and it cannot be gainsaid. It has taken root in our peoples' consciousness, but it is slow to act on their will: It has to overcome the inertia that hinders movement and the habits that resist change. We have to reckon with time.

Where this necessity will lead, and toward what kind of Europe, I cannot say. It is impossible to foresee today the decisions that could be taken in a new context tomorrow. The essential thing is to hold fast to the few fixed principles that have guided us since the beginning: gradually to create among Europeans the broadest common interest, served by common democratic institutions to which the necessary sovereignty has been delegated. This is the dynamic that has never

The United States and Europe share the same civilization, based on individual freedom, and conduct their public life in accordance with common democratic principles. That is the essential point. History has decisively proved this profound kinship, which in times of danger turns into active solidarity. When the human values that Europe and America share are threatened, the United States intervenes without counting the cost in men or money. But when the sense of kinship gives way to the daily conduct of national affairs, the difference of scale becomes apparent. No one can be blamed for the misunderstandings that ensue. To be the greatest power in the world is a lonely and dangerous business.

When one has accumulated a certain experience of action, to try to hand it on to others is also a form of action; and one day the time comes when the best thing one can do is teach others what seems to be right.

“There are two kinds of people—those who want to be someone, and those who want to do something.”

Incompleteness is part of nature, and it needs great art, or great wisdom, to know when to lay down the brush, or bring to an end any form of action. We should always avoid perfectionism.

ceased to operate, removing prejudice, doing away with frontiers, enlarging to continental scale, within a few years, the process that took centuries to form our ancient nations. I have never doubted that one day this process will lead us to the United States of Europe; but I see no point in trying to imagine today what political form it will take. The words about which people argue — federation or confederation — are inadequate and imprecise. What we are preparing, through the work of the Community, is probably without precedent. The Community itself is founded on institutions, and they need strengthening, but the true political authority which the democracies of Europe will one day establish still has to be conceived and built.

SOME PEOPLE REFUSE TO UNDERTAKE ANYTHING if they have no guarantee that things will work out as they planned. Such people condemn themselves to immobility. Today, no one can say what Europe will assume tomorrow, for the changes born of change are unpredictable. “Tomorrow is another day,” my father used to say, with a zest which my mother, in her wisdom, did her best to calm. “Sufficient unto the day is the evil thereof,” she would reply. They were both right. Day-to-day effort is needed to make one’s way forward, but what matters is to have an objective clear enough always to be kept in sight. People who came to see me in Luxembourg were intrigued to see on my desk the

photograph of a strange raft. It was the *Kon-Tiki* whose adventure had thrilled the whole world, and which for me was a symbol of our own.

“Those young men,” I explained to my visitors, “chose their course, and then they set out. They knew that they could not turn back. Whatever the difficulties, they had only one option — to go on. We too are heading for our objective, the United States of Europe; and for us too there is no going back.”

But time is passing, and Europe is moving only slowly on the course to which she is so deeply committed. . . . We cannot stop, when the whole world around us is on the move. Have I said clearly enough that the Community we have created is not an end in itself? It is a process of change, continuing that same process which in an earlier period of history produced our national forms of life. Like our provinces in the past, our nations today must learn to live together under common rules and institutions freely arrived at. The sovereign nations of the past can no longer solve the problems of the present: They cannot ensure their own progress or control their own future. And the Community itself is only a stage on the way to the organized world of tomorrow.

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A MESSAGE FROM THE U.S.

CYRUS VANCE, *US Secretary of State*

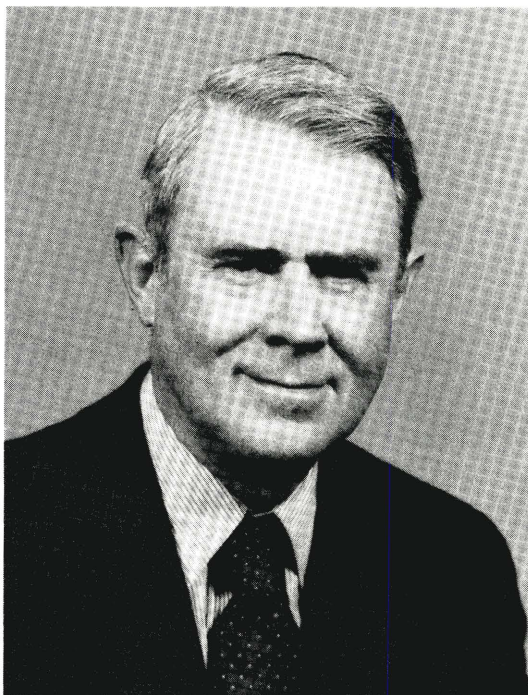
On the occasion of Jean Monnet's ninetieth birthday, I am honored and happy to join in paying tribute to this remarkable man whose achievements span the Atlantic.

In my address to the General Assembly of the United Nations on September 29, 1978, I cited Jean Monnet's statement: "We should put our problems on one side of the table and all of us on the other." The quotation typifies the spirit of this great European and great Atlanticist, bringing people together into a broader community. He has inspired those of us in public life in both Europe and America for many decades with his breadth of vision.

Jean Monnet's honorable and outstanding career goes back to the early years of this century, but for men of my generation he is best known for his leadership in establishing the European Communities. While he has had no official position since 1955, preferring to labor for Europe outside the official framework, his Action Committee for a United States of Europe has been greatly influential, and his personal role in the developments toward European unity has been enormous.

Jean Monnet's vision of a united Europe has great appeal for Americans, who see in it close affinities with our own historical development and our institutions. This is among the many strong reasons why the United States has so consistently supported the goal of European integration, a goal we still feel very much attached to. Jean Monnet believed in institutions as the roadway to unity: "It is the institutions which govern relationships among men; they are the true cornerstones of civilization," as he said. It is the institutions he helped found, now well-established and functioning, that will gradually lead toward the transfer of authority required if a truly united Europe is to emerge.

Our goals and ideals in America are the same as those of the European Community—democracy, peace, economic prosperity, and respect for the individual rights of men—and it is on this basis that we have over the years given our firm support for European integration. As President Carter said when he became the first



US Secretary of State Cyrus Vance

American President to visit the Community headquarters in Brussels last January: "The United States welcomes a strong, united Europe as a common force for the values our peoples share."

For millions in both halves of the Atlantic community, Jean Monnet stands in a special way for the idealism and wisdom that produce the goal of European unity. His influence for good has been immense, and I take great pleasure in paying tribute to him on his ninetieth birthday.

Cyrus Vance

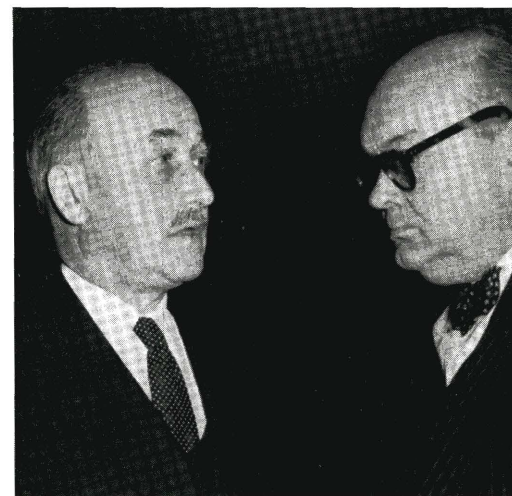
GEORGE W. BALL, former US Under Secretary of State, now a partner of Lehman Brothers

On Thanksgiving Day last year, I dined with Jean and Sylvia Monnet in their thatched-roof house at Houjarray, a few kilometers from Paris. In the course of our dinner — which, as a gesture to an old friend and to America, included a turkey complete with cranberries and chestnut dressing — Monnet told me, with that quiet conviction which gives exceptional force to whatever he says: “George, you should stop diffusing your energies. You should select a single, great objective and concentrate on it until it is accomplished. You may have to make short-term tactical detours, but you must never lose sight of your central goal, even when the road ahead seems hopelessly blocked.”

That sage counsel had formed the leitmotif of many conversations during the years that I worked closely with Monnet, yet even more persuasive than his words was the testimony of his own career. Men of genius sometimes validate clichés that have lost their credence, and Monnet’s life graphically illustrates the old saying that a deeply committed man can move mountains. Yet to do so he must, like Monnet, possess indefatigable energy, an un-

common measure of both resilience and resourcefulness and the willingness to forego all personal gain or glory in the single-minded pursuit of a transcendent purpose.

Jean Monnet’s transcendent purpose was to transform Europe, and he has quite literally succeeded. Not only has he been the architect of the European Community but also its master builder. Yet what gives him the greatest satisfaction is that Europeans now regard that Community as an uncompleted structure, that they take for granted what has already been accomplished — substantial economic integration and practices of cooperation that 20 years ago would have seemed visionary. Today most Europeans would find it difficult to imagine Europe without the Community. Only very rarely do transient conflicts of will or policy recall even faintly the chaotic, divided Europe of quarreling nations that marred the period between the wars and led to ultimate catastrophe. To Monnet all that is proof of the soundness of one of his more controversial hypotheses that, while men and women cannot change human nature, they can, by establishing new rules and institutions



Monnet and Paul-Henri Spaak, also among the first “Europeans.”

to which human beings must adjust, create new habits of thought and action that can profoundly affect economic and political attitudes and behavior.

But, though Monnet’s career for the first 30 years was in a sense prelude to the building of a new Europe, even had he disappeared before either the Treaties of Paris or Rome, he would still have left a formidable record of achievement. Over more than a half-century he quietly influenced major decisions of his country and its allies by the persuasive power of his logic and insights, invariably in support of

Of the Man, His Dream, His Achievement

THEODORE H. WHITE, former magazine correspondent and author of numerous books, including *The Making of the President* series

I would like to pause at the personality of Jean Monnet not because of the magnitude of the personality, nor because he, ultimately, was the man who provided, in his dream of Europe, the grand settlement for which I was looking—the substitute for the peace treaty—but simply because he introduced me to a craft which I have since come to consider the most important in the world.

This peculiar craft can be called the brokerage of ideas. Monnet was a businessman by origin, cool, calculating, caustic; but he did love ideas, and he could sell ideas to almost anyone except Charles de Gaulle, his great historic rival, and the succession of British Prime Ministers who followed Winston Churchill. Ideas were his private form of sport—threading an idea into the slipstream of politics, then into government, then into history. When he talked of how and where you plant ideas, he talked not like an intellectual but like a good gardener inserting slip cuttings into old stock. He coaxed people in government to think, and enjoyed the coaxing process almost as much as the cooping of the ideas themselves. There were at the time few counterparts to Monnet in other countries; I

had to invent the phrase “idea broker” about Monnet in 1950. Later, I used that phrase about certain Americans; I changed it subsequently to “delegate broker”; and then finally to “power broker,” a phrase which passed into some general usage.

Monnet and Robert Schuman, whose “plan” launched the European Coal and Steel Community.



The Monnet whom I met first in 1948 already had a prodigious reputation as a planner. There were so many Monnet Plans that he sounded like a fraud—or a huge American management consultant company. But he was one man alone. He had devised a Monnet Plan for pooling French and British war purchases in Canada and America as far back as World War I. He had devised a scheme for reorganizing the Rumanian currency in the early Twenties. He had devised a scheme for reorganizing all Chinese railways and their financial system in the early Thirties. He had managed to break through the Washington bureaucracy just before we entered World War II to sell Franklin Roosevelt on the idea of an effective War Planning Board.

All this was of record, and I expected a perfunctory meeting when in the summer of 1948 I first met this little man, known for his abrupt manners, tart tongue, sharp mind. The French plan for postwar reconstruction was also called the Monnet Plan, and all I sought was a quick interview, which would give me a handful of quotes to feather my reporting. The man who met me at his office at Rue Martignac was a full-chested, round-faced, acid

certain principles. The major theme of his book is the evolution and realization of those principles.

MONNET'S CENTRAL CONVICTION is that men and women of different nations can achieve almost any objective if they combine their resources and energies and avoid frustrating one another's efforts by pursuing narrow national ends. Though the idea is too obvious for philosophical challenge, Monnet has found by his years of experience that its application is by no means easy or simple.

Related to that idea — perhaps flowing from it — is the belief that the nation-state survives in the Twentieth Century as an anachronism quite inadequate to define the boundaries of modern political and economic action. Although, within limits, governments can develop common policies and approaches through cooperation, if they are fully to meet the expanding requirements of the present day, the smaller nations must create more comprehensive units. Within a federal or confederal structure common action need no longer depend on the caprice of governments, each subject to its own domestic pressures and national ambitions; rather, people will be able to work and act together for a common pur-

pose, to speak with a single voice and act with a single will. European problems are incapable of solution with the present structure of competing sovereignties, so they must change the conditions that create the problems — or, in other words, change the structure — and, thus, transform the problems themselves.

However sound these substantive convictions may be, they would have had little impact on the course of history had Monnet not been the master of highly individualistic techniques for translating ideas into institutions. In Monnet's view, there is never a lack of opportunity for action. But to seize those opportunities, one must be equipped with a strong conviction derived from careful reflection; then, when the critical moment arrives, one can act without hesitation. It was because of his well-formed convictions that, even though he had neither taste nor flair for the conventional procedures of politics and little talent for oratory or public presentation, Monnet could brilliantly utilize a wide repertory of persuasive devices, all based on the optimistic conviction that most men will respond to logic if it is patiently and forcefully brought to their attention. In his subtle but effective operations he was well served by an



Celebrating the U.S. publication of Monnet's Memoirs in New York are George Ball, Doubleday Editor-in-chief Stewart Richardson, and Jacqueline Onassis.

almost infallible instinct for detecting the loci of real, as contrasted with apparent, power. Thus, in dealing with governments, he never confined his operations to official channels, recognizing that often the most effective way to induce official action was to persuade key individuals outside of government to carry the burden of persuading the political leaders empowered to take that action. That this required him to reiterate the same arguments again and again did not deter him, nor did he

ments

Frenchman with a needle-pointed nose. He had the reputation of either cutting reporters off with one stroke, or else enthraling them with anecdotes and ideas to make a point. I was admitted as an unknown; within 10 minutes he suggested we sit by the fireplace in his office; and within another hour he had captured me as completely as had Chou En-lai.

I came to know him much better over the five years that followed. His reminiscences were at once homely and historic: of his old mother, Madame Monnet of Monnet Cognac, bustling around cooking for the entire family until she could no longer walk; of being sent as a youngster to Hudson's Bay in the cold Canadian winter in an ankle-length raccoon coat to sell Monnet cognac to the fur trappers; of his courtship of his beautiful wife, Sylvia, whom he had persuaded to leave her first, Italian, husband and marry him—in Moscow. He could sprinkle any conversation with the stardust of names, from Lloyd George to Clemenceau, from T. V. Soong to Dwight Eisenhower. But he would reminisce only when totally relaxed. Otherwise he was tart and to the point, peremptory and questioning.

I LEARNED MUCH FROM MONNET'S QUESTIONINGS. After each major trip I made out of Paris

I would visit him, and he would suck me dry of observations. He had an irritating habit of abruptly presenting a critically important question; you would open your mouth to answer; he would snap, "Don't explain. Just answer yes or no. We both know your reason-

Monnet (far left) with Charles de Gaulle, Winston Churchill, Henri Giraud, Anthony Eden, and others in Algeria, June 5, 1943. courtesy Doubleday & Co., Inc.



ing either way. I just want to see how you add things up." He loved maps, and was at his most eloquent talking in front of a map. He was both warm-hearted and cold-blooded. I remember once talking with him about several problems of European unity, and the need of a



The first casting of "European" steel. courtesy Doubleday & Co., Inc.

even hesitate, as he points out in this book, to use the same terminology repeatedly to get his points across, since that terminology had been carefully devised and could not be bettered by improvisation. One technique of analysis and persuasion he regularly employed was to prepare a *bilan*, a balance sheet of needs and resources; only in that way could he compel less imaginative men to view a problem as a whole.

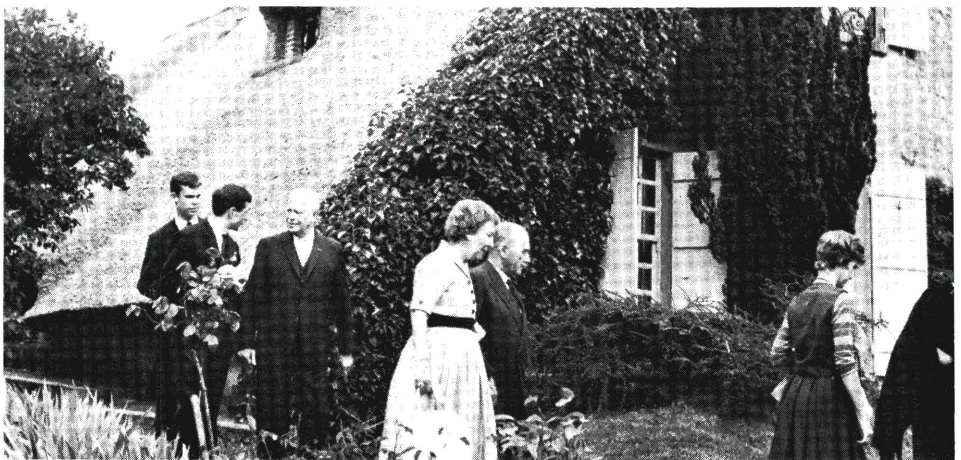
Monnet understood instinctively the supreme importance of timing, recognizing that,

at moments of crisis, political leaders could be induced to make far braver decisions than they would ever consider in conditions of less stress. As a negotiator, he was without equal, in part because he applied to even the most marginal exchange excruciating efforts to achieve the right phrase, the precise nuance, so that, as I came to expect in working with him, even the simplest letter might have to be re-drafted 14 or 15 times. Beyond that, he held to the fixed principle that in every effective negotiation there had to be a crisis.

particular decision. "Right," said Monnet. "Exacte! But dites-moi, on whose table should I pound to get the decision?" Monnet was convinced that ideas marched into politics only by reaching key people; his job was to find those people and use them, to pass the proper proposals through the proper offices over the proper tables to get the effects he wanted.

The Monnet Plan for postwar French reconstruction was a marvelous demonstration of Monnet's mind at work. His operation was understaffed, with less than 50 people tucked away in a quiet corner of Rue Martignac. As much detail as possible was exported to other French ministries, bureaucracies, or industries. Monnet himself hated to read long, detailed explanatory papers. He would have his young men stay up nights absorbing details from papers, then summon them to brief him.

He wanted only the essence of what they accumulated. But the governing idea of the national Plan was his and could be compressed simply: that if a freely elected government makes a simple plan clear, free people can imaginatively adjust to it. Businessmen could plan investments, working people could plan savings, shopkeepers plan inventories, and farmers plan their fields. The Russian kind of



Dwight, Mamie, and David Eisenhower with Monnet at Houjarray, 1962. Photo from *France-Soir*; courtesy Doubleday & Co., Inc.

state planning was an abomination to Monnet—dictated, policed, compelled down to every crevice and crack, even the shoe-repair shop. A democratic plan, Monnet held, set out the large goals—and then freed anyone under its roof to do his own, or his corporation's, or his school's, or his family's future planning, projected against the plan targets set out by the state. By 1949, Monnet's planning was so obviously superior to the thin-lipped planning of British Socialists, to whom plan-

MANY INTELLECTUALS HAVE FAILED to grasp Monnet's instinctive talent for penetrating to the heart of problems while leaving technical elaboration and philosophical shadings to specialists. But, though some were put off by his apparent simplicity and that single-mindedness which led him to ignore those philosophical rabbits he so frequently flushed, the most perceptive felt his elemental strength and were willing to work interminable hours with an almost kamikaze loyalty.

If I were to try to reduce the essence of Jean Monnet to a single phrase, I would say that he is preeminently a modern man who has perceived a major dilemma of our complex times—the discord between our technology, on the one hand, with its rapid pace of advance and its requirements of scale and scope, and, on the other, our institutional arrangements which are so slow to change and so often parochial in character. Yet to call Monnet a modern man does not mean that he is unaware or disdainful of the past. Though admittedly no scholar, his insight has told him that history is not static, not the constant replaying of old themes, but a flow of events which, if man is to survive, must be so channeled as to meet the needs of an evolving age. He has, therefore, never been tempted into the unhappy error—induced by an atavistic longing for a world that never was—of seeking to recapture the past. Instead, he has pursued the more

ning and regulation was a religion, that even the most dedicated free-enterprisers in Washington recognized that this businessman turned dreamer, turned planner, was the most imposing, though officeless, leader in his country.

Monnet's prestige in French politics was akin to that of George Marshall in American politics. He was not only thought to be virtuous, he *was* virtuous; he was not only thought to be wise, he *was* wise; he belonged to no



Monnet with Konrad Adenauer, German Chancellor during the postwar formation of the European Coal and Steel Community.

relevant purpose of bending men's efforts toward a nobler future.

It is because Jean Monnet so clearly perceives the nature of the great tidal forces now at work that he is sturdily immune to disappointments. I was with him on more than one occasion when the progress of a new design seemed irrevocably halted by the abrupt intrusion of obsolete — yet fiercely held — ideas that echoed a distant and earlier age. Invariably — and sometimes almost alone — Jean Monnet remained undismayed. "What has



Walter Lippmann at Houjarray, 1951. Photo by Carl Perutz, Magnum; courtesy Doubleday & Co., Inc.

happened, has happened," he would say with a Gallic shrug, "but it does not affect anything fundamental. The important point is for us not to be deflected, not to lose momentum. We must find a way to go forward."

It is because of this apparent imperturbability that Monnet is known — to the admiration

of his friends and the exasperation of his opponents — as an incorrigible optimist. Yet his optimism does not stem from any Panglossian idea that all is for the best of all possible worlds, but rather from a belief in the logic of events and the essential rationality of man — a dauntless faith in the ineluctable direction of deeply moving forces. Optimism to Jean Monnet is the only serviceable hypothesis for a practical man or woman with a passionate desire to get things done.

Since the beginning of time, many men have tried to alter the structure of world power. When their ambitions have been selfish and hegemonic, they have usually failed. When they have sought to realize their dreams by force, whatever success they achieved has been transient and illusory. But there have also been those rare men whose visions were ample and generous, whose goal was no less than the good of mankind, and who have relied not on force but persuasion — the energy latent in an indomitable idea — to accomplish their objectives. Sometimes those men have wrought miracles.

Memoirs is a chronicle of the miracles of Jean Monnet.

From the introduction to the book *Memoirs*, by Jean Monnet. Copyright © 1978 by Doubleday & Co., Inc. Reprinted by permission.

political party, yet enjoyed the confidence of all except the Communists. Thus only he had the temerity and prestige to present to both American and French Governments the plan that would give flesh to an idea which, ultimately, both would have to accept as the substitute for a grand settlement of peace.

The idea was the idea of Europe—an old idea, but this time clothed with a plan. Visionaries had dreamed of a United Europe since Caesar and Charlemagne. Napoleon and Hitler had more recently tried to unite Europe by killing. But Monnet was the man who saw the opportunity in modern times, and found a word for it: community. He had lived through two wars of the French and the Germans, seen them kill off his own friends and companions. Then came the spring of 1950, with Europe still struggling, the French still starved for coking coal, without which steel cannot be made, the Germans rich in coking coal, short of iron ore, and pinned down by rigid controls imposed by the victors on their steel production. It would be good for both Germans and French if someone could "pool" their joint resources and needs, and Monnet's idea was simple. The French would propose that the victors release their clamp on Germany's steel production if Germany freely share its coal



Monnet with former US Secretary of State Henry Kissinger, receiving the Grenville Clark Prize in 1975. courtesy Doubleday & Co., Inc.

resources with France, that a European Coal and Steel Community be created in which not only Frenchmen and Germans, but Italians, Belgians, Netherlanders, Englishmen, would share resources, facilities, and markets. It was the beginning of the Common Market and a grand idea, the greatest French contribution to world peace and progress since Napoleon fled Waterloo.

Watching Monnet thread his suggestion through the bureaucrats and foreign ministries of Europe was to take delight in his political art. The idea was called the Schuman Plan, because he had first sold it to Robert Schuman, then French foreign minister. Schuman had had a rendezvous with Secretary of State Dean Acheson in May of 1950; he was shopping for ideas to present to the Americans;

Monnet packaged the idea of a coal and steel pool for Schuman as one which would please the Americans—both as an immediate solution for the vexations of Ruhr control in occupied Germany, and as a long step down the road to true peace. Schuman, an old bilingual man of Lorraine, embraced the idea. More importantly, both US Ambassador David Bruce in Paris and Secretary of State Acheson in London proved enthusiastic about the idea. The idea, indeed, found full American backing before either the French cabinet or the American cabinet had been informed that a new Europe was to be born and this was the route. Each was persuaded by the enthusiasm of the other; it was a Monnet trick.

IDEAS FREQUENTLY CAPTURE CONTROL OF events and then outrun them, as American politics were to prove in the 1960's and 1970's. But the first demonstration I witnessed of an idea outrunning reality came in that critical year of 1950. Monnet's original idea of a Coal and Steel Community of Western Europe, presented in May 1950, was thoroughly creative and practical at once. Then came the Communist attack in Korea. Then came the stretching of Monnet's concept of an ultimate United Europe to the creation, overnight, of a European army called into being and governed by a European Defense

Community (EDC). The idea would not stretch that far; it became an almost insane scheme to have Frenchmen, Germans, Italians, Walloons, fighting in one army with trilingual command systems, and contraptions of supply and recruiting which met no idea of common sense. Only on paper did it make sense; but not to common voters or men who had fought as soldiers. Everyone knew that the Communists were a menace to all; but no one quite knew how to bind the new Europe together. A large idea was needed.

I remember that shortly before the politics of the EDC began to reach the voting stage in European parliaments, I went out to visit Monnet at his cottage in the village of Houjaray. I had seen him previously only in his Paris apartment or his office. In the cottage, under its thatched roof, lived a hoot owl, whose sound Monnet mimicked. The cottage had one large living room, full of career marks: Steuben crystalware from America, Chinese porcelains, Japanese screens, old leather-bound volumes running from *L'Histoire de la Civilisation Arabe* to *La Sainte Bible*. By Monnet's bedside was a book about Franklin Roosevelt; and on the wall of the bedroom hung a black-rimmed portrait of Roosevelt.

By the fireplace, as he scratched his kitten, Pool (named for the coal and steel pool),

Monnet spoke of "us" and "them," and the difficulty of organizing the West against the East, and the prospects for this new Defense Community which he was trying to persuade to reality. Though he was still optimistic, I remember best his last balancing thought: "The central thing about the Russians is this mystery. We have let ourselves be hypnotized by this mystery. . . . We should have a central idea on our side. The old armies can't be made good by adding increments of conventional arms . . . they have to be reorganized and reshuffled totally. . . . People will only fight for what is inside them and what they believe, and we must give them something to believe."

Monnet could see farther than I could. He knew what was lacking in his own plan for a European Defense Community; and, I believe, grieved little when it was rejected. But I was not yet ready to explore the ideas acting on politics, and so for the next three years I went on writing in conventional terms of the Communist menace, of the new Europe being born that must be defended, and of the American presence, which, at that time, was overpowering.

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BELGIUM

MEMBER STATE REPORT

ALAN OSBORN, *Benelux correspondent for The Daily Telegraph*

DE GAULLE USED TO SAY THAT BELGIUM WAS NOT A nation and never could be. You can test that by comparing, say, the citizens of Antwerp and Mons. Judged by the language they speak, the books they read, the music they listen to, and the amount of money they have, they might as well be separated by an ocean as by some 60 miles of flat Belgium countryside. In an area the size of Maryland, there are two distinct nations struggling to preserve and promote their history and culture.

How tired the Belgians must be of hearing their country described as a crossroads! And yet how true that is. Two thousand years ago the Roman armies halted at about the spot where Brussels is now and more or less left the north to the Frankish tribes. The division established then has lasted, so that today you find Belgium made up of a conservative, prosperous, Dutch-speaking northern half and an economically declining, socialist, French-speaking southern half.

A crossroads in another sense, too. Karl Marx called Belgium “paradise for capitalists, hell for workers.” If he meant it contained more than its fair share of shrewd businessmen, he was surely right. In spite of, or perhaps because of, the tensions between its peoples, Belgium has become one of the richest and most enterprising of countries and can lay legitimate claim to being the most successful exporter in the world. Who else could sell underground railway systems, ornamental glassware, rifles, and lace with such success in international markets?

The history of Belgium is inseparable from that of Europe generally. Names like Flanders, Yvres, Bastogne will always have a resonance going beyond Belgium. That is just as true, in a far different way, today and is likely to become even more so in the future. To countless Europeans, Brussels means not the Belgian capital but the voice, the authority, of the European Community itself. When we read “Brussels acts” or “Brussels opposes” in

Exports—50 per cent of Belgium's gross national product is sent abroad—are vital to the country's survival.



the newspaper, we know instantly it is in reference to the EC Commission.

Brussels is only the "provisional" seat of the EC Commission, though it is inconceivable that this will ever change. Politically it would be unthinkable to locate the Commission in a larger country; geographically it would be impossible to find a better site. Draw a 200-mile radius around Brussels, and it would include over half the population of the European Community—and a far greater share of its wealth and production. At present the Council of Ministers maintains its secretariat in Brussels and holds most of its meetings there. The European Parliament committees meet in the city, as do the Permanent Representatives of the nine member governments. At least one of the three annual EC summit meetings is also held in Brussels.

The major absentee is, obviously, the European Parliament. Strasbourg and Luxembourg have guarded its custody with such tenacity so far that any claims by Brussels would have been pointless. Quite how the question of a site for the new directly elected Parliament will be resolved is unclear at present. There is less doubt over the future of Brussels' other major international institution—the North Atlantic Treaty Organization (NATO)—however.

Membership in the Atlantic alliance has been the foundation of Belgium's defense policy since the formation of NATO in 1949, though it was only in 1967 that the organization's political headquarters was moved to Brussels. At the same time Belgium is the home of the Supreme Headquarters of the Allied Powers in Europe (SHAPE), which occupies a former military training center near Mons. Though the makeshift appearance of much of the defense buildings hardly argues for permanence, they are almost certainly there to stay. The idea of a Belgian government ordering NATO or SHAPE to leave is simply not credible, while both politically and geographically it would be hard to think of a more congenial host than Belgium.

Until fairly recently much the same could be said for big business. Years ago it was confidently expected that large companies would flock to Brussels to be close to the European institutions. The formation of expatriate communities in and around the city would in turn fuel the process of creating a genuine European capital, it was argued. And for a time this started happening. A stream of US multinationals established their European bases in Belgium, and by 1970 it was estimated that American investment was providing more than one job in every eight in the country.

But this has not lasted, and in some conspicuous cases it has been reversed, with many companies actually leaving the country. This may have been partly because of the slower than expected development of the European Community and its institutions and partly because of



Although harvest seems bountiful, as for this Ostende fisherman, "Belgium's growth rate in recent years has been poor," as elsewhere in the West. © Henri Cartier-Bresson, Magnum

some well publicized rows in the government over taxes and social legislation. But the main reason was almost certainly the fall in the US dollar relative to the Belgian franc that made nonsense of many investment projections.

That may change again—certainly if the Belgian Government has anything to do with it, it will. An active campaign to woo US investors is already showing some signs of success. Any fresh moves to hasten European integration would also help. What does not seem likely to change—and it is the true cornerstone of Belgium's appeal—is the country's devotion to open, liberal trade policies and to the development of the European Community. It is impossible to think of a prominent political leader in Belgium who does not subscribe to those goals.

Politics

Belgian governments seem to come and go about every 18 months, so the spectacle of Prime Minister Leo Tindemans handing his resignation to King Baudouin in October was hardly a major shock.

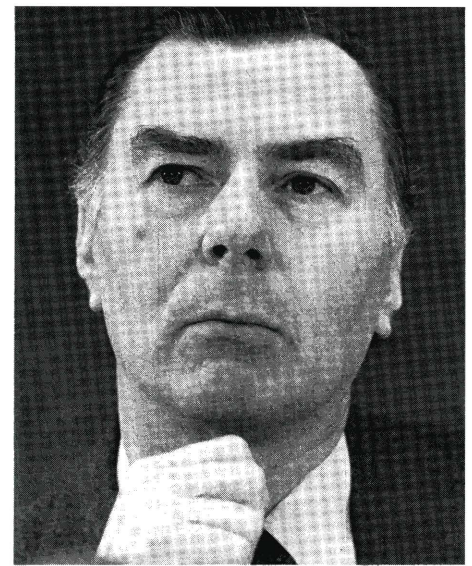
It was in April 1977 that Tindemans painstakingly put together a coalition of his own center-right Social Christians with the Socialists plus two smaller parties, the Flemish Volksunie and the Brussels-based Front Démocratique des Francophones (FDF). The coalition held 172 of the 212 seats in the Chamber of Representatives, but the partners never seemed altogether happy with one another, and several differences had already flared before October, notably over economic and African policy.

But in the end it was the painfully familiar issue of devolution, or the language "war," that felled the coalition. The crisis arose when members of Tindemans' own Dutch-speaking wing of the Social Christians raised constitutional objections to aspects of the ambitious plans for devolving greater powers to the Flemish- and French-speaking regions drawn up by the coalition.

Since constitutional changes could only be approved if the Parliament turned itself into a constituent assembly, the objections were seen as a call for new elections. It was when Tindemans was confronted with a demand from all parties in the Parliament, with the exception of his own, for a formal clarification of the Government's position that he announced his resignation. This time, unlike on a similar occasion in June, it was accepted by the King.

Polls in October suggested that the Social Christians would improve their standing in an election, with the predominantly Wallonia-based (French-speaking) Socialists and probably both regional parties losing ground. This led some observers to wonder if the crisis was more an attempt by members of the Social Christians to force elections rather than the result of genuine misgivings about the devolution reforms, which had occasioned no visible revolt earlier in the year.

What saddened many Belgians about the development was that it signaled at least a temporary end to what had been hailed as the most effective blending of political and linguistic forces for many years. In a real sense the coalition put together in the spring of 1977 had been tailor-made for the job of steering through the historic devolution bill. By the same token a government that lacked either



Former Belgian Prime Minister Leo Tindemans, who resigned in October.

of the two main political parties or, to a lesser extent perhaps, the FDF and the Volksunie, could find it impossible to implement such controversial reforms.

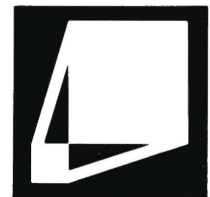
That said, it is difficult to imagine that any new alignment of political forces in Belgium would spell major changes in the country's international relations. The main friction between Tindemans and the Socialists is over economic and budget policy. On the broader canvas of Belgium's role in the North Atlantic Treaty Organization and the European Community, there has been no suggestion of major differences between the major parties.

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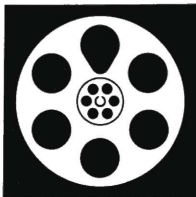
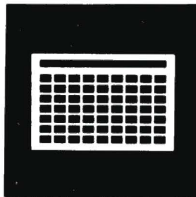
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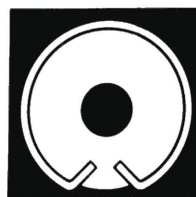
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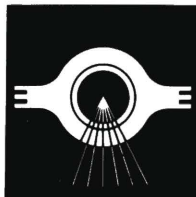
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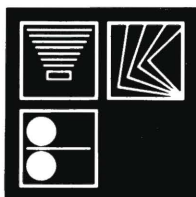
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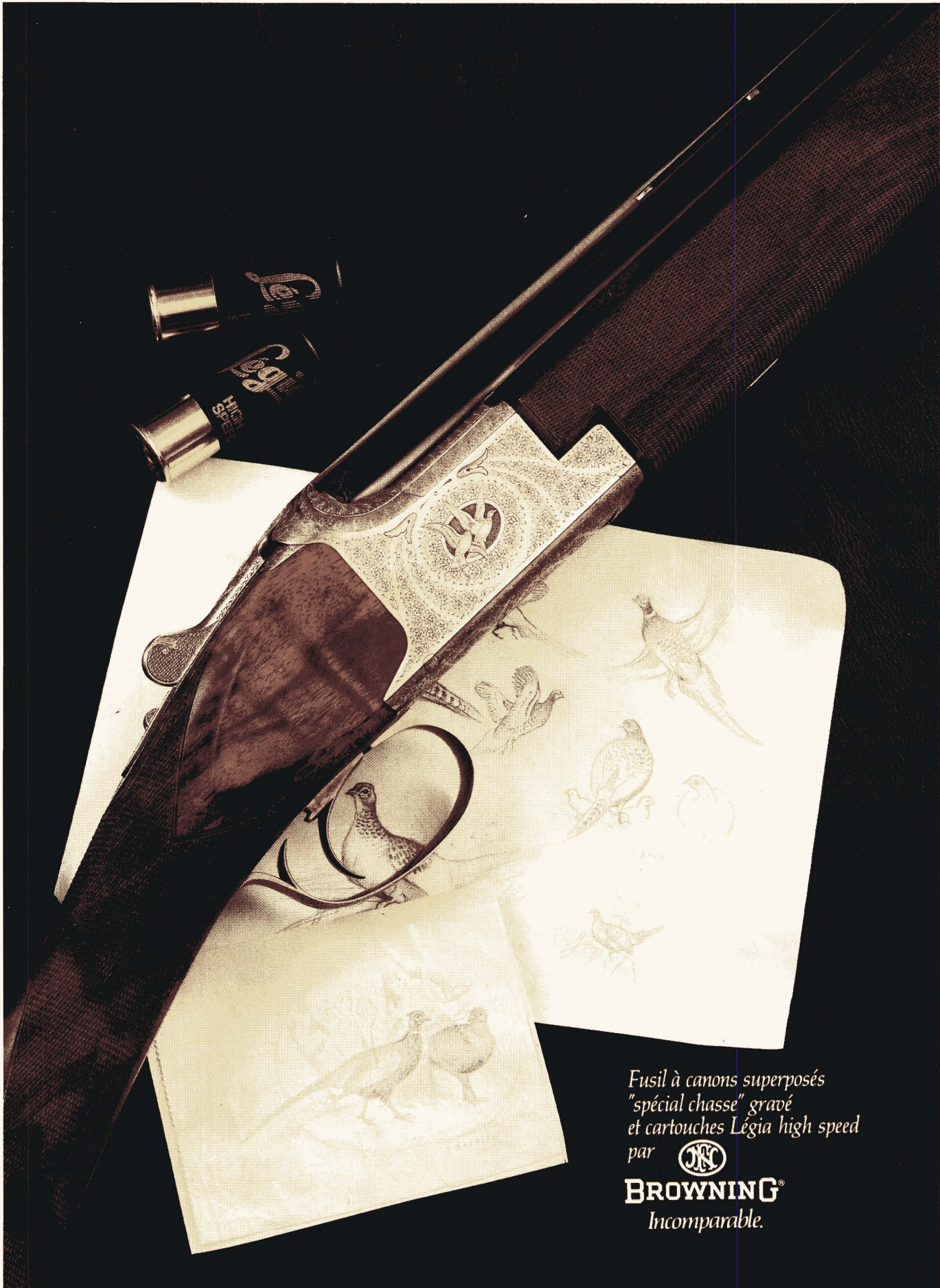


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Economy

The well-stocked barns of Flanders, the rows of expensive yachts in Ostende harbor, the rash of new building in Brussels suggest that life is quite agreeable for the Belgians at the moment. So it is—unless you happen to be one of the 300,000 or so without a job. Unfortunately there will be more of them before the year is out, and with the best will in the world there may not be a great deal the Government can do to avoid it.

Critics of recent economic policy in Belgium say this is what you inevitably get when you try to maintain an artificially high exchange rate for the Belgian franc. The franc is of course a member of the EC currencies “snake,” and Belgium is one of the most tenacious defenders of the arrangement. But it has not always been easy or cheap to keep the franc in step with the German mark. There were some uneasy moments this summer as the mark rose to its ceiling against the franc. Talk of a devaluation surfaced, but in the end the authorities won with a combination of heavy spending and resolute talk.

Whether you think them wise to do so presumably depends on your economic priorities. The tying of the franc to the D-mark has done



“The abundant fields of Flanders . . . suggest that life is quite agreeable. . . .” © Fritz Henle, Photo Researchers

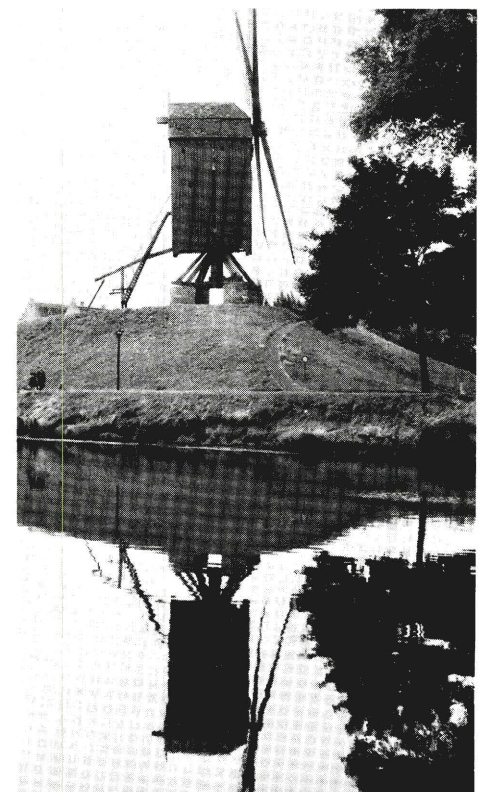
wonders for control of inflation, for instance. This year’s increase in prices in Belgium will be only 4.75 per cent, according to the Organization for Economic Cooperation and Development (OECD), down from 7 per cent in 1977. A strong franc also makes it easier to buy those foreign yachts or—at a more modest level—pick up bargains in clothes or furniture across the channel in England.

Yet it remains true that Belgium’s growth rate in recent years has been poor, its export performance very mixed, and its unemployment rate high even by general Western standards. Last year there were 6.6 per cent out of work, and the 1978 total is expected to reach 7.5 per cent according to the OECD. Many economists argue that in view of the country’s remarkable dependence on exports—50 per cent of the gross national product is sent abroad—Belgium would be better off devaluing and so making its goods more competitive.

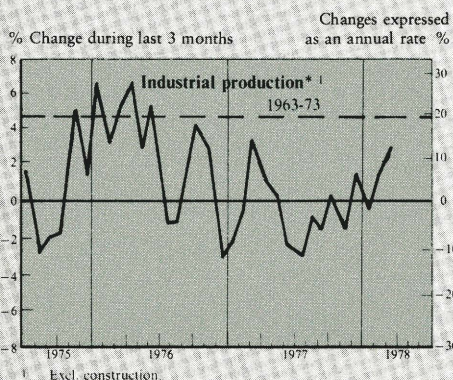
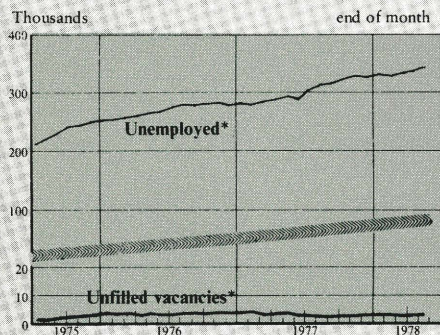
Government officials make a number of points in rebuttal to this. First, there is not real evidence that the steady rise in the value of the franc in recent years has caused Belgium to lose export markets, while it has played a part in keeping inflation down through lower import costs. This point is echoed in the recent OECD report. From this it is argued that a devaluation would have only a short-lived effect on exports and would quickly refuel inflation.

The main influence on Belgium’s exports is the level of demand abroad, especially in Germany, where a quarter of the country’s goods are sold. Given the international recession of the past few years, there was no way Belgium could escape unscathed. Finally, officials note Belgium’s heavy concentrations in declining industries like steel and textiles, where the problems allow no pure economic solution.

What would really please businessmen, economists, and government officials alike in Belgium is, frankly, some clear action by the United States to rebuild confidence in the dollar. It is a complaint that Americans get tired of hearing in Brussels. But perhaps things will change soon. The Belgians are devoted advocates of the proposed new European Monetary System—indeed to a large extent they are its architects—and clearly view this as a major step toward solving the dollar problem itself.



This windmill in Flanders, seen at a standstill, is perhaps symbolic of problems arising from the “heavy concentrations in declining industries like steel and textiles.”



Language "War"

You've heard about the European students told to write an essay on the elephant. The English child called his: "The Elephant and How to Hunt Him." The French students wrote about "The Elephant and His Love Life." The German speculated on "The Elephant—Can It Be Eaten?" But by far the longest contribution came from the Belgian, whose piece bore the title "The Elephant and the Belgian Language War."

That joke was probably earning a laugh a century ago. The division of the country between Dutch and French speakers dates back to 1830, when the present borders of Belgium were drawn up. But must it always be so—this sometimes brutal, sometimes absurd cleavage of the Belgians along linguistic lines? Perhaps not. In spite of Prime Minister Leo Tindeman's resignation in October over this very issue, there is a growing sense of optimism that a permanent solution may at last be on the way. Nobody ever expected this could happen without considerable political upheaval first.

Draw a line on a map of Belgium from east to west running just south of Brussels, and you

will get some idea of how the country is divided by language. North of this line, tucked under the wing of Holland, live the 56 per cent of the population who speak Dutch. South of it, but including most of Brussels, French predominates. There is a small German-speaking minority in the extreme east.

What the map cannot show is how the march of economic events in the past half-century has served to change the balance of power between the two sides and fuel the long-suppressed national longings of the Flemings in the north. Before World War II the French-speaking Walloon areas were politically, economically, and culturally dominant. In any office that mattered, it was said, the cleaners would speak only Dutch, the secretaries would be bilingual, and the boss would speak only French. That changed dramatically after the war with the heavy flow of investment into Flanders (the Antwerp area in particular) and the decline of the basic coal and steel industries of Wallonia. Economically the two roles were reversed, and it became inevitable that political changes would follow in due course.



Belgium is divided by language.

Anyone who has paid more than a fleeting visit to Brussels in recent years will not need reminding of the unpleasantness and even violence this process brought about: Bank tellers sacked because they spoke Dutch, French-

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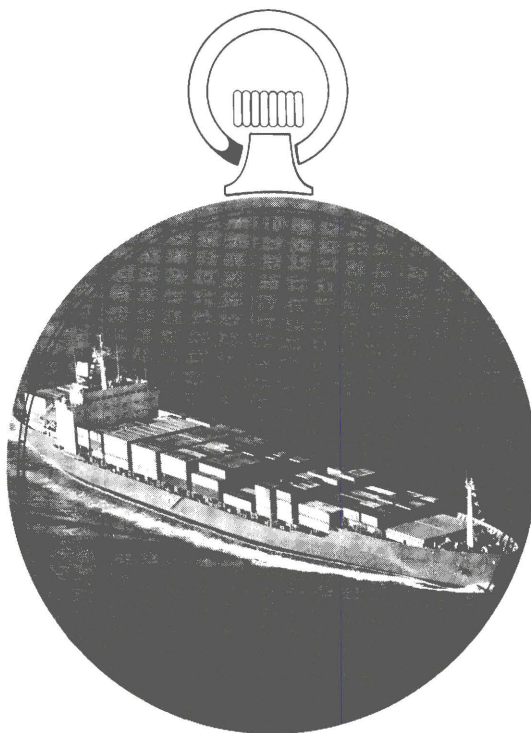
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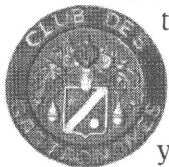
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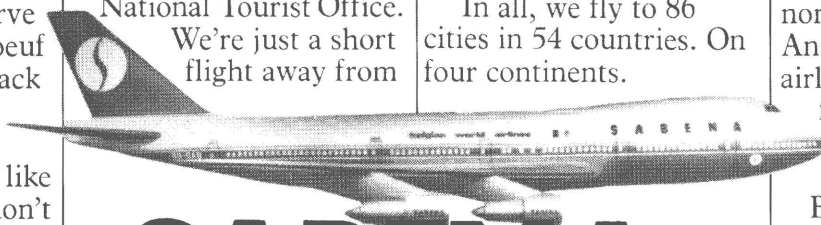
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speaking schoolchildren deprived of their buses, occasional street battles—such stories have been familiar newspaper reading for years. But there was a merciful release from it this summer, thanks to the long-awaited introduction of the coalition Government's devolution bill. This is the most important legislation ever proposed to deal with the country's linguistic divisions, and its passage would spell monumental changes for the very nature of Belgian government.

Put simply, the plan is to divide Belgium into three regions—Flanders, Wallonia, and

Brussels—each of which would have an elected assembly and an executive government empowered to conduct economic and industrial policy under broad guidelines established by the central government. On top of that the country would be officially divided into two communities—one French-speaking, the other Dutch—to be run by community councilors, who would also serve as members of a new national senate. These councils would handle all questions arising out of language such as education, culture, and “personal issues.”

The broad conception is endorsed by all main political parties, but there have been violent disagreements over the specifics—most notably the special status to be accorded French speakers living in the Flemish suburbs around Brussels. This was always the touchiest issue in the entire package, and it was indirectly behind Tindemans' resignation in October. What sort of solution will emerge is still anybody's guess, but in spite of the recent frictions, many Belgians are firmly convinced that there is today a stronger political will to find one than at any time for years.

Zaire Relationship



King Leopold II of Belgium commissioned exploration of the Congo basin. © The Bettmann Archive



English explorer Sir Henry Morton Stanley's work in the Congo was sponsored by Belgian business interests. © The Bettmann Archive



“In 1973 President Mobutu took over all foreign companies and set about replacing their personnel with Zaireans.” UPI

The long love-hate relationship between Belgium and its former African colony, Zaire, has entered one of its more relaxed phases after an exceptionally bruising summer. It is as though two long-embattled marriage partners have realized that if life together is painful, separation is unthinkable.

It all began about a century ago when an association of European businessmen led by King Leopold II of Belgium commissioned the explorer Sir Henry Morton Stanley to make a study of trade prospects in the Congo basin. Leopold's associates gradually dropped out, and he became the sole sponsor of Stanley's mission. By 1884 the township of Leopoldville had been created, and the Monarch's flag flew over a part of Africa some 80 times the size of Belgium.

That raised eyebrows throughout Europe. German Chancellor Otto von Bismarck called the Berlin conference on Africa. Britain was

not interested in the Congo but did not intend to let France occupy. The Germans wanted to keep both out. The only thing to do was let Leopold keep it. And so was born one of what was to be a long string of neat maneuvers by which Belgium outwitted its bigger, more powerful neighbors.

The story of the Belgian Congo is, like most colonial sagas, a blend of greed and philanthropy. It has its true heroes and heroines, its share of bloodshed and atrocity. Not least it has made Belgium one of the world's largest operators in the nonferrous metals market. Zaire today is the largest and richest part of the original Congo. It produces 6 per cent of the world's copper, 50 per cent of its cobalt, and significant amounts of tin, zinc, diamonds, silver, platinum, and uranium. Its ores were discovered, exploited, and marketed almost wholly by Belgian companies, and the largest of them, Union Minière, became one of the world's most powerful and shrewdest forces in the metal markets.

In 1973 President Mobutu of Zaire took over all foreign companies and set about re-

placing their personnel with Zaireans. Three years later that policy lay in ruins, and the Belgians were being urged to stay or return. Then came the Shaba crisis this year and another major rupture in relations between the two sides. Since then Belgian Foreign Minister Henri Simonet has made an official visit to Zaire, and there is talk of a much improved atmosphere.

The point is that Zaire would be lost without Belgium's technical, business, and political support. And a total break would mean immense hardship for the Belgians still living in Zaire and huge losses for Belgian banks and metal companies. But the country could survive such a trauma more easily today than at any other time in the past 100 years.

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October 19, 1978

THE FRENCH "ADJUSTMENT"

Setting the lead for a Western economic upturn?

PAUL LEWIS, *European economic correspondent for The New York Times*

THE GOVERNMENTS OF THE WESTERN INDUSTRIALIZED nations are watching the development of French economic policy these days with a mixture of admiration and anxiety. For the newly reelected, conservative Government of Prime Minister Raymond Barre is taking France down a road many of them would like to follow, if they could summon up the political courage. Whether or not they do manage in the end to summon up the necessary courage will depend in part on how the present French Government fares along the difficult path it has chosen.

Since Prime Minister Barre's crushing defeat of the Socialist-Communist opposition alliance in last spring's parliamentary elections, France has become the first Western country to make "adjustment" its declared economic goal. In the economists' jargon, "adjustment" means forcing a modern industrial country to adapt itself to the new and more difficult world trading conditions that seem to lie ahead. It implies carrying out such politically painful tasks as reducing energy consumption, conquering inflation, and shifting labor away from declining industries like steel, shipbuilding, and textiles — where the newly industrialized countries of the developing world now have a competitive advantage — toward more modern, technologically-intensive industries, where the West still enjoys an edge.

Such an economic "adjustment" is the stated aim behind the much-commented-upon series of economic reforms that Barre has started to introduce in the last few months and that put a new emphasis in government policy on reducing inflation and increasing competition and the play of free-market forces within the French economy.

Nevertheless, many commentators on this important change of emphasis in official French economic thinking have erred in suggesting that the new Government intends to follow a hands-off policy and give market forces free reign in reshaping the nation's economy. On the basis of the evidence so far, the French Government sees increased competition as only one among several national and international means of bringing about the changes it wants, and it also intends to maintain tight control over



Jean-Baptiste Colbert, Louis XIV's finance minister, set the stage over 300 years ago for France's "dirigiste" economics, which "are not dead and buried yet." © The Bettman Archive

the potentially explosive process of change involved. Even so, the operation promises to be a politically difficult one.

As Barre said in a recent interview, "It is quite wrong to portray me as a Nineteenth Century laissez-faire liberal. I am a prime minister determined to use all the powers at my disposal to create an internationally competitive economy in France, which is the only basis for our future prosperity." Clearly, France's 300-year-old tradition of Colbertian *dirigisme* is not dead and buried yet.

"Convergence" and "adjustment" are the two code words that sum up the Western industrial nations chosen strategy for recovering from their present economic troubles, and they form the indispensable background for understanding and assessing the significance of France's new economic reforms. For over two years now most Western nations along with such prestigious interna-



New economic "adjustment" measures call for "increasing competition and the play of free-market forces within the French economy." Photos © Henri Cartier-Bresson, Magnum

new market conditions: But many governments, frightened of the temporary increases in unemployment this can bring, are trying to preserve their existing and outmoded industrial structure through subsidies and protection against foreign competitors. As General Agreements on Tariffs and Trade (GATT) Director-General Olivier Long told the International Chamber of Commerce meeting in Florida in October, "It is now common knowledge that international trade is threatened to an extent not experienced since the Depression of the 1930's. An important and expanding share of trade is subject to restrictions of one kind and another."

CAN FRANCE REALLY SET A LEAD in a new direction and make a reality of the Government's commitment to "adjustment"? The evidence so far is inconclusive. The Government's greatest successes have been in bringing the French economy into line with its neighbors by removing the worst abnormalities. The jury is still out on whether it can work any lasting change in the structure of French industry that will keep it competitive internationally in the decades ahead.

By phasing out a system of government-imposed price controls unique in Europe, the Barre Government is allowing companies to restore eroded profit margins and build up the funds they will need for investment in new technology if they are to survive in tomorrow's changing world environment. At the same time, a series of tax changes are aiding this process by encouraging the flow of private savings into industrial investment.

A recent sign of the times is the top management shake-up at St-Gobain-Pont-à-Mousson, France's largest private industrial company, which Chairman and Chief Executive Officer André Martin says is intended to allow the company "to seize the new opportunities now opening up under the Government's economic program."

But phasing out internationally uncompetitive industries, and encouraging the growth of new and profitable ones, is proving a slower and more difficult business. The Government's declared policy is that it will no longer bail out ailing companies, unless they can present a credible reform plan that promises to make them competitive again in the foreseeable future. On these grounds it refused to rescue the bankrupt Boussac textile empire last summer and forced its sale to a rival group at a bargain basement price. But Boussac is the only sacrificial lamb so far.

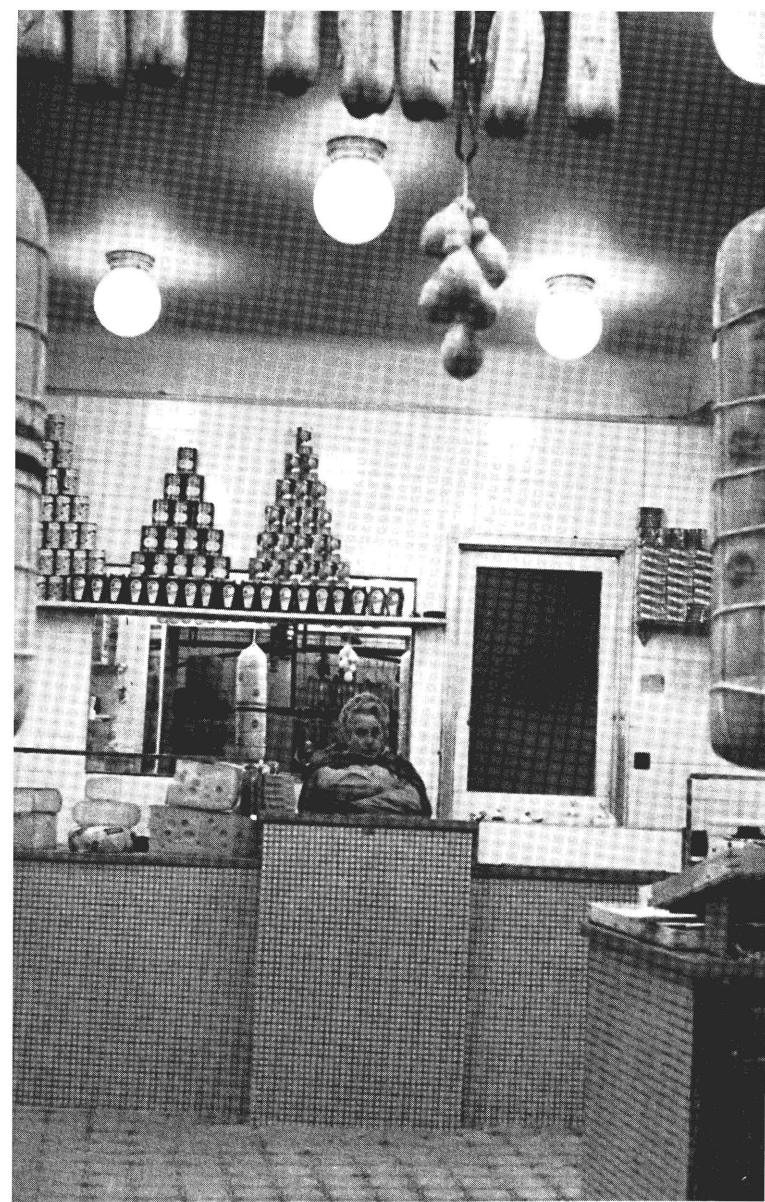
In September the Government reluctantly took over the country's bankrupt but still privately owned steel industry, with the declared intention of slimming it down and then handing it back to private ownership again. It remains to be seen whether the French Government will be any more successful in doing this than the British, Italian, or Belgian Governments, which all find them-

tional bodies as the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) have argued that the initial key to economic recovery lies in a healthier convergence between national economic trends. If Germany and Japan could raise their growth rates, suck in more imports, and reduce their big trading surpluses — while the United States did the reverse — the foundations for a more balanced and durable world upswing would exist.

This fall the first signs of such a convergence in economic trends started to emerge as Germany and Japan took the expansionary measures they had promised at the Western economic summit last July, while America's falling dollar and slowing growth rate promised a reduction in its huge balance of payments deficit next year. September's annual IMF meeting in Washington even broke up in a mood of restrained optimism over the improving world economic outlook.

Yet however desirable convergence may be, it is not the complete answer to the industrial world's current economic difficulties. To restore lasting growth and the chance of fuller employment, the industrial countries still have to adjust their economies to take account of the changing structure of world trade and production, which has itself contributed to the international downturn. As a recent OECD study on industrial policy and employment concludes, even with greater room to follow more expansionary policies most Western countries would still face "substantial unemployment rates for some time because of the increasingly structural nature of unemployment, which could not easily be reduced as the result of a general economic upswing alone."

Some industrial countries, Germany in particular, are allowing their industrial structure to adjust by itself to



selves forced to pour taxpayers' money into bankrupt steel industries by the political pressure to preserve employment.

Meanwhile, Barre has set up a new, \$750 million Industrial Readaptation Fund in next year's budget, which is supposed to help finance the creation of new industries to take the place of bankrupt and declining ones. Whether this fund will work as planned, or merely become another source of government subsidies to uneconomic industrial sectors, remains another unanswered question about France's new economic course.

As was always to be expected, the two major constraints on the French Government's ability to translate its economic ideals into reality are unemployment and inflation. Unemployment is already at an historically high level of 1.2 million and seems set to reach 1.4 million by year's end. For the moment the Government is taking a hard-nosed attitude. But it is under strong political pressure to reflate already from both the opposition and its right-wing neo-Gaullist allies under their maverick leader, Jacques Chirac, the former Prime Minister who is now Mayor of Paris.

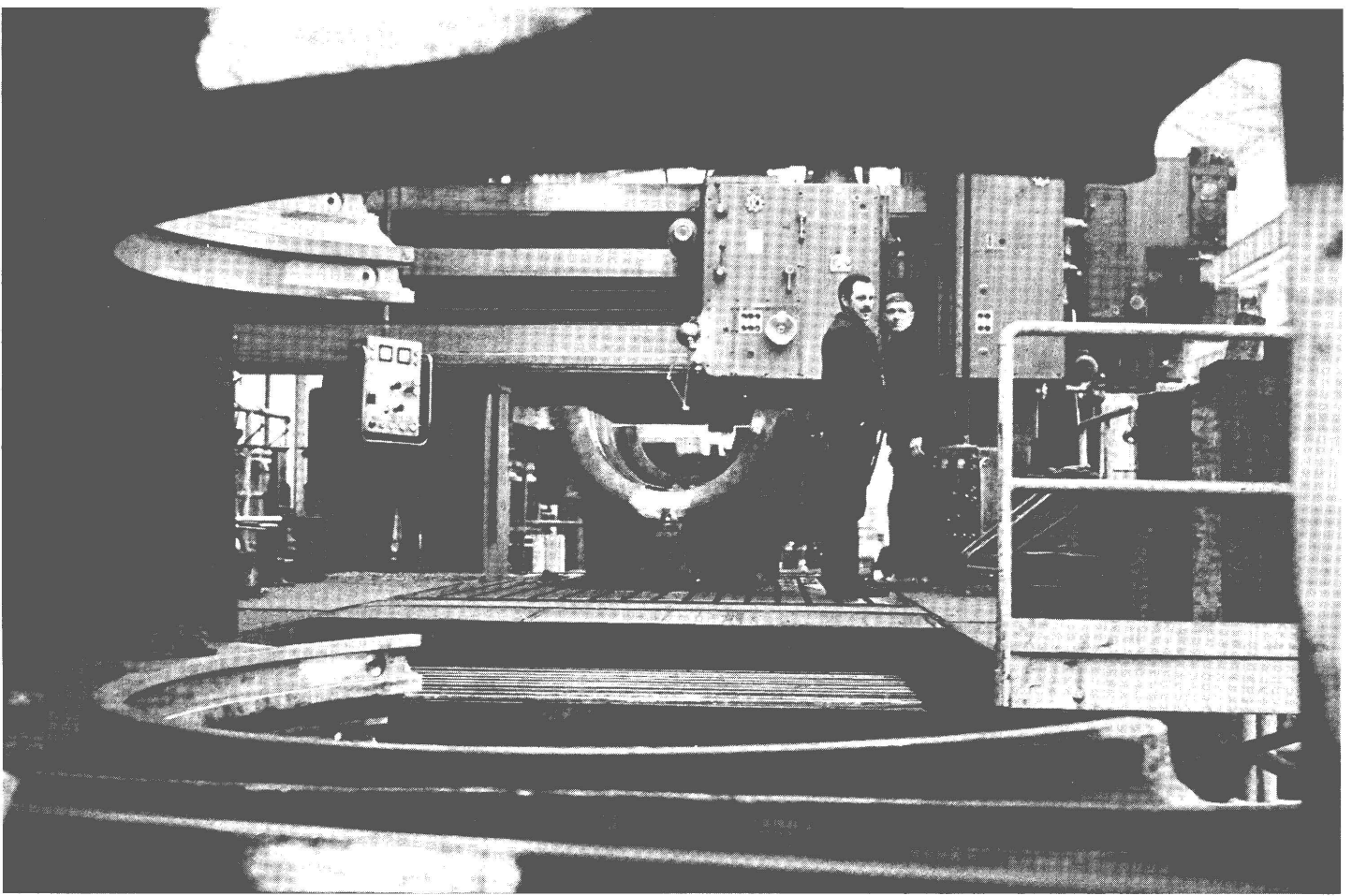
The Government's ability to withstand this pressure and stay on its chosen course will in part depend on inflation and wages; for a pay and price explosion coming on top of high unemployment could sweep away the whole Barre program. Barre is already committed to bring about a once-and-for-all spurt in inflation during the second half of the year, as price controls disappear and the Government reduces subsidies to public utilities and other nationalized industries as part of its attack on inflationary budget deficits.

But the high inflation rate expected this year risks being prolonged if it leads to excessive wage increases. The Government's liberalism has prevented it from calling for legal wage controls. But Barre has infuriated unions by saying the Government will punish firms that award wage increases higher than the rise in the cost of living — by denying them official orders, cutting off their credit lines with the largely state-owned banking sector, and exposing them to "increased foreign competition."

Undoubtedly, the desire to bring inflation smartly down next year, after this winter's expected rise, is an important reason why the French Government is so anxious to link up the franc with the D-mark in the proposed new European Monetary System and accept the deflationary discipline this implies. It is also true that with no important elections scheduled before 1981, Barre faces a longish period during which his Government can probably afford to carry out unpopular policies it believes will yield fruit in the end.

Nevertheless, despite all the lip service the French Government likes to pay in public to the need for free trade and increased competition, it is clear that its practical room for maneuver is limited. The changes it wants to see come about in the French economy will have to be introduced in a highly controlled manner. This has important practical implications for the United States and for France's other allies and trading partners. For it may



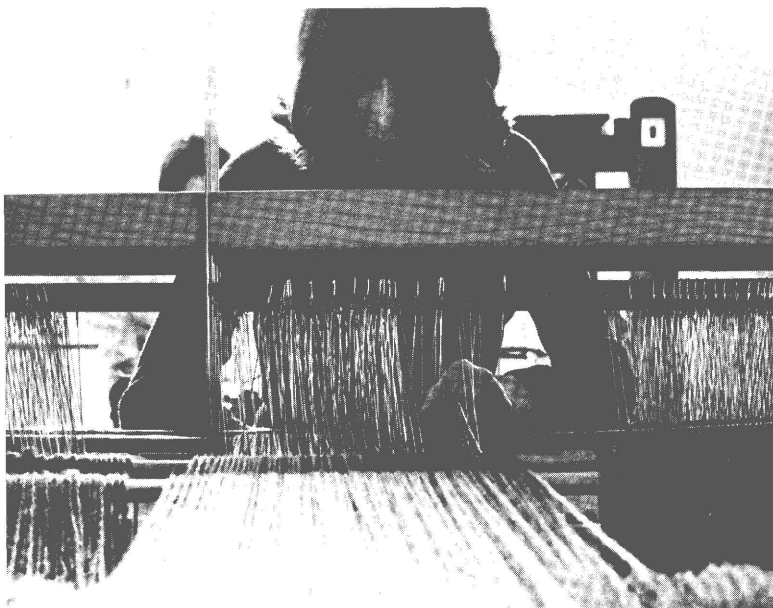


Phasing out competitive industries and encouraging "modern, technologically-intensive industries" is also part of Prime Minister Barre's plan. Shown here is the assembly of a turbine at an engineering plant. © Henri Cartier-Bresson, Magnum

mean that France sometimes will have more difficulty translating its new-found liberal principles into action on the international plane than might otherwise have been the case.

For instance, under present circumstances Barre may find it more difficult than ever to agree to the modifica-

The textile industry, pictured here—like steel and shipbuilding—is on the decline because "newly industrialized countries of the developing world now have a competitive advantage."



tions in the European Community's agricultural policy that Britain wants as its price for joining the new monetary union system. Already, the French Government has felt obliged for political reasons to warn that Spain, Portugal, and Greece can only be admitted to the Community, as they want, if French agriculture is adequately safeguarded.

Likewise, Barre's newly reelected Government shows no sign yet of being any more liberal in the Geneva trade-freeing negotiations, due to wind up at the end of the year. When the European Community is preparing its negotiating position for these talks, Britain and France still share the dubious distinction of being the most protectionist inclined. Moreover, if Barre wants to slow down the process of trade liberalization because his Government is getting into deep waters at home, he has an excellent excuse right at hand. When the Geneva negotiations were launched in 1973, France got all the major participants to agree that freer world trade is only practical in an atmosphere of monetary stability — that quite clearly is nowhere to be seen today.

All this does not mean that Raymond Barre is insincere in his economic liberalism. No one who has watched him obstinately defend his policies before a largely hostile National Assembly could doubt his own convictions. But France is starting to move down the road to economic liberalism in a typically cautious and *dirigiste* manner.



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LEARNING FROM THE US CONGRESS

Are there any lessons for the new European Parliament?

CLIFFORD P. HACKETT, *assistant for foreign relations to Senator Paul S. Sarbanes (D-Maryland), formerly of the House Foreign Affairs Committee helping start the EC-US parliamentary exchange*

THE CONGRESS OF THE UNITED STATES WILL MARK ITS 190th anniversary early in 1979. Soon afterwards, on the June 7-10 weekend, the European Parliament, only a little over 20 years of age, will start a new phase with its first direct elections. Given the differences of age, traditions, and constitutional systems, we might ask if there is anything the Parliament can learn from its older sister-institution.

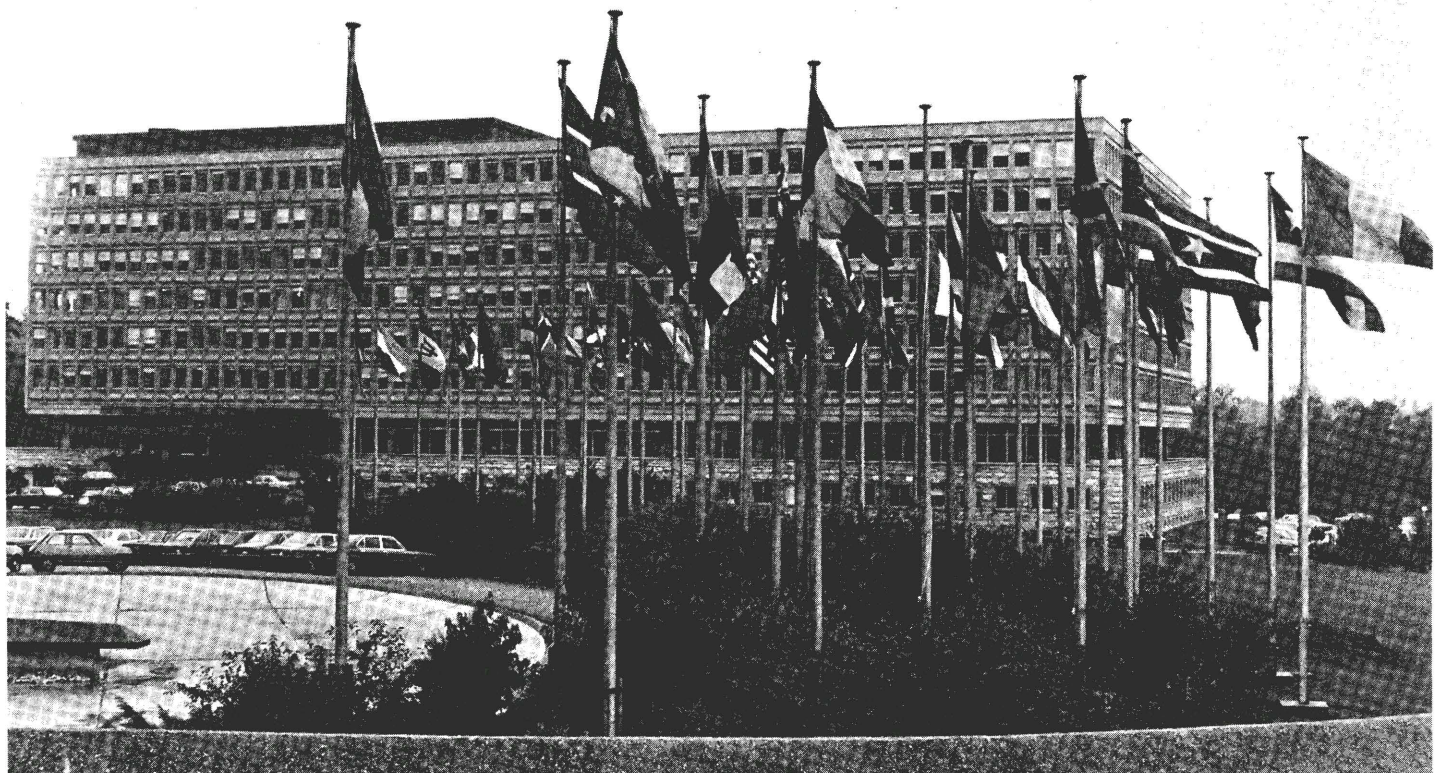
Behind the question is the assumption that the two legislatures know each other. One basis for this assumption is the seven-year-old parliamentary exchange that began with a visit to Luxembourg in January 1972 by eight members of the House of Representatives. In May a return visit was made to Washington by 12 members of the European Parliament. Ever since, two meetings have been held each year, alternating between various EC cities and Washington.

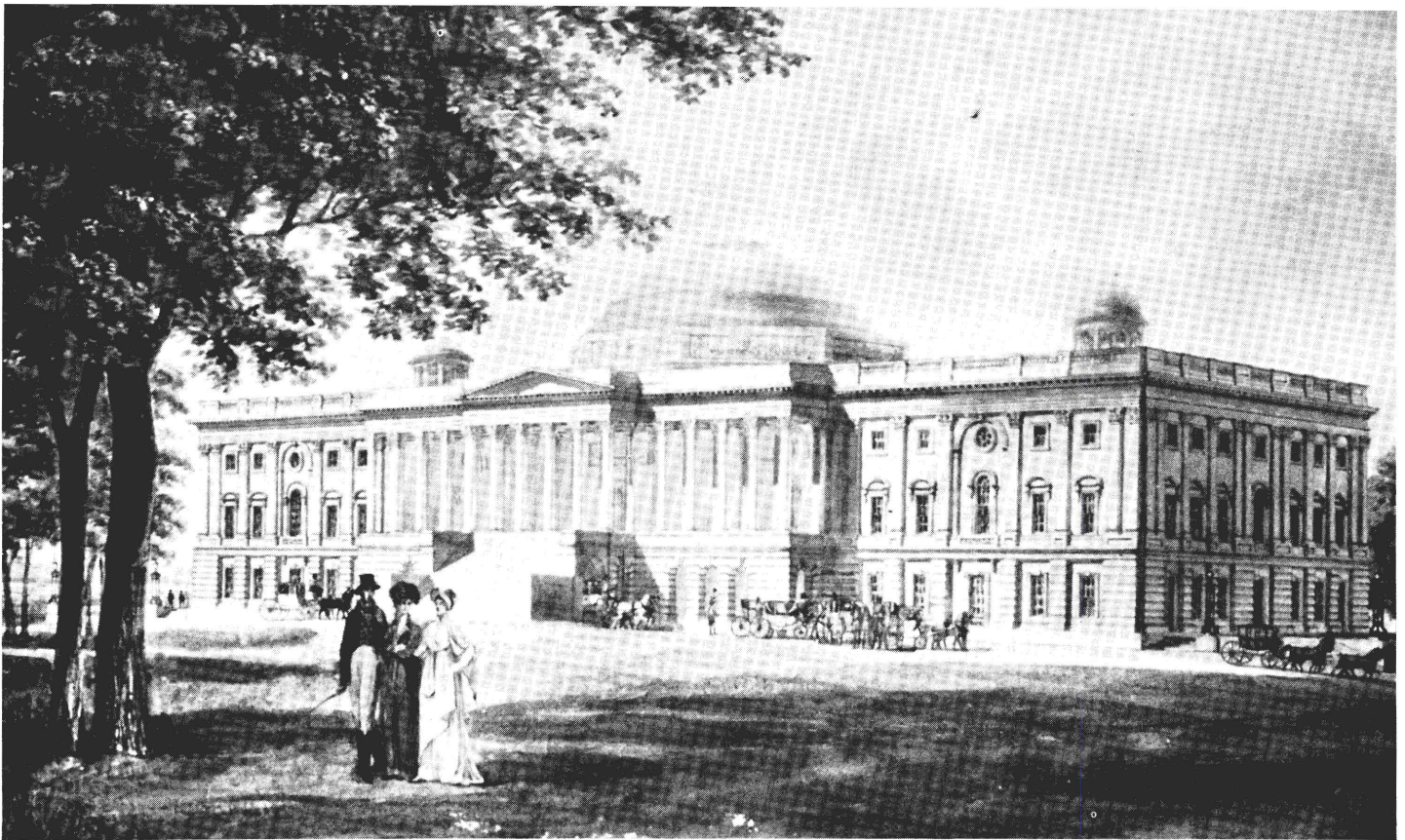
Over 70 different members of Congress and over 60 different members of the European Parliament have par-

ticipated in this exchange. Each year 30-40 members of the two institutions attend the two sessions, approximately half of them veterans and the other half new participants. A useful blend of experience and freshness of perspective results.

Advance papers have been prepared by the participants themselves since the 1973 sessions. In addition to current economic and political issues, these papers cover institutional aspects of the Congress and of the Community. It is fair to state that this program has been one of the most serious and best prepared of all parliamentary exchanges. So there is some solid common experience uniting the Parliament and the Congress.

What, then, can the new, directly elected European Parliament learn from the Congress? And are there any lessons the Congress might take from the much shorter history of the European Parliament? Answers to these questions tend to group around the expectations that both Europeans and Americans have for the two insti-





The US Capitol in 1810. Are the same "lessons of expansion" in store for Europe? Photo courtesy of the US Capitol Historical Society

tutions. Concerning the more vital question of what the Parliament might learn as it starts a new phase of its existence, opinions tend to divide along these lines:

- Those who see the European Parliament continuing along its present general direction and who find, therefore, little worth in the congressional precedents for the new Parliament;
- Or those who have greater expectations for the Parliament (and, presumably, for the Community) and who tend to look more eagerly to the congressional patterns of growth and of vigorous activity as models for the first truly European Parliamentarians.

We can call these the "minimalist" and the "maximalist" positions on the growth potential of the new Parliament. Many European politicians fall in this minimalist group because they minimize the political potential of the European Community. They favor a loose structure among the Nine. Many in this group favor a Europe of the Twelve, including Greece, Spain, and Portugal, since this enlargement would make a tighter federal structure even more difficult to attain than at present. Direct elections, these critics say, are not all that important. Too much emphasis on direct elections, or on the European Parliament at all, tends to misdirect attention from the national parliaments. In the view of these observers, larger staffs, public hearings, and a more vigorous Parliament would be against the national interests of the nine governments.

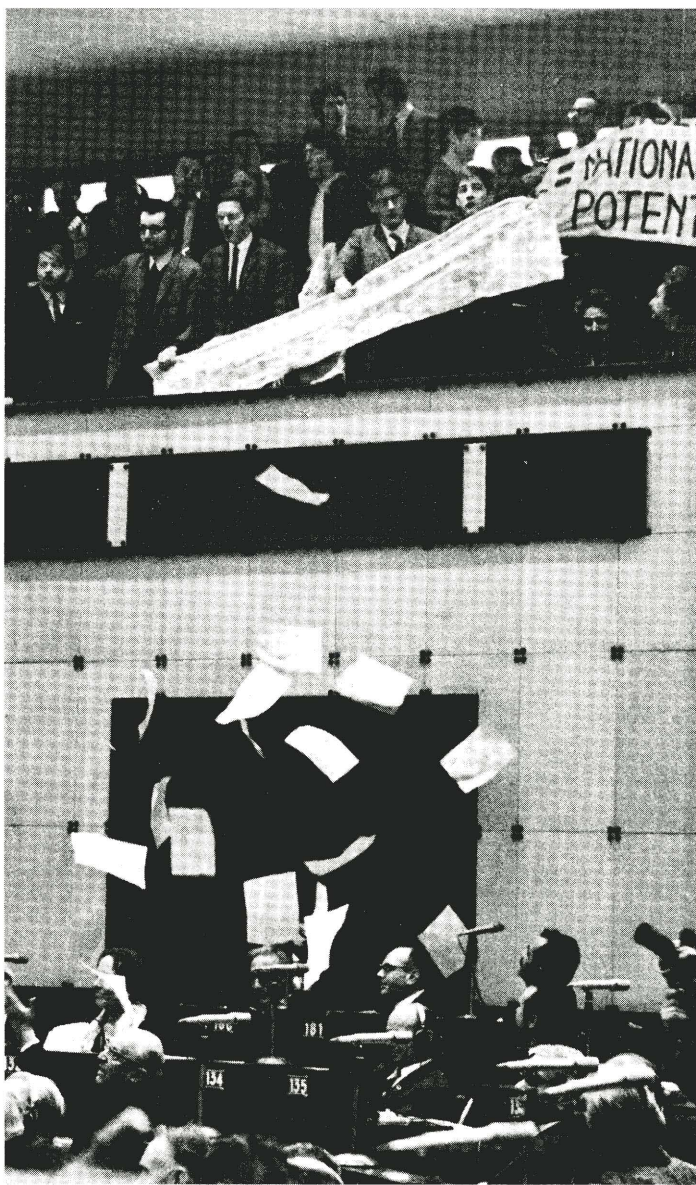
Maximalists include those who foresee and prefer some genuine institutional development for the Parliament. Differences exist, and will perhaps sharpen, when these observers discuss the direction and rate that growth

should take. But this group tends to view the Congress as a useful measure against which to judge expectations for the Parliament. Already, they say, some of the Nine's national parliaments seem to be following the example of the Congress, such as larger staffs in Bonn and more office space in London.

The maximalists recognize, they say, the enormous differences in history, tradition, and constitutional systems separating Congress from *any* European parliament. But the need to break down executive secrecy and arrogance exists in Europe also, they insist, and Congress has shown the way. The difficulties the present Parliament has, for example, in getting information from the "Eurocrats" in the Commission's headquarters show that a stronger and more determined parliamentary approach is needed. Only by using more and better resources, including staff resources, can the new Parliament hope to deal with Brussels.

Some of the maximalists certainly display an enthusiasm for a new kind of European Parliament which is much like the earlier eagerness to build a new Europe on the ashes of World War II. Others have no such vision but are convinced that the present Parliament has come to its natural conclusion. A new institution with full-time members, decent office space and equipment, and a better organized staff is needed from the start. They say, if we can learn from Washington, Tokyo, or Dublin, let's do it!

Whether the minimalists or maximalists actually prevail will probably depend on their respective representation in the new Parliament. Or, at the least, if there are largely minimalists installed next summer, there will be another five years of what the Parliament has been in its



"To American observers, the European Parliament (shown here meeting in Strasbourg) is a fascinating mixture of the familiar and the unknown."

© Europ-Flash, Strasbourg

past. If the maximalists predominate, one can expect more interest in how the Congress functions.

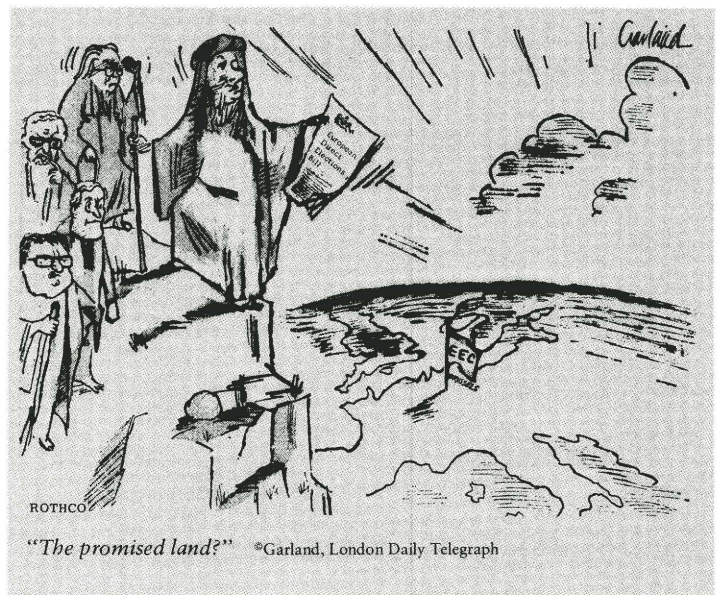
TO AMERICAN OBSERVERS, the European Parliament is a fascinating mixture of the familiar and the unknown. Some of the Parliament's practices obviously derive from European parliamentary traditions. Others are peculiar to the unique nature of the body the Treaty of Rome established as the "Assembly," now called the European Parliament. A striking characteristic, from the US viewpoint, of the European Parliament is its limited powers. The fact that these powers will not increase with direct elections tempers the genuine excitement many American friends of Europe feel at the approach of direct elections. For example, the power of legislative initiative will remain divided between the Commission — representing Community-wide interests — and the Council of Ministers — representing the national governments. The Parliament's only role in creating Community legislation comes with an opportunity to amend Commission proposals, but only in nonbinding ways.

Legislative control of the executive branch, a power that the Congress must often fight to maintain, is limited in Community matters to the abstract right of Parliament to remove the Commission by censure motion. This has never been done and would be out of keeping with the present character of the Parliament. Without true legislative powers and without real control of the executive, the Parliament exists today, at least from a congressional viewpoint, as largely an institution still awaiting its destiny.

A second, and somewhat inconsistent, impression is that the Parliament's role has increased over its 20-year history. Since 1975, for example, when the Community budget became fully self-financed, the Parliament has exercised some budgetary control. This fact is only partially modified by the existence of many fixed obligations in the budget over which Parliament has no control. (The Congress frets often at the same restrictions on its budgetary powers.)

Another important change in the Parliament's procedures came in 1973 with "Question Time." This device, familiar to British members, allows the Parliament to question officials of the Commission directly on either a written or oral basis. While Question Time has enlivened the plenary sessions, as the US delegation saw for itself during the 1977 visit to Luxembourg, the Parliament, like the Congress, finds that most of the real work is conducted in the committees.

The Parliament's Budget Committee, one of its 12 permanent committees, exercises real authority. The other committees will probably gain influence as direct elections move their work into the mainstream of public attention. How rapidly this growth will occur is unknown. One problem is the lack of public access to the work of Parliament and its committees. The American practice of public hearings is still unknown, although the



"The promised land?" ©Garland, London Daily Telegraph

joint EC-US parliamentary group did hold public hearings in Munich in 1974 on multinational corporations. The interest of the European members in this session suggested that public hearings in the new Parliament might be possible.

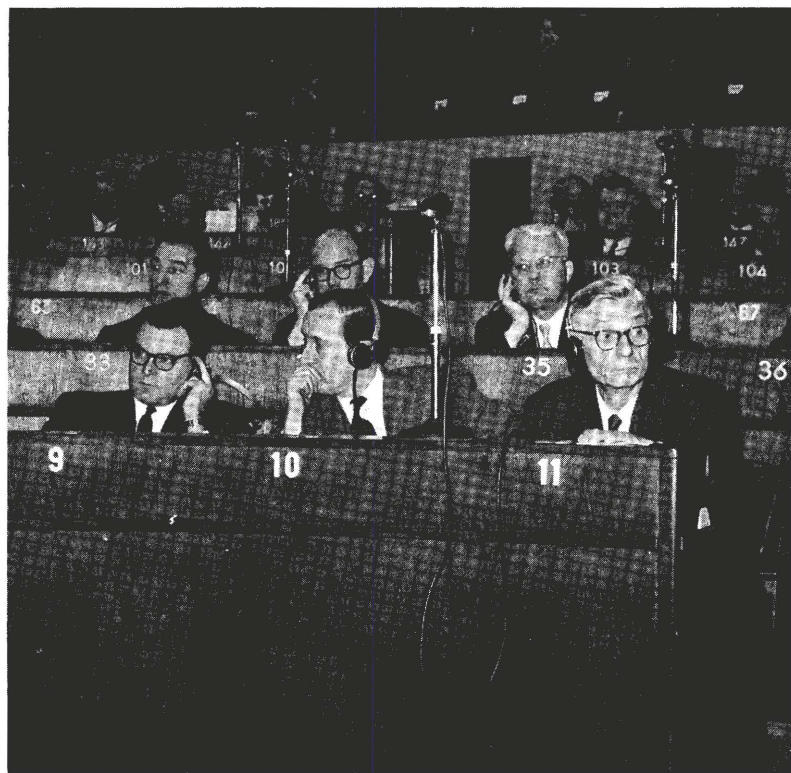
If next June's election will not directly affect the Parliament's powers, the balloting will symbolize an important change for the Community. For the first time, about 180 million eligible voters will have a direct choice in who represents their views in the Community. Until now the Parliament's members have been chosen by the Nine's national parliaments.

Supranationalism is a somewhat old-fashioned charge against the Community. Perhaps it will be revived as direct elections approach, because this will be the first time voters choose Community spokesmen without the choice being made through national political structures. Twenty-five years ago supranational aspirations were common in Europe and, in fact, propelled the original Six into the Community. Today, with Community growth moving more slowly and more cautiously than anticipated a quarter-century ago, expectations for dramatic steps toward political unity are absent. Possibly the coming elections will stimulate discussions again about political integration, but a more skeptical Europe today remains unconvinced about such unity, either as a goal or as a means to better cooperation on specific Community issues.

What is clear is that the Parliament will have to change its ways with direct elections. First of all, although the directly elected members *may* still be members of their national parliaments as at present, both the political parties and the system of work will make these "duel mandates" much more difficult in the future. One reason why the Nine's national governments agreed to direct elections was the increasing difficulty of getting work done with a part-time European Parliament. Too much time was being spent by its members just traveling from the nine capitals to and from Strasbourg and Luxembourg for plenary sessions and Brussels for committee and political group meetings.

The European Parliament has been meeting for most of the past decade only one week each month in plenary session. The growing complexity of its work, however, has created pressures for more sessions. Yet the more time the European Parliament demands, the less time its members have for the national legislature. And it is in the home parliaments that careers are made and elections won or lost. After June the successful candidates for the European Parliament can anticipate a mandate devoted entirely to Community business.

NO ONE KNOWS WHAT EFFECT direct elections will have on the kind of parliamentarian who competes to sit in the



The first session of the European Parliament in March 1958.

European Parliament or whether the 1979 patterns will prevail in the future. But it is certain that the American participants in the present parliamentary exchange will see many new faces in the fall of 1979, when the European delegation comes to Washington. Some will be familiar European faces who are members of the Parliament for the first time: Willy Brandt of Germany and François Mitterrand of France have indicated their candidacies. Others will be genuinely new — those elected to the Parliament who have never before held national political office. Of the familiar faces, some will certainly be present members of the Parliament choosing to continue their careers with the Community.

Many of the details of the new Parliament remain to be established, including the pay and allowances of its members. But in looking for models, it is natural that some European legislators are looking to Washington. No national parliament in Europe has the large staff or the generous allowances of a member of Congress. The Europeans are, first of all, parliamentarians, which means they are accustomed to a system where the party is somewhat more important and individual members somewhat less visible than in Washington, where "personal" politics is well-developed. By European standards, the American political parties are hardly entitled to the name. The American parties lack the discipline in both legislative and electoral matters that Europeans expect. So there is less need, Europeans judge, for their members to maintain the large staffs that allow their American counterparts to operate in the highly personal style.



Delegation from the European Parliament visiting the Congress in Washington a year ago.

The service function, too, that members of Congress carry out is largely unknown in Europe and therefore not demanded of the European Parliamentarians by their constituents. Whether the service functions grow because of the availability of staff to perform them, or vice versa, is not agreed upon in Washington. But it would not surprise American legislators to see some interest by new members of the European Parliament in expanding their staff service functions to give the new Parliament an immediacy (and a political value) to the huge constituencies the new members will represent. When over a half-million German or British citizens have a single member in Parliament, that member will have to devise new ways of meeting and communicating with so many constituents. A staff appropriate to this challenge will be one option the new Parliament will study.

Balancing this tendency, however, is the fact that most members of the new Parliament come from countries with proportional representation. This system, with its tradition of shared party responsibility, will be part of the new Parliament since many new members will not alone represent an electoral district, but instead be one of several representatives. This tends to reduce the responsibility of individual members to intercede with the bureaucracy in correcting unjust or inefficient acts of government.

Finally, most European legislators do not expect to perform the individual legislative functions of members of Congress. The political parties, the parliamentary party fraction, or parliament's own nonpartisan staffs perform many of these research, investigative, and analytical functions. Of course, some of these functions are simply not performed in a parliamentary system by the parliament. Rather, they are ministerial responsibilities that may or may not be shared or even communicated

to the parliament. Whether the directly elected Parliament continues in this European tradition or strikes out in new directions is also one of the more exciting aspects of the June vote.

In Washington the legislative staffs have grown rapidly with the rising demands of constituents and with the increasing complexity of legislation. The more visible role of Congress in national political life increases the number of constituents who visit or write to their congressmen or senators. Each letter and each visit demands staff time and service. In 1965, for example, a member of the US House of Representatives could hire nine staff members. This staff was located either in Washington or in district offices and included secretarial and part-time services. Today, the same member of Congress can hire 18 staff members. US Senate staffs are based on the population of the state the Senator represents. In size they are at least as generous as the House, and the Senate staffs have grown as rapidly as their House counterparts over the past decade. Also expanding are the staffs of the House and Senate committees. Today there are over 10,000 staff employees on Capitol Hill caring for the needs of 535 members of Congress.

This impressive total includes the legislative services of the Library of Congress, the General Accounting Office's congressional services, and the service and professional employees of the House and Senate. With larger staffs has come the need for more office space. The House and Senate have each built large, new office buildings since World War II; both have acquired annexes now filled to overflowing; and both are either constructing or planning more office space. These lessons of expansion should be on the minds of the members of the new European Parliament.

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Bonn

After one of the worst summers anyone can remember, fine, warm autumn weather came to most of Germany in early October. Almost as unexpected, and certainly no less welcome, has been the change in the political and economic climate during the late summer and early fall. Germans seem suddenly to have decided they've had enough of gloom and foreboding, and who can blame them?

Politically, the air has been cleared by the Hesse State Assembly election held October 8, when the ruling coalition of Social Democrats (SPD) and Free Democrats (FDP) in Wiesbaden won a new term of office with a narrow but sufficient majority. Exactly half way between the 1976 and 1980 Bundestag elections, the Hesse outcome had for months been worrying the federal coalition in Bonn, and especially the junior partner, the FDP, and its leader, Foreign Minister Hans-Dietrich Genscher. Had Hesse voters followed the example of those in Lower Saxony and Hamburg in June by failing to give the FDP the 5 per cent needed to qualify for membership of the Assembly, the party would have justly been regarded as having lost its mandate. With the liberal Free Democrats eclipsed, it was feared, Chancellor Helmut Schmidt's Social Democrats might in turn have found it hard to go on.

Whether they did not want to rock the boat in Bonn, or whether they disliked the right-wing Christian Democratic (CDU) leader Alfred Dregger, Hesse electors have forgiven their state coalition its failings and opted for the status quo. That may be somewhat less than a positive pat on the back for Schmidt and Genscher at mid-term, but it allows them to carry on confidently to the end of the current Bundestag. They have avoided the worst threat—loss of a key state, and with it, establishment of a CDU two-thirds blocking majority in the Bundestag, or upper house of parliament.



Franz Josef Strauss UPI

The Chancellor may also sleep a little easier, though he will privately perhaps mourn the loss of a favorite sparring partner, with the departure from the Bonn scene of Franz-Josef Strauss, the opposition's ablest, if also most notorious, politician. He has returned to Munich to become state premier and *Landesvater* of Bavaria—though few doubt he will be back in Bonn at frequent intervals. Does this mean Strauss has finally abandoned hopes of becoming the opposition candidate for Chancellor? Or has he only temporarily returned to his semi-independent Christian Social Union's home base, in order to prepare it for the long pondered launch as a nationwide, conservative fourth party? Probably only Strauss himself knows the answer.

What has improved the mood in Germany most of all this fall, however, has been the apparent slight quickening of the pace of the economy. So far it is no more than that—certainly nothing resembling a boom as Germany knows one. Yet all the indicators are moving the right way. Unemployment is markedly down, and will on a monthly average basis be below 1 million for the first time since the oil crisis. Inflation is below 2.5 per cent, the lowest since 1969. New or-

ders to industry are up, including those from abroad—indicating that the country's exports have suffered less than was feared from this year's currency turbulence. To reinforce the point, the 23.8 billion D-mark surplus on trade in goods was actually 1.2 billion D-marks higher in the first eight months than for the same period of 1977.

Whether foreign demand does eventually pick up will determine the extent of the recovery, for Germany remains an economy heavily dependent on exports for its livelihood. In the meantime, home demand has provided most of the momentum, led by a lively upturn in the building industry that seems to have been touched off in part by last year's federal medium-term investment program. This year's package of tax cuts, put together as Bonn's own contribution to the mutual promises made at the world economic summit meeting there in July, will not take effect before next year. When it does, a further 12.25 billion D-marks should be pumped into the economy, mostly by private households.

It is the private consumer who has come to the rescue this year, dipping into savings accounts and spending money on large items. Sales of new homes, cars, household appliances, and of holidays abroad have led the field. It isn't yet clear whether a consumer-powered domestic upturn is enough to give Germany an enduring recovery, as the US internal market is capable of doing. Economists will be watching the signs carefully.

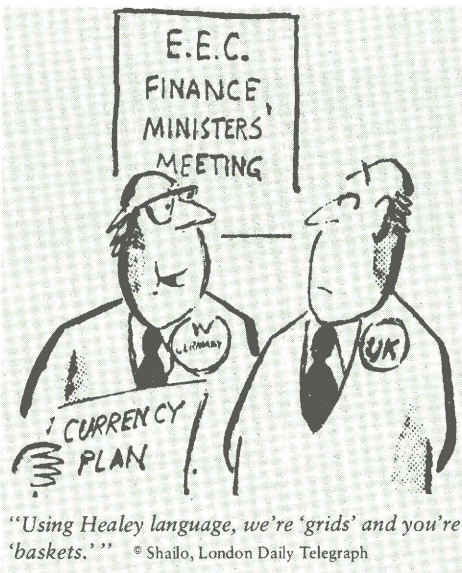
In one respect, though, Germany is certainly giving the rest of Europe a boost, even if it is no locomotive. Imports have been rising by 8 per cent in volume, or even faster than exports. It looks as though the German consumer is doing his neighbors in other countries a favor on a big scale, and thereby getting his own Government off the hook once the promised post-Bonn summit "examination" of major countries' performance gets under way.

—ADRIAN DICKS

Dublin

Although it's all over, bar the shouting, the shouting is likely to continue for a while. And the cause? Getting Britain into the European Monetary System.

Ireland played no small part in the protracted political game that has been the main preoccupation of European leaders during most of 1978. As Britain's only sterling partner in Europe, and by comparison with Britain a very small partner, it was initially assumed that Ireland would follow whatever decisions were made in London. So firm was



"Using Healey language, we're 'grids' and you're 'baskets.'" © Shailo, London Daily Telegraph

this conviction, that in the early stages of discussions, when the French President and the German Chancellor were testing reactions, it was left to Britain to speak for Ireland as well and to keep the Irish informed.

When it became apparent in Dublin that the Irish were being spoken for, but without consultation, a tough line was taken. It was made clear to European leaders that Ireland's position was substantially different from that of Britain, and that the Irish Government fully intended to join the European Monetary System, irrespective of what course was adopted in Whitehall.

From the Bremen "summit" onwards, this was the basis on which Ireland entered all discussions. It took some time for the reality of this to sink in, but the basic decision to enter the European Monetary System, and if necessary break with sterling, was made as early as April by the Irish Government and was not modified thereafter. And the country slowest to come to terms with the firmness of this decision seems to have been Britain. To what extent this weighed with the British Prime Minister James Callaghan is a matter for speculation. But he was faced with the inevitability of all eight partners in Europe operating the European Monetary System jointly from January 1, 1979—Ireland included.

From Ireland's point of view, the decision to join has many advantages. Since the foundation of the State, its heavy trading dependence on Britain, together with the complex interrelationship of investment, made any other money relationship pointless. There was no alternative to sterling, not even a bad one; and throughout that period anyway, sterling served Ireland well enough. When an alternative came with Ireland's entry into the Community, by luck it happened to be within a potential system, with

the German mark as its anchor—a good deal more stable than sterling.

There were teething problems, however. With Irish advent into the Community in January 1973 there came, more or less on top of one another, a new and inexperienced coalition Government and some of the worst economic storms of the postwar period. In such a doubtful political and economic climate the idea of unilateral action by Ireland was definitely shelved. Invitations to join the "snake" were set on one side, and Ireland temporized its way through four years of steep inflation.

British ministers, particularly, tend to look twice now at the Irish opposite numbers at EC Council of Minister meetings. They have learned, perhaps with some surprise, that the voice is new and that the interests are often quite different from those of Britain. And the message has not been lost among the other EC seven. The mistake of treating Ireland as Britain's chorus was understandable, on past record. In the light of the past year, it is unlikely that it will be made again.

—BRUCE ARNOLD

The Hague

What are your impressions of the Dutch? Sober, tolerant, charitable, financially prudent? If that's the case, perhaps you'd better think again. Three recent inquiries and two decisions by the Government have led many observers here to wonder if the days of the "decent, bourgeois Dutchman" are now part of history.

The "sober Dutchman" myth has been badly jolted, if not destroyed, by the results of a massive police survey of motorists. Nearly a quarter had been drinking, but the more stunning disclosure was that one out of 25 was so drunk he was not allowed to continue driving. You might think that 4 per cent is a fairly low catch—and perhaps it would be in other countries—but just 12 months earlier a similar test in Holland had shown only one driver in 60 was comparably incapacitated. Worse, Dutch drivers exceed speed limits almost routinely. More than half drive at 70 miles per hour or more on roads with a posted 62 miles per hour limit.

Tolerant? A cunning experiment by Utrecht University has suggested otherwise. It got dark-skinned students to pose as North African or Far Eastern workers seeking jobs and accommodation in Amsterdam. The results were compared with those of white Dutchmen of similar experience and credentials. Result: "systematic discrimina-

tion." That fits in with a Justice Ministry inquiry showing that dark-colored people were more likely to be questioned by police than others. Also, white travelers would try to avoid sitting next to colored passengers on public transport.

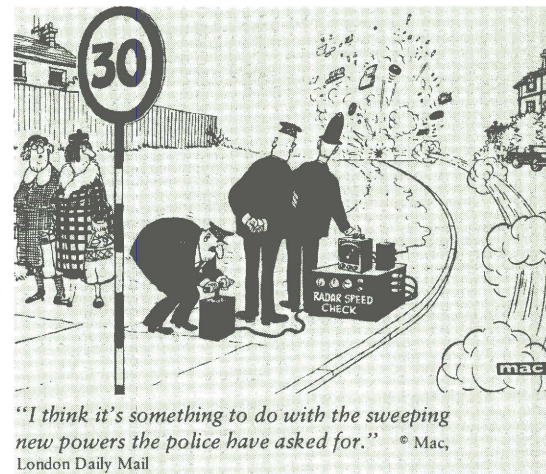
As to charity, the Dutch have an enviable record. In EC Councils it is almost always the Dutch minister who most energetically and persuasively argues the case for the world's poor and deserving. There is no reason to suppose that this will not go on. But what we do see now—and it is an unwelcome novelty to many of those involved in the aid effort—is a decision by the Government to "tie" part of next year's aid to purchases of Dutch goods.

And there is an even greater novelty—and particularly so coming from a center-right government—namely a planned budget deficit equivalent to 6 per cent of national income. That is a record for Holland, though if the comments of Finance Minister Frans Andriessen are to be believed, it will remain so for some time. "This is our uttermost limit," he said.

The purpose is to correct Holland's serious and growing unemployment problem by increasing business profit incentives to the extent where investment and therefore job prospects rise. It is explained by Government spokesmen as an orthodox conservative approach to the economic problem. Quite how it departs from the socialist remedies attempted by the preceding Den Uyl Administration remains something of a mystery to many Dutch, though it appears certain that the growth in the welfare state has come to at least a temporary end.

Having said all this, one should add that—at least in the eyes of your correspondent—the Dutch remain the most sober, tolerant, charitable, and financially prudent people in Europe. They can afford to slip a little from their pedestals; there is no evidence they will do so irretrievably.

—ALAN OSBORN



"I think it's something to do with the sweeping new powers the police have asked for." © Mac, London Daily Mail

Rome

Italy returned from its collective August vacation to face what promised to be one of the chilliest autumns on the economic front that the country has seen in several years. At stake is a three-year economic program, outlined by the Government in early September. Since the timing of the program coincides roughly with the renewal of a number of national contracts in industry, approval of the measures the Government hopes to impose—and, by implication, survival of Giulio Andreotti's nine-month-old Government itself—is going to depend heavily not only on the three big trade union confederations, but also on their ability to convince their rank and file to accept proposed “austerity.”

The three-year program concentrates heavily on the need to cut public spending. The public sector borrowing requirement last year was 21,000 billion lire; this year it is 35,500 billion lire. Unless corrective measures are taken, by 1979 the figure is expected to reach 43,700 billion lire. The program calls for cuts of 8,000 billion lire in 1979 alone. This should be made possible in part through an increased efficiency in fighting widespread tax evasion, but it is also linked to another of the Government's goals, which is a thorough reform of the public administration. Successive governments have admitted for years that such an overhaul is necessary, but so far the bureaucracy has stubbornly resisted being cut back. The program's document itself acknowledges the problems inherent in such a reform by referring to it as “one of the most difficult” proposals to carry out.

To stimulate the flagging economy, the document calls for the containment of real

salaries and an increased labor mobility in order to raise productivity. That is bitter medicine; Italy is the only country in the European Community in which real wages

have increased since 1970, and it is also a country in which traditionally it has been very difficult for industries to move workers from one plant to another.

According to the document, the savings from such measures would free funds for use in investments to create work. The Government clearly hopes that its allusion to 500,000-600,000 new jobs, many in the south, will sway the trade unions to its support. What the Government hopes to do and what it will actually be able to do are the current questions in the minds of political parties, unions, employers, and the general public. Concern about the vagueness of the document and doubts about whether it considers the issues realistically have come from all sides.

Paradoxically, the hardest job may fall to the trade unions themselves. Union leadership, which has taken an increasingly moderate stance as Italy's employment situation has failed to improve, must now convince the rank and file that salary cuts and labor mobility are, in the long run, in the general interest.

Union leaders are aware that workers disenchanted by years of government inability to carry out many of its own resolutions may be less interested in the national good than in preserving their own economic status quo. Their skill in dealing with the work force may well determine whether the economic program manages to get off its feet.

—CHRISTINA LORD

Paris

Food and drink: Since the *grandes vacances* of August, France has turned its attention to things that really count with only an occasional backward glance at the parliamentary electoral battle, eight months ago, that made Frenchmen so interesting to themselves and the rest of the world.

Late summer is the moment the Government usually picks to slip unpleasantness over on the vacationing populace, and this August was no exception. In a well-publicized gesture meant to prove how seriously the Barre Government intends to take its program of economic liberalism, the price of bread was decontrolled for the first time since the French Revolution. As a result bread prices have risen about 10 per cent with the long, crusty *baguette* now costing about 1.15 francs (or 27 cents depending on which slipping exchange rate you use). So far, most complaints have come from the bakers themselves; says one, indignantly, “We're now forced to spend our time spying on prices of our competitors.” The long-



term worry is that independent bakers will be gradually forced out of business by mass-produced bread sold more cheaply in supermarkets.

More distressing to the public at large, the Government began on Bastille Day weekend to implement a new law that requires French drivers to submit, on demand from the police, to alcohol tests. The test consists of blowing into a balloon and hoping that the alcohol content of your breath won't turn the balloon's air from yellow to green. If it does, the experts claim, you'd have to weigh at least 160 pounds and have drunk one aperitif, a half-liter of wine, and an after-dinner cognac. The permitted intake is certainly generous, and because the police have been announcing in advance when and where they'll look for victims, it's not surprising that so far the trial tests (the unannounced ones begin later this year) have turned up only a tiny number of tipsy drivers. The law is intended to reduce highway deaths (some 13,000 occurred last year), 38 per cent of which have been traced to drunken driving. Nonetheless, French drivers complain (as they did after the oil crisis when for the first time in history speed limits were set for superhighways) that the test infringes on their civil liberties. At the same time wine growers and restaurant owners are sure that the test will be disastrous for business.

Meanwhile, the Parisian gourmet community has been shaken by a contemptuous salvo fired by La Reynière, *Le Monde's* influential food critic, at the proliferating numbers of ultra-chic chefs of the “*nouvelle cuisine*.” At its best the *nouvelle cuisine* is an imaginative departure into new taste combinations, and sauces made without flour and cream. It is light, lovely to look at, and not fattening. As a result its pioneering chefs have been hugely successful. And widely imitated. But, rails La Reynière, its



fashionableness has proved corrupting. In the hands of quacks, fakes, and copy-cats, he says, the *nouvelle cuisine* has become the cuisine of bluff. Among its many excesses, such as undercooked vegetables and the use of frozen ingredients and margarine, the current culinary mode serves tiny portions on outsized plates. "No one appreciates large dishes more than I," comments La Reynière. "They can mean more copious portions of food I like." The *nouvelle cuisine* describes, and excuses, such theatrics as eating *à la chinoise*, which for La Reynière is as intellectually dishonest as an attempt to play Racine's *Phèdre* in bikinis. More than that, such minuscule servings are a disgrace to the land of Rabelais.

With no elections scheduled for two-and-one-half years, political gourmands will have to live, for a while at least, on a thin diet of rumor, overanalyzed personal power plans, and endless speculation about what could happen between now and 1981, when the Presidential elections take place. For the Socialist Party, the most interesting development is the emergence as a threat to the party chief, François Mitterrand, of Michel Rocard, a brilliant, charismatic economist and party secretary. Though he came to the party from the French far left, Rocard is now, in all but name, a Social Democrat who is convinced that Mitterrand's adherence to Marxist dogma and an alliance with the Communist Party is old-fashioned; such tactics no longer reflect French voter concerns or the realities of international politics and will stunt the growth of the Socialist Party in France. Rocard is said to be mounting a campaign that he hopes will force Mitterrand to step aside in his favor at the Socialist Party congress next spring. It may be an unnecessary fight. A close associate of Mitterrand claims the party's first secretary has no intention of running against Giscard d'Estaing if the French President continues as invulnerable as he appears to be now.

The Socialists have taken hope from five recent bi-elections in which the left held three seats and gained two more. In all five tests the party substantially increased its percentage of the vote at the expense of the Communists and the majority parties. One loser was the maverick Jean-Jacques Servan-Schreiber, former owner of the weekly *L'Express* who, while a supporter of Giscard, has been consistently critical of Prime Minister Raymond Barre's economic policies. His constituency in eastern France has been hard hit by the French steel crisis. In Paris, where the economy is less of an issue, Christian de la Malène, a close associate of Jacques Chirac, Gaullist leader and critic of Giscard, also lost. He too blamed Barre and the lack of support he received

from other parties of the Government's parliamentary majority.

It is far too early to tell whether the strong Socialist showing is anything more than a repeat of the party's 20-year-long tendency, as one commentator put it, "to win the battles that don't count and lose the ones that do." Chirac's Gaullists are in no doubt. They have made much of the bi-election losses—calling on Barre to change his economic program and adding the veiled threat that they could eventually withdraw support for the Government in Parliament.

In the face of these defeats and the alarming increase in unemployment that even the Government admits will continue into next year, Barre remains imperturbable. The Prime Minister continues to repeat that his policies are right and he will stick to his economic guns. He recently added that, unlike certain others, he was free to express himself and pursue his beliefs because of his total disinterest in running for the Presidency in 1981. With his popularity in the polls at an historically unprecedented low, it's unlikely that the possibility of his candidacy had crossed anyone's mind but his own.

—PATRICIA H. PAINTON

London

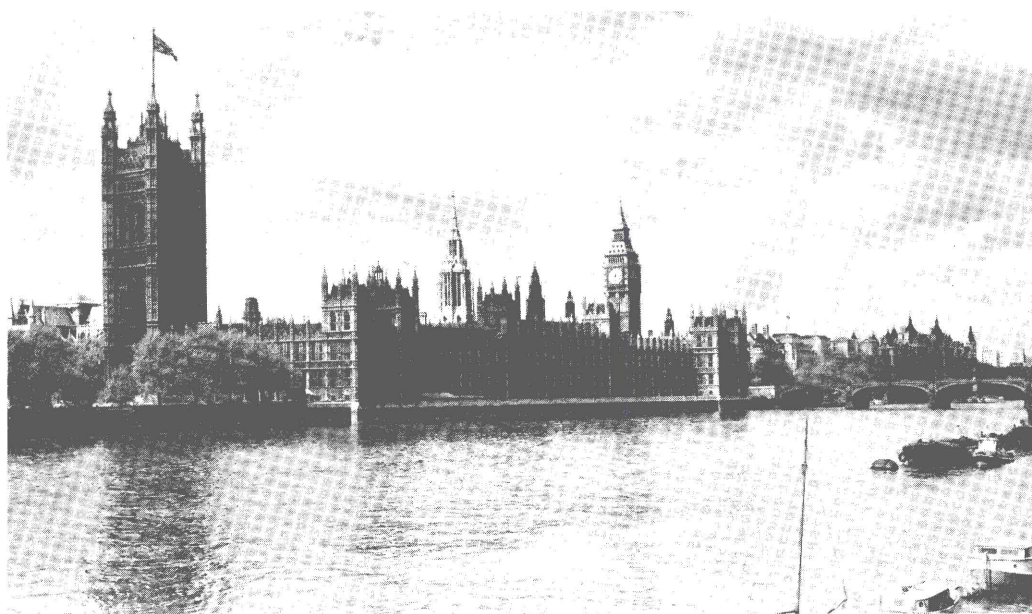
Father Thames doesn't look like a killer. Yet this winter and through those until 1982, London's famous and usually tranquil river will be a potential disaster for hundreds of thousands who live and work near it. The Thames is a tidal river, and the right combination of fierce winds and storms at high tide could send it crashing over its banks,

flooding about two miles on either side, from Bexley and Havering in the east to Hounslow and Richmond in the west.

Greater London Council authorities believe there is a 50-to-1 chance it could happen before a flexible Thames flood control barrier being built across the river at Woolwich finally becomes operational four years hence. Until then, Londoners face some unpleasant prospects. If the Thames floods the capital, a million lives could be at risk. A quarter of a million homes might be devastated. London's vast subway system, "the underground," could be out of service for up to nine months. Low-lying areas like the Houses of Parliament and Trafalgar Square would take the brunt of the first surges, along with much of south and east London.

London safety chiefs warn it is not a matter of if there is a flood, but when the flood comes. The flood control barrier should have been ready by 1980 but has been set back by a variety of snags, ranging from multiplying costs to labor and technical troubles. Although the Victorians built embankments along the Thames in the most vulnerable areas of central London, these are now inadequate. London, like many big cities built along rivers, is gradually subsiding and the Thames has become far less docile because of climatic and environmental shifts.

Advanced weather forecasting techniques and the precise watch kept on the river level and tides during storm conditions mean a Thames flood will not be a sudden surprise. About four hours before flooding is expected, the first public warnings would be broadcast on radio and television, followed by regular bulletins. About one hour before flooding is due, the flood warning sirens—80 air-raid sirens preserved from World War



II—would sound in the danger areas. Next step: Make for high ground or buildings.

It looks straightforward enough. But during a recent test of the flood drill procedures, officials discovered that in the age of ear-splitting discotheques and mighty traffic roar, the warning wails were often almost inaudible, if not altogether unheard. The Greater London Council has been thinking about making the flood alert sirens louder. They have been reluctant because scientific advisers fear any increase in decibel level would cause discomfort, even nausea, among people living near them. The latest test confirmed something will have to be contrived to pierce the daily din.

While London officials want the Thames to flow quietly, British authorities are taking a hard look at wave power as an unlimited source of energy when now ample fossil fuels start to diminish next century. There are about 4,500 miles of British coastline, and waves are starting to get research priority. Experts have already worked out that a 600-mile stretch of wave energy machines set off England's southwest coast and northwest Scotland to harness Atlantic energy could, in principle, provide about half of Britain's present electricity needs.

Britain's North Sea oil and gas reserves should make the country self-sufficient in energy by 1980, so using wave power or other renewable energy forms is a long-range scheme. As a Department of Energy spokesman said, "We are investing for our children and grandchildren." The British are not alone in wave power interest. This spring the United States, Canada, Japan, and Britain agreed to start joint research involving wave power in the sea of Japan.

—PETER J. SHAW

Brussels

It's not true that the Belgians are lazy—even a brief glimpse of their record on productivity would dispose of that charge—but it may be that they take a more sophisticated view of work than others. There was a recent clash between Belgian coal miners and Spanish migrant workers over whether or not to accept an offer by the employer of higher wages instead of shorter hours. "What use is money if you are digging coal all night and day," complained one of the Belgians.

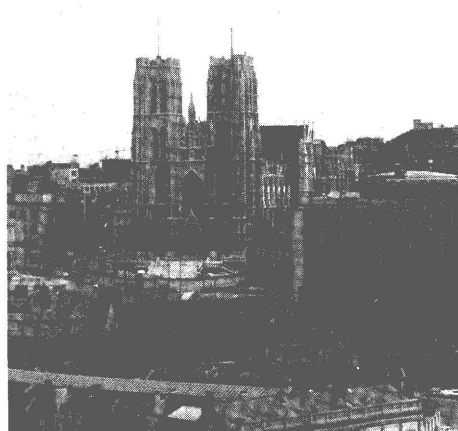
The point is that the Belgians are very strong on the issue of working hours—a stand that sometimes causes conflict with migrant workers, who simply want to maximize earnings. Like unions in other countries, those in Belgium insist that em-

ployers agree to a maximum working week—40 hours at present. Whereas in most countries that merely serves as a trigger point for payment of overtime, in Belgium it really means the downing of tools. In fact, hardly any overtime is worked. Last year manual workers in Belgium worked an average 37.3-hour week (it was affected by short-time working in the steel and textile industries), compared to more than 40 hours in every other industrial country and over 42 hours in Britain.

This summer the Belgian unions have been fighting for a national agreement to cut the official working week still further. They want it reduced to 36 hours from 1980 without loss of pay. But their argument that this would create demand leading to 100,000 new jobs has been greeted with disbelief by employers. On the contrary, say management negotiators, such a reduction in hours would mean an 11 per cent increase in labor costs leading to still further unemployment. The employers say this is an intolerable burden for Belgium alone to shoulder and could only be contemplated as part of a scheme stretching throughout the European Community. They point out that even with the shortest working week in Europe, Belgium still has one of the highest unemployment rates.

Workers, nonetheless, are gaining ground industry by industry, even if it looks as though a national agreement is impossible this year. Official estimates put the number of workers securing reductions in the 40-hour maximum at 15 per cent. The general pattern is for a two-hour cut to take effect from the beginning of next year, and so far this has been won by office workers in general, some bank clerks, and shop assistants and various metalworkers. Other employers have agreed to a day or two extra on the annual holiday.

Quite where the process will end, nobody is very clear. It seems evident that for all



their attachment to shorter hours, Belgian workers are not yet ready to take the step of accepting wage cuts to secure them.

Moreover, some commentators believe that enthusiasm for a shorter working week will miraculously evaporate when and if there is a recovery in Belgium's heavy industries like steel and textiles. That may be so. In the meantime, there is in Belgium an animated and fascinating debate over where precisely to draw the line between work and leisure, which is surely of international interest.

—ALAN OSBORN

Copenhagen



Traditional patterns in Danish politics were upset by the surprise formation of a Socialist-Liberal coalition Government in early autumn. The Socialist minority Government of Anker Joergensen had been negotiating with the opposition parties through the summer, but political observers had unanimously predicted that this would reveal itself as a mere tactical foreplay to a general election.

Not without reason. A year ago the Liberal Party was rallying the nonsocialist parties in a coalition designed to topple the Joergensen Government. The parties were close to framing a common platform when the Government reacted by inviting the parties to discuss the possibilities of a majority government.

The Socialists and Liberals were regarded as prime opponents, and their dialogue opened with mutual expressions of skepticism, if not distrust. But a change of leadership in the Liberals proved an important factor in facilitating an open exchange of opinions. When the Socialists decided to shelve almost all their ideological demands, and the Liberals were promised tax relief for their very important farmer constituency, the basis of a coalition was secured.

Reactions in the Socialist Party were extremely violent. Critics claimed that the

party executive had not been properly consulted and that the common program of the new Government was a complete sellout to the Liberals. The trade union movement—the traditional power base of the Socialist Party—fully endorsed the views of the critics and effected what is now a virtual break with the party. The speaker of the parliamentary party resigned in protest, as did a former finance minister who was chairman of the Parliament's important financial committee. His resignation was not procured voluntarily; he was removed after public protest against the new Government and now threatens to vote against the policies he does not like, thus undermining the parliamentary strength of the new Government.

Though a few votes short of a majority, the Government will probably be able to wield power for the remaining two years of this Parliament, if it chooses to do so. There is a small, vociferous opposition to the left, and a larger opposition to the right. The latter is very unlikely to challenge the Government before the wage negotiations have been completed next April, for the Government's economic program promises a tough line toward pay demands. Economists also agree that the Government program is fairly traditional—higher taxes, public savings, more unemployment, all part of a declared long-term attempt to improve the balance of payments and thus give the Government more scope for internal economic measures.

Pay negotiations are felt in Denmark every two years. Last time they were concluded with great difficulty and followed by political intervention limiting pay raises to 6 per cent annually. This time negotiations have started ominously, with the employers' demanding a lowering of wages, the first and only time since the Great Depression of the Thirties. The first reaction of the trade unions was open disbelief; now they say that it is a logical result of the Socialist-Liberal coalition, and they promise a long and hard battle in the spring.

—LEIF BECK FALLESEN

Luxembourg

When Ireland and Luxembourg get together, you can be sure there will be plenty of talk on the lines of "small is beautiful." So it proved when Irish President (and former EC Commissioner) Patrick Hillery paid a state visit to the Grand Duchy in September. The achievements of tiny Luxembourg were "nothing less than astonishing," said Hillery, and he was in turn praised by the Grand

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Clearly both of these small countries have made an imprint on Europe that goes beyond their intrinsic size. That is at least partly because they have often been represented by men slightly larger than life. Former Irish Foreign Minister Garret FitzGerald and Luxembourg Prime Minister Gaston Thorn are good examples. Thorn, in particular, has become almost the embodi-



Luxembourg Prime Minister Gaston Thorn
© European Parliament, Luxembourg

ment of Luxembourg to many followers of European affairs.

But that may not always be the case. When members of Luxembourg's Parliament returned from the summer break, the number one topic of conversation was next

June's direct elections to the European Parliament. It is a situation rich in possibilities. At present, of 59 seats in the Chamber of Deputies, the Socialists hold 17, and their coalition partners, Thorn's Liberal Democrats, 14. But the Social Christians, led by former Prime Minister Pierre Werner, have 18 seats. There are no public opinion polls, so it is anybody's guess whether the relative economic austerity of the past few years has taken its toll on the coalition's popularity or whether Thorn's personal drive can see his team through again.

Much of the political debate is focusing on the budget for 1979. The Government is planning an increase of some 6.3 per cent in public spending and a deficit of about a billion francs. It says the main objectives are to promote employment and to reduce the gaps between incomes. So there are income tax cuts for lower- and middle-income groups, increased social benefits, and investment aids to industry.

The Government claims this is very modest in the context of Luxembourg's economic problems. The opposition calls it excessive. What can be said is that the banking sector has, as usual, made the Government's job a good deal easier. Combined balance sheets rose by nearly a quarter last

year, and government revenues from the banks will almost certainly prove to have reached another record, thus underwriting a still greater share of public spending.

Another way of reducing unemployment is to step up army recruitment. Military manpower has just been increased by 13 per cent through the simple expedient of creating a new infantry company. That brings the grand total to 630 men in uniform—but that is more than half the total unemployed.

—ALAN OSBORN

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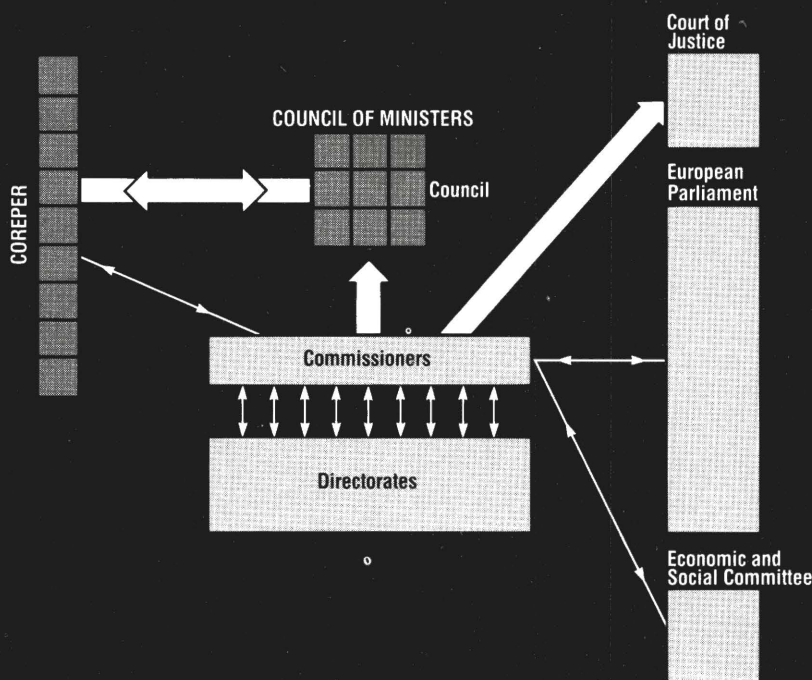
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A NEW "EUROPEAN" NEWSPAPER

The FT will also hit New York

DAVID BELL, news editor of the new European edition of The Financial Times

EARLY NEXT YEAR A FLEET OF TRUCKS WILL LEAVE a Frankfurt printing plant carrying the first copies of the new European edition of *The Financial Times*, the British newspaper that hopes to become the first truly pan-European daily paper. It is a project unique in European journalism.

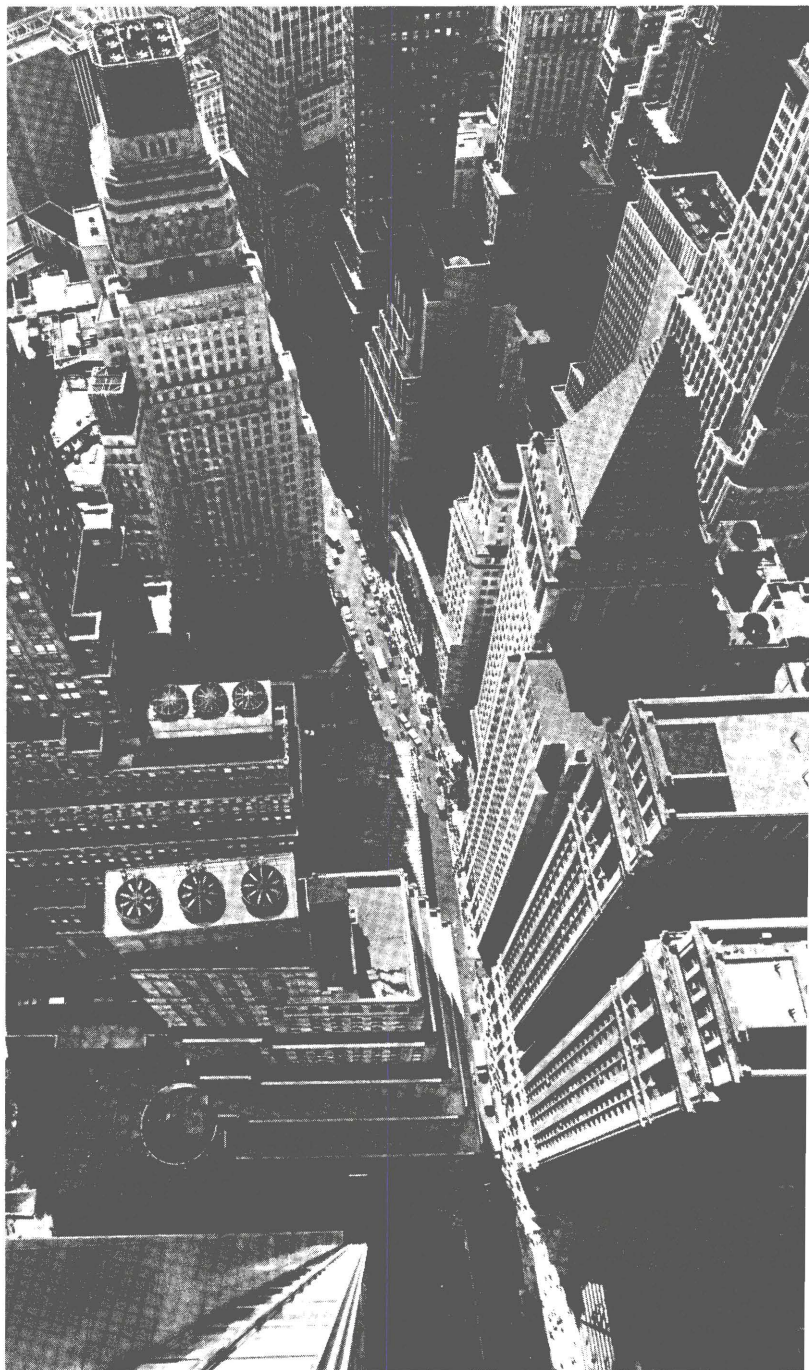
There have been various attempts to create a European paper. For some years a monthly supplement called *Europa* has been published on the same day in *Die Welt* (Germany), *La Stampa* (Italy), *Le Monde* (France), and *The Times* (Britain). Some French and German papers — notably *Le Monde* with its four-page section in the *Manchester Guardian Weekly* — have produced a variety of weekly editions in English. But these are not dailies.

The International Herald Tribune, owned jointly by *The New York Times* and *The Washington Post*, already prints in France, Switzerland, and Britain each day and is on sale all over Europe. But it is heavily oriented towards the United States and relies on American reporters and wire services for almost all its copy.

By contrast, the *FT* (as the paper is usually known) has its own team of foreign correspondents which, by the end of the year, will be larger than that of any other English-language newspaper. It will be tailoring its new edition specifically for the Continent and for readers whose first language is not English. The British edition will continue to be published exactly as at present.

The growing political and economic integration of Western Europe has long suggested the need for some kind of "cross-frontier" paper. The European Community alone produces a flood of information and stories that affect all nine member countries. These "non-national" stories need "European" coverage.

The *FT* already has a sizeable European readership, particularly among senior decision-makers in banking, industry, and government. Chancellor Helmut Schmidt of Germany even used a "Man of the Week" column about himself from the *FT* as an election poster. Most Americans, however, have scarcely heard of the *FT*. Printed on distinctive pink paper it roughly corresponds, in a European context, to *The Wall Street Journal*. But



New York's Wall Street will soon get The (London) Financial Times by air from Frankfurt. © Cornell Capa, Magnum



John Osborne, writing in the *New Republic* when President Jimmy Carter came to Britain last year, said that it was better described as an “excellent cross between *The Wall Street Journal* and *The New York Times*.”

The paper carries a vast quantity of foreign news each day, and its coverage of Europe is exhaustive. Even so, to a casual reader, the *FT* can still seem “very British.” Like *The Wall Street Journal*, it prides itself on recording every twist and turn in its home market and provides a great deal of information about Britain that is vital for its domestic market but of limited interest abroad.

The new international edition is designed, therefore, to move gradually from this emphasis and towards a truly European paper — for the European reader who wants to know everything of importance happening on his continent and beyond. Equally for those outside Europe, particularly in Japan and the United States, the paper provides a daily “fix” on European attitudes towards such important issues as a new currency unit or obstacles in the way of freer trade.

BUT CROSS-FRONTIER OPERATIONS of this kind present problems, as *The Wall Street Journal* has already found with its Asian edition. No European paper has the kind of

experience that the *Journal* has acquired since it began printing in different plants across the United States. It is now printed in 13 different plants in one of the most sophisticated operations of its kind in the world.

The *FT* will move slowly. The edition printed in Frankfurt will continue to carry almost all the British stories that it does at the moment, but by April some eight pages including the front three pages dealing with international financial and company news and some of the other foreign pages will be re-edited each day. The editing will be carried out in London, and copy will be transmitted by high-speed document facsimile machine to Germany, where it will be processed by German printers. The balance of the paper will be sent, page by page, to Frankfurt — using much the same facsimile process as the one used by the *Herald Tribune* and *The Wall Street Journal*.

At about midnight, five days a week, the paper will be sent from Frankfurt by road to major European cities, where it will be on sale at the start of each business day. Frankfurt is at the heart of the European freeway network, which means that regular early morning distribution can be ensured. This will be a marked contrast to the present distribution by air — bad weather, aircraft problems, and a host of other factors often mean that the paper is hours late getting to European newsstands.

An extra bonus of the decision to print in Frankfurt is that at four o'clock each morning an air freighter leaves for New York, where it arrives at six-thirty local time. Soon after nine o'clock the *FT* will be on sale on Wall Street — offering American readers, for the first time, truly up-to-date news and information from Europe and beyond as seen from a European perspective.

By European newspaper standards, the *FT* will begin printing late. In Germany, in particular, the paper will be going to press later than all but the very latest editions of most German papers. But the challenge facing the paper is more than simply arriving early at the newsstands.

The *FT* will now have to establish that there is indeed a “pan-European” market for the new product that it is to produce. It has to persuade disparate people in a score of countries to read a paper written in a language other than their own. This involves making judgments about the “European mind” that are notoriously difficult to make.

The two “cross-frontier” publications that have been most successful in Europe at exploiting this type of market are *Time* and *Newsweek*. The international editions of these news magazines are now sharply different from their American counterparts and very successful. But they are weeklies. Creating a new market every day will be less easy; but, if the project succeeds, Europe does indeed stand to have its own daily paper — one that in time may help to set the stage for the next phase of European integration.

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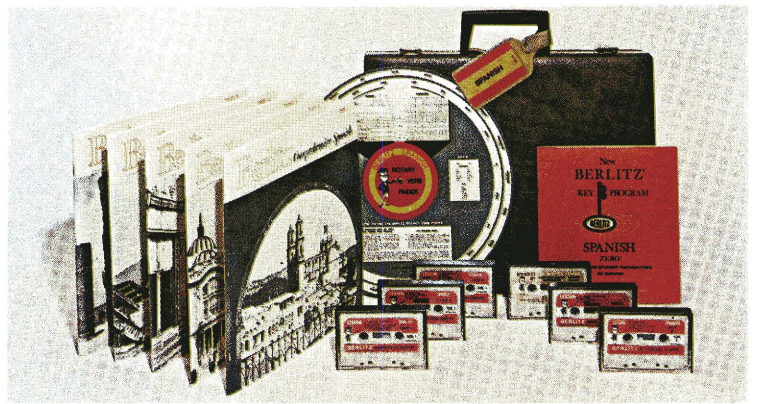
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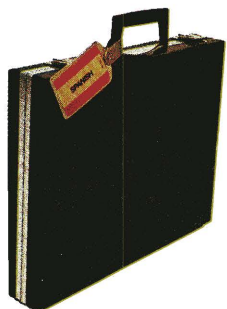
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CONSUMER REPORTS, EC STYLE

CANDACE DENNING, staff writer for *European Community*

A recent study by the Brussels office of Burson-Marsteller International, a public relations firm, found EC consumer policy to be a major concern of multinationals doing business in Europe. Of the multinationals which responded to the survey, 42 per cent said EC consumer activities were beneficial, while 29 per cent said they were restrictive.

In the first of a series of reports on the EC Commission's activities in the field of consumer protection, staff writer Candace Denning examines protection against misleading and unfair advertising. Subsequent reports will cover product liability; door-to-door sales; correspondence courses; unit pricing; labeling, presentation, and advertising; plastic packaging.

EUROPE MAY NEVER FIND ITSELF AWASH IN PROMOTION the scale of that precipitating Vance Packard's *The Hidden Persuader*—published in the United States in 1957 just as the European Economic Community was coming into being. Nonetheless, a draft directive on misleading advertising is one of seven consumer issues now before the Council of Ministers. These proposals conform to the goals of the preliminary program for a consumer protection and information policy passed in 1975. Leading up to this action was over a decade of preparation.

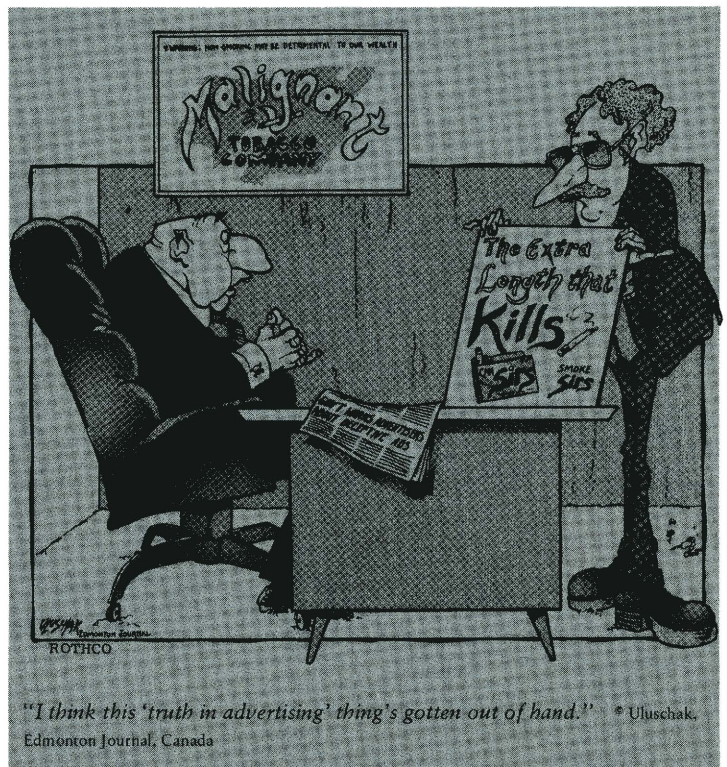
In the beginning of the European Community, what was good for competition was good for the consumer. As trade barriers came down, the consumer was handed a wider choice of goods at better prices and during the Community's first 10 years the average 11 per cent tariff on semi-finished goods and 17 per cent on finished goods and food disappeared. As the tariff barriers fell, however, nontariff obstacles to trade became clearly visible, and large price disparities cropped up—the result of national restrictions on distribution, protective government regulations, and varying tax levels. Harmonization of national laws had to be achieved to free competition further.

The Treaty of Rome mentions the consumer three times in passing within the contexts of the agricultural and competition policies. The first consumer initiative

came within the agricultural sector when a "contact committee" for consumer questions was set up in 1962. This committee was to function for 10 years before internal conflict led to its demise in 1972. The second initiative, in 1968, was a special administrative unit for answering consumer questions, created within the Commission's competition section.

Record of consumer interests first appeared in the First Report on Competition Policy in 1972—the same year the heads of state and government meeting in Paris demanded a consumer program. Although such a plan was not adopted until 1975, the Environment and Consumer Protection Service was established within the EC Commission in the spring of 1973. The Consumers' Consultative Committee (CCC) was also set up as an advisory body to the Commission.

By this time a number of directives of interest to consumer health and safety had already been adopted. Relat-





Many regulations relating to foodstuffs have already been put into effect Europe-wide, and more are in the works. © Philips-Rapho, Photo Researchers

ing to foodstuffs were regulations dealing with authorized coloring agents, preservatives, antioxidants, cocoa and chocolate products, and sugar. Veterinary directives and measures dealing with animal nutrition helped safeguard human consumption of meat and poultry. The approximation of laws regarding pharmaceuticals and classification, packaging, and labeling of dangerous substances had been passed; measures for simplifying textile labels, laws regarding detergents, and a long list of directives on motor vehicles had been adopted. In 1974 the Scientific Committee on Foodstuffs was established, one of many consumer advisory groups to come. Since 1972 the Commission has financed consumer studies conducted by independent organizations. It has also sponsored regular symposiums on consumer topics and conducted consumer surveys.

In February this year the Commission forwarded to the Council its draft directive on *misleading and unfair advertising*—requiring harmonization of national laws for consumer protection as well as enforcement of EC competition policy. The provisions include minimum criteria for determining whether advertising is misleading or unfair; permission for comparative advertising under certain conditions; and proposals for quick, inexpensive legal recourse for those affected. Measures for the cessation of misleading publicity and the publication of correc-

tive statements and a stipulation that the advertiser have the burden of proof for factual claims are given. Neither political nor advertising by private individuals falls within the scope of the measure, nor do reports on comparative tests by independent organizations since they are not promoting the sale of goods or services.

Most member states do not have specific laws on misleading advertising, although civil or criminal regulations regarding unfair competition have provisions for dealing with it. In Belgium civil law on unfair competition provides a good framework; false statements are outlawed by criminal law and certain types of advertising are banned, such as testimonials for medicinal cures, before-and-after advertisements, advertising in children's magazines. In 1971 a new act improved the legal process. The Danish Unfair Competition Act of 1959 bans advertising that would harm competition and since 1975 there has been an ombudsman to deal with misleading advertising. In the Netherlands a section of the Civil Code dealing with liability has been extended to cover advertising and a section of the Penal Code applies to misleading advertising as unfair competition. Broadcast advertising is supervised there.

Also in Italy advertising is covered by unfair competition laws with a blanket provision against false advertising. There are special laws for food products, and products or brands cannot be compared by price. In the United Kingdom the principal vehicle for regulating advertising is the Trade Descriptions Act of 1968, under which false trade descriptions are subject to sanctions. For food misdescription the Food and Drugs Act applies. Misleading advertising is covered by general laws on unfair competition (Act of 1929 and decree of 1936) in Luxembourg, as in Germany where advertisements must be materially true and not mislead. Statements may be considered misleading if they evoke a wrong impression through lack of clarity or omission. Earlier French legislation was replaced by the "Royer" law in 1973 stating that it is no longer necessary to prove an advertiser issued a misleading statement in bad faith, thereby banning false advertising including verbal deception.

Voluntary advertising codes are enforced by committees or commissions in each member state. For example, sweets may not be advertised on television in the Netherlands. Cigarette and alcohol commercials are banned in Ireland; tobacco, alcohol, beer, magazines, concerts and shows, jewelry, correspondence courses, plastic toys, margarine, furniture, and dietary products are banned in French commercials. The proposed directive recognizes the usefulness of these national regulating bodies set up by business circles and will not effect the scope of their activities. The directive also allows member states to adopt more stringent national laws, as long as they conform to the EC Treaty provisions.

The Edinburgh International Festival

Perhaps the world's most exciting multi-media cultural event

YORICK BLUMENFELD, a former Newsweek correspondent, writes for Editorial Research Reports from the United Kingdom



There is an official festival program plus the growing "fringe" of "off-Edinburgh" productions. Here, actors make up for "Twelfth Night." Photos © Nobby Clark, London

Salzburg may offer a more elaborate or impressive musical repertoire, the Basel Art Fair a more comprehensive coverage of the visual art, and the Cannes Film Festival a more glamorous outlet for cinematic producers, but the Edinburgh International Festival, which ambitiously encompasses all these fields, is now the most exciting multi-media cultural event in the world. Every year during the last two weeks of August and the first week of September Edinburgh transforms into the cultural super-nova of Europe.

The festival presents the avant-garde in theater, film, music, and poetry. This experimental, innovative approach makes Edinburgh the most discussed festival among young people in Europe. Such a venue for the avant-garde, which costs the city and the taxpayers about \$2 million a year, has never been universally

popular with the inhabitants. "Ye cannae even get out of your ain front door wi' this festival," one protester was reported shouting before the fringe ticket office. "It disnae put a penny in me pocket. The people who run this town are daft, they are, daft."

The festival may still appear "daft" to some of the locals, but it has placed Edinburgh on the tourist map. When Rudolf Bing, then with the Glyndebourne Opera, first presented the idea to the city fathers of Scotland's capital, many citizens thought such a culturally ambitious gesture at a time of postwar austerity was inappropriate. Bing realized that it would be some time before Salzburg or Bayreuth would once again flourish and thought the United Kingdom a more suitable locale for producing the world's leading international festival. He insisted the programs should be of

the highest possible standards and that Edinburgh should provide a showcase for the flowering of the human spirit.

At the first festival Bing attracted the Vienna Philharmonic and artists of the stature of Bruno Walter, Lotte Lehmann, and Kathleen Ferrier. He persuaded the quartet of Schnabel, Szigeti, Primrose, and Fournier to make their debut together at Edinburgh. Ballet was launched by Margot Fonteyn, Beryl Grey, and Frederick Ashton, dancing in the Sadlers Wells Ballet production of "Sleeping Beauty." The dramatic hit was Ralph Richardson's production of "Richard II" with Alec Guinness starring as king. The excellence of these shows all set the standards which have come to be commonly associated with the festival.

More than 400,000 tickets were sold for fringe productions this year. The visiting teams ranged from the University of Southern California's drama company, which presented the British premiere of Stephen Sondheim's musical "Follies," to a Parisian troupe that performed Jean Bois's new play, the "Pallor Game." There were also such Edinburgh regulars as the Cambridge Footlights Review, the National Student Theater Company, and the Wykeham Players. And there were the multiple stages of the highly praised Traverse Theater. This has become a permanent, nonestablishment institution. Alas, one of the main talking points of the fringe was the histrionic capabilities of four pigs at the Traverse, who displayed their public talents for the last time before being dispatched to the slaughterhouse.

But the Traverse also presented such original productions as David Pownall's "Livingstone and Sechele," a comedy about explorer David Livingstone's first conversion of an African to Christianity. Other fringe premieres included a play about Strindberg called "Lunatic and Lover," and a play about Beerbohm titled "The Incomparable Max." The public was confused by the overabundant offerings. What to see on any particular night? How to go about making selections? The experience threatened to turn into a sort of cul-



The University of Southern California's drama company was one of the "fringe" groups.

tural *Grande Bouffe*, leaving the culture vultures exhausted.

The Film Festival, which is another festival within the main festival, is part of the official program. It has become the most provocative event of its kind in the British cinematic calendar, championing a host of radical causes. This year the principal themes were feminism and homosexuality: There were 11 films by women, for example, examining feminist issues. Some of the outstanding screenings were by Germans, including Ula Stocki's "A Woman and Her Responsibilities" and Helke Sander's "The All Round Reduced Personality." Sweden's "Paradise Place," directed by Gunnel Lindblom and produced by Ingmar Bergman, was an eloquent study of women and their family role. In addition to the film screenings, there were also discussions. The British Film Institute, for example, held a forum on the way television presents movies and discusses the cinema.

All these cultural titbits point out that middle-of-the-road commercial work is rarely shown in Edinburgh. In the more than three decades of its existence, the festival has become an essential feature of the life of this northern capital. With its romantic Castle and its historic streets, Edinburgh seems the perfect venue to hold such a spirited and eclectic celebration. Alas, the city's three weeks of cultural overabundance contrast sharply with the 49 weeks of undernourishment. But most fans count the festival's blessings and feel secure in the knowledge that next year it will be more of the same. The only question that remains is whether anyone really is capable of digesting more culture of such a high standard?

Over the years the festival has vaulted from one triumph to the next. Tyrone Guthrie's brilliant production of "The Thrie Estaites" in 1948 reintroduced the large-scale open stage principle to the theater after a lapse of hun-

dreds of years. In 1949 there was a specially commissioned premiere of T. S. Eliot's the "Cocktail Party." For the twentieth anniversary in 1967, Peter Diamand, who had been director of the Holland Festival and the chief entrepreneur behind many of the artistic celebrations of Dutch life following World War II, first introduced the Scottish Opera and the Scottish Festival Chorus. The festival had come of age: There now flourished a home-grown company fully qualified to compete with all the other international groups.

THE FESTIVAL IS MANY THINGS TO DIVERSE people: Some local inhabitants, unmoved by culture, only attend the massive drill, or "tattoo," with its bagpipe marches and brilliant lighting. Others, this year, went to readings of Scottish poetry or visited such different exhibits as Cartier-Bresson's archive of 400 photographs, Dr. Armand Hammer's "traveling picture show," the Scottish Arts Council's display of Bulgarian icons, or the exhibit of Paul Strand's historic photographs of life in the Hebrides.

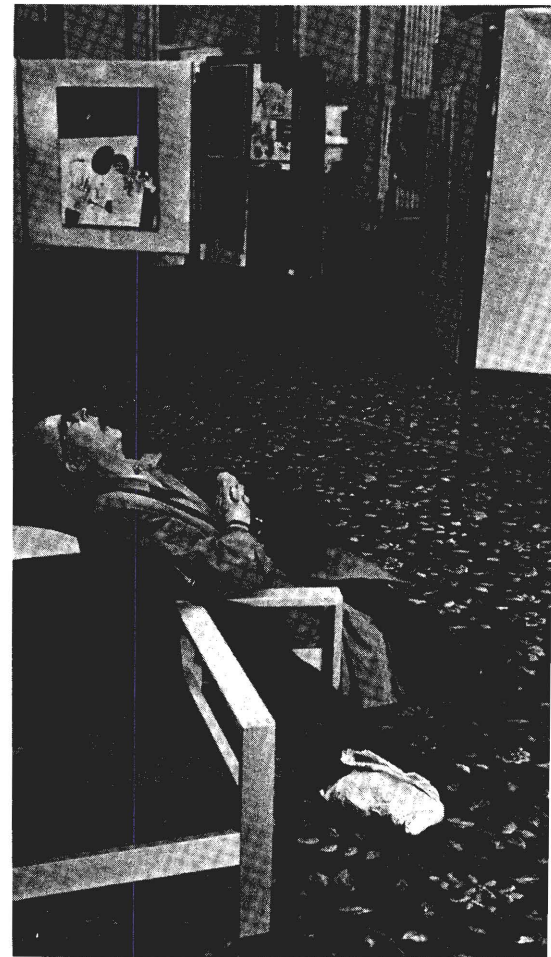
The prestige presentations of opera, chamber music, recitals, and drama are all part of what has become known as "the official festival." The newly appointed festival director, John Drummond, says, "The official festival is a grade A, tuberculin-tested culture package." This year the Edinburgh Festival Society invited such musical stars as Giulini, Abbado, Barenboim, Isaac Stern, Berganza, Nessye Norman, Fisher-Dieskau. With financial support from the Scottish Arts Council and the Corporation of the City of Edinburgh, the festival offered such impressive works as a selection of French dramatic music: "Carmen," the "Damnation of Faust," and "Pelleas et Melisande."

In the field of drama there were exceptional performances by Moscow's Malaya Bronnaya Theater of Gogol's "The Marriage" and

Turgenev's "A Month in the Country." Critics hailed the Royal Shakespeare Company's production of Chekhov's "Three Sisters" as the single outstanding dramatic presentation. The majority of those who attended the festival, however, could not afford the \$50 for a circle seat at the King's Theater.

Ordinary visitors found some of the official program stuffy. For them the main attraction was the sprawling "fringe." The fringe, or "off-Edinburgh," is a unique phenomenon among the world's cultural festivals. When the festival was started in 1947, there were eight outside, uninvited companies who refused to be associated with the official program. The idea caught on swiftly. This year there were 273 different groups which staged more than 450 unofficial productions of drama, mime, or music. The windy city was simply afflutter with handbills, banners, and posters advertising everything from "The Cauldron Stew Review" to "Gross Incontinence of the Third Kind." Every butcher's, baker's, and betting shop seemed to be announcing yet more coming attractions. Every church, empty school, large cellar, or outsized attic appeared to be housing yet another performance.

The cultural overabundance leads to just plain exhaustion.



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NEWS

OF THE COMMUNITY

EXTERNAL

Vredeling Visits US

Fair labor standards in international trade and migrant workers were among topics discussed in early September by EC Commission Vice President Henk Vredeling and US Secretary of Labor Ray Marshall. The two officials met during Vredeling's recent visit to the United States.

Also covered were sectors in difficulty, health and safety at the work place, and problems of women's employment. That more emphasis should be placed on social and employment questions during development of commercial and economic policy was given consideration. Vredeling also met with AFL-CIO President George Meany.

Speaking at the Mid-Atlantic Club in Washington, Vredeling said the Community ultimately could not avoid developing a common security policy. He pointed out it would be impossible to draw up common policies for EC aircraft and shipbuilding industries and to formulate foreign policy without considering defense questions.

Stressing the importance of reconciliation between Europe and the United States on conflicts of interest, Vredeling discussed other problems needing common solutions: Energy supplies must not be allowed to become too dependent on nuclear fuel until the problems of proliferation and waste disposal were solved; and monetary union in the Community was in the interests of the United States.

Vredeling discussed promoting better social protection for workers in developing countries and said he hoped the United States would rejoin the International Labor Organization.

New Jute Accord

A new agreement raising the limits of a similar accord in force since 1976 regarding the export of jute products from Bangladesh was signed between that country and the Community last summer. The accord expires at the end of 1979.

The agreement, giving Bangladesh the benefit of generalized tariff preferences for its exports, also provides for voluntary restraint on the export of certain products in view of regional problems in the Community's jute industry.

Faced with competition from synthetic substitutes, the two countries also agreed to cooperate in promoting the consumption of jute products. Jute is of fundamental importance to the economy of Bangladesh.

American Duty Threat

The Council of Ministers has given the EC Commission full support for its strong representations to the US Government over the threat of countervailing duties.

Under American law, countervailing duty can be applied on imports believed to benefit from subsidy, whether or not this affects American producers. Until last fall this law had been waived under the General Agreement on Tariffs and Trade rules, but the waiver expires January 3, 1979, and there was doubt whether Congress would renew.

This could affect substantial imports from the Community, including goods such as steel and processed foodstuffs, and could jeopardize progress on the multilateral trade negotiations.

Brunner Visits Iran

EC Energy Commissioner Guido Brunner paid an official visit to Iran last summer.

Meeting with the vice president of the National Iranian Oil Company, the ministers of energy and finance, and the under secretary of state, Brunner discussed cooperation between developed and developing countries and progress of the accord between the Community and Iran.

In 1977 the Community's imports of nearly 45 per cent of Iran's total oil production accounted for 20 per cent of EC oil needs.

AID

New Lomé Convention Opens

Negotiations to renew the Lomé Convention—originally signed between the Community and 46 (now 53) African, Caribbean, and Pacific developing countries in 1975—opened in Brussels September 18.

EC Commissioner Claude Cheysson spoke at the opening session about Lomé in a world context. Lomé, being the first experiment aiming to establish a new economic balance, could give direction to solutions on a world scale, he said; although limited in scope, Lomé has been successful.

All the participating countries are interested in an ordered restructuring of the world economy. Faced with a common future, said Cheysson, the re-

sponsibilities are also recognized as being common.

Cheysson stressed that the Commission was determined to avoid any form of protectionism, be it commercial or psychological. The principal questions to be treated during the first session were Stabex; agricultural, regional, commercial, financial, and technical cooperation.

Emergency Aid Granted

Emergency aid was granted to three African nations and three German provinces by the Commission last summer.

An operation, costing 7,500 European units of account (EUA), to prevent cholera in Angola by supplying vaccines, medical products, and a health expert, was to be carried out by the World Health Organization. A similar decision had already been taken to fight cholera in Tanzania, and requests for help from the Governments of Burundi and Rwanda were being studied in early September.

Aid totaling EUA 275,000 for supplies of sugar, tea, and fuel was granted to Sudan for help in coping with the consequences of catastrophic floods. Coordination procedures recently adopted by the Council for dealing with disasters enabled rapid action.

Other emergency aid being considered involved refugees in the Horn of Africa and a fight against desert locusts in East Africa.

The Commission also approved a grant of EUA 500,000 to three German provinces suffering flood damage in late May. In accordance with the German Government, the aid will be paid directly to the provincial governments.

European Development Fund

Eight projects were given the go ahead last summer for European Development Fund grants.

An investors' forum at the Dakar International Fair was granted 180,000 European units of account (EUA) for a project designed to help developing countries prepare for and stage the December forum.

Fiji received a loan on special terms of EUA 2.85 million for help in constructing a new coastal road on the island of Vanua Levu. Gonga will purchase road building and maintenance equipment and equipment for civil engineering and general construction projects through an EUA 1.43 million grant.

A grant of EUA 850,000 for equipment and technical assistance for faculties of agriculture in Guinea is aimed at the long-term goal of improving the quality of teaching and raising agricultural output in that country. Guinea-Bissau was granted EUA 1 million for construction and equipping of two schools.

Providing families with better opportunities to own homes in the Seychelles is the objective of an EUA 1.5 million grant to that government. Development of serviced plots, allocation of

plots and mortgages, advice, and organization and supervision of construction of homes for 300 families are included.

For retraining of teaching and technical staff at the National Vocational Training Institute, Zaire was granted EUA 770,000. EUA 500,000 will go for construction to improve student living conditions at the African Data-Processing Institute.

Total commitments so far under the five-year fund beginning April 1976 have been over EUA 1.28 billion.

Part of a commitment made in 1972 for road construction in Zaire was canceled because the site was cut off in 1975 due to transport difficulties within the country and the oil crisis.

EIB Loans

A loan of 4.9 million European units of account (EUA) for extension of a power station on the outskirts of Liberia's capital, Monrovia, has been granted to the Liberia Electricity Corporation by the European Investment Bank (EIB).

The project, costing a total of EUA 24 million, concerns primarily the addition of two diesel generators to raise the station's generating capacity.

Since the country's current electricity production is just sufficient to cover needs, the increase will serve future economic development and many projects in manufacturing and commerce. An extension to the transmission and distribution networks also being carried out will make more electricity available for household use.

The Republic of Mali is to receive EUA 3.65 million to help finance a rice mill in the Ségou region.

Mali is at present constrained to export unmilled rice and to import milled rice for lack of facilities. In addition to net foreign currency savings for Mali, the mill will also provide by-products like rice flour and bran.

Eight loans totaling EUA 185.8 million for investment projects in Italy were approved last summer. They concern electricity generation and transmission; gas pipeline construction, storage reservoirs, and development of a gas field in the Adriatic; telephone system improvements in the Mezzogiorno; and technical modifications to steelworks to reduce energy consumption.

The UK Civil Aviation Authority received a loan for EUA 16.1 million to extend Sumburgh airport in the Shetland Islands, Scotland. It is the main transit point for air communications with the North Sea oil and gas rigs. About 80 per cent of passengers passing through Sumburgh are en route to or from the rigs.

A new helicopter landing strip, parking space for 20 helicopters and 24 medium-size aircraft, new taxiways, and a larger terminal building are in the plans. More than one-third of all EIB loans going for investment in the United Kingdom—since accession in 1973—have gone to projects directly benefiting Scotland.

AGRICULTURE

Milk and Butter

The EC Commission finalized an analysis of the milk market in late September.

A worsening of the already serious imbalances in the milk sector was indicated for the future. Forecasts from all member states point toward a continuing increase in volume of milk while human consumption of milk products is static. Some products, such as cheese, are developing, but butter consumption in particular is on the decline. The world market is already oversupplied, and there are few additional export outlets.

The Commission recommended the following guidelines: to stop the increase in production, maintain consumption, increase outlets for milk, and reduce milk production potential. Measures may also be necessary to help farmers having no option to dairy farming but likely to suffer from tough action on prices.

Also in the dairy sector, a Christmas butter scheme to provide a special subsidy on most of the butter sold in the United Kingdom in November and December was proposed by the Commission. This subsidy would be in addition to an existing payment.

Gundelach Meets with CCC

EC Commission Vice President Finn Olav Gundelach, responding to a questionnaire from the Consumers' Consultative Committee (CCC) in September, said the agricultural priority for the immediate future was the dairy sector, on which the Commission would transmit guidelines shortly.

Replying to a problem raised in the questionnaire, he stated it was unacceptable that devaluations in green rates affecting price levels last winter occur outside the price review and outside the normal decision-making process.

Gundelach confirmed his intention of pursuing a prudent price policy, particularly on cereals, and of consulting the committee in advance on the price proposals for the 1979-80 review.

Cut-price Butter

Two actions regarding cut-price butter were taken last summer: Conditions for selling cut-price butter to Community consumers were laid down by the EC Commission; and authorization to grant a consumer subsidy on butter for persons receiving social assistance was given by the Council of Ministers. In May, 50 million units of account had been set aside for the sale of cut-price butter.

Member states have a choice of two methods for selling to consumers: They may either cut butter prices by one-third for a short time, or they may reduce prices by one-seventh over a longer term.

The Butter will be sold toward the end of the year and will be identifiable

by "Special EEC Sale" printed on the wrapper. Maximum quantities have been fixed for each member state.

The Community also sells butter at much reduced prices to nonprofit institutions, the armed forces, manufacturers of ice cream and pastry products, and users of concentrated butter. In 1977 about 100,000 tons of butter were disposed of under these special arrangements, and the quantity could grow to as much as 150,000 tons this year.

Wine Surplus Anticipated

Although no surpluses exist at present, wine production in the Community is increasing 1 per cent each year and consumption is stagnating. The Commission said last summer it felt wine production was tending toward a surplus, and proposed an action program for 1979-85 aimed at bringing about structural improvements and increasing outlets.

One reason wine consumption is stagnating, and other beverages are becoming more popular, is excessively high excise duties on wine in some EC countries. The Commission's proposal repeats a 1975 appeal to reduce excise duties and proposes studying the possibility of promotional campaigns.

The program also provides for redirecting production to areas best suited to wine growing because the tendency to move vineyards from hill sites to plains—where cultivation is easier—has adversely affected quality. About 450,000 hectares in France and 580,000 in Italy in the hill category would qualify for aid for improvement and modernization.

In the arid plains category, in which there are about 100,000 hectares in France and 170,000 in Italy, prohibition of new plantings generally and aid for converting production to other crops or withdrawing vineyards from wine growing are proposed.

In the alluvial plains category, of which France and Italy have about 200,000 hectares each, emphasis would be on converting to other crops and aid for wine growing investment would be forbidden. In addition to provisions for fixing a minimum market price, the proposal would increase the maximum additional rate of obligatory distillation from 6 to 8 per cent.

EAGGF Aid Granted

Aid amounting to nearly 46 million European units of account (EUA) has been granted by the EC Commission under the European Agricultural Guidance and Guarantee Fund (EAGGF) to finance 187 projects.

Italy, with a total of 51 projects, received the largest share, over EUA 15.5 million. Fourteen of the projects call for the construction of harvesting and drying centers in the cereal sector. Others include stimulating the fruit and vegetables sector, constructing centers for

the processing of forest products, and aiding the wine growing and tobacco sectors.

Aid totaling almost EUA 5 million will finance 39 projects in the United Kingdom. Modernization or construction of 13 meat processing plants, eight dairies, and six poultry processing units are among the projects receiving funds.

Germany, with about EUA 8.5 million to fund 38 projects, has plans to construct eight storage and packing facilities for potatoes, among its 21 projects in the fruit and vegetables sector. More than half of Belgium's 11 projects—totaling EUA 1.1 million—are also in the fruits and vegetables sector, while Ireland aims to devote over half of its 15 projects (EUA 3.9 million) to the meat sector.

France has earmarked just under a third of its EUA 9.4 million for the fruit and vegetables sector with other funds going to meat and wine. Denmark is to receive almost EUA 850,000 for two dairy projects, two meat, one fishery, and one feedstuffs projects.

Out of more than EUA 1.5 million, the Netherlands will spend about one-third for the extension of flower and plant auctions, and a large part of the rest goes to dairy projects.

ECONOMY

Steel and Unemployment

On a proposal by Commission Vice President Henk Vredeling, the Commission has sent a working paper on the social aspects of the iron and steel policy to the European Coal and Steel Community (ECSC) Consultative Committee.

The employment situation in the iron and steel industry has steadily deteriorated since 1975, partly as a result of a freeze on recruitment and early retirement. The pace of dismissals has also accelerated since September 1977. The Commission's paper estimates that the reduction in the work force from 1977 to 1980 will be between 100,000 and 140,000.

Three broad proposals to meet the employment crisis stress the social consequences involved. Recommended are a Community approach to arrive at a coherent, common treatment of the instruments available; a reconsideration of the rate of Community aid to ensure that the allowance received by steel workers in the less-favored countries does not fall below a given minimum; and an examination of lowering the retirement age, restructuring team work, shortening the work week, and restrictions on overtime.

Under existing agreements between the member states and the Commission, ECSC readaptation aid is granted automatically. The Commission stresses, however, that any new increase in automatic expenditure, either

Fishing Negotiations

A framework fisheries agreement was finally concluded between Spain and the Community in late September after hours of tense haggling.

Pending approval from the Council of Ministers, the agreement will go into effect January 1, 1979. Separate arrangements have also been agreed enabling an increased number of Spanish fishing vessels to fish a slightly larger hake quota in EC waters for the rest of this year.

As expected Spanish authorities agreed that the agreement should contain no explicit reference to a Franco-Spanish agreement, signed in 1967, guaranteeing Spain coastal fishing rights in French waters.

Gundelach Speaks Out

EC Commission Vice President Finn Olav Gundelach has rejected the idea of an annual ceiling on expenditure by the European Agricultural Guidance and Guarantee Fund (EAGGF).

Gundelach, at a press conference at Peterborough, England, last summer, called the idea impracticable and ill-conceived because it took no account of variations in harvests, world prices, and the value of national currencies. The EAGGF budget is in no way excessive, contended Gundelach, and only a small percentage of the national budget of the member states.

According to Gundelach, the dominant position of the EAGGF in the budget is not an obstacle to the growth of social and regional policy, since the lack of an efficient social and regional policy necessitates including nonagricultural expenditures in the agricultural budget.

The Community cannot reduce its own agricultural production and increase its dependence on imports from the world market, said Gundelach. If the Community cut back its production 10-to-20 per cent, he predicted the already artificial and variable prices on the world market would shoot upwards and the quantities available would not be enough to meet the demand.

American Beaujolais

Californian wine producers selling wine "made in USA" under the title of Beaujolais might have to stop. The wine bearing an identical label to the real Beaujolais from France was available in the United Kingdom and Belgium last summer.

When the issue was put before the Commission, it responded that the situation was an infringement of Community regulations concerning quality wines produced in certain regions and also concerning the labeling and presentation of bottles. It also said it would open an inquiry.

in the framework of existing agreements or as a result of new measures, would result in serious difficulties in the budget's equilibrium.

Unfilled Job Vacancies

Well over half a million unfilled job vacancies were registered in the Community at the end of April this year. Figures for all EC member states except Italy were made available by the Commission in response to a question from the European Parliament in late August.

Germany had the most vacancies, with over 257,000, up slightly from last year's average; Great Britain came next with about 204,000 vacancies, almost 50,000 more than last year.

Luxembourg had the fewest job vacancies, about 300, followed by Denmark and Ireland, with almost 2,000 each. Belgium had just over 3,000 vacant jobs, down slightly from last year; France recorded 90,600, down 13,500 from last year's average; and the Netherlands was up about 11,000 over 1977, with 66,900 registered vacancies.

The Commission said certain major areas of demand were visible: clerical occupations, distribution and catering, metalworking, unskilled occupations, and the building industry. It was cautioned, however, that the number of registered unemployed in the Community—approximately 5.8 million in April—was not directly linked to the number of registered unfilled vacancies, since many job vacancies are filled by people who are either changing jobs voluntarily or were not previously working.

There are several reasons for the coexistence in some member states of high unemployment and many unfilled vacancies, explained the Commission. Whatever the economic and labor market situation, there is always a certain demand for temporary workers to meet work load fluctuations, and the number of unfilled vacancies cannot be interpreted exclusively as true additional demand for labor.

Vacancies are remaining in some sectors because of the difficulty in recruiting skilled workers from the declining number of persons changing jobs. And, too, the distribution of vacancies and unemployed do not always correspond either in regional or occupational terms. Finally, some unfilled vacancies require unusual qualifications, offer unattractive conditions, or exclude some job seekers through various restrictions.

Loan to ARBED

One huge new blast furnace to replace seven old ones for the ARBED steel company (Acieries réunies de Burbach-Eich-Dudange) of Luxembourg will be partly financed by a loan of about 100 million European units of account from the EC Commission. The construction of a strip pickling and shearing line will also be aided.

The financing of these projects, to be paid in several installments, will help toward the restructuring and re-establishment of competitiveness in the iron and steel industry of Luxembourg. The loan was granted under Article 54 of the European Coal and Steel Treaty—providing for loans to assist the financing of projects that increase production or reduce production costs.

Burke on Shipping Policy

The 1973 enlargement of the European Community making Denmark and the United Kingdom members—both with a major interest in shipping—increased at the same time the importance of shipping to the Community.

This was one of three reasons EC Transport Commissioner Richard Burke gave as the basis for why the member states should jointly explore shipping problems and solutions. He spoke at the Seatrade seminar in Brussels in mid-September.

The other reasons were that shipping falls within the scope of the Rome Treaty and that Europe's shipping industry is faced with problems caused by the activities of certain third countries—which the Community might handle more effectively than individual member states.

Burke gave statistics in making his case: The Community is the largest trading partner in the world, accounting for 40 per cent of world trade, and of its trade with third countries, 90 per cent goes by sea.

Two adverse factors account for present difficulties in shipping, said Burke. The gross and prolonged imbalance of supply and demand in many branches of shipping make it difficult for operators to keep going; and the shipping policies of many third countries are clearly inimical to EC shipping interests in that they restrict EC fleets in competing for cargo on a commercial basis.

The Commission's general approach, said Burke, is liberal provision of shipping services backed by the capacity to protect shipping and trading interests in circumstances where other countries are operating under different rules. Burke suggested that rather than a comprehensive "global shipping policy," the Commission should propose action in specific problem areas.

Marriage Bureau Reports

Since its creation in 1973 the EC Business Cooperation Center—or the "marriage bureau"—has been responsible for link-ups involving over 140 small and medium-sized businesses. German, British, and French firms are the leading participants.

In the bureau's fifth annual report adopted by the Commission last summer, it was pointed out that the shift of purchasing power from Europe to other parts of the world in recent years—provoked by the oil crisis—

means that small and medium-sized enterprises need help to move into large-scale exportation.

In July 1977 the EC Commission instructed the marriage bureau to concentrate on selected areas to increase its effectiveness. Areas chosen were plastics processing, furniture, publishing and graphics, and road transport. The bureau was also authorized to take a more active role in contacts between firms, such as approaching companies it has identified as having good potential for transnational cooperation.

In 1978 the bureau played this more active role in two areas: medium-sized deposit banks and small and medium-sized manufacturers of medical and hospital equipment.

The bureau is also allowed to make contacts between Community and non-EC firms in countries having formal links with the Community.

COMPETITION

Italian Steel Agreement

After receiving a request from some 30 steel undertakings, the Commission authorized last summer an agreement to coordinate sales of concrete reinforcing rounds and merchant bars by Italian small and medium-size steel companies. This agreement will be valid only for the duration of the Commission's steel crisis measures.

As part of the agreement, a coordination office to distribute orders was to be set up in Milan under the name of Ufficio Coordinamento e Ripartizione Ordini (UCRO). UCRO's main aim is to seek new outlets for its members in other Community and non EC countries and handle the administrative, statistical, and customs documents required by the Commission's crisis measures. These operations should not interfere with the commercial activities of the individual members nor restrict the freedom of action of companies not party to the agreement.

Although URCO members represent a large portion of Italian output of reinforcing rounds and merchant bars, these firms sell about 80 per cent of their product domestically, which is not covered by the agreement. Therefore, in view of the structure of the markets concerned, the Commission believes the agreement will not give the undertakings concerned the power to inhibit effective competition.

Steel Fines Imposed

A third batch of decisions imposing penalties for noncompliance with minimum steel prices was made in late August.

Fines totaling over 127,000 European units of account were levied against five companies for infringing the European Coal and Steel Community Treaty's rules on minimum prices. Four were Italian firms and one French.

Many other penalty procedures have been initiated, and more than 100 price checks have been carried out since May 1977. Arrangements came into force the end of June, whereby a deposit of 25 per cent of the value of consignments of iron and steel products could be required if prices did not appear to comply with the fixed minimum.

The fines recently levied were to be paid within 30 days, and any appeal to the Court of Justice was to have no effect on the time period allowed.

Drink Discrimination

Discriminatory taxation being imposed on spirits imported from other member states has come to the attention of the EC Commission.

Last summer Britain, France, Italy, and Denmark were referred to the Court of Justice by the Commission for internal taxation on imported alcoholic beverages higher than their domestic taxes. The discriminatory tax has the effect of discouraging consumers from drinking imported spirits and beer in southern Europe and imported wines in the north.

French advertising regulations were also to come before the Court.

ENERGY

Energy Labels Proposed

A joint proposal by EC Commissioners Guido Brunner and Richard Burke for informative labeling regarding energy consumption of domestic appliances has been accepted by the Commission.

The objective is to provide the public with as much information as possible on the energy consumption of water heaters, dishwashers, television sets, and other appliances. In this way consumers can identify brands using the least energy.

The orange-colored labels will provide a uniform labeling system throughout the Community; information about noise levels and water consumption can also be added. The labeling system, although not compulsory, is a significant component of the Community's program for the rational use of energy.

Making Hydrogen

The world's first "closed circuit" system for the production of hydrogen by thermochemical cycle has been in full operation since late May at the Ispra Establishment of the Joint Research Center in a laboratory of the chemistry division.

Traditionally produced with increasingly scarce and expensive fossil fuel, alternative methods of production might make hydrogen an attractive substitute on the energy market. The Ispra closed circuit system represents a first important step toward the produc-

tion of hydrogen without fossil fuels and is part of a four-year program for exploring new ways to make hydrogen.

The thermochemical process involves applying heat generated by a primary energy source, such as a nuclear reactor or a solar collector, to a cycle of various chemical reactions, with the end result that water is split into hydrogen and oxygen.

Brunner Meets With Union

In a meeting between EC Energy Commissioner Guido Brunner and a delegation from the General Federation of Belgian Workers last summer, it was announced that the Belgian Oil Refinery Company in Antwerp would shut down in early September.

Although there was no Community legislation applicable to refineries closing down, measures to help the industry adapt to market trends, as well as specific social measures relating to retraining and relocation, were before the Council of Ministers at the time.

The Community's trade unions had been regularly informed and consulted about the situation, the Commission said.

Hydrocarbon Projects

A request for 39 million European units of account (EUA) has been made by the EC Commission for 47 technological development projects in the hydrocarbon sector.

The proposal put before the Council of Ministers aims at improving the reliability of the Community's oil supply. Projects were chosen on criteria that included improving geophysical prospecting techniques as well as techniques for exploiting underwater deposits at great depths; increasing the rate of yield and exploitation of small deposits; and ways of exploiting heavy and viscous crude oils.

Between 1974 and 1977 support amounting to EUA 128 million for 95 projects was granted.

Nine Uranium Projects

The 5 million units of account (UA) available this year for uranium exploration programs were allocated by the EC Commission in July. Nine projects—in Belgium, Ireland, Italy, the Netherlands, the United Kingdom, and Germany—won the financial assistance.

Last year UA 5 million was committed for 13 uranium exploration projects; in 1976, UA 1 million went to seven projects. As it normally takes seven to 10 years to outline and evaluate the uranium potential of any area, the results of these programs are still in most cases preliminary.

Energy Supply Report

The Community's energy consumption should show an increase of 1.3 per cent for the first half of 1978 vis-à-vis the same period in 1977, said an energy report approved by the EC Commis-

sion late last summer. In comparison, EC energy consumption rose 0.4 per cent in 1977 over the previous year.

The figures showed that net energy imports for the first half of 1978 were 2 per cent below those for the first six months of 1977. Net oil imports should come out some 4 per cent lower.

This decrease is the result of an appreciable increase in the Community's own oil production, which was slightly below 26 million tons oil equivalent in the second half of 1977 and estimated to be close to 33 million for the first half of 1978.

Developing Cooperation

Cooperation with non-oil-producing developing countries to help identify and develop their own sources of energy was proposed by the EC Commission last summer.

In its communication to the Council of Ministers, the Commission suggested 10 million European units of account to get the plan started. The aim of the program would be to help developing countries avoid becoming overdependent on outside supplies of oil and attain a degree of self-sufficiency in meeting their own energy needs by developing renewable sources.

By the end of the century, it is projected that nearly half the world's population will be inhabitants of developing countries which have no oil of their own.

Fusion Research Agreement

Switzerland and the European Community signed a cooperation agreement in fusion research, including the Joint European Torus, in mid-September.

The agreement makes possible: joint fusion research activities; exchanges of scientists; and reciprocal access to research results in thermonuclear fusion.

It envisages joint financing of the overall research program and gives Swiss manufacturers the opportunity to participate in the implementation of associated programs.

Sweden signed a similar agreement with the Community in May 1976.

R&D Budget May Triple

The budget for the next energy research and development (R&D) program from July 1979 to June 1983 may triple if Guido Brunner has his way.

The Commissioner in charge of energy has suggested tripling the expenditure on solar energy research and doubling the effort in energy saving. The proposed budget of 125 million European units of account (EUA) would enable the Community to fund several hundred cost-sharing contracts with industries, universities, and national research laboratories.

Solar energy would be allocated EUA 58 million over the EUA 17.5 million spent in 1975, the first year of the R&D program. Energy saving would have EUA 25 million of the total budget, with smaller allocations going to geothermal energy, production and utilization of

hydrogen, energy systems analysis, and strategy studies.

The solar energy category includes two new items: wind and solar energy applications to agriculture and industry. Energy saving research will be directed into the three main energy consuming areas: domestic and commercial applications, industry, and transport. Energy transformation and transport and storage of secondary energy will also be covered. In hydrogen production research, the funding takes into consideration that hydrogen is expected to become competitive in the energy field only in the long term.

Pushing technology ahead as quickly as possible into the demonstration and application phase is the goal in all of the R&D subprograms.

ENVIRONMENT

Environmental Research

A revised research program on the protection of man and the environment from certain harmful substances was drawn up by the EC Commission last summer.

The new program would require 20.8 million European units of account (EUA)—EUA 4.8 million more than adopted in 1976—and would run for five years.

Research would be concentrated in these areas: effects of pollution and harmful substances on the health of the environment; reduction of pollution; protection of the natural environment.

Particular interest lies in the ecological effects of oil-pollution cleaning techniques; chemicals now being marketed; human exposure to asbestos; and the effect of aerosols on the ozone layer.

Substandard Ships

A memorandum of understanding on shipping signed last March by North Sea countries could become Community-wide in scope.

The agreement provides for control over shipping, joint measures, and a system of notification to try and eliminate substandard ships.

In response to a question from a member of the European Parliament regarding member states bordering Atlantic, Baltic, and Mediterranean waters, the Commission said that it had handed down a proposal on the subject for a Council of Ministers decision last July. The proposal suggested that the maritime authorities of all EC member states, present and future, apply to sign the agreement if they had not already done so.

The Commission views the North Sea document as exemplary and agrees there would be merit in extending its scope. Belgium, Denmark, France, Germany, the Netherlands, the United Kingdom, Norway, and Sweden are the present signatories.

Steel Pollution

Almost 2 million European units of account was granted by the EC Commission last summer for 11 projects dealing with pollution in the steel industry.

The projects cover purification and inspection of residual water; the use and storage of waste; the reduction, trapping, and precipitation of atmospheric pollutants; and noise measurement.

Most of the aid goes to two projects: the reduction of pollutants from coke ovens and a process for dealing with steel industry by-products.

HARMONIZATION

Tachograph Exemptions

The United Kingdom can now exempt domestically used minibuses of up to 15 seats from a 1974 EC Commission ruling requiring the use of a tachograph and the application of Community rules on drivers' hours. Italian minibuses are also exempt from the tachograph regulations, as agreed by the EC Commission early last summer.

The exemption does not apply to minibuses traveling to another EC country. Community regulations on drivers' hours and tachographs are intended to improve working conditions in road transport, promote fair competition, and reduce accidents.

Local Authorities Meet

European local authorities banded together last September and created a Standing Technological Conference. Representatives met in Luxembourg as part of the EC Commission's examination of the problems of industrial innovation.

Through shared information and experience the group hoped to benefit more from advanced techniques and thus to improve the quality of public service. Areas where local authorities have a common interest in applying the best available technology could include management systems, waste disposal, pollution monitoring and control, vehicle management and design, and construction techniques and regulations.

The conference also recorded a need to improve communications among European local authorities themselves, industry, and the Community on the subjects of innovation, market aggregation, and technology transfer.

Tax Harmonization

The Community's fiscal harmonization program was a topic of discussion between EC Commissioner Richard Burke and German Secretary of State at the Ministry of Finance Guenther Obert during talks in Bonn last summer.

Burke said tax harmonization was a necessary condition for economic and monetary union and must be pursued.

The Commission's tax priorities were threefold, he said: proposals in the field of duty and tax-free allowances; a draft directive on taxation applicable to mergers, divisions, and contributions of assets; and draft directives on harmonization of excise duties on alcoholic beverages.

The two officials agreed that final decisions should be taken during the German EC Council Presidency in regard to duty and tax-free allowances; mutual assistance in value-added tax (VAT) avoidance; mutual assistance for forced recovery of VAT; and the eighth VAT directive.

Agreement was also reached on a ministerial-level debate to be held before the end of the year concerning major political issues of the merger and excise proposals.

INSTITUTIONS

Jenkins, Genscher on EMU

"First, it is not a petty penny-pinching scheme," said EC Commission President Roy Jenkins about the European monetary system outlined at the Bremen summit. "The resources suggested as available to the new system would be somewhat greater than those of the International Monetary Fund."

Jenkins and Hans-Dietrich Genscher, German foreign minister and current president of the EC Council of Ministers, both addressed the opening session of the European Parliament in mid-September.

In describing the new monetary system Jenkins added, "It recognizes that monetary discipline alone is not enough but must be buttressed by the so-called concurrent studies to give greater help to the weaker members of the Community, ensure that the system is not a new constraint, but a new freedom."

He said the system recognizes that the dollar should not run the world monetary system, that it is time for Europe to take greater monetary responsibility in the world. Jenkins also noted that European leaders showed a determined political will.

Genscher said monetary union was designed to achieve a higher rate of economic growth and thereby to reduce unemployment through a joint procedure of country-by-country measures planned to complement each other.

"Thus," he added, "countries without problems of inflation and of balance of payments will do more to boost their domestic demand, especially the demand for investment or capital goods. Meanwhile, countries with sharp price rises will give priority attention to their problem of distorted, inflationary development."

Genscher explained, "As far as influencing and controlling currency-exchange rates is concerned, the new

system is at least as strict as the... 'snake.'" The plan involves intra-European intervention when required and is based on a European currency unit backed by a reserve of US dollars and gold and a comparable contribution in the currencies of member states.

Regulations to get the new system off the ground were to have been worked out by the end of October, said Genscher. No later than two years after its beginning, a consolidation will take place to institutionalize a European currency fund.

Jenkins Meets Press

On the Community's budget EC Commission President Roy Jenkins told the press in late September that new sources of revenue must be found. He said the problem "goes far wider and deeper," that transfer of resources alone could not rectify the present economic imbalances within the Community.

Following the Commission's informal meeting at Comblain-la-Tour, Jenkins told newsmen the Commission would submit ideas for additional sources of revenue to the Council of Ministers and the European Parliament in the near future.

In order to achieve a better balance of expenditure, Jenkins said, a central issue to the common agricultural policy (CAP) is the need to reduce surpluses, particularly in the dairy sector. He said the aims of CAP were not questioned by the Commission, but rather future decisions would pursue the policies already initiated.

Jenkins noted that the Commission agreed it should be stricter in forming legislative proposals in view of the strong reaction against too much government these days. If an issue is not related to promoting trade or strengthening economic and monetary union, is minor legislation justified? he asked, citing the recent argument over regulating the use of lawnmowers. This was an example of issues member states could deal with individually, said the Commission President.

Jenkins also pointed out that enlargement and direct elections call attention to the need to evaluate the Commission's staffing and responsibilities. A study is to be completed by an outside review body within six months.

SOCIAL POLICY

Help for the Blind

Duty-free entry of materials for blind and handicapped persons is the aim of a draft regulation now before the Council of Ministers.

A new UNESCO protocol providing for such entry of materials specially designed for the education, employment, and social advancement of the blind and handicapped is the basis of the Commission's proposal. The Commis-

sion has, however, liberalized the protocol's stipulations somewhat.

If approved, materials eligible for duty-free entry would include children's picture and painting books printed in relief for the blind, braille paper, walking sticks, special typewriters, television enlargers, orthopedic appliances, sound producers, and equipment for table games such as table tennis.

Home Accident Information

A proposal for an information system on home accidents with the aim of identifying products posing the greatest risks to consumers was put before the Council of Ministers in September.

According to statistics presently available, it is estimated that more than 25,000 persons die each year in the Community as a result of accidents in the home. Four-to-five million more are injured.

Data would be collected from hospitals, poison centers, and doctors' offices, and processed on the national level, then transmitted to the Commission's Computer Center and Statistical Office. These statistics would help form the basis for taking appropriate action to protect consumers.

Social Budget Projections

Projections to 1980 in the European social budget released last summer point to a significant deceleration in the growth of social expenditure for EC member states. It is the first time such a medium-term future has been mapped out for social spending.

Compared to the average annual growth rate of 6.7 per cent for 1970-75, social expenditure is projected to increase by only 3.2 per cent in real terms for 1975-80. The social budget would be equivalent to 25 per cent of gross domestic product (GDP) in 1980, a slight fall from 25.4 per cent in 1975, but still around 476,000 million units of account.

Not all countries project this overall decline. In France, Luxembourg, and the Netherlands, social expenditure would be higher by 1980 compared to GDP, with slight increases also in Belgium and Italy. In contrast, the percentage would be significantly lower in Denmark and Germany, with slight falls also in Ireland and the United Kingdom.

The purpose of the projections is to guide policy-making at national and Community levels by providing data for what would happen if the present legislation were left unchanged. The need for a change in legislation is indicated if a different result is desired.

The report breaks down its overall examination into the different functions—health benefits, old age, family, and employment—as well as presenting basic results and comparing social spending with the economic environment.

A LETTER TO THE EDITOR

I wish to refer to the September-October 1978 issue of *European Community* and to observe that to my great surprise and shock you publish on page 19 a photograph purporting to depict the so-called, "Turkish-Cypriot prisoners queuing for food in a Greek prison camp on Cyprus during the 1974 conflict."

This photograph is quite irrelevant to the substance of Garret Fitzgerald's article, "Political Cooperation," in connection with which it has been published, but, nevertheless, it has been associated quite arbitrarily with the author's remark "the Community's attitude toward the association agreement with Cyprus has important foreign policy implications," which quite incongruously has been included in the photograph's legend.

I am afraid all this constitutes a most unfortunate mix-up, which could give rise to all sorts of conclusions as to the true motives which prompted publication of the photograph.

Had you been desirous of having the pictures accompanying the article reflect the true situation in Cyprus, you could have published photographs showing the plight of the 200,000 Greek-Cypriot refugees, who had to flee to the south of Cyprus in the wake of the Turkish troops, who invaded Cyprus in July 1974, and are still occupying 40 per cent of Cyprus. Furthermore, there were available pictures of several of the Greek-Cypriots, who number in excess of 2,000 and whose whereabouts are still unknown. Also, you could have used photographs of the devastation caused to Cyprus by the Turkish air force and troops during the invasion. All these would have been far more moving proof of the extent of the tragedy of Cyprus, which cannot but be of concern to the Community and your readers.

N. G. Dimitriou, Ambassador
Embassy of Cyprus, Washington

We regret that the UPI photo caused you surprise and shock. The photograph was chosen simply to illustrate the 1974 conflict in Cyprus—no more, no less. As stated in the article, the Community's attitude toward its association agreement with Cyprus has important foreign policy implications—certainly at least partly due to this conflict. No other conclusions should be drawn from the publication of this photograph.

—The Editor

Scholarships and Grants

Journalists in Europe

"Journalists in Europe," a training program designed to teach journalists more about Europe and the Community, will mark its sixth year in 1979. Executive Manager Maribel Bahia said the program is seeking more American journalists for 1979.

The program is conducted from November 1 to June 30, and involves traveling throughout Europe, making contacts with European politicians and journalists, and writing articles for the bi-monthly magazine *Europ*.

Applications, which must be returned by March 1, 1979, are available from Journalists in Europe, 33 rue du Louvre, 75002 Paris.

EC Scholarships

EC member state students wishing to study in another member state may eventually be able to receive scholarships for doing so. The Commission sent such a scholarship proposal to the Council of Ministers in September. Recommendations for ensuring greater student mobility in general were also included.

The plan suggests the establishment of 650 scholarships offered annually to students to study—as part of their degree course—for one year in a higher education institution of another member state. The scholarships would amount to an average 4,500 units of account (UA) per year and the total scheme, starting in 1981-82, would cost nearly UA 3.4 million.

At present there are a variety of administrative and financial obstacles in the different national educational systems that inhibit student mobility. The proposed measures would remove these barriers. Other problems covered are admission criteria, linguistic requirements, and administrative procedures.

Nuclear Conference

"Irradiation behaviour of metallic materials for fast reactor core components" is the subject of an international conference to be held in Ajaccio, France, June 5-7, 1979.

Sponsored by the International Atomic Energy Agency and the nuclear societies of Britain, Germany, and France, the conference will include such topics as swelling, structural evolution, and stability under irradiation in fast breeders and fusion reac-

tors; irradiation creep; and modification of the mechanical properties.

Deadline for submission of abstracts is November 15, 1978. Further information can be obtained by writing Jacques Poirier, Commissariat à l'Energie Atomique, Centre d'Etudes Nucléaires de Saclay, Département de Technologie, Boite Postale No. 2, 91190 Gif-sur-Yvette.

German Marshall Fund

The German Marshall Fund, a private US foundation established by Germany in appreciation of American postwar recovery assistance, is accepting fellowship research proposals until November 30.

The Fund awards fellowships to scholars and professionals for projects contributing to a better understanding of significant problems common to industrial societies. Priority interests include urban development, labor relations, policies affecting families, and environmental and growth management policies.

Fellows selected are normally established scholars already holding advanced degrees; they must devote full time to their projects during the appointment period. The fellowship is intended to help meet but not exceed the appointees' current income.

The period of appointment may begin any time after announcement of the awards and extend for an academic term to a year or longer. For applications and additional information, write: The German Marshall Fund of the United States, 11 Dupont Circle, NW, Washington, DC 20036.

Direct Elections

Scholarships for research on the post-doctoral level regarding direct elections to the European Parliament have been announced by the EC Commission.

For details on applying write: Commission of the European Communities, Directorate General for Information, 200 rue de la Loi, 1049 Brussels, Belgium.

Grants for Research

The EC Commission awards research grants to young university teachers doing research on European integration.

Applications, due the end of March, may be requested from: Commission of

the European Communities, Directorate General for Information, University Information, 200 rue de la Loi, 1049 Brussels, Belgium.

Ispra Courses

The Joint Research Center (JRC) of the EC Commission will again offer a series of courses at the Ispra establishment in Italy.

Ispra courses reflect the objectives of research activities at JRC and are international in nature. Conducting the courses will be staff members from the Ispra establishment and lecturers from European research organizations, universities, and industrial firms. The courses are taught in English and include topics in engineering science, analytical chemistry, environment, information science, and health physics.

Deadline for all applications will be mid-May 1979. For a brochure describing the courses for 1979, write: Secretariat "Ispra Courses," Centro Euratom, I-21020 Ispra (Varese), Italy.

Community Prizes

Three prizes will be awarded by the EC Commission for university theses making significant contributions to the study of European integration.

Theses may be submitted for which a recent doctorate or equivalent degree has been earned and must be written in Danish, Dutch, English, French, German, or Italian.

For details write: European Communities Prize, Commission of the European Communities, Directorate-General Information, 200 rue de la Loi, 1049 Brussels, Belgium.

In-service Training

Two in-service training periods are organized each year by the EC Commission starting in mid-February and mid-September.

The purpose of this program is to expose trainees to issues in European integration and to further knowledge of administration in the Commission. US applicants must be under 30 years old, university graduates, and knowledgeable in at least one Community language.

Preference is given to applicants who have started or completed a course on European integration or who hold jobs requiring a thorough knowledge of EC activities.

Training periods are also organized for trainee interpreters, for whom there are more stringent language requirements. Training grants are also available.

For information and applications write: Commission of the European Communities, Directorate General of Personnel and Administration, Division Training and In-service Training, 200 rue de la Loi, 1049 Brussels, Belgium.

Deadlines are four months prior to the training period.

Robert Schuman Scholarship

The European Parliament awards scholarships for research relating to the Community and European integration.

American students may compete and must have a university degree or at least three years of college level studies. Scholarship recipients study for three months at the European Parliament in Luxembourg and may assist in research projects of the Directorate General for Research and Documentation.

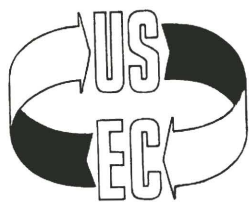
For applications write: Directorate General for Research and Documentation, European Parliament, PO Box 1601, Luxembourg.

Rockefeller Foundation

The Rockefeller Foundation's International Relations Fellowships, an annual program supporting approximately 20 individuals from different countries, academic disciplines, and institutional affiliations will be accepting applications for 1979 until January 1. Awards will be announced in early spring.

Subject areas for research are world energy; international economic issues; world food and agriculture; and regional conflicts and security arrangements. Research proposals should focus on specific contemporary or anticipated problems within one of the subject areas and should be policy-oriented.

Fellowships are awarded on a one-year basis, each grant varying in amount but not exceeding \$30,000. Although there are no specific eligibility requirements, a Ph.D. plus publications is normally necessary to be competitive. For further information write: International Relations Fellowships, The Rockefeller Foundation, 1133 Avenue of the Americas, New York, New York 10036.



US-EC Media Conference

Thirty high-level European and American journalists who gathered in September for the third annual US-EC "media seminar" focused primarily on the proposed European monetary system and the state of the dollar. But discussion among the editors, reporters, and officials from both sides of the Atlantic ranged as broadly and freely as the Virginia countryside surrounding the Airlie House conference site—covering energy policy, North/South questions, social and employment policy, and elections to the European Parliament.

Sponsored jointly by the Delegation of the Commission of the European Communities in Washington and the US Mission to the European Communities in Brussels, the weekend conference offered journalists the opportunity to probe deeply into issues of current concern to the United States and the European Community. Observers from academic and diplomatic circles and from congressional staffs were also able to participate in the question-and-answer periods that followed the experts' presentations.

Topics addressed during the two days of morning and afternoon sessions were: current international economic and monetary perspectives, international trade policy after the multilateral trade negotiations, energy policy, and North/South issues. Speakers at the sessions were: C. Fred Bergsten, assistant for international affairs, US Treasury Department; Dr. Horst Schulmann, assistant secretary for economic affairs, German Federal Chancellor's Office; Robert Hormats, deputy assistant secretary for business and economic affairs, US Department of State; Crispin Tickell, chief adviser to EC Commission President Roy Jenkins; Ambassador Alan Wolff, US deputy special trade representative; Jos Loeff, deputy director general for external relations, EC Commission; John O'Leary, deputy secretary, US Department of Energy; Leonard Williams, director general for energy, EC Commission; Ambassador Donald F. McHenry, deputy US representative to the United Nations Security Council; and Corrado Pirzio-Biroli, economic counselor, Washington EC Delegation. Head of the Washington EC delegation Fernand Spaak and US Ambassador to the European Community Deane Hinton moderated the sessions.

US Representative Leo J. Ryan, a member of the House Committee on International Relations, spoke at the Friday night dinner, after

the assemblage heard welcoming remarks from Spaak; Charles W. Bray, III, deputy director of the US International Communication Agency; and German Ambassador to the United States Berndt von Staden. Henk Vredeling, EC Commission vice president, spoke at Saturday's luncheon on "Social Policy and Employment in the European Communities." The after-dinner speaker on Saturday, who explored the expected impact of a directly elected European Parliament, was the advisor to the EC Commission's directorate general for information, Aneurin Rhys Hughes. Edward Behr, European editor of *Newsweek*, continued the tradition of offering a second, less serious after-dinner speech. Ambassador Henry Owen, assistant to the US President for economic conferences, then spoke at the Sunday luncheon, giving a masterful summing-up of the prospects and problems that still face the United States and the European Community after the Bonn and Bremen Summits.

American journalists participating in the seminar were:

Edward Behr, *Newsweek*
Tom Bethell, *Harper's*
William Drozdiak, *Time*
Robert Farrell, *McGraw Hill Publications*
Svein Gilge, *Seattle Times*
William Hosokawa, *Denver Post*
Marguerite Johnston, *Houston Post*
Richard Longworth, *Chicago Tribune*
George Melloan, *Wall Street Journal*
Herman Nickel, *Fortune*
Hobart Rowen, *The Washington Post*
Joseph Sterne, *Baltimore Sun*
Tad Szulc, freelance writer
George Telfer, *Journal of Commerce*
European journalists who attended:

A. J. Cuppen, *NRC Handelsblad*
Reginald Dale, *Financial Times*
Frank de Bondt, *Le Soir*
Tristan Doelnitz, *Les Echos*
Klaus Engelen, *Handelsblatt*
Francesco Forte, *La Stampa*
Jacqueline Grapin, *Le Monde*
Steven Hugh-Jones, *The Economist*
Ruediger Moniac, *Die Welt*
Bruno Pagani, *Mondo Economico*
John Palmer, *Guardian*
Tony Ring, *Cork Examiner*
Adalbert de Segonzac, freelance columnist
Ulla Terkelsen, *Danmarks Radio TV-Byen*
Alain Vernay, *Le Figaro*
Senatore Cesare Zapulli, *Il Giornale Nuovo*



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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.

The Law of the Sea in our Time, Volumes I and II. By Shigeru Oda. A.W. Sijthoff, Leyden, 1977. Available in the United States from College Marketing Services, Winchester, Mass. 269 and 332 pages respectively, including indexes. \$23.50, \$26.50.

Volume I is a collection of the author's studies on oceans policy developments between 1966 and 1975; Volume II is a reference book describing the work of the United Nations Seabed Committee for the period 1968-73.

The Foreign Policies of Eastern Europe: Domestic and International Determinants. Edited by James A. Kuhlman. A.W. Sijthoff, Leyden, 1978. Available in the United States from College Marketing Services, Winchester, Mass. 302 pages. \$22.50.

Collection of papers presented at a Workshop Conference on the Comparative Study of Communist Foreign Policy, University of South Carolina, December 3-5, 1970; each paper examines the foreign policy of an East European country, emphasizing domestic and external variables as determinants of policies within and outside the bloc.

The Development of Financial Institutions in Europe, 1956-1976. Edited by J.E. Wadsworth, J.S.G. Wilson, and H. Fournier. A.W. Sijthoff, Leyden, 1977. Available in the United States from College Marketing Services, Winchester, Mass. 372 pages. \$31.25.

Papers of the Colloquium 1976 of the Société Universitaire Européenne de Recherches Financières (SUERF); discusses developments in financial institutions and monetary affairs in Europe during two decades, the effects of rapid inflation, indexation, solvency and liquidity of financial institutions, official regulation of their activities, and EC harmonization of banking regulations.

The Twentieth Century 1880-1939. By Paul Hayes. St. Martin's Press, New York, 1978. 344 pages including index. \$15.95.

A study of British foreign policy during that country's decline from a position of the world's leading power; examines social, economic, political, and geographical reasons for this decline.

L'ABC du Marché Commun Agricole. By Adrien Ries. Editions Labor, Brussels, 1978. 207 pages.

Examines characteristics of the agricultural sector of the European

Community's economy, reasons for development of a common agricultural policy, and the mechanisms of the policy; includes chronological summary of policy's evolution. Text in French.

Contemporary Europe. Edited by Salvador Giner and Margaret Scotford Archer. Routledge & Kegan Paul, Boston, 1978. 323 pages including index. \$20.00 cloth; \$11.25 paper.

Volume of essays studying social structure and cultural patterns of Europe as a whole, examining transnational and intercontinental features, as well as considering national divisions of the continent.

Electoral Dynamics in Britain Since 1918. By William L. Miller. St. Martin's Press, New York, 1977. 242 pages including index. \$18.95.

Uses census data, attitude surveys data, and voting returns for analyzing the relationship between social and party divisions in constituency voting in Britain between 1918 and 1974; compares political trends with voting behavior of social groups and the influence of local environment on behavior of individual constituencies.

British Prime Ministers in the Twentieth Century, Volume I. Edited by John P. Mackintosh. St. Martin's Press, New York, 1978. 282 pages including index. \$14.95.

Collection of essays describing British prime ministers from Balfour to Chamberlain (Volume II will complete the survey); evaluation of each premier and his administration in relation to other key sectors in the government.

The Budgetary Procedures of the European Communities: Evolution & Legal Development. By Eric de Laveleye. Oyez, Brussels, 1977. 148 pages.

Studies evolution of financing system of the Communities, beginning with the first stages of development in the European Coal and Steel Community; compares budgetary policy of international organizations.

Nuclear Power and Nuclear Weapons Proliferation, Volumes I and II. The Atlantic Council of the United States. Westview Press, Boulder, 1978. 139 and 83 pages respectively. \$6.00 each.

Report of the Atlantic Council's Nuclear Fuels Policy Working Group; focus is on the relationship between the production of nuclear electric power and the proliferation of nuclear weapon capability.

Ideology and Foreign Policy. Edited by George Schwab. Cyrco Press, Inc., Publishers, New York, 1978. 165 pages including index. \$10.95.

Collected papers of 11 social scientists who participated in City University of New York (CUNY) Conference on History and Politics, October 1976, dealing with détente; examination of the relationship between politics and ideology, specifically in reference to US-Soviet foreign policy.

The British Tax System. J.A. Kay and M.A. King. Oxford University Press, New York, 1978. 275 pages including index. \$15.50.

Provides critique of present British tax system and its possible reform; examines the economic principles of taxation in simple and concise terms and presents strategies for achieving a fairer, more efficient system.

Commercial Operations in Europe. Edited by R.M. Goode, K.R. Simmonds. A.W. Sijthoff, Leyden/Boston. 448 pages including index. \$38.75.

Collection of papers representing a wide range of legal interests in European commercial operations; sections include: a survey of EC progress in harmonization of commercial law; legal, taxation, accounting problems in establishing a company; joint ventures; export credit and security payments in trade transactions.

Modern Political Systems: Europe. Edited by Roy C. Macridis. Prentice-Hall, Inc., Englewood Cliffs, 1978. 532 pages with index. \$14.95.

An introduction to European politics with primary emphasis on France, England, Germany, and the Soviet Union; includes special overview sections on EC countries, the Mediterranean area, and Scandinavia.

A Guide to the Official Publications of the European Communities. By John Jefferies. Facts on File, New York, 1978. 178 pages with index. \$20.00.

Complete guide to reports, bulletins, scientific research, maps, periodicals, and other official documents of the European Community; includes lists of where publications may be procured.

Terrorism: The Executive's Guide to Survival. By Paul Fuqua and Jerry V. Wilson. Gulf Publishing Co., Houston, 1978. 158 pages including index. \$12.95 in the United States, \$14.50 elsewhere.

A practical guide for executives concerned with the threat of terrorism against government and private industry; provides a framework for executives to develop safeguards necessary to protect their organizations, their families, and themselves.

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.

Enlargement of the Community: Transitional Period and Institutional Implications. *Bulletin of the European Communities, Supplement 2/78*, Commission, Brussels, 1978, 18 pagesfree
Discussion paper on institutional adjustments needed to help the enlarged Community run smoothly.

Enlargement of the Community: Economic and Sectoral Aspects. *Bulletin of the European Communities, Supplement 3/78*, Commission, Brussels, 1978, 56 pagesfree
Analysis of the economic problems Spain, Portugal, and Greece will face and pose in joining the Community.

Opinion on Portuguese Application for Membership. *Bulletin of the European Communities, Supplement 5/78*, Commission, Brussels, 1978, 50 pagesfree
Commission opinion on the arrangements that must be negotiated with Portugal for its accession to the Community.

Publications of the European Community 1976. Commission, Luxembourg, 1978, 164 pagesfree
Multilingual catalog of the Community's publications in 1976.

The Lomé Convention and the Evolution of EEC-ACP Cooperation. *Information Memo P-74/78*, Commission, Brussels, July 1978, 30 pagesfree
Brief outline of the principal provisions of the Lomé Convention and review of its operation since 1976.

The European Community and the Countries of Eastern Europe. *Europe Information No. 12/78*, Commission, Brussels, 1978, 11 pagesfree
Note on the EC trade regime for Eastern Europe, negotiations on textiles, steel, and fish, and a statistical analysis of trade.

EEC-Egypt Cooperation Agreement. *Europe Information*, Commission, Brussels, May 1978, 45 pagesfree
Explanation of the provisions of the

- EEC-Egypt Cooperation Agreement and annexes on customs reductions for agricultural products, the structure of the Egyptian economy, and financial and food aid given to Egypt. *Industrial Cooperation and the Lomé Convention. Europe Information No. 10/78*, Commission, Brussels, July 1978, 11 pagesfree
- Summary of the efforts made under the Lomé Convention to promote industrial projects in the ACP states; discusses the role and structure of the Center for Industrial Development.*
- Regional Policy: The Start of a New Phase. Europe Information No. 11/78**, Commission, Brussels, July 1978, 7 pagesfree
- Outline of the new measures for the Community's regional policy.*
- Australia and the European Community. Europe Information No. 8/78**, Commission, Brussels, June 1978, 7 pagesfree
- Basic information on Australia's economy, trade, and balance of payments; brief review of EC-Australian trade relations.*
- Approval of Persons Responsible for Auditing of Company Accounts. Bulletin of the European Communities, Supplement 4/78**, Commission, Brussels, 1978, 24 pages\$7.00
- Proposal for an eighth directive on company law, submitted to the Council on April 24, 1978, on the qualifications of persons authorized to conduct statutory audits of annual accounts.*
- Balances of Payments: Geographical Breakdown 1972-1976. Yearbook 1977. EC Statistical Office, Luxembourg, 1977, 180 pages\$21.50**
- Methodology of the EC Index of Producer Prices of Agricultural Products 1968-1975. Statistical Office, Luxembourg, 274 pages\$10.00**
- Description of the methodology of the EC producer-price index for agricultural products and presentation of the data, on a monthly basis, for the period January 1969 to December 1975.*
- Operation of Nuclear Power Stations During 1977. Statistical Office, Luxembourg, 132 pages\$9.30**
- 1978 Yearbook.*
- Statistical Yearbook Transport, Communications, Tourism 1976. Statistical Office, Luxembourg, 156 pages\$21.65**
- 1978 Yearbook.*
- Useful Energy Balance-Sheets 1975. Statistical Office, Luxembourg, 1978, 102 pages\$9.20**
- Overall energy balance-sheets giving the amount of energy actually used by the final consumer; covers various stages of supply and demand from the primary input stage to the "useful energy" recovered by the final consumer.*
- The Rules Governing Medicaments in the European Community. Commission, Brussels, 1978, 88 pages\$5.90**
- Texts of EC directives on the manufacture and marketing of proprietary medicines in the Community.*
- The Customs Union: Today and Tomorrow. Commission, Brussels, 1978, 108 pages\$6.30**
- Record of a conference held in Brussels, December 6-8, 1977; themes covered include free circulation of goods, the citizen and the customs union, the need to complete Community customs rules, and the customs union and external trade.*
- The Contract of Employment in the Law of Member States of the European Communities: Synoptic Report, Denmark, The United Kingdom, Ireland. Labour Law Series No. 1, Commission, Brussels, 1978, 50 pages\$2.10**
- Study on the principal common features and differences in legislation for individual employment contracts in Denmark, the United Kingdom, and Ireland.*
- Bibliography on Energy. Documentation Bulletin B/2, Commission, Brussels, 1977, 178 pages\$1.15**
- Bibliography of official Community legislation and publications and non-Community sources on energy.*
- Prices Received by Farmers: Unit Values. Agricultural Markets, special number, Commission, Brussels, July 1977, 65 pages\$2.95**
- Prices for the marketing years 1959-60 through 1975-76.*
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- Tables giving the monthly evolution of prices fixed under the common agricultural policy for pork, beef, poultry, eggs, milk, and fish, along with levies for third countries, and domestic and world market prices when possible.*
- Survey of Readership in Public Patent Libraries. EUR 5831 e, Commission, Luxembourg, 1977, 77 pages\$11.55**
- Results of an inquiry of the users of 31 patent libraries in the EC member states; presents geographical analyses and profiles of the users, their employment, and their reasons for visiting the library.*
- Censuses of Population in the Community Countries 1968-1971. EC Statistical Office, Luxembourg, 1978, 138 pages\$15.30**
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- The Handicapped and Their Employment: A Statistical Study of the Situation in the Member States of the European Communities. EC Statistical Office, Luxembourg, 1978, 226 pages\$8.00**
- By Georges Y. Rouault, a report covering the legal provisions applicable to handicapped persons and their employment in each member state; gives statistics on the number of handicapped by sex, age group, causes of handicap, general and vocational training, and employment.*

Concentration Studies

Series of detailed statistical studies done for the Commission, according to a standard methodological framework, on the structure of concentration trends in major industries. The data generally covers the years 1970 to 1974. Each study examines the organizational structure of each industry, with descriptions of major firms, their subsidiaries, takeovers, mergers, and acquisitions. Describes the market and demand for each product, including foreign trade. Rankings and concentration ratios are based on turnover, employment, wage costs, net profits, cash flows, gross investment, equity, exports, net assets, and net cash flows.

A Study of the Evolution of Concentration in the Electrical Appliances Industry for the United Kingdom. Commission, Brussels, 1977, 366 pages\$9.00

By MLH Consultants Ltd.

A Study of the Evolution of Concentration in the Food Distribution Industry for the United Kingdom. Commission, Brussels, 1976, 2 volumes, 382 pages Volume I, \$7.60 Volume II, \$4.65

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By Erich Greipl and Dieter Würfl.

Untersuchung zur Konzentration-entwicklung in Ausgewählten Branchen und Produktgruppen der Ernährungsindustrie in Deutschland. Commission, Brussels, 1976, 331 pages\$7.00

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Raymond Barre and the French "Adjustment," see page 23

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