

JULY-AUGUST 1979 NO. 214

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# EUROPE

*Magazine of the European Community*



**A Vote for Europe**

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JULY-AUGUST 1979 NO. 214

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Cover (front): The world's first international parliamentary election gets special attention in this issue, pages 3-16. Photo courtesy of the European Parliament, Luxembourg.

Cover (back): For details of the Community's enlargement to include Greece, see page 22. Photo © Constantine Manos, Magnum.

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## Publisher's Letter

July seems to be a month for democratic dates. Bastille Day is July 14. For the United States, it's July 4. And this July 17 is the opening session of the world's first democratically elected international body—the European Community's Assembly, or European Parliament.

Thus this issue of *Europe* is largely devoted to these European Parliament elections, held June 7-10. Although, as Flora Lewis writes in the opening article, the overall turnout was somewhat disappointing and, as James Goldsborough points out, the predictable centrist party victories simply reflected recent national election results, the real achievement of the European Parliament direct elections is that they happened at all. Indeed, as *Le Monde* publisher Jacques Fauvet argues so convincingly, the fact is that there is no precedent for the Community itself, much less its direct elections.

The Community, however unprecedented, is nevertheless successful, so much so that at least three more European countries want to join—Greece, Spain, and Portugal. And in 1981 Greece will be the tenth Community member, according to the accession treaty signed in May and reported in this issue by Peter Blackburn.

Also unprecedented is Margaret Thatcher's election as the West's first woman prime minister. What her British Conservative Government intends and what it might accomplish are examined by David Bell, who, as international editor of the *Financial Times* and an old Washington hand, is in a good position to speculate.

What does SALT mean for Europe? What could VAT mean for Americans? These questions—military and fiscal—round out this issue of *Europe*. We hope it makes good summer reading.

Andrew A. Mulligan

# WHAT THE ELECTIONS MEAN

*Despite disappointments, Europolitics now has momentum*

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

FOUR HUNDRED AND TEN EUROPEAN POLITICIANS—there will be 435 when Greece takes part in 1981—have just won new jobs with high pay, about one week's work a month, and an impressive title: Member of the European Assembly. The first European elections, on June 7-10, were of course not intended to serve as unemployment relief. But the campaigns fell so far short of the original goal of stimulating broad new public interest in the Community and giving it a direct, democratic flavor that the first result does seem to be a new kind of patronage. This less than inspiring aspect has been further tarnished by the way many prominent politicians have lent their names to candidates' lists for the sake of their party, but let it be known they do not really intend to shift the focus of their activity from their national parliaments to the European one.

Therefore, the outcome of the elections is not in itself a measure of the level of the new Parliament. It establishes the number of seats each group will hold, but except for Britain, which stuck by its traditional single-member constituency system, it does not reveal who will actually sit in Strasbourg and Luxembourg—the alternate Assembly sites. The Treaty of Rome not only provided for the move from nominated to elected Assembly members; it also said they should all be elected under the same system, but that was one of the provisions cast aside in the long negotiations and compromises which finally led to the actual elections. Each country worked out its own procedure, mostly proportional representation on the basis of regional—but in France and Holland, national—districts. Each decided for itself whether members of the national parliament could also represent voters in Europe. And in most cases the elected candidates reserved the right to step down, to be replaced by lesser personages on their party list, so as to concentrate on national politics.

Willy Brandt of Germany and Simone Veil of France are among those few stars who have committed themselves to serve Europe. The stature of individuals who do take their places in the Assembly was projected as a key measure of its future importance. How many active lead-

ers choose to do so remains to be seen, but on this score, too, the approach to the first elections could only be rated a disappointment.

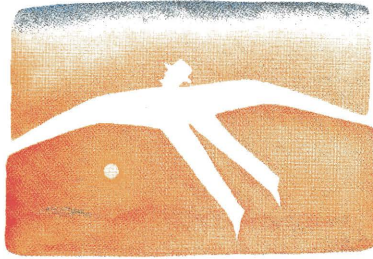
Basically, domestic politics remained the central arena everywhere. In Britain and Italy national elections shortly before the European vote overshadowed it. In France the 1981 Presidential campaign was the real stake of political maneuvering. Only in Denmark was a clearly European issue at the center of debate—and it was the fundamental question of Denmark's participation in the European Community that had been resolved by referendum six years ago and was presumably not to be reopened.

THERE ARE EUROPEAN ISSUES, as commentators continually pointed out. They have to do with energy, environment, laws concerning multinational companies, relations with developing countries. Even what are perceived as national issues are truly common to Community members now, and responsible leaders know these issues cannot be effectively handled in a national context—inflation, unemployment, the painful transition from old, uncompetitive industries to the more advanced technology needed to keep Europe's factories fruitful. But the goal of demonstrating to the world's largest democratic electorate that these are the issues in which all European citizens have a common stake was lost in the personal and partisan campaign debates.

It means that the test of the Assembly's value has been postponed. The hope that it would emerge in the electoral process itself was not fulfilled, but the opportunity has not been foreclosed. Now, it will be a question of who goes there, how they work, how they organize caucuses and procedures, and finally, of course, what they do. The argument, heard widely in Germany, Luxembourg, and elsewhere a year or so ago, that the mere fact of direct election would spur the Assembly to seek greater powers had to be played down in the debates. It would have boomeranged too sharply in countries such as France, Britain, and Denmark where vocal politicians are determined not to allow any expansion of supranational power. And given the mood of countries now, there is



L'Europe c'est l'espoir.



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scarcely any likelihood of a revived federative dynamic. In fact, Europe is settling down to the "Europe of Nations" which the late French President Charles de Gaulle prescribed, with the Council of Ministers and the three-times-yearly summit as its fragmented chief executive.

But, there is another, less advertised area where the direct elections can after all lead to shifts back toward a more cooperative, Europe-wide attitude. That is precisely through the parties, which did demonstrate their central role during the campaign despite the feeling in country after country that they have driven national politics to a series of impotent impasses.

Even in the previous, appointive Assembly, party factions were organized across national lines. The Socialists were the largest group, but only because the conservatives could not get together, with French Gaullists and Britain's Tories remaining on their own outside the bloc of Christian Democrats from other countries. Nobody paid much attention to what was going on in the debates. The reasoning behind the shift to direct elections was that constituents would watch the representatives they had chosen, and if it works that way at all, the representatives will feel the urge to introduce livelier issues.

To have a chance of passing resolutions, even though they have no legal force, the Assembly members will have to organize the most effective possible voting blocks. That means compromise and accommodation among national parties. The French, German, Dutch Socialists, for example, will have to find common positions on questions where they do not now see eye to eye. Then, when the questions come up in national legislatures, it will be more difficult for them to revert to their previous divergent stands.

An early test of the binding power of this political urge will come with the election of the Assembly's President, necessarily a more important position now. French President Valéry Giscard d'Estaing would like to see Simone Veil, his former Health Minister who heads the list supporting his policies, become the first President. Britain's new Prime Minister, Margaret Thatcher, said after visiting Giscard recently that her concern about the Assembly

was to be sure the center-right will dominate. It won't unless it can organize at least as well as the Socialists and Communists.

ALREADY THE ELECTIONS CALLED INTO BEING an embryonic form of European politics. Italy's Communist leader, Enrico Berlinguer, went to France to help the French Communists campaign in the southeast, where many people have Italian names. François Mitterrand, the French Socialist leader, organized a mammoth European rally in Paris with leaders from the Socialist parties of all Community members, and added those of prospective members—Greece, Spain, and Portugal. Once the Assembly starts to work, Europolitics are likely to develop further by the sheer momentum of procedural need and, as a result, to influence the stands parties adopt in their national contexts.

That is not going to add to the Assembly's minimal powers. Institutionally, there is no prospect for a revived effort toward greater union in the foreseeable future. But it could bring about the greater sense of political community that was supposed to be produced by the act of election itself, and was not.

The political blocs can also develop some muscle through the Assembly's committee systems, which can hold hearings, question EC Commissioners, and launch investigations. Whether they do remains to be seen, but the elections provide new incentive to use this function since it is one of the ways that European deputies can try to show constituents that they are doing a job.

The Commission has become a distant bureaucracy whose impact on people's daily lives is seldom perceived. Governments are warier than ever to make a sacrifice of national power for the greater good of Europe. The elected Assembly will still be a talk shop with no legislative prerogatives. But it could be that the politicians will be impelled by the circumstances of their work together to enhance the European dimension of the issues everyone faces. It will take a few years to find the trend. The second European elections are scheduled for 1984. Perhaps perceptions and habits will have reached the point where Europolitics can have a galvanizing impact.



# The Advertising Campaigns

PAUL ZAHN writes for Advertising Age/Europe and Fairchild Publications

Beginning about the middle of 1978 the Commission and the Parliament launched a vast information program aimed primarily at informing the member states' citizens about the existence and role of the Parliament in particular and the work and policies of the EC institutions in general. Almost \$15 million was allocated for a 10-month information program of special publications, public relations, and special events to carry the message to the people. This phase of the effort was carried out by the information services of the Commission and the Parliament in cooperation with national governments and volunteer assistance by European-minded political and civic groups.

At about the same time preparations began for two other efforts: First, a \$700,000 budget was approved for a five-month experiment in cooperative radio news programming to enable national broadcasters cooperatively to produce and air public interest programs about Europe and the elections. Second, a five-month, \$10.3 million multimedia advertising campaign designed to get out the vote was authorized. This dual effort had three main objectives: to ensure that the 180 million potential voters were aware of the elections; to motivate them to vote; to provide objective, nonpartisan information about the Parliament and the other EC institutions.

Originally the Commission and Parliament favored the idea of a unified European media advertising campaign using a common theme and graphics, and invited a number of major multinational chain advertising agencies to tender creative ideas. After the competition was well underway and decisions were imminent, economic and political considerations compelled a change in approach. The decision was taken that the campaigns were to be na-

tional in order to adapt the message to the varying attitudes and perceptions of the different nationalities.

In six countries—Germany, Italy, Ireland, Belgium, Luxembourg, and the Netherlands—there was a wide, if largely passive, consensus in favor of the Community, and thus the main aim of the multi-media campaign was to raise and expose European issues and arouse enthusiasm. In France, where public opinion was generally in favor of greater European unity but different political parties were sharply divided on many aspects of European policy, the campaign focused on the areas of wide general agreement. In Britain and Denmark, where both parties and public had mixed views on European integration, the major emphasis of the campaigns was on the significance of the parliamentary elections themselves—stressing that the directly elected Parliament would bring the formulation of European policy much closer to the individual citizen.

IN EVERY CASE the objective of the advertising campaign was to encourage citizens to go to the polls and vote. This relatively modest objective matched the modest funding available—about 6 cents per potential voter. The message carried by the campaigns consisted of the date of the elections and a theme that generally boiled down to "Vote for the Europe of Your Choice."

Quite naturally the campaigns, which ran for different periods between January and June, relied heavily on outdoor posters to build up economically the reach and frequency of exposure. In most countries, large circulation newspapers and magazines played a supporting role. The media mix used in each country varied considerably depending on cost and effectiveness of the available media.

In Britain, France, Italy, Ireland, Holland, and Luxembourg there was varying use of radio and television advertising, while in the others preference was given to posters and print media almost exclusively.

Budgets for the media campaigns were established roughly according to the size of the electorate in each country. In Britain the \$2.3 million advertising account was handled by the ad agency Lintas. Germany, France, and Italy each received a \$2 million allocation, with the respective agencies being Cologne-based Acon, Paris's Ecom, and Milan's Italia/BBDO. Belgium and Holland each received a \$620,000 allocation, with Dechy/Univas handling the Belgian campaign and HVR handling the Dutch campaign. Denmark and Ireland each received a \$360,000 allocation, with Designgrafik/APS of Copenhagen handling the Danish campaign and Dublin's Arrow Ltd. handling the Irish campaign. Luxembourg received a \$102,000 allocation, with Interpublicité handling the campaign.

In no country was there anything like the massive media blitz familiar to American voters, especially since both the objectives and the budgets were relatively modest in comparison. In late May with the campaigns still underway, preliminary soundings indicated that 80-to-90 per cent of the population in each country was aware of the elections. The Commission and the Parliament pointed to "extensive" collections of press clippings, "substantial" attendance and interest in the special events, and the "widespread" use by print and broadcast media of the visual symbols created for the campaigns. All the Community information offices in the member countries reported "massive demand" for special publications dealing with the parliamentary elections.

With such results, there are already proposals that the Parliament regularly engage advertising professionals to manage the business of informing, motivating, and soliciting the support of constituents for a broad range of European policy matters.

# 410 ELECTED

*In the world's first international parliamentary election*

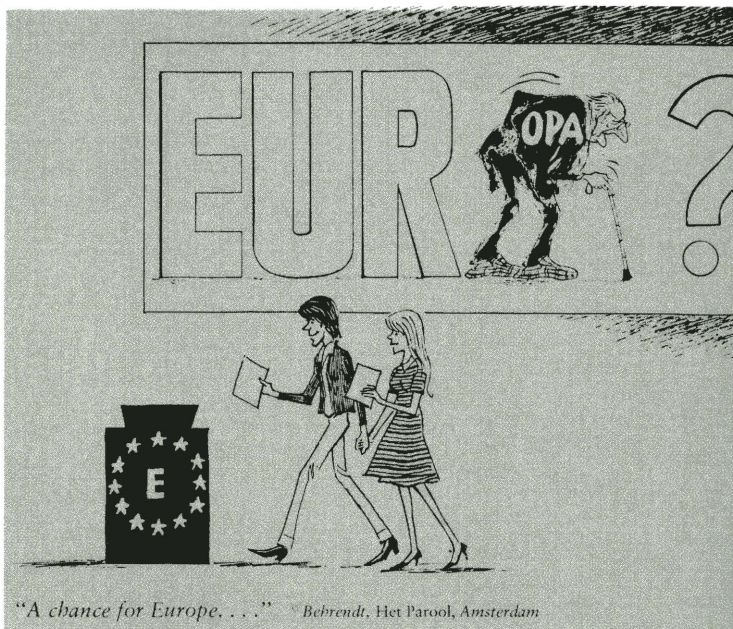
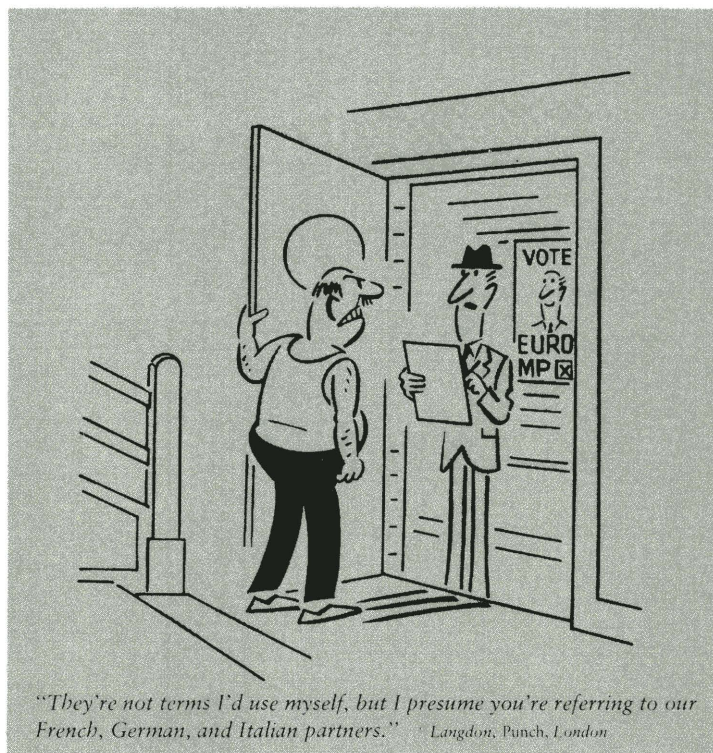
JAMES O. GOLDSBOROUGH, *American freelance writer, formerly Paris-based European correspondent of the International Herald Tribune*

CRITICS AND SKEPTICS WERE HARDLY IN SHORT SUPPLY, but even they could not deny the single, salient fact: Never before had there been an election like the June popular vote for the European Parliament. There was simply no historical precedent for a group of sovereign nations setting up a supranational assembly with the power to take decisions affecting their destinies. To be sure, the powers of the Parliament were limited, but still there it was, sitting on the banks of the Rhine, in Alsace, which in other times was the symbol of European destruction and division, never of unity.

Some of Western Europe's most illustrious names are now headed for Strasbourg (and Luxembourg, the Parliament's alternate seat)—giving up national cabinet, legislative, and party posts to become members of the 410-strong first directly-elected European Parliament. Although the June vote was politically inconclusive in its results, and occasionally disappointing in its turnouts, few Europeans took it lightly. Even the strongest opponents of European unity made sure they would be represented in the Assembly. For there was an almost tangible feeling that, if initially powers of the Assembly would be limited and its influence weak, here, finally, was momentum.

The election almost never was—might not have been—and it was only by virtue of strong political will and considerable political risk that it was finally held. Although direct election was called for by the Treaty of Rome, the European Economic Community's constitution written 23 years ago, few Europeans held out much hope for it during the 1960's. As late as the EC summit meeting in the Hague in 1969, when the French finally gave the go-ahead on British negotiations for Common Market entry, prospects were so dim for direct elections that the Benelux countries threatened to go ahead with a mini-vote of their own.

It was the new French President, Valéry Giscard d'Estaing, who in December 1974 reversed the French position, even though it opened a breach in his own Government that eventually contributed to the disaffection of the strongly nationalist Gaullist Party. Giscard gave his as-



sent as a quid pro quo for the other EC countries agreeing to set up the European Council, the periodic summit meetings of the nine member state leaders to set policy. With a strong executive, it was reasoned, a democratic parliament was needed as balance. Negotiations began in Brussels that would drag on for three years before the Nine could agree on the size of the Assembly, voting procedure, and election dates. But behind those details lay the true issue that delayed the election almost five years since the compromise of 1974: The powers of the Parliament.

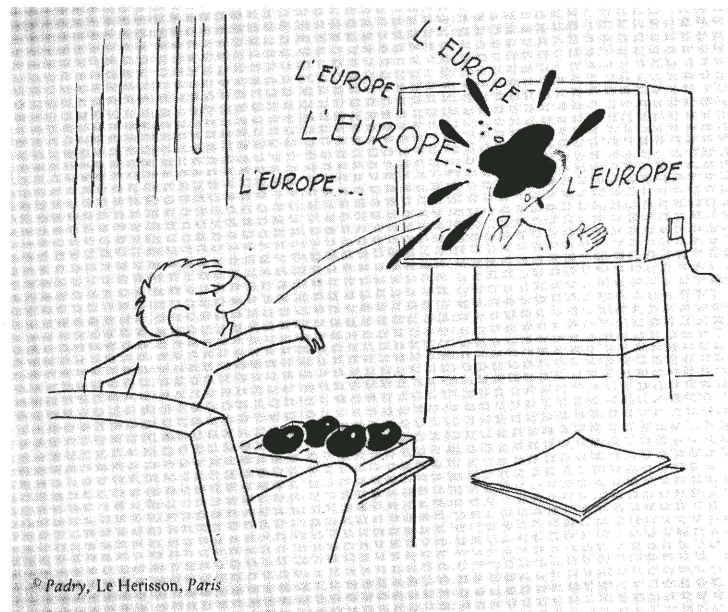
The Treaty of Rome limits the European Parliament's powers to those of consultation, approving part of the EC Commission's annual multi-billion dollar budget and firing the Commission if it is deemed inadequate for some reason. For these powers to be increased would take unanimous agreement by the European Council and possibly a Treaty change (requiring in turn national parliamentary ratification)—not likely at present given the hostility of Britain, Denmark, and France to an increase in powers. But even the Community's most avid opponents of unity and supranationality—men such as British Labourite Tony Benn and French Gaullist Michel Debré—understand that the new Assembly, with a popular mandate behind it, will try to push its powers beyond the limits. Debré, who led a fierce Gaullist nationalist campaign during the elections and was clearly disappointed with his party's mere 16 per cent of the vote, called the Parliament, "a mortal danger for French sovereignty and unity." Said Benn during the campaign: "If we are not careful, we will find that fundamental national rights—such as our North Sea oil—will be taken away by this international body."

In none of the Community's four big nations did an anti-Parliament campaign pay off. The British Labourites and French Gaullists were the big losers, and in Italy and Germany there is no serious opposition either to European unity or the European Parliament. The vote confirmed what the latest national votes also have demonstrated: a swing toward the center in Europe. For the moment, at least, the momentum of European Socialists, Social Democrats, and Communists has been checked. But this is certainly less because the left is more anti-European than the center, which is not always the case, than because of the uncertain economic times in the West today. Says French Socialist Leader François Mitterrand: "Recessions historically have helped the right."

Thwarted, at least temporarily, are the left's dreams of a majority in the European Parliament—which would have provided a check and balance on the more conservative legislatures in many of the national parliaments. Although the European Socialist Group will be the largest, it falls far short of a majority in the 410-seat body. Much of the blame for this was put on the British

Labourites, whose lackluster performance in the election cost the European Socialist Group heavily. EC Commissioner Claude Cheysson, a French Socialist, was uncommonly blunt in his criticism of the British: "The British today seem to have a new speciality—missing the train," he said. "One might have thought that the introduction of more democracy into Community life would have interested them more."

THIS CRITICISM ILLUSTRATED an important new development: Once it was Community gospel not to criticize one's European partners. Now things will never be the same again. The performance of the British Labourites not only affected Britain, as would be the case in a na-



tional election, but affected the Socialists of the Continent, who saw their power in the new Assembly reduced. It was a strikingly new element in European life. The newly elected members will not go to the Assembly as national representatives, but rather as those of their political parties. It was precisely this new element of supranationality that led to the bitter campaigns of nationalists such as Debré.

There was a distinct problem for some of party affiliation. The French Gaullists don't regard themselves as close to either Europe's Christian Democrats or its Conservatives. Some members of former Health Minister Simone Veil's dominant French centrist group will sit with European Liberals, others with Christian Democrats, others as Independents. Socialists, Social Democrats, and Labourites will sit together, despite widely differing views on Europe. Italy will be represented by both Socialists and Social Democrats, who at home can agree on almost nothing. French and Italian Communists will sit together, though the French are deeply hostile to the European Community, while the Italians are favorable. Interestingly, nowhere did opponents of European

unity boycott the elections: everybody wants to be present in the Parliament, if only for his nuisance value.

The voting turnout disappointed some Europeans, but not all. EC Commissioner Etienne Davignon of Belgium pointed out that the average turnout of over 60 per cent was better than in US national elections. Subtracting the 31 per cent British result, the turnout was almost 70 per cent of the European electorate—not bad considering that the vote was largely an exercise in abstraction, with no governments forming or falling, for a parliament whose powers at present are limited. For most voters it was a step into the unknown, but one, with exceptions for the voters of Britain and Denmark, apparently taken with faith in the future of Europe. The importance of the election should be seen as part of the long term construction of Europe. The newly elected Parliament will not bring changes overnight. But as part of a process, moving the Community beyond its largely economic aspect, it is important. Ironically, it was best summed up in the words of a French Gaullist, Edgar Faure, who deserted his own party to run with the Giscardian Minister Veil: “These elections,” he said, “mark the passage of Europe beyond one that is purely economic to one that is economic, political, and social.”

The new parliamentarians who have been christened MEP's, for Members of the European Parliament, are elected for five years, with the President of the Assembly, who will yield considerable weight, for two. Some of the names being mentioned for the first Presidency of the popularly-elected Parliament were Germany's Willy Brandt, France's Veil, Italy's Emilio Colombo, Belgium's Leo Tindemans, and Luxembourg's Gaston Thorn.

## Country-By-Country Results

### Belgium

The small countries of the Community have traditionally been the most fervent Europeans. Belgians are required by law to vote, which helps explain the 82 per cent turnout for the European election, somewhat behind the 92 per cent figure in the national election last year. Final voting figures gave the Christian Democrats 10 seats; Socialists, seven; Liberals, four; and minor parties, three—figures that largely corresponded to the national vote. Once again, Belgian voters showed that they largely follow ethnic lines, with rural Flemish voters preferring the Flemish candidates of the Christian Democratic Party (called Social Democrats in Belgium), while the more dispersed French-speaking Walloons divided their vote among the three major parties. In all, 13 Flemish candidates were elected, and 11 Walloons—practically mirroring the 60-40 national vote favoring the Flemings.

The one exception to the voting rule was the election of former Premier Leo Tindemans, a Fleming, in Walloon-dominated Brussels, the capital. Tindemans had made himself immensely popular in Belgium and throughout Europe a few years ago through his work on what became known as the “Tindemans Report” on European unity. Though his blueprint for unity was largely blocked by the French Gaullists at the time, it did call for an early date for the first direct elections to the European Parliament, something that now has been achieved. Tindemans' thoroughness, his acceptability to both the Northern European and Southern European communities, his

*Election-results information center at the Commission's Berlaymont headquarters in Brussels.*

ESTIMATION		BY COUNTRY % VOTES LAST NATIONAL ELECTION - NOW										PAR PAYS % VOTES DERNIERES ELECTIONS NATIONALES - ACTUELLES											
		VOTES %	SEATS SEGES	B	DK	F	D	IRE	I	L	NL	UK	B	DK	F	D	IRE	I	L	NL	UK		
<b>410</b> EUROPEAN PEOPLES PARTY PARTI POPULAIRE EUROPEEN		107		36.3	37.6			8.0	7.0	48.6	49.2	30.5	38.3	36.5	30.6	36.2	31.9	35.6					
	LIBERALS LIBERAUX	40		16.3	16.2	12.0	14.5	14.0	21.0	7.9	6.0		4.9	6.2	23.8	28.3	17.9	16.1	13.8	13.1			
	SOCIALISTS SOCIALISTES	111		25.4	23.3	37.3	21.9	28.3	23.6	42.6	40.8	11.6	13.6	15.3	28.8	21.5	33.8	30.4	36.9	33.0			
	COMMUNISTS COMMUNISTES	44		3.3	2.6	3.7		18.7	20.6				30.4	29.6	8.4	4.9	1.7	1.7					
	CONSERVATIVES CONSERVATEURS	63				14.9	20.2															43.9	50.6
	PROGRESSIVE DEMOCRATS DEMOCRATES DE PROGRES	23				14.6	5.8	26.1	16.3				50.6										
OTHERS AUTRES	22			18.7	20.3	17.5	37.6	4.9	11.5	0.9	4.0	7.3	12.8	12.4	8.4	9.1	14.7	16.2	5.4	3.3			





Simone Veil, "who ranks second only to Giscard d'Estaing in national popularity polls," was a big winner in France. ©Melboul, Sygma

staunchly pro-European reputation, and the fact that he is from one of the smaller Community countries made him one of the favorites for the first Presidency of the European Parliament.

#### Denmark

The Danes, with the British, are the least pro-European of the Nine, and the June vote showed that, seven years after the Danish referendum on Community membership, a third of the Danish electorate still opposes membership. The Danes will send four out of 16 members to Parliament who ran on an anti-EC platform, calling for Danish withdrawal from the Community. Particularly hard hit in the election were the ruling Social Democrats, who, with only three seats, actually trail the anti-Community coalition. One of Denmark's seats, the one allocated to Greenland, was won by a local politician, Finn Lynge, pledged to holding a referendum on Greenland's withdrawal from the Community.

The irony is that Denmark is one of the Nine that has most benefited from the Community's budgetary and agriculture price support system. In 1978, over \$1 billion was transferred from other EC members to Denmark, largely as revenues from supports of Danish dairy product exports. But there is little doubt that a large Danish minority believes that EC membership has been inflationary and that Denmark would be better off maintaining its historical links with other Scandinavian countries rather than working toward closer integration with the Europe to the south.

#### France

France opted for a proportional voting system for the European elections, compared with the two-round, majority system it uses for national elections to assure stable government majorities. Curiously, it was the Gaullist Party that had backed the European pro-

portional vote—to avoid what Gaullists called the “regionalization of France”—and it was the Gaullists who emerged the big losers. Final figures gave them 15 seats, in fourth place behind Simone Veil's Giscardian centrists with 25, the Socialists with 22, and the Communists with 19. The disappointing Gaullist showing set off a minor power struggle within the party, with several older party members openly challenging party leader Jacques Chirac's anti-Community campaign during the elections, and forcing Chirac's two top political lieutenants to resign their posts.

The 61.2 per cent voter turnout for France duplicated the 61.2 turnout for France's other European vote, the referendum on British EC entry in 1972, which was deemed a disappointing showing. Still, the French parties waged an active campaign this time, and French voters, whether of the left or the center, had clear choices between enthusiastic European parties, the Giscardians and Socialists, and reluctant ones, the Gaullists and Communists. In each case, it was the enthusiasts who carried the day. The biggest winner of all was Veil, a political figure of immense appeal who ranks second only to Giscard d'Estaing in national popularity polls. She and two other Giscardian ministers, Jean-François Deniau and Pierre Mehaignerie, were elected.

#### Germany

The German vote showed enough of a swing from the Social Democrats to the Christian Democratic opposition to send a shiver through Helmut Schmidt's ruling Government coalition. In an election night telecast, Willy Brandt, the Social Democratic chairman, laid most of the blame on the country's tiny ecologist movement, which won 3.2 per cent of the vote, about what the Social Democrats and its coalition partners, the Free Democrats, lost compared with the 1976 national elections. At 65.9 per cent, the German voting turnout was well below the 91 per cent figure for the 1976 elections. In the new European Parliament the Christian Democrats will have 42 seats; the Social Democrats, 35; and the Free Democrats, four.

Brandt, an ardent partisan of European unity, probably will turn out to be too European (not to mention too Socialist) to be elected President of the Assembly. During the campaign he repeatedly called for an extension of the Parliament's powers, something favored by most Community members but opposed by the British, French, and Danes. The Germans also must guard against appearing to give Europe too German a cast. In France, two parties, the Gaullists and Communists, ran their campaigns largely on the theme that a united Europe would come under German tutelage and through it US domination. Kai-Uwe von Hassel, who will lead the Christian Democratic delegation to the the Assembly, indicated that he would support France's Veil for the Presidency.



Willy Brandt, "an ardent partisan of European unity," led the German Social Democratic ticket. © UPI

### Ireland

Ireland, like Denmark, is a food-exporting nation that has done well in the Community since joining six years ago. Unlike the Danes, however, the Irish have always been enthusiastic members, though their 58 per cent turnout for the European Parliament elections was a disappointment. It appeared that Irish voters, more than those of other nations, used the elections as a means of expressing disapproval of their own Government, in this case the Fianna Fail Government of Prime Minister Jack Lynch, which could barely win a third of Ireland's 15 European Parliament seats. The Irish Labour Party did better than expected. But the centrist Fine Gael emerged as the big winner. Most observers felt that the Government's poor showing was due to the present industrial turmoil and particularly the four-month-long postal workers' strike.

### Italy

The Italians, required by law to vote, set the Community turnout record at 85.9 per cent—topping even tiny Luxembourg, which had 85.6. The European Parliament vote, which was proportional, largely mirrored the national vote of the preceding week, with the retreat of the two large parties, the Christian Democrats and Communists, and continued progression of the parties in between, the Socialists, Social Democrats, and the Liberals. Unlike Britain, which sent a list of almost totally unknown political figures to the new Parliament, Italy, like France, will send a plate of its top public figures, headed by Emilio Colombo, who was President of the outgoing old European Parliament.

Final figures gave the Christian Democrats 36.5 per cent of the vote (down from 38.3 in the nationals); the Communists, 29.6 per cent (down from 30.4); the

Socialists, 11 per cent (up from 9.8); Social Democrats, 4.3 per cent; and the Liberals, 3.6 per cent. Since the Italians, unlike the Germans and French, did not have a minimum vote requirement of 5 per cent for election, the small parties will be represented in Strasbourg as well as the large. The final distribution gives the Christian Democrats 30 seats; the Communists, 24; Socialists, nine; Social Democrats and Neo-Fascist MSI, four each; Liberals and Radicals, three each, and the remaining four seats to even smaller parties.

### Luxembourg

The main feature of the vote in Luxembourg was that citizens were voting at the same time for their national Government, and they brought it down. Consistent with the Europe-wide trend, the Liberal-Socialist coalition of Premier Gaston Thorn lost ground, and the big winner in



Italian Premier Giulio Andreotti votes in Rome. © UPI

both the national and European Parliament election was the Social Christian (Christian Democratic) Party of Pierre Werner. The Social Christians will have three seats in the European Parliament; the Liberals, two; and the Socialists, one. Werner is favored to become Prime Minister, and outgoing Prime Minister Thorn has been mentioned as a candidate for the European Parliament Presidency.

### The Netherlands

The Dutch voting turnout of only 58 per cent was unusually low for a fervently pro-European nation that traditionally records 90 per cent in national elections. As in Britain, the abstentions hurt most the Labour Party, with its vote falling to 30.4 per cent compared with 33.8 per cent in the last national elections. The ruling Christian Democratic Party increased its score to 35.6 per cent from 31.9 per cent and won 10 of the country's 25 seats in the European Parliament.



Labour's Barbara Castle (left) and James Scott-Hopkins, Conservative delegation leader and a former Vice President of the European Parliament.

### The United Kingdom

The 31.3 turnout in Britain masked the reality. Latest polls show that 54 per cent of the British are favorable to

the Community compared with only 36 per cent a year ago. The Community has taken roots in Britain; and if many of Labour's supporters stayed home during the European Parliament vote, it was largely because of lackluster campaigning by Labour candidates. Britain was the only Community nation to run slates of almost totally unknown figures; only one of them—Labour's Barbara Castle—known well outside the British Isles, and she won easily. In addition, the general election a month earlier left both voters and party machines politically tired.

The "peculiar" British voting system known as "first-past-the-post" effectively assured a crushing domination by the Conservative Party. The Tories will have 60 seats in the European Parliament, compared with 17 for Labour. The Liberal Party, which, with 13.1 per cent of the vote, did better than expected, did not win a single seat under the British system. Calling the voter turnout "disgraceful" and his party's shutout "unpardonable," Liberal Party Leader David Steel said that he would press for changes in the voting system before the next European Parliament election. Under a proportional system, the Liberals would have sent 10 MEP's to Strasbourg.

## Election Close-up

DAVE DEROCHE, a writer for *The Import Export Library*, observed the elections with a delegation organized by *Federal Union, Inc.*

The mechanics of the European Parliament elections—indeed most elections—in Europe are different from in the United States. Take, for example, Britain.

The Royal Assent was given to the European Assembly Elections Act in May 1978, but candidates were not nominated until 1979, and campaigning finally became visible about three weeks before voting day.

Each British political party obtained from the appropriate local registrar a list of all eligible voters in each polling neighborhood. The list provided the name, address, and party of the voter. Volunteer workers from each party then canvassed the neighborhoods—knocking on doors, handing out leaflets, and politely asking how people were going to vote.

Precinct-walking takes on an added significance in Britain, where political parties are not allowed the American-style radio and television ad blitzes that so pervasively reach into homes. The neighborly aspect of canvassing is stressed: Party volunteers know the names of their neighbors when they come to the door and manage a bit of conversation as well. The volunteer canvassers do not see their role as combatants for the cause, and seldom spend time arguing in hopes of changing a vote. They almost always call upon their own party

members only and stress the significance of the issue and the importance of voting. In Britain, party loyalty and political interest run higher than in the United States.

Election day for the European Parliament was on a Thursday—Britain's traditional voting day—and the polls were open from 7 a.m. to 10 p.m. A local representative from each party was at the polls, not to campaign—which is forbidden close to the polls—but to collect the ballot stubs of those who voted for that party's candidate. Almost every voter emerged from the booth and handed over his stub—thus revealing how he had voted. The typical American attitude toward voting privacy was nowhere to be seen.

It was then easy for party volunteers to know who among their usual supporters had not yet voted when evening came. About 7 p.m. the neighborhood canvassers began knocking on the doors of nonvoters. Might they be needing a lift? they asked.

Inspiration at the national level was almost nil. This was partly due to the British concept of local campaigning and the impossibility of television and radio advertising. Also, there had just been a stunning but exhausting national election, and the voters seemed to feel it was about time to turn their attentions back to

their gardens. The general election had so depleted the party coffers that there was virtually no sterling to stimulate the voters or push the candidates through the allowable newspaper ads, election posters, or sound trucks.

Perhaps the closest to a national campaign event was the Young Conservatives' Rally at the National Exhibition Center in Birmingham just before the election. Young Conservatives from all over Britain piled into buses, laden with localized signs and banners, and joined forces in Birmingham. The predominantly 15-to-20-year-old audience was buzzing seriously an hour before the speeches began, because the new Prime Minister, Maggie Thatcher, was scheduled for the finale. One of the few tokens to the age group there was the use of "Captain Europe," a Superman-type character espousing European slogans on decals and literature.

The program began with a warm-up session by British comedian Ted Rogers. His jokes were primarily political, international, based on sophistication in current affairs, yet funny. Next came a few songs by singer Petula Clark with words relevant to the spirit of international cooperation that pervaded the rally.

When Thatcher approached the podium, the uproar was enormous. Her speech, addressed to "young Europeans," was strongly pro-Europe, anti-Communist, pro-Conservative. It was forceful, confident, and eloquent, and the crowd responded enthusiastically. Suddenly following the nine-nation flag bearers, Thatcher headed up the center aisle into the delighted crowd.

# Which Europe?

JACQUES FAUVET, *publisher of Le Monde*

*On June 9, the day before the direct elections in France, the prestigious Paris daily, Le Monde, carried the following editorial, written by its publisher, Jacques Fauvet. His comments transcend the normal daily journalistic constraints of time and place, and thus are translated and reprinted with permission.*

The goal of the election in France is to appoint 81 representatives to the Assembly of the European Communities or European Parliament by direct universal suffrage. Its purpose is neither to broaden the powers, extend the scope nor to modify the proceedings of this Assembly and certainly not to revise the Treaty of Rome, signed in 1957, whose Article 138 provided for just such an election by an unspecified date.

In attempting to better grasp and to clarify this issue, which has only been further confused and blurred by a long campaign, it should neither be reduced to a mere political problem nor, on the other hand, attributed the stature of a doctrinal conflict.

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**I.** Obviously, behind any election there is a domestic political issue at stake—in this case, both as a matter of fact, as well as in substance.

The choice of favorites, the constant confrontation between the right and left, the factional rivalries within the opposition as well as the majority, the economic and social issues raised by the campaign, and, last but not least, the approaching Presidential elections—all highlight the political or, better yet, partisan nature of the European elections.

In more basic terms, European politics essentially involves political choices on the domestic level as well. This was true back in 1958 and is still true in 1979. Twenty years ago, France would have been unable to even join, much less maintain its standing within, the Common Market without the dynamic effort to straighten out its finances and to put the nation back on the road toward economic recovery launched in the early days of the Fifth Republic. Today's continuing stagflation, combined with spiraling prices and unemployment, undermines France's position within the Community and the European Monetary System.

It's useless at this stage of the game to attempt to credit the Community with the prosperity of the Sixties or to blame it for ag-

gravating the economic crisis of the Seventies. This brings to mind the partisan accusations levied against the Republic not so very long ago. To the Nation went the victories; to the Republic, the defeats. And, likewise, to Europe our failures, to France our successes.

If, from the standpoint of domestic politics, the issue is, after all, somewhat lackluster, it is because the economic and social situation implies that the basic domestic political choices are the same today as they were a full 12 months ago. Although divisions within the left and the majority may have weakened one of their factions, they have basically failed to shift the overall balance of power.

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**II.** It may be tempting to underplay the extreme political orientation of the election by raising it to the level of a genuine doctrinal choice. But any such attempt would only be in vain. At this stage, we're no longer merely playing with words: confederation, federation, integration, supranationalism. Everyone's free to suggest their own definition and references. The truth of the matter is that there is no true precedent, either in the past or in the present, for European unity.

In any event, dialogue is impossible. Apparently, there are no longer any advocates of supranationalism among the "Four." They're all keeping silent, or perhaps have gone underground. They're neither to be seen nor heard. For all that, could they have changed their mind? Or are they simply skillfully taking every precaution to ensure that they are temporarily forgotten? No matter. There can be no battle so long as there is no one around to fight.

It's true that the issue has resurfaced with the controversy over the possible broadening of the Assembly's powers. While legal in appearance, it is obviously and predominantly a political issue and the Gaullists were right all along. A move to broaden the Assembly's power, like any amendment to the Treaty, could result in further delegations by individual nations of their sovereign rights—in increasing supranationalism.

As in the past, sooner or later we will have to confront the problem of whether to extend the powers of the European Assembly for two reasons. First, most of the nine member countries currently advocate such a policy, and, among German Socialists and Italian Communists alike, we can easily find a majority

willing to demand such a move. Secondly, an Assembly elected by universal suffrage will naturally tend to broaden its powers. Or, it will use the authority drawn from its election by the people to demand and obtain more extensive powers, even if it has failed to exercise all the powers with which it has been previously vested. Or perhaps it will do nothing and the public will soon lose interest. The voters will not be summoned twice to elect European representatives without political power.

Naturally, there's a hitch: The Treaty may be amended only by the unanimous vote of the Council of Ministers representing the nine member countries. And the French President wanted to add another condition, at least in regard to the French public. If broadening the powers of the European Assembly requires an amendment of the Constitution, then such an amendment would have to be submitted to popular vote in the form of a referendum. Although his intentions were to reassure opponents of broader Assembly power, particularly the Gaullists, he only succeeded in arousing new fears. For, in referring to a referendum, he was implying that the French Government had already approved this measure. Such a procedure would give him a means of avoiding opposition by the National Assembly. This dual problem has but a single political solution: provoke a crisis and, at just the right moment, elect a President opposed to any amendment of the Treaty.

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**III.** But what exactly is the European Economic Community? It would take a smart cookie indeed to categorize it as just another national or international institution. It's a genuine "community"—in a class by itself—whose main organs (such as the Council of Ministers, the Community's executive and legislative arm, and the Commission, a supranational organ that limits itself to making proposals and decisions and then to enforcing such decisions) make it somewhat of a confederation. On the other hand, other aspects of the Community—its rules and regulations which apply to all member states; its Court of Justice; its common agricultural policy; the fact that trade agreements may no longer be negotiated by individual states, only by the Community itself—make it more of a federation, or an authority superior to that of the individual member states.

Now that we have outlined the institutional framework of the European Community, how can we define its present reality or predict its future?

**What the Community is.** From an operational standpoint, it is:

- A common market that, while originally

protected by a common import tariff, is gradually shedding its cloak of protectionism, tending toward a European free-trade zone within a universal free-trade area. But the operations of the Common Market thus far, or at least up to the crisis, have succeeded in opening up a vast market for European (and United States) industry and in breaking through the traditional protectionist barriers of the French economy;

- A common agricultural policy (consuming three-quarters of the Community budget) which had been by and large highly advantageous to us here in France until the compensatory amounts and the increasingly powerful German agricultural presence changed, or, better yet, distorted, the effects of this policy;

- The most sophisticated Third World policy in existence today even if, here again, the crisis has tended to cut back on price and export guarantees for the developing countries.

**What the Community should be.** The European Community is barely more than a commercial, not to say mercantile, community. The Six and, later, the Nine have failed to exploit the full scope of possibilities written into the Treaty.

- The Community should be more democratic and less technocratic, and, in this sense, the direct elections should give the Community new impetus, while ensuring stricter Commission control and better institutional equilibrium. Being more democratic also means being more respectful of individual freedoms, which could suffer as a result of the creation of a "European judicial void."

- The Community should be more social-oriented or, in other words, more just. While it is true that we cannot expect the Community to do what the countries, and particularly our own country, have failed to do for themselves, it is also true that our national economies are far too interdependent for them to attempt to adopt a series of incoherent measures with respect to employment or the number of work hours. The problem obviously stems from the fact that a social, if not socialist, Europe presupposes the simultaneous existence of governments in all nine countries which are determined to implement a more equitable, more progressive social policy.

- The Community should be more just, not only from a social standpoint but from a geographic standpoint as well. Too much has already been said about the failure of the "North/South Dialogue." But the truth is that there is a North and a South within the European continent. In fact, most European countries have their own North and South which have been traditionally allotted unequal shares of wealth and resources. The Community's

regional policy has failed. What's going to happen once it opens its ranks to three new poorer members, two of which are themselves divided into a North and a South—namely Spain and Greece?

- The Community should be a community of cultures—of cultural respect but, at the same time, mutual awareness. It should transcend economic and social issues to demonstrate that a production-oriented society alone, despite its promises of physical or material progress, cannot assure a better quality of life, cannot free mankind from its state of alienation or provide a more humane social model. If the campaign had been more constructive in these respects, it might have indulged the people's hopes, and particularly those of the younger generation, in this unprecedented election of representatives to a European Assembly by universal suffrage, for the first time in history, in nine Old World countries.

**What the Community cannot or should not be:**

- Europe must not play vassal to the United States, though it may very well already be—with its economic dependence rooted in the multinational firms; its political servitude resulting from its failure to invest the Community or its members with their own diplomacy, and its cultural submission resulting from its blind conformity to the "US model."

- Europe cannot be a unified state. European history, the marked diversity of the languages, of mentalities, of traditions, and of interests of the different countries sharing the European continent, to say nothing of the risks or simply the impossibility of mounting a common defense since, to be effective, this would mean the creation of a European deterrent force—all make the vision of a unified European state, or even a European federation within the next decades, highly unrealistic.

- Europe must not be a "German-dominated Europe."

**IV.** Why evade the issue? Is it a dread of reawakening old fears or sleeping myths? Or is it the risk of discouraging a young generation which, more so than any other generation before it, has taken pains to repudiate the concept of German nationalism before the eyes of the world; or, worse yet, the risk of pushing Germany to look East? If what we truly want is a realistic Europe, then none of these objections is valid in the face of present realities.

The "German problem" is first and foremost a French problem. If the German Federal Republic is a dominant European force and if it is destined to remain on top for

any length of time, then this is naturally due to the inherent qualities of its people and its leaders. It is also due to France's own lack of foresight and mismanagement of its economy. The entrepreneurial spirit of French and German business and labor is totally different. Social consensus is virtually nonexistent in France. Germany's adaptation to foreign markets, its stepped-up investment program, its industrial rationalization, and the relative restraint of its unions have all placed it in a better position to surmount the crisis and register a formidable trade surplus. France seriously underestimated the extent of the crisis and even went so far as to attempt to camouflage its real causes, with their roots dating back well before the 1973 oil crisis. But if the French leaders have one fault, it's that they are always looking for ways to blame their domestic problems on foreign events. As for the German agricultural miracle, it happened quietly and at our own expense, well before the advent of the infamous compensatory amounts.

The German problem is also one of reunification. Times have changed since the pre-World War I era when it was agreed that while everyone thought about the reunification of Alsace, no one would actually speak out on the issue. Today we do more than simply think about reunification—we talk about it. If there's one word that does not belong in politics, it's the word "never." Is it forbidden to envisage a unified or federated German economic and political superpower within Europe? Can the European balance of power hold its own against such a force?

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Europe? All in favor? But the big question is "which Europe?" No one has a straight answer to this question because no one has or admits having a political design, because even if such a plan does exist, the leadership is incapable of translating it into anything other than economic language.

Which Europe? A Europe that is more independent vis-à-vis the United States, better balanced between North and South. A Europe that is more democratic and less technocratic—more social-oriented and less commercial. And also more culturally oriented. Quite a comprehensive program with noble intentions! But how do we make it work?

The European nations are exhausting their resources, while Europe is just approaching its threshold. Can anyone be so blind as not to see that the Community is in a type of limbo—as if it were suspended above a gaping cultural and political void that must be filled. The election of representatives to an Assembly already in existence is only a beginning.

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# A Nostalgic Good-Bye to the Pioneer Parliament

LORD ARDWICK, *journalist and Labour member of the old European Parliament*

Cheerfully, I ringed July 17 on my calendar—the day when the old European Parliament officially dies and the new elected one takes over—as “Liberation Day.” No more pre-dawn journeys to hell-port Heathrow; no more long sessions in Brussels’ hot and drafty committee rooms, going through too many draft directives and regulations; no more two-hour luncheons and three-hour dinners in restaurants where they always served too much and too late.

But I find myself already suffering premature nostalgia, envying Jim Scott-Hopkins and other Tories nominated in winnable seats. Not a single one of us from the Labour delegation is going back to the Parliament, since the party ruled out the dual mandate for members of the House of Commons, and the party’s European selections committees found the claims of mem-

bers of the House of Lords—who were free to stand—too easy to resist.

Most of us are now aware of how important the European Parliament was to us personally. All very well to moan that it was not a real parliament, that it was merely a consultative assembly with very small power and that it was of secondary concern to members heavily burdened with national responsibilities: The truth is that many people felt more fulfilled in Europe than they did at Westminster.

The work on the specialized committees gave them something hard and lasting to get their teeth into. And they had a sense of achievement too. For the legislation that comes before the Parliament is still in draft. It can be discussed across the table with the Commissioner responsible for it; and it can be amended in the plenary with hope of the

amendment being incorporated in the final version.

This has been a brave, pioneering parliament. It has fought over two decades to increase its efficiency and to widen its scope and its influence. And it has largely succeeded. We hand over to the elected members a mature and experienced parliament with a residue of experienced parliamentarians, who can give wise counsel.

This Parliament, in its modesty, has been its own worst detractor. During the past year or two, members would speak of the superior legitimacy and authority of the elected Parliament to come. Every time they did this, they succeeded in making our nominated Parliament appear *illegitimate* and transitory. And authority forgets a dying parliament as surely as it forgets a dying king.

*The old Parliament gives the green light to direct elections.*



But we can claim credit that we were our own executioner. For nearly 20 years the nominated parliamentarians pleaded and planned to be replaced by an elected parliament, which would, be reason of its more democratic provenance, command more authority and enjoy more influence. Some people believed that the elected Parliament would make a demand for more *powers* which would be irresistible simply because it rested on the votes of the sovereign people. But this put Parliament in a classic Joseph Heller situation. You could not, people would argue, concede direct elections to a parliament with such limited powers. But nor could you entrust a nonelected parliament with more than minimum powers.

The Parliament also suffered from a well-publicized fallacy. Because a federal Europe would require an elected parliament, people argued that an elected parliament would presage a federal Europe. The argument was used by both the federalists and their worst enemies. And this created an embarrassment for the average good European who wants all integration short of real federalism. For the federalist argument put a strong weapon into the hands of all those who were not only anti-federalist, but also wanted to halt the development of the Community completely.

The European Parliament also got itself bogged down in the dual mandate controversy, eventually to be rescued only by one of those old Community compromises. The dual mandate is wrong in principle; but the principle will not be immediately applied. It has an Augustinian ring: "O Lord make me chaste—but not yet."

Another stumbling block was the attempt to get an agreed electoral system for the elections. A further creative compromise: Each country can follow its own system, even choose its habitual day of the week for polling. Europe should be grateful to Schelto Patijn, the young Dutch Socialist lawyer, who was rapporteur on direct elections; he brought much clarity and ingenuity into the discussions.

I wish I could say my nostalgia will be for the great debates in the hemicycles of Luxembourg and Strasbourg. But I cannot. We had many fine discussions, but seldom did we really debate. Instead, we held symposia of the highest class, with each speaker saying his piece, regardless of what had gone before or might come after. And if you asked the Commissioner or the Council President of the moment to tackle a certain point when winding up and he failed to do so, you could not get up, as you can at Westminster, and challenge him to answer.

There are other reasons that the discussions in our Parliament, instructive and

well-reasoned though they were, never reached the emotional and dramatic heights of a historic debate in a national parliament. In the European Parliament, the life of the Government was never at stake because there was no Government. Moreover the party group spokesmen were often expressing a soft-focus compromise reached by the national political parties comprising the group. And this took the sharp edge off the speeches.

ANOTHER DEFUSER OF DRAMA was the ill-mannered chattering of which we were all guilty. Sometimes you could see and hear an excited knot of three or four members and a political secretary discussing a tactical ploy while the member addressing the House struggled to capture its attention. Even when the speaker was only a few yards away and speaking your own language, you had to listen to him through headphones in order to keep the chatter out.

Nor was much genius shown in arranging our most important debates at times when there could be a full house and at times early enough for the media to operate effectively. The economic debates suffered the worst, an odd lapse in an economic community.

And yet . . . and yet. There were times when the Parliament shook a brave fist at authority if it did not strike a blow. Though our conventional weapons were few, we did have two nuclear deterrents. We could throw out the budget; and we could sack the Commission. The first was never attempted; but two party groups (one of them the Conservative Group) did try to censure the Commission. Parliament made it clear that it would have to be a matter of first importance before it would put a warhead in that missile—i.e., load it with a two-thirds majority.

Parliament did, however, achieve a neat coup last December. Just as we backbenchers were set in for a long session on the amendments to the budget, came a mysterious request that the sitting should be suspended for 15 minutes so that the group leaders might confer. When we resumed, the Budget Committee's rapporteur, the German Liberal Martin Bangemann, arose to announce that all the budget amendments had been withdrawn; and this meant that the budget could pass forthwith.

Most of us had to get hold of Erwin Lange, chairman of the Budget Committee or his British colleagues, Michael Shaw and Lord Bruce, for a plain man's guide to these sensational events.

It seemed that the Council, having received Parliament's amendment for an in-

crease in the Regional Fund, had failed to amend the proposal in good time and by the prescribed majority. So all Parliament needed to do was to leave well alone and not to demand any further changes. Then the Parliament President could declare that the budget was approved. This the President did.

My most precious memory is of that session in January 1977 when Roy Jenkins, the new President of the Commission, and Anthony Crosland, the new President of the Council, made their debut together. They had been the young intellectual stars of Labour Leader Hugh Gaitskell's front bench. Both were good Europeans, but whereas Roy had gone to the stake for his European views, Tony had put party unity first. Moreover, his belief in Europe had been cooled by his concern that moves towards monetary union might impair Britain's right to depreciate the pound.

Their inaugural addresses were of high caliber, Jenkins's visionary, Crosland's pragmatic. Indeed, Crosland's long speech might have formed a base on which the British parties could have shared a constructive policy towards Europe. But he died a few weeks later, and David Owen, his unexpected successor as British Foreign Minister, had to take over unprepared.

I'll have vivid memories too of the people I worked with: Of those three musketeers, the Commissioners François-Xavier Ortoli, Etienne Davignon, and Finn Olav Gundelach, dedicated, painstaking, and voluble explicators of their policies. Of the gentle, courteous but firm President Emilio Colombo, the last President of the old Parliament. Of my own colleagues—Tom Ellis, prematurely celebrating the death of the nation-state over its undug grave (and once in Welsh too!); John Prescott, in hot and angry pursuit of the multinationals; Mark Hughes, charting a safe course around the North Sea Pout Box; Gwynneth Dunwoody, never fearing to voice her own distinctive view, and Donald Bruce, the best and most abrasive debater of them all.

More memories too of colleagues on the Legal and Economic Committees: Of Sir Derek Walker-Smith, never at a loss for a legal latin tag. Of Lord Murray's genial complaint, "Here, we use Latin ad nauseum." Of Sir Brandon Rhys Williams, meandering mellifluously through the mysteries of money; and of Tom Normanton demanding the protection—sorry, wrong word—the *defense* of the textile industries against unfair competition. They can both hope to return to the Economic and Monetary Committee after the election. I am not just nostalgic; I am green with envy—green as the farming pound.

## “Long Parliament”

*At the “old” European Parliament’s final session before direct elections, EC Commission President Roy Jenkins paid the following tribute:*

I would designate this Parliament the honorable title of the “Long Parliament.” Like the Long Parliament of Seventeenth Century British history, you have survived over 20 years, replenishing your membership, gathering strength, enhancing your reputation, and, through your work and dedication, you have helped to build the democratic road of Europe. That road has not always been smooth, but the collective resolution and determination of this Parliament has succeeded in overcoming the obstacles and given a sustained support to the democratic process of the Community.

The Community is firmly rooted in the principles of representative democracy. Countries which did not honor such principles could not become members. Spain and Portugal, immediately on their return to democracy, applied for membership. Indeed, it is essential that these principles of representative democracy should be enshrined in the Community institutions as well as in the member states.

The treaties establishing the European Communities laid a solid foundation for a true democratic control of Community activities by proposing that the Parliament should be directly elected. It has taken a long time to honor that commitment, over 20 years. But direct elections to the United States Senate took 136 years to bring about. By that comparison we have not done badly. But it can be a source of satisfaction to every member of this house that it was you who paved the way for this historic development. Members of this house have been the pioneers. Direct elections will be the tangible result of your achievements, the crowning of your efforts. . . .

Finally, I wish to thank this Parliament for the support and encouragement together with occasional tail-twisting which it has consistently given the Commission over many years. You have on occasion proved to be our strongest critic—that is the duty of parliament in its relationship with the executive — but you have also been our strongest advocate. It is from these benches that the Commission has on many occasion drawn courage and encouragement.

When the history of this Parliament comes to be written, I have no doubt at all that the developing relationship between the Parliament and Commission will come to be regarded as one of the central features in the progress of the Community in the last 20 years and one of its most important benefits.

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## *Belgium*

Where Europe Begins





# EUROPE'S SALT DEBATE

*In which gray areas, de-coupling, theater forces are issues*

MICHAEL D. MOSETTIG, *NBC News field producer based in New York and former UPI correspondent in Brussels*

EUROPEAN ECHOES ARE BEGINNING TO SOUND MORE loudly as the US Senate begins debate on the Strategic Arms Limitation Treaty (SALT II), and as American and European officials begin to look ahead to the long and complicated issues of European defense policy in the forthcoming SALT III negotiations. American opponents of the SALT accords have criticized the Carter Administration for sacrificing European interests, especially on Cruise missiles, to achieve strategic arms bargains with the Soviet Union. While some European politicians and commentators have joined in this criticism, European governments are swallowing their reservations and lining up in support of the treaty.

For West European governments, as their officials assert from London to Bonn, the alternatives would be far worse: Senate rejection of the treaty would endanger détente on which European foreign policies are increasingly built, lead to a new arms race that Europeans cannot afford, and raise new questions about the steadiness of American leadership, especially Presidential leadership. From the Guadeloupe summit to Prime Minister Margaret Thatcher's get-acquainted meetings with European leaders, European governments urge US Senate ratification of the treaty. Even the French do in principle.

But Raymond Aron, the French analyst, recently wrote that SALT II represented a shift from "American imperialism to Soviet hegemonism." Julien Amery, the British Conservative member of parliament and former Cabinet minister, told an Atlantic Institute forum that the Carter Administration's weakness and Soviet superiority could be checked only by the development of a European nuclear force. US Senator Henry M. Jackson chided a group of North Atlantic Treaty Organization (NATO) parliamentarians for not reacting to the dangers that SALT creates for European security, even though many of the Europeans rebutted Jackson's criticism of the SALT accords.

The European debate goes one step beyond the basic question of whether the emergence of Soviet-American strategic parity, instead of American superiority, weakens the credibility of the American nuclear deter-

rent. US strategic forces—the missiles, submarines, and bombers based primarily in the United States—have been the classical final line of West European defense. Whether they would be used to defend Europe in an actual attack, at the risk of Soviet retaliation against American cities, has always been a matter of trust. European doubts on that score existed long before SALT.

Yet even American officials acknowledge that the emerging strategic parity has made the West European allies more aware and concerned about imbalances below the strategic level—in the heavy Soviet advantage within Europe in theater nuclear missiles and aircraft. German Chancellor Helmut Schmidt was the first European leader to raise the issue publicly in his now famous speech before the International Institute of Strategic Studies at the end of 1977. He asserted that the balance of US and Soviet strategic forces outside of Europe exacerbated the growing imbalance of NATO and Warsaw Pact forces within Europe. Most alarming to Schmidt and other European leaders was the buildup of Soviet medium-range missiles aimed at European targets.

The question for Europeans is whether and how that imbalance can be righted, with more arms or a more intense effort at arms control, or some combination of both. Within that question is the highly sensitive issue of whether any armament or disarmament policies can be put into effect without breaking the fundamental link between American strategic defense of Europe and defenses within Europe, the so-called "de-coupling" issue.

Two rounds of SALT negotiations on strategic systems have been accompanied by a continued Soviet buildup of its theater systems, especially of its mobile, multiple-warhead SS20 missiles and of its Backfire bombers. The feeling of new alarm was summed up by Manfred Wörner, the conservative defense spokesman in the German parliament, who said, "Western Europe finds itself all of a sudden and for the first time, in the role of nuclear pawn of the Soviet Union." More dispassionate defense experts tend to qualify this assessment with the reminder that Soviet warheads have been aimed at Western Europe since the 1950's. They do acknowledge that the qualita-

tive improvement in the theater systems does create a new psychological situation, and that psychology is an important part of nuclear deterrence strategy.

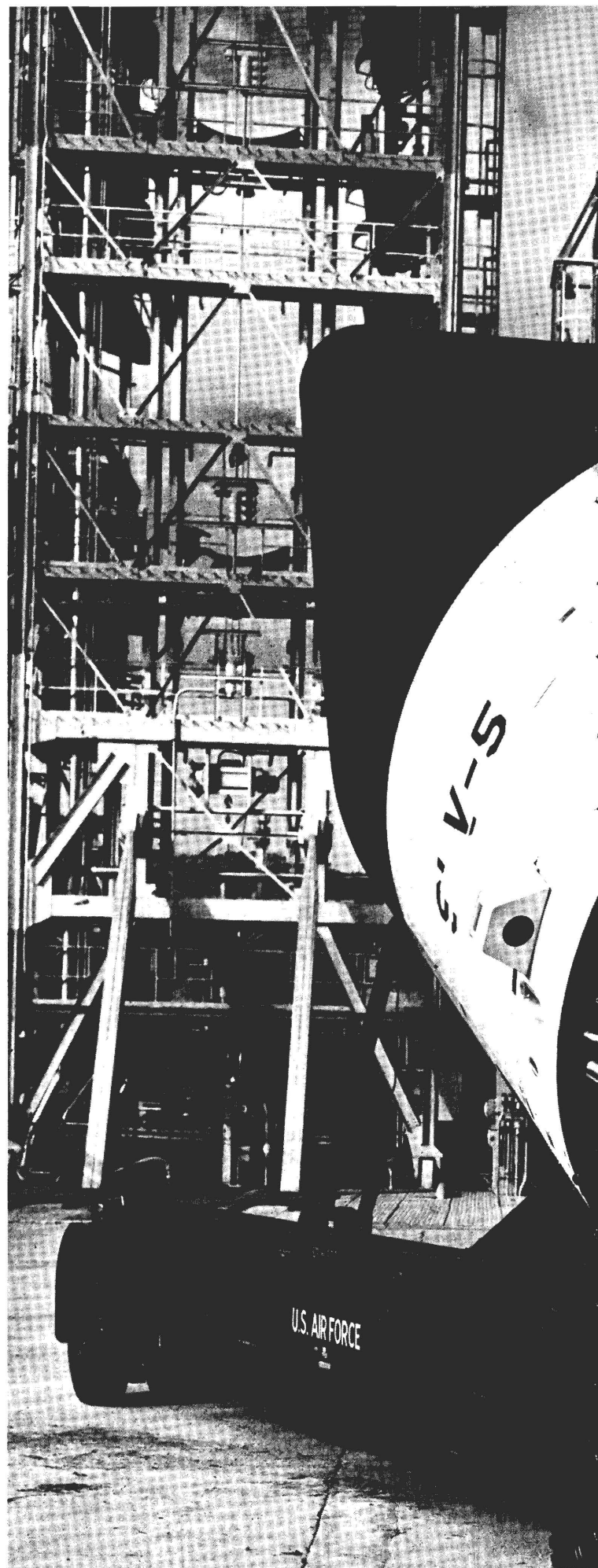
THE EUROPEANS, ALONG WITH THEIR AMERICAN ALLIES, will be making their first concrete responses to these new developments by the end of the year, coincidentally right about the time the US Senate is making a final decision on SALT II. The NATO allies have set a December deadline for two special committees to come up with recommendations for modernizing theater nuclear forces in Europe and for developing a framework for future arms control proposals. These proposals will cover the so-called "gray-area" weapons systems that fall between the strategic forces of the superpowers and the short-range tactical or battlefield systems now deployed in Europe. Gray-area systems, deferred in SALT I and II, are expected to end up on the agenda of SALT III, which is to start as soon as SALT II is ratified.

Not only are the weapons systems new, so is the method of making decisions. As several European experts have noted, the Carter Administration has made an implicit agreement that the Europeans must participate directly and not just through consultations in decisions about new weapons and their deployment.

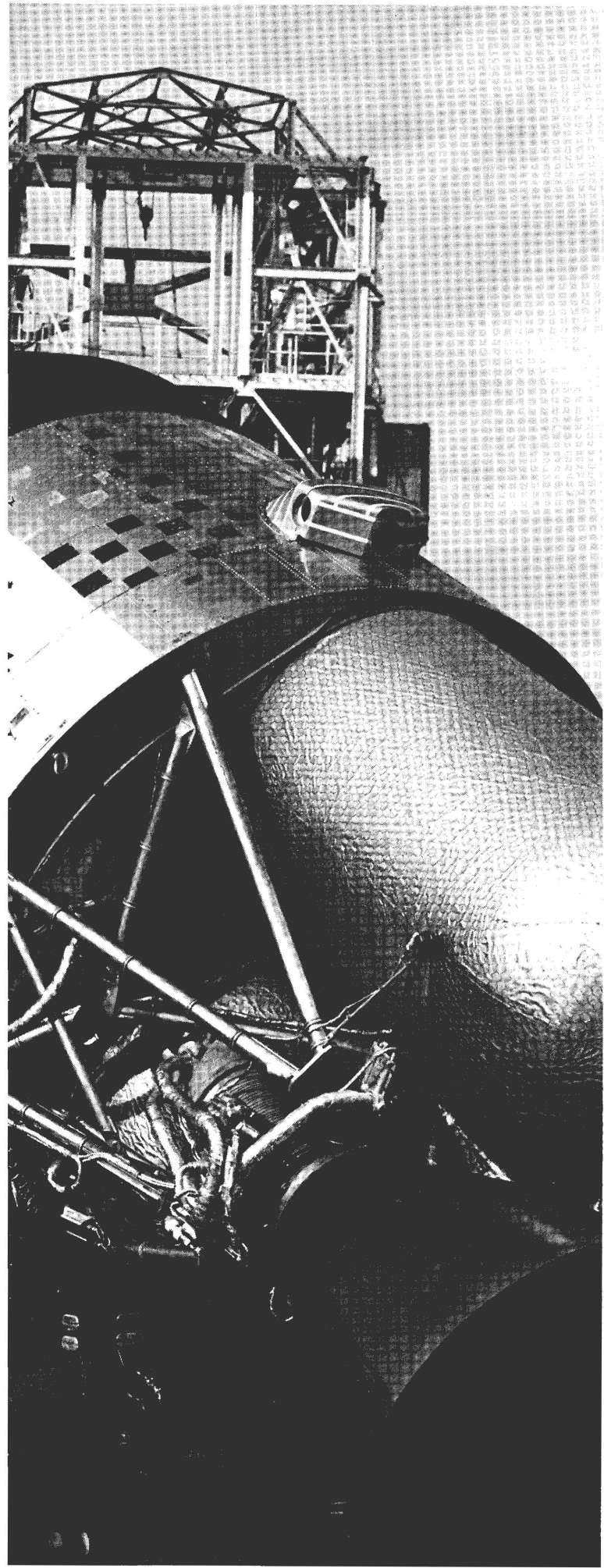
That approach, while acknowledging Europe's new economic and political strength, was initiated last year with disastrous results in the on-again, off-again deployment of the neutron bomb. After great domestic political controversy, the German and other European governments came out in support of the weapon, only to have the Carter Administration finally decide not to deploy it. The furor of the neutron bomb debate, in the Netherlands as well as Germany, demonstrated the political and emotional intensity of nuclear deployment issues, especially in non-nuclear nations.

As one expert noted, "The theater nuclear forces issue got off on the wrong foot and hasn't recovered." If the Americans and Europeans do agree on a military response to the Soviet buildup of theater nuclear systems, they will be adding a new element to the nuclear balance—the deployment of nuclear weapons on European soil capable of hitting the western part of the Soviet Union. There have been no long-range missiles on European land since the early 1960's. The present tactical weapons in Western Europe have a much shorter range. The present theater nuclear forces are FBIII's based in Britain and Poseidon submarines. The deployment now of nuclear weapons on land, especially in Germany, is sure to raise a large Soviet howl.

What the allies would really like to do, in the words of one NATO expert, "is to have their cake and eat it, too." In other words, modernize theater nuclear forces without giving the impression of making a major shift in the balance or without provoking more than a standard



*"US strategic forces . . . have been the classical final line of West European defenses"*



Soviet propaganda blast. But, as one German official commented, "That might have been possible before the neutron bomb, but it is impossible now."

Most likely is a mix or package of Pershing II extended-range missiles (with a 1,500-kilometer range instead of the present 750 kilometers) and ground-launched Cruise missiles. Added to that could be an expansion and modernization of the existing FBIII force and possibly the placement of air-launched Cruise missiles on British Vulcan or Tornado bombers. The total package would be no more than a few hundred.

The size of the package touches the de-coupling issue. As one top American official told a recent NATO ministers meeting, "We don't want to give the Soviets the idea they can fight a self-contained war in Europe."

Each of the weapons, especially the Pershings and ground-launched Cruise missiles, carry their own political baggage. The Germans, bruised by the neutron bomb experience, have insisted that at least one other Continental nation must agree to share deployment of ground-launched missiles. For practical purposes, since the Danes and Norwegians have refused to accept any nuclear weapons on their soil, that means the Belgians or the Dutch. Deployment is sure to provoke a domestic political row, especially in the Netherlands.

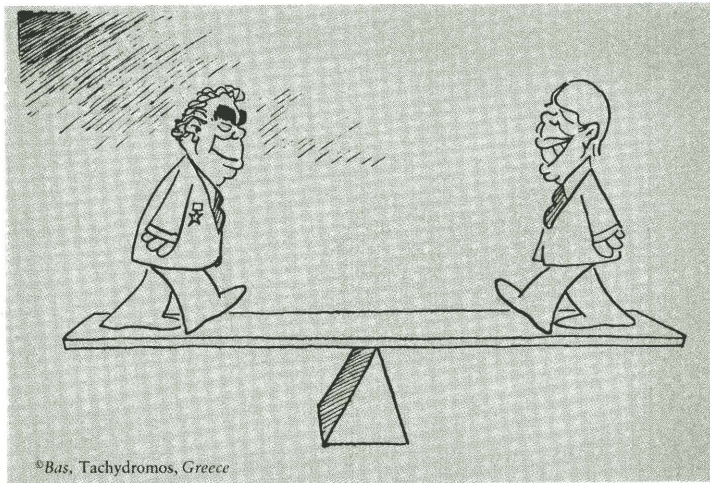
Diplomatically, it would be easier to sell the Pershing missile as a replacement of an existing system. The deployment of Cruise missiles would mean the introduction of a new nuclear weapons system into Europe and, therefore, would be that much more provocative. Militarily, the Cruises are more mobile, less vulnerable to attack and highly accurate. But they are slower and less powerful than ballistic missiles, and may be subject to radar defenses.

Each system is also already tied to existing arms control proposals. The allies in the Mutual and Balanced Force Reduction (MBFR) talks have offered to reduce Pershing I systems in exchange for a reduction of Warsaw Pact tank forces. A commitment to Pershing II could become, in effect, a bargaining chip already on a negotiating table. The deployment of ground- and sea-launched Cruise missiles with a range of more than 600 kilometers is prohibited until the end of 1981 by the protocol to the SALT II treaty.

IT WAS THIS PROTOCOL THAT caused the greatest European concern about SALT II—a limitation on a weapon of interest to the Europeans with no concession in return on the deployment of Soviet Backfire bombers aimed at Europe. The Europeans also feared the three-year protocol would become a permanent precedent. Those fears have been eased in the last year by repeated American assurances and by a pending US Senate amendment to the treaty asserting the protocol is not permanent.



© Jensen, Sunday Telegraph, London



© Bas, Tachydromos, Greece

The proposals for new European systems are still tentative and still hinge on the ability of the Germans to persuade either the Dutch or Belgians or both to go along with them on deployment. It is still possible the NATO ministers could meet in December and fail to reach a decision, which in the words of several NATO officials, would be “disastrous.”

Some defense experts and European politicians have argued all along that the political fallout—from the Soviets, from within the alliance and within NATO governments—may outweigh any military benefits from the new weapons systems. But the overwhelming opinion, even among arms control experts, is that NATO needs to modernize its theater nuclear forces if only for psychological reasons and to give the Russians some reason to negotiate.

That has raised the question of whether the allies would be spending millions of dollars merely to build bargaining chips for SALT III. But most officials and experts insist that independent of any negotiations, the allies need to strengthen the weak link of theater nuclear forces to maintain the strategy of “flexible response” that runs from conventional to tactical to theater and, finally, to strategic defense. As long as the theater link is rela-

tively weak, officials insist, there is no inducement for the Soviets to negotiate on their theater systems.

Even so, for most officials there is still the question of what if anything the Soviets might be willing to yield in a SALT III negotiation on gray-area systems. Some officials think the most likely inducement for the Soviets is the chance to gain through a negotiation some kind of control over new allied systems, especially any deployed in Germany. Some diplomats speculate that the most obvious Soviet bargaining chip would be an offer to phase out their nearly 500 SS4 and SS5 missiles which are still deployed despite the introduction of the SS20's.

At best, most officials think, the allies and the Soviets would agree on some kind of ceiling or cap on theater forces on both sides. Such an agreement would raise in Europe the same arguments being raised against SALT II in the United States—that the ceilings are too high, that they cover numbers but not quality, and that they cover launchers but not warheads. But as one American official put it, “Even a cap is not a non-achievement.” And one German official remarked that a ceiling would at least add an element of stability and prevent existing theater force disparities from growing any wider.

Both in Washington and in European capitals there is a developing consensus that SALT III should and probably will continue as a direct US-Soviet negotiation without additional participants. The possibilities for bringing in the Europeans vary from putting them in a room next door to creating some new sort of committee or panel within NATO to handle US-European consultations on SALT III.

Further complicating a SALT III negotiation is the refusal of the French and the reluctance of the British to involve their nuclear forces in any SALT discussions. In SALT I and II the Soviets demanded “compensation” for the British and French forces, but the Americans successfully resisted the demand. In SALT III the United States may have to relent and offer the Soviets compensation in numbers and quality to cover the British and French missiles, submarines, and bombers aimed at Russia.


In the last two decades, from the Skybolt and multilateral force imbroglios of the early 1960's to the neutron bomb affair last year, nuclear issues have torn at Atlantic and European solidarity and spilled into many other areas of diplomacy. What remains to be seen is whether Americans and Europeans have gained from those experiences.


Speaking for the optimists, one American official said, “This effort could be a model of a multilateral approach.” But as one of his colleagues remarked, “We haven't really touched the raw nerves yet.” And as one European diplomat asserted, “It will require a lot of flexibility, adroitness, soul-searching, and political will to bring this rabbit out of the hat.”


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## Figures taken from the Group Accounts 1978

	£m	US\$m
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Reserves.....	1,085	2,208
Current, Deposit and Other Accounts.....	20,228	41,164
Advances .....	14,068	28,628
Total Assets .....	22,184	45,144
Group Profit after Allocation to Staff Profit-Sharing.....	297	604
Tax .....	112	228
Retained Profit.....	153	311

Rates operative at 31 December 1978

Copies of the Report and Accounts, which include the Chairman's Statement, may be obtained from The Secretary's Office, National Westminster Bank Limited, 41 Lothbury, London EC2P 2BP, England

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# GREECE TO BE 10<sup>th</sup> MEMBER

## *Accession Treaty signed*

PETER BLACKBURN, *British writer in Brussels*

WITH THE SIGNATURE OF THE GREEK TREATY OF EC AC-  
cession in Athens on May 28, European Community  
membership moved into double figures. However, the  
treaty must now be ratified by the parliaments of Greece  
and the nine present member states—which means that it  
will not be until January 1981 that Greece actually joins  
the Community. Then it must undergo a five-year transi-  
tional period before becoming a full member in January  
1986.

Unlike the negotiations for British entry, those for  
Greece never hit the headlines. Indeed the main interest  
was not so much the terms of entry but the date. In their  
rush to get in, the Greeks seldom stopped to argue seri-  
ously. Consequently effective negotiations lasted only 15  
months. There are fears in some quarters that this will  
only create problems later on when Greek farmers and  
industrialists ask for special aid and protection in order to  
compete in the common market.

Why the rush to join, especially given the internal  
problems the Community has been experiencing? Prime  
Minister Konstantinos Karamanlis had a great personal  
stake in Greece's joining as soon as possible. He was  
anxious to prevent the Greek negotiations from becoming  
caught up with those of the two other candidate coun-  
tries, Spain and Portugal. If this had happened, Greek  
entry would have been delayed several years and the  
terms of entry might have been less generous. The Greeks  
were determined to take full advantage of being first in  
the queue and being largely prepared for membership  
after 17 years of association with the Community.

Greece will be unique in being the only country to be  
physically isolated from the rest of the Community. Its  
nearest partner, Italy, is an overnight boat trip or train  
journey through Yugoslavia. This will strain the notion  
of a common market, especially when it comes to trans-  
porting fresh peaches to markets in northern Europe. But  
with a population of only about the same size of London,  
Greece's economic problems will be of a limited scale. As  
its per capita gross domestic product is less than half that  
of the rest of the Community, it may have difficulty in  
keeping up the economic pace. On the other hand, its



*Signing ceremonies for the Greek treaty of EC accession in Athens on May 28.*

economic growth rate is nearly double that of the EC  
average so the economic gap is narrowing rapidly. The  
Greek standard of living is already nearly the same as that  
of the Irish.

With such a small population, the economic impact of  
Greek entry on the Community will be relatively slight.  
Of much more significance is the fact that it marks the  
first step in the enlargement of the Community from nine  
to 12 member states. Greek membership along with that  
of Spain and Portugal will shift the Community's center  
of gravity south toward the Mediterranean. Until now  
the Community has been dominated by northern Euro-  
pean economic interests, especially those of cereals and  
dairy farmers. In the future much more attention will be  
paid to the interests of Mediterranean wine, citrus, and  
olive-oil producers.

The Community's common agricultural policy will need to be reformed to take account of enlargement and strike a fairer balance with the northern European farmers. In addition, the fears of southern French and Italian farmers about competition from Greek, Spanish, and Portuguese farm production could rapidly expand and create fresh surpluses.

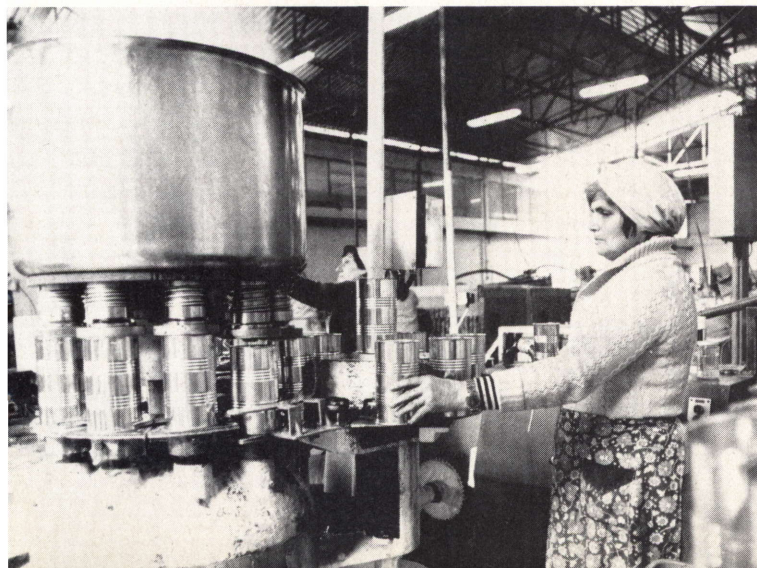
Greek agriculture in itself does not present a major problem. Greek production of sensitive products such as olive oil, wine, fruit, and vegetables is relatively small. For example, Greece exports only 1.5 million hectoliters of wine to the Community. This is about one-third of domestic production and represents only 1 per cent of the Community's total wine imports.

However, the Greeks compete with southern and eastern Mediterranean countries in exporting farm produce to the Community. Between now and January 1981 negotiations will take place to adapt the Community's preferential agreements with these countries to take account of Greek entry. These will not be easy since countries such as Tunisia, Morocco, and Algeria will be anxious to prevent their current trade concessions from being eroded. Although Greece is not a major threat, the talks will set a precedent for later negotiations to take account of Spanish membership, which is far more serious.

THE ADDITION OF GREECE AS the tenth member state will put extra strain on the Community's decision-making process. The EC Council of Ministers will now have 10 members—which will make it that much more difficult to reach unanimous agreement on major issues, especially anything to do with Turkey. On lesser issues, where decisions are taken by qualified majority, Greece will have five votes out of a total of 63. The number of votes necessary to make a decision will be raised from 41 to 45.

There will also be an EC Commissioner from Greece at the Commission headquarters in Brussels—raising the

*Greece currently competes with other Mediterranean countries in exporting farm produce to the Community. Here a Greek woman operates a machine to fill cans with juice.* © Richard Dibon-Smith, Photo Researchers, Inc.

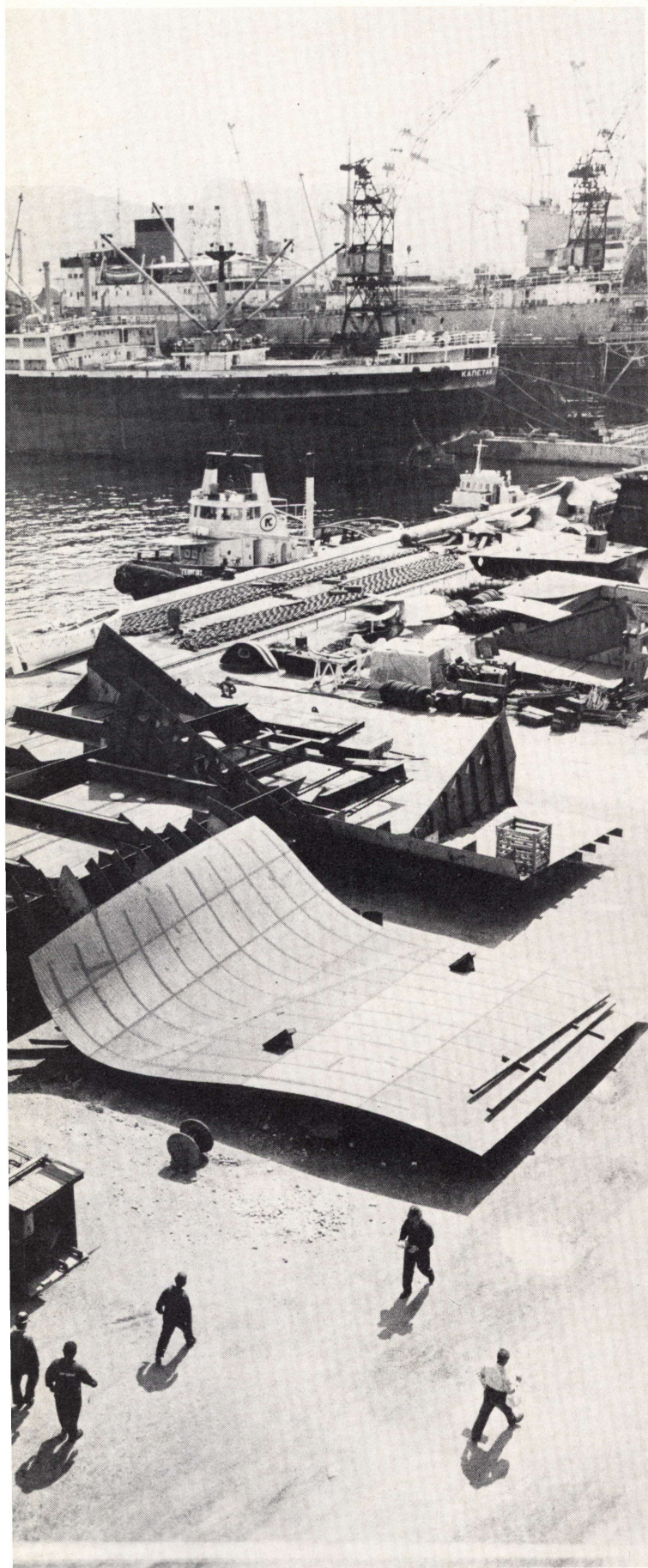


*An Athens scene.* © Costa Manos, Magnum

*Sewing room at a Kastoria furrier where scraps are used to make coats.*

© Richard Dibon-Smith, Photo Researchers, Inc.





*Elepsis shipyard near Athens.* © Wilhelm Braga, Photo Researchers, Inc.

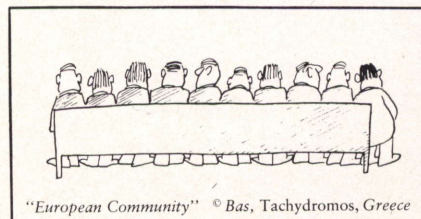
total number of Commissioners to 14. This will not facilitate decision-making either. A committee of "Three Wise Men" is currently studying what institutional changes need to be made to take account of the entry not only of Greece but also of Spain and Portugal so that the Community can continue to function efficiently.

Greece will also have 24 representatives in the European Parliament. The Greek Government has said that to begin with these members will be nominated, but with the second elections, due to be held in June 1984, they will be directly elected as in the other member states.

One of the biggest organizational changes involves the interpreters and translators who already account for one-third of the total staff employed at the EC Commission. Greek will become the Community's seventh official language. All official documents will have to be translated into Greek, and Greek interpreters will be needed at all major meetings.

And what of the negotiations? Most of the major points concerning Greek membership were settled at a lengthy meeting in Brussels last December. It was then decided that Greece should have five years in which to gradually adjust its economy to cope with full EC membership. The only exceptions to this general rule were in the agricultural sector, where a seven-year transitional period was fixed for two sensitive products—tomatoes and peaches—and in the social sector, where the achievement of free movement for Greek workers within the Community was given a similar transitional period.

At the final Ministerial meeting in Luxembourg in April, only two relatively minor points remained to be settled. These concerned the size of the Greek contribution to the Community budget and social security provisions for family allowances. As a result of last-minute concessions, Greece will be a net beneficiary from the Community budget by about 80 million European units of account (EUA) during its first year of membership and will make a net profit of about EUA 500 million by the end of the five-year transitional period. The Community also made a concession on family allowances: After three years, instead of five, the families of Greek workers will receive payments at rates applicable in the country of work rather than in the country of family residence. These rates are much higher than in Greece. In making these concessions, the Community showed that it is prepared to make a serious effort to meet the particular needs of the new applicant countries.

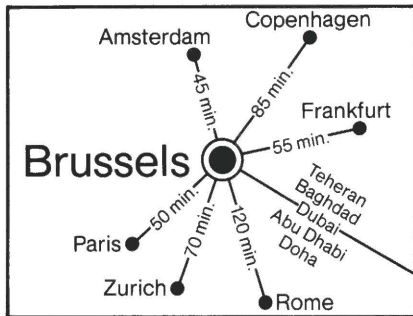


"European Community" © Bas, Tachydromos, Greece



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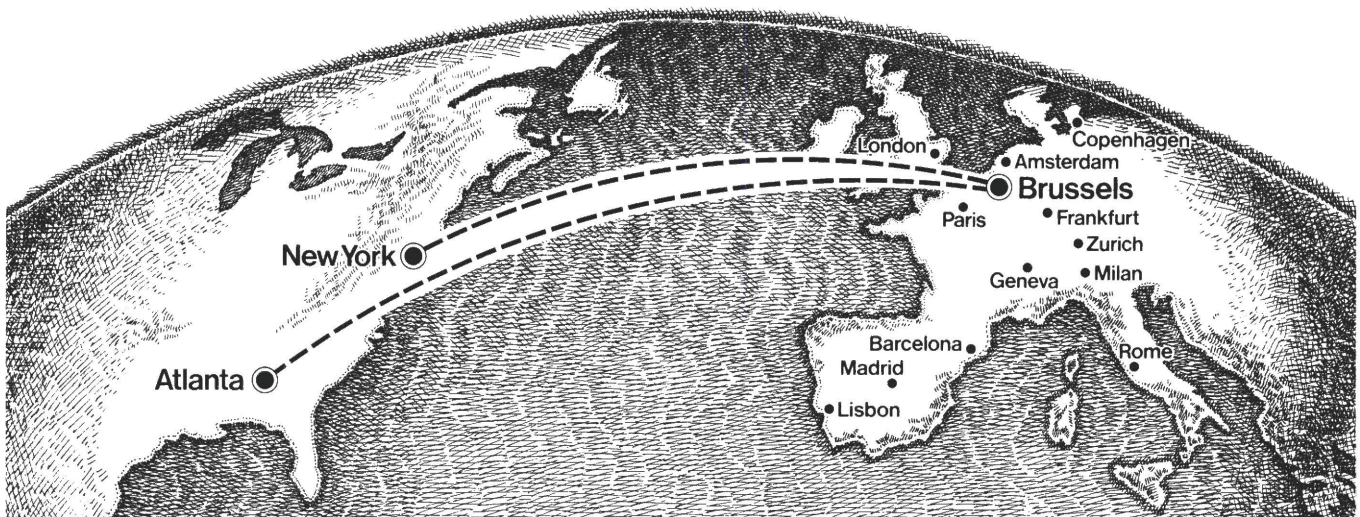
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# Is America Ready for VAT?

*European-style tax gets a renewed look in the U.S.*

MERRIL STEVENSON *works for The Economist in London*

AMERICAN LEGISLATORS LOOKING AT A NEW EUROPEAN-style value-added tax (VAT) must have gulped a bit in May when Swiss voters two-to-one said “no” to a proposed new VAT. With 1980 elections around the corner, no US politician wants to pick a loser.

But the outlook for a transatlantic VAT has improved since the Nixon Administration first floated the idea in the early 1970’s. Then VAT rumblings died away in the face of massive incomprehension and substantive doubt as to the tax’s economic and social effects. Since then, VAT has proved itself in Western Europe, where all industrialized countries except Switzerland now have it. High time Washington had a new look.

VAT has always had bad press. It sounds more complicated than it is. Essentially, VAT is a national sales tax paid bit by bit on the value added at each stage of production and distribution of a good or a service instead of in a lump on the final retail sale. There are different ways of calculating VAT. Europe has chosen the “credit” system, under which traders pay a tax equal to a percentage of gross sales but get a credit for tax paid to suppliers. It works as follows, assuming a 10 per cent rate:

Country Kitchens Ltd. (CKL) makes stoves. CKL pays 200 pounds plus 20 pounds VAT to one supplier for iron and enamel, 200 pounds plus 20 pounds VAT to another for additional components, employs 300 pounds worth of labor (no VAT), and produces 10 stoves. After figuring a rather steep 40 per cent profit, CKL sells the stoves for 1,000 pounds plus 100 pounds VAT—1,100 pounds in all. CKL’s books show:

Input Tax	Output Tax
Iron and Enamel: 20 pounds	
Components: 20 pounds	
Total: 40 pounds	Stoves: 100 pounds

So CKL sends off 60 pounds—10 percent of the value added at this stage of production. Meanwhile, suppliers have sent off their two 20-pound checks as well, so the government receives a total of 100 pounds.

It can turn out the other way around. Because most countries tax different goods at different rates, the input

tax will sometimes be greater than the output tax, and the trader gets a refund. (Or, more accurately, the trader is supposed to get a refund. A recent computer strike in Britain backed up several hundred pounds in VAT refunds.)

The Community has shown that VAT can work. France was the first country to try it, replacing a complicated turnover tax system. Germany, then the rest of the Community followed suit. Although national differences remain great, once laggards Luxembourg and Germany implement semi-harmonizing changes contained in the latest EC directive on the subject, VAT will have come of age as one of the Community budget’s “own resources.” Even those countries that kicked and screamed about VAT in the beginning (Britain, for example, which had to give up quite a good purchase tax to join the Community) now say that VAT is an efficient and relatively trouble-free system.

CLAIMS (SOME EXAGGERATED) FOR VAT ARE:

- VAT is a neutral tax. It does not interfere with decisions as to what, how, or whether to buy. A tax on gross sales, it does not discourage firms from hiring (as payroll taxes do). A tax on consumption, it does not discourage saving and investment (as income taxes do), nor does it favor corporate debt financing over equity (as corporate income taxes do).

All true—in theory. In practice, the multiple rates and exemptions of all the EC countries except Denmark introduce various distortions of their own (see Table 1). Almost all tax food and housing more or less lightly. Rates on newspapers (sometimes books) are usually lower on the grounds that knowledge should not be taxed. What about music, theater, art, which often are standard-rated? Services like banking and insurance are generally exempt; but, although exempt traders do not have to pay VAT on sales, they can not reclaim VAT already paid to suppliers. And almost all countries tax luxuries and petrol relatively severely.

Capriciousness is inevitable with differential rates. In Britain if you “improve” your house, you pay no VAT, but



Congressman Al Ullman, one of America's top tax legislators, is looking at a draft proposal for a US value-added tax. *courtesy office of Representative Ullman*

“repair” it and you pay 8 per cent. Similarly, a chocolate-flavored biscuit is considered food and is zero-rated, while a biscuit with chocolate coating is confectionery and taxed at the standard rate. And definitions of “luxuries” are often bizarre: Washing machines are taxed at 12.5 per cent, race horses at 8 per cent.

In short, VAT is only as neutral as legislators want it to be.

- VAT is a good revenue-raiser. In the United States, for instance, a fairly comprehensive VAT could raise \$10-to-\$12 billion a percentage point—a staggering total at European rates. But VAT, like any other tax, can raise only as much as legislators are prepared to try on the electorate. The VAT take varies widely among EC countries (see Table 2). Britain, which has the lowest rates to begin with and in addition zero-rates or exempts about 40 per cent of consumer purchases, naturally gets far less out of VAT than the others.

What this claim boils down to is not that VAT intrinsically raises more revenue than other taxes but that it raises less fuss. A hidden levy, it is far less irritating than the social security or income tax deductions painfully visible in paychecks. This, one suspects, is its charm for politicians—especially now that taxpayers are getting wise to that other great hidden revenue-raiser, inflation.

- VAT helps exports. Although most countries manage to give exporters some kind of break, the General Agree-

ment on Trade and Tariffs (GATT) does not permit rebating direct taxes or full recovery of some indirect taxes. But VAT is fully refunded on exports (that's why the Swiss tax authorities were so keen on it) and imposed on imports throughout the Community. So VAT does help exports—at least at first. Ultimately, VAT could discourage them if second-order effects drive up prices at home too far.

- VAT is self-policing. Because both buyer and seller have to report each transaction, there is a built-in compliance mechanism that a single-stage retail sales tax lacks. Compliance is best, of course, in countries such as Belgium and France that also impose penal interest fines on late payments. Britain, which does not charge even commercial interest rates, has the worst record.

But all countries suffer from fiddled transborder transactions. A draft directive now before the EC Council of Ministers would mandate intergovernmental assistance in assessing and collecting VAT, but the controversial proposal has a long way to go.

Although compliance is not a big problem, collection costs are. Administering VAT is an expensive business, as one would expect under a system that taxes all transactions and refunds on most of them. Britain, again, has the highest costs: 2 per cent of VAT revenues, thanks to low rates and extensive zero-rating.

*These British-made cars being loaded on a German ship docked in the Thames are taxed at each stage of production, and Britain's new Conservative Government is increasing VAT to make up cuts in progressive income taxes.* © Erich Hartmann, Magnum



THESE ARE VAT'S (QUALIFIED) GOOD POINTS. But Americans backed off the idea years ago for some sensible reasons:

- VAT tends to be regressive. It hits poorer people, who consume a bigger proportion of their income, harder than richer people. The Europeans' attempt to improve things with lower rates for necessities has not been wholly successful. A less distorting approach might be a flat rate and comprehensive coverage plus a separate tax credit for moderate income consumers.

- VAT drives up prices. Not just by adding, say, 10 per cent to the price tag straight away, but also by triggering inflation-indexed wage increases and benefit rises. Europe's experience offers no solution to this problem. Except for Germany, which introduced VAT at a time of depressed prices, all EC countries experienced a rise in inflation with VAT. Holland even had to drag in price

*VAT taxes seem less visible, and less painful, than traditional sales or income tax, as these Dutch shoppers in an Amsterdam pedestrian mall might attest.* © Paolo Koch, Photo Researchers, Inc.



Table 1 THE VAT'S THEY CHARGE . . .

Country	Standard Rate	Reduced Rate*	Increased Rate
Belgium	16	0 or 6	25
Denmark	20.25	0	—
France	17.6	7	33.33
Ireland	20	0 or 10	35 or 40
Italy	14	1, 3, 6, or 9	18 or 35
Luxembourg	10	2 or 5	—
The Netherlands	18	4	—
Germany	12**	6**	—
United Kingdom	8***	0	12.5***

\* essentials like food and newspapers

\*\* 6.5 and 13 from July 1

\*\*\* new Government is pledged to raise rates this year

Source: EC Commission

Table 2 . . . AND HOW MUCH REVENUE THEY RAISE

Country	VAT as Percentage of Total Revenue	VAT as Percentage of Gross National Product
Belgium	17.1	7
Denmark	16.9	7
France	22.5	9
Ireland	15.3	6
Italy	15	5
Luxembourg	11.3	6
The Netherlands	15	7
Germany	13.5	5
United Kingdom	8.6	3

Source: Eurostat, Tax Statistics, 1977 (Figures are for 1976)

controls. In France, where the tax is called TVA, wits refer to it as "tout va ajouter," everything goes up. At least VAT means only a one-time increase in the rate of inflation.

These are VAT's bad points. But the tax cannot be judged in a vacuum: The question is whether VAT is more regressive, or more inflationary, than the tax it is meant to replace or augment. Americans are talking—vaguely as yet—of using the new tax to finance social security. VAT can arguably be both less regressive than payroll taxes and less inflationary—especially if timed to take effect in a period of stable, if not declining, prices.

Timing is in fact the main problem facing America's two top tax legislators, Senate Finance Committee Chairman Russell B. Long (D-La.) and his House counterpart, Representative Al Ullman (D-Ore.). The draft proposal they have asked their staff to prepare should be ready before long. But with prices rising at 15 per cent a year and an election looming, this is no time to launch VAT. On the other hand, if the federal Government drags its feet, chances are that state governments will preempt them. Michigan already has a kind of corporate VAT. Other states, looking around for ways to handle Proposition 13 pressure to cut property taxes, seem interested. And if the Europeans can teach Americans anything about VAT, it is that with taxes—as with nuclear weapons—proliferation is to be avoided.

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# EUROPEANS GO “COOP”

*Free enterprise that's owned by the workers and customers*

JAMES HANSEN, *American freelance writer based in Rome*

PROBABLY TO MOST AMERICANS THE WORD “COOPERATIVE” summons up images of college students going together to buy vegetables at bulk prices or farmers doing the same with fertilizer. The idea never has had much of a hold in the Americas—home to a scarce 2 per cent of the world’s production and consumer cooperatives (coops). In the rest of the world, however, coops are extremely big business. They had a combined turnover of something like \$90 billion in 1978, and 85 per cent of that was in Europe, the heartland of the movement. Coops have a seat as a nongovernmental organization in the United Nations and the right to three seats on the Consumer Consultative Council which advises the EC Commission.

In its pure sense, a cooperative is a business completely owned by its employees or, often, clients. Many kinds of consumer coops are owned by the customers—the best American example being credit unions. The idea is that those who share in the consuming or the producing should get a direct crack at any profits made in the process.

The movement has become very influential in Europe, where consumer coops are often the largest retailers in the country. Italy represents an extreme case of this. There, one cooperative group alone, the League of Coops, has something like eight times the stores of the largest private competitor. The story repeats itself all across Europe, though not with such crushing statistics. A more typical example is Sweden, where the coop food store chain, Konsum, has a 23 per cent market share. In American terms this sort of concentration is unparalleled. It would be like lumping Safeway, A&P, and the other big food stores into a single chain.

Perhaps one reason for the astonishing health of the coops in Europe is political. Britain and the Continent are, and always have been, a seething pot of political ideas; but for various reasons the cooperative movement is popular with all shades of opinion. The left likes it because it seems to share the wealth and improve the lot of the worker. The fact that it can do that without tampering with private property or the profit motive makes the right happy. A conservative German bishop, Wilhelm



*Shoppers in a coop supermarket in Italy. © Photos courtesy of The Rome Bureau*

Emmanuel von Ketteler, writing in the last century, even identified the cooperative movement as a means of smashing what he called the “monstrosity of liberalism.”

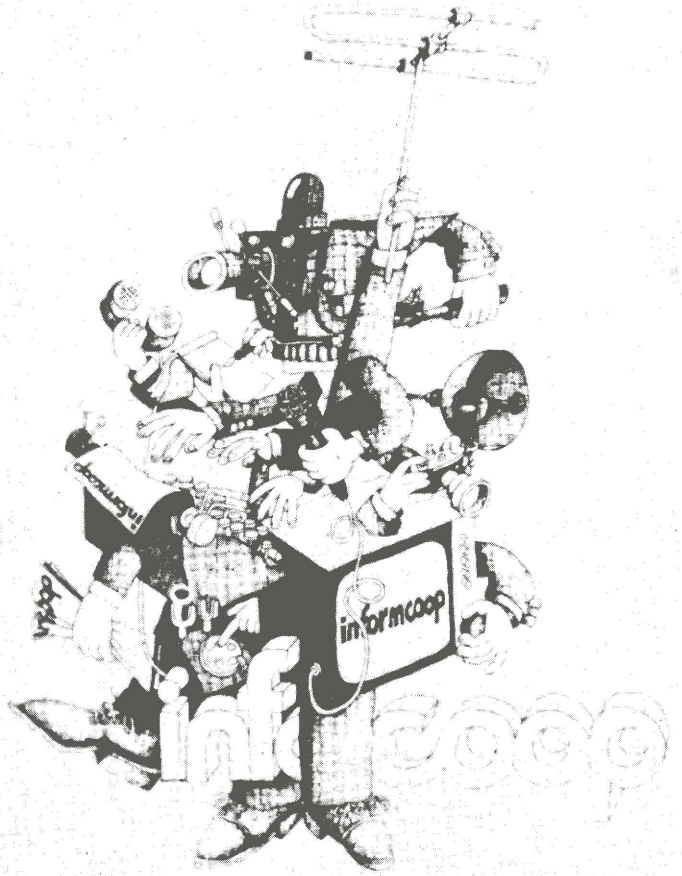
The most common kind of cooperative in Europe is a grocery store. In its simplest form, a group of customers bands together to form a store and pay someone to run it for them. They then buy food at lower prices and share equally in any profits. Since making money is not the

principal object, prices to owner-customers can be cut considerably below those of private competitors.

The first modern instance of this kind of arrangement was probably the Rochdale Coop, founded in England in 1844. The model was influential everywhere and still conditions the English coop movement, which is primarily consumer oriented. From similar beginnings the movement in France followed quite a different path. The stress was on agricultural cooperatives; farmers banded together to cultivate and market their crops in common to beat the middlemen and enjoy the economies of scale. This kind of coop is common among fishermen all around the Mediterranean. Traditionally poor, no one of them would have been able to buy the bigger boat they all needed to survive commercially.

Production coops are not limited to fishing and agriculture. Many are industries—indistinguishable, as far as the product goes, from any other private enterprise. The difference is not even that evident inside the factory walls. The men and the machines seem those of any other industrial plant. What is different is the organization. Management is typically elected by the work force, and workers are usually consulted about major decisions regarding investment policies and expansion.

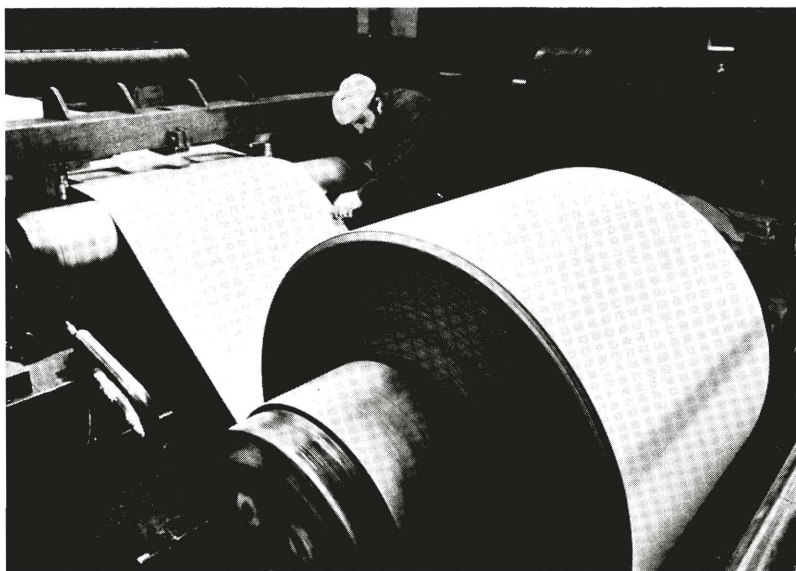
*Cooking oils generically labeled in Italian; coops are active in labeling reform.*



*A cooperative news service.*

There may be still other differences. The Mondragon Coop in Basque Spain is a good-sized manufacturer of, among other things, washers, dryers, and household appliances. The cooperative employs and is owned by 14,000 people. Its sales of around \$500 million a year seem all normal enough, but according to the organization's constitution, no employee-member can earn more than three times as much as another. This means that the highest executive can take home no more than three times the wages of the lowest sweeper; the typical wage differential in private industry is usually around 14-to-one for a company the size of Mondragon. Still, from its success, it doesn't appear the coop has had difficulties attracting good management even at low wages.

HOW ARE THE COOPS HOLDING UP in these times of economic crisis? In most European countries the cooperatives have weathered the financial hard times of the 1970's rather better than the strictly private competition. In part this is probably due to a certain amount of favoritism since many European governments have a conscious pro-coop policy. This tendency is the strongest in two quite different nations, Italy and Denmark. Typical government encouragement takes the form of loan guarantees, outright cash grants, and various tax breaks. Part of the reason for this is the existence of a strong school of thought which holds that coops are inherently



*"Management is typically elected by the work force" in a cooperative industry.*

uninflationary since the profit motive, though it still exists, is substantially diluted.

But perhaps the main modern rationale for the coop is that it represents a way of making small businesses and businessmen competitive with the industrial giants that dominate so much of economic life. The neighborhood grocer can't get as good a deal on peaches as the chain store down the road—but if he gets together to do his purchasing with a hundred other small grocers, he probably can.

The same is true of manufacturing. One trend in the modern world is the passing from the scene of artisans

*A housing cooperative in France.*



and skilled craftsmen, their trades killed off by industrial competition. The European experience suggests that if the product is valid, cooperative ownership can improve the economics of the situation enough for the trades to survive. What cannot survive are those crafts that were based on the sheer use of man as a machine—hand brickmaking, rockdrilling, even needle polishing. In these deadening trades, humans are, thankfully, no longer competitive with the machine. And if the displaced workers want a machine of their own, cooperative ownership may be the answer.

It may sound like the original free lunch: "Everybody a winner." But the coops have never quite learned how to deal with success. It turns out that a big cooperatively owned organization is much like a big privately owned one. Sometimes the people start to get lost among the numbers. Probably to combat that, most of the major European coop groups have very aggressive social policies and are inclined to take stands on issues rather the way a political party might. They have been extremely active in such areas as consumer education and generic labeling.

In contrast to the United States, where the Nader-style consumer movement is an independent force, in Europe "consumerism" tends to center around the coops. Since these may also be large food packers and retailers, critics occasionally wonder if the fox hasn't been set to guard the hen house.

There are special management problems as well. The various coop groups often have evident political ties that influence hiring. When the plant really is owned by the workers, it can be extremely difficult to lay off excess labor in a business slump. There are those who claim that cooperative decision-making smothers entrepreneurial initiative, that the continual necessity of making sure everyone is "on board" slows things down to the point where the coop is no longer competitive.

In spite of these drawbacks, the world's coops claim a total membership of 11 million people, and the number rises each year. If the trend holds, and there's every sign that it will, coops are not only here to stay but also may be colonizing the future.



*Italian coop trademark, © LNCC.*



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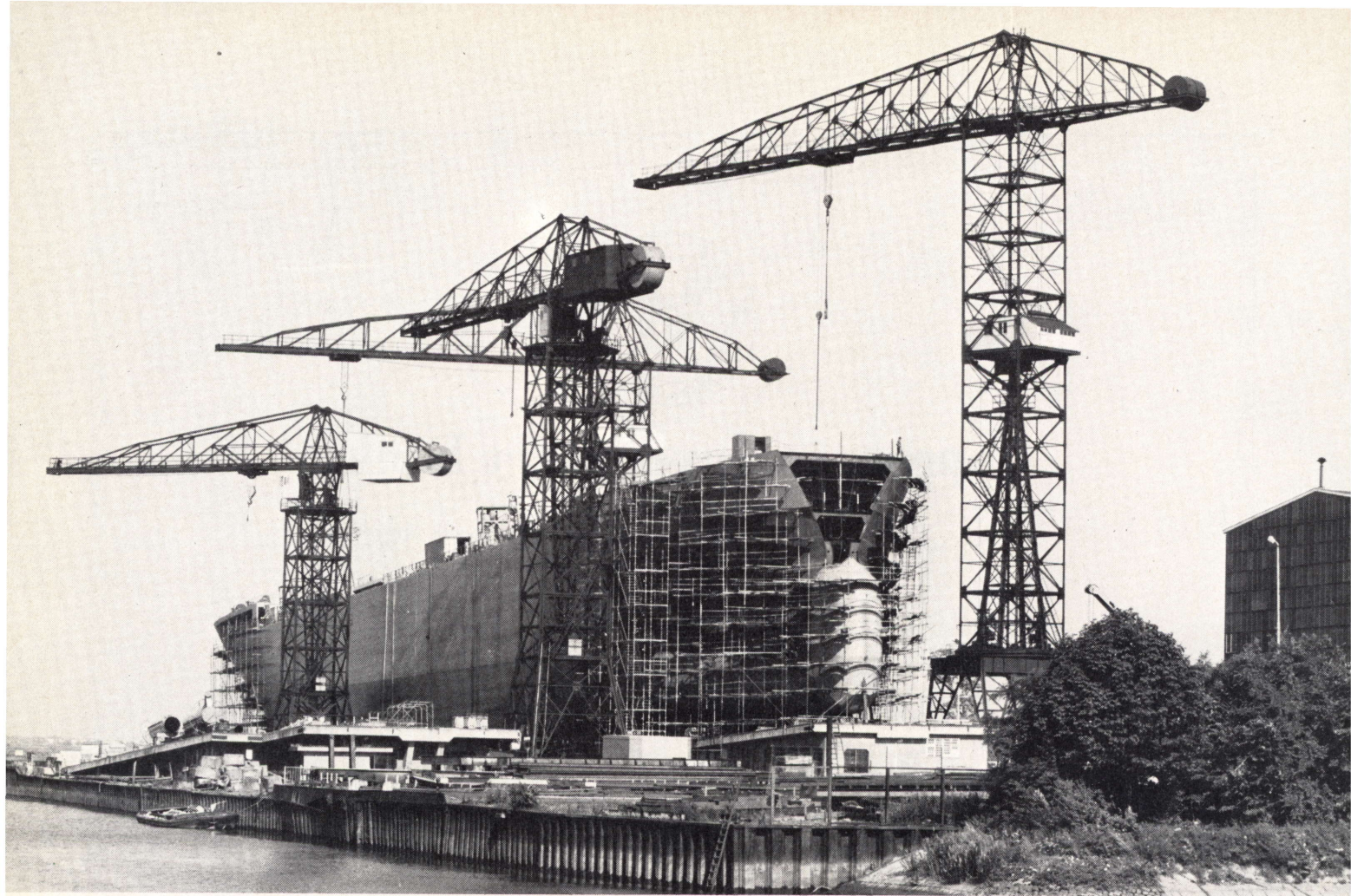
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## “More interventionist” Competition Policy

“During the past year,” said EC Commissioner Raymond Vouel in presenting the Commission’s Eighth Annual Report on Competition Policy, “competition policy has confronted anew still stronger tensions because of difficulties that numerous economic sectors have faced in the new market conditions. Just as there are certain temptations toward greater protectionism in commercial policy, we see a reexamination of the very principle and fundamental objectives of competition policy. This goes so far as to question whether it would not be suitable to reduce competitive pressure for a time in order to give business some respite. Can one speak about the laws of the market in a crisis sector such as shipbuilding? Shouldn’t businesses in a troubled sector be encouraged to organize the market in such a manner as to provide an equal share for all?”

“The decisions that the Commission made regarding competition throughout 1978 show that it fully realizes the seriousness of the

problems and the particular character of the situation; that it is not insensitive to today’s economic and social problems; that it gives all needed priority to the objectives of growth, reducing unemployment, and restructuring industry. Our objective has been to formulate a policy best suited to reducing the brutality of the market wherever structural adaptation demands very heavy social or economic sacrifices. Competition policy tends therefore to become more interventionist.

“To adapt competition policy to the new economic climate does not mean, however, to abandon the very bases of competition. The market principle contained in the Common Market Treaty must remain at the base of economic evolution. No other economic system provides as many guarantees of efficiency, especially today. The principle of the market also governs our principal relations with the Third World, where we should measure ourselves in terms of competitiveness and not of tariff or nontariff protection.”

The full report, presented by Vouel in May, is available for \$11.40 from European Community Press and Information, 2100 M St., NW, Suite 707, Washington, DC 20037. A summary follows.

### Regional Aids

The Commission redefined the principles of coordination governing regional aids for the next three years. The new principles will provide a better means to avoid bidding between member states for the sake of attracting investments, which are becoming rarer and yet more essential to regional development, and to maintain the necessary priorities for supporting the Community’s less favored regions. The new principles set out ceilings for all Community regions based on the total amount of regional aid available.

### Sectoral Aids

The worsening crisis has further reinforced the need for Community discipline. The

Commission has, within the framework of the new fourth directive on aids to shipbuilding, concentrated on keeping national aid levels down to the indispensable minimum and required that they be granted only on condition that they contribute to the necessary restructuring objectives.

The recession in the iron and steel industry has been serious, and the Commission has written a draft decision whereby member states will be authorized to grant as much aid as they need to adapt the industry. The condition is, again, that these aids comply with rules to ensure that the practicalities and the purpose of the aid are in line with the Community's objectives.

### General Aids

The Commission restated its earlier views on aids to exports, which are technically prohibited in intra-Community trade; aids to undertakings in difficulty, which may not exceed the minimum required to identify the exact nature of their problems and enable remedial measures to be introduced; and aids to employment, which may not be used to preserve outdated structures.



*EC Commissioner Raymond Vouel, responsible for competition policy.*

Finally, the coherence of the Commission's action on state aids makes it more necessary, especially for certain sectors, that account should be taken of those aspects of aid arising out of the financial relations that states maintain with their public enterprises in the competitive sector. Work on a directive to introduce greater transparency in these relations has made substantial progress.

### Desirable Forms of Cooperation

Although EC competition law operates by banning certain practices, the possibility of

exemptions gives it flexibility. Wherever possible, bans have been lifted for small businesses in order to foster their activities and their development. For example, the Commission recently specified the conditions in which the EEC Treaty's Article 85 does not apply to subcontracting operations.

With an eye to the interests of medium-size undertakings in particular, the Commission is steering through a regulation giving a clear definition of the difficult relationship between competition law and industrial and commercial property rights. The Commission's object is to promote the transfer of technology through patent licensing agreements while at the same time ensuring that the rigid partitioning of markets in favor of those who exploit patents is rendered impossible.

In the marketing field the Commission wishes to ensure that brand names, guarantees, and after-sales service do not become obstacles to the freedom of choice of the common market user or consumer. The Commission also keeps a close eye on the system of exclusive dealing agreements, which enjoy a general exemption from the ban on restrictive practices, and on selective dealing agreements to ensure that they are not used as a means of partitioning markets. The fact that appreciable disparities in prices still exist is proof that trading patterns are still not as fluid as they might be.

### Competitive Structures

Commission studies on concentration have revealed that although the actual number of monopolizing operations may be falling off, the upper strata of many industries and sub-industries are increasingly marked by ever stronger and narrower oligopolies.

The Commission regrets that the Council has not enacted the proposed regulation to bring in a more suitable means of control for monitoring major concentration operations. However, the Commission still has a watchful eye open for firms abusing their dominant position, and recent judgments of the Court of Justice have given it valuable support in this area. The Commission will not hesitate to apply the EEC Treaty's Article 86 to any concentration producing transactions that might be considered abusive. It authorizes such transactions in the iron and steel industry under the ECSC Treaty's Article 66 provided that they do not "hinder effective competition."

Individual cases involving competition law may raise other equally structural problems where demand for products manufactured in the Community shows a sharp and persistent downward trend, contrary to the expectations of forecasters and investors. The Commission is inclined to accept that under certain conditions agreements between firms aimed at re-



*The crises in the shipbuilding as well as the iron and steel industries have led to sectoral aids by member states—with inevitable competition policy consequences.*

ducing structural excess capacity may be authorized under Article 85, but only where the firms have not simultaneously fixed either prices or production or delivery quotas.

### External Aspects

The Commission has established that restrictive or abusive practices originating outside the Community are covered by the EC rules on competition where they have an appreciable effect within the common market. In so doing, the Commission has become one of the first antitrust authorities to have applied effectively the theory of internal effect so as to impose penalties on foreign companies, especially multinationals, and foreign signatories of voluntary restraint agreements. All firms wishing to operate inside the common market must respect its rules of fair conduct.

The Commission looks to its competition policy to provide it with effective means of keeping the common market open to foreign trade and thereby to safeguard the liberal nature of the Community's commercial policy. This latter policy provides a substantial buttress against the risk of a rising tide of world protectionism, from which the Community, as the world's major trading partner, would be the first to suffer.

# U.S. FOREIGN POLICY ATTITUDES

## *A return to Europe?*

RONALD INGLEHART, *public opinion specialist at the University of Michigan and the University of Mannheim*

THE INWARD-TURNING MOOD THAT SWEEPED OVER THE American public in the wake of the Vietnam war seems to be receding. While interest in foreign affairs remains low and domestic priorities continue to be stressed more heavily than foreign ones, a recent survey of American elite and mass opinion indicates that there has been at least a partial revival of support for a leading American role in international affairs.

Support for overseas involvement is highly selective, however. Skepticism about the value of foreign economic and military aid is widespread, with a majority of the American public opposing an increase in either kind of aid. And when asked about using American troops in 11 possible foreign settings, a majority of the American public supported sending troops in only two situations: a Soviet invasion of Western Europe or the closing of the Panama Canal to US ships. Military intervention on behalf of Israel, South Korea, or Taiwan was supported by less than one-quarter of the American public.

It seems a far cry from the era when the United States was ready to act as policeman of the world. Nevertheless,

these current attitudes reflect a substantial shift from the neo-isolationist mood that prevailed immediately after American withdrawal from Vietnam. In 1974 only 39 per cent of the American public supported American military action in case of Soviet invasion of Western Europe. By the end of 1978, this figure had risen to 54 per cent. A majority—though a narrow one—was prepared to uphold the North Atlantic Treaty Organization (NATO) obligation to help defend the United States' allies. Elsewhere, the outlook was uncertain.

Table 1 shows the pattern of responses among the American public and also among a sample of US foreign policy leaders—consisting of members of Congress, top officials in the State, Defense, and Treasury Departments, leading figures in business and labor unions, together with leading journalists and academics. The relationship between elite and mass attitudes is complex. In general, the foreign policy leaders were more supportive of intervention than was the general public. This was particularly true in regard to a Soviet invasion of Western Europe, where 92 per cent of the elite sample supported

Table 1. U.S. RESPONSE TO CRISIS SITUATIONS

*"There has been some discussion about the circumstances that might justify using US troops in other parts of the world. I'd like to ask your opinion about several situations. First, would you favor or oppose the use of US troops if: . . .*

*"I am going to read the circumstances under which you said you would oppose sending US troops. On this card are levels of US involvement that might be appropriate under these circumstances. For each situation, tell me how far you feel the US should be willing to go."*

Situations	Send Troops		Do Nothing		Try to Negotiate		Refuse to Trade		Send Military Supplies		Don't Know	
	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders	Public Leaders
Panama closes Canal to U.S.	58%	49%	3%	2%	22%	32%	4%	13%	2%	1%	11%	3%
Soviets invade West Europe	54	92	9	—	16	3	2	—	6	4	13	1
Soviets take West Berlin	48	77	10	1	19	11	3	4	6	4	14	2
Soviets invade Japan	42	81	13	1	20	6	3	1	9	10	13	2
Arabs cut off oil to U.S.	36	30	5	1	34	37	12	27	1	18	12	5
Rhodesia invaded by Cuban troops supplied by Soviets	25	10	18	16	26	43	5	7	10	20	16	4
Arabs invade Israel	22	31	14	2	38	27	3	2	8	35	15	4
North Korea invades South Korea	21	45	24	6	28	13	3	2	9	30	15	4
China invades Taiwan	20	18	25	12	27	44	5	5	7	17	16	4
Soviets invade Yugoslavia	18	15	26	13	30	35	5	10	6	22	17	6
Israel invades Arab states	11	10	19	5	42	63	5	10	5	7	18	4



© Ralph Robinson

military intervention (as compared with 54 per cent of the general public). The contrast was equally striking in the case of Japan, where 81 per cent of the leaders favored military action in case of Soviet invasion—as opposed to only 42 per cent of the general public.

But there were important exceptions to this rule: For the general public, Panama was the *most* widely supported site for military intervention—although it ranked only slightly above South Korea for the leaders. Why? Part of the answer may lie in the fact that the public tended to overestimate the contemporary strategic importance of the Panama Canal to the United States. Only a minority of the public was aware that the largest US warships and tankers are too large to use the canal in any case. Foreign policy leaders tended to play down the significance of this factor—but attached more importance to defending major trading partners such as Western Europe and Japan from Soviet domination. Among foreign policy leaders, there was virtually unanimous consensus that the United States has vital interests in Germany and Japan; only 66 per cent felt that way about Panama. The general public ranked American interest in Panama higher, and Germany and Japan considerably lower, than the leaders.

Foreign policy leaders and the general public were alike in one respect, however: Both groups tended to support military action against the Soviets more readily than against other powers—including the Chinese. In part, this seems to reflect widespread concern over growing Soviet military power. In recent years, the Soviet rate of military expenditure has considerably outstripped the American.

By the end of 1978, a clear majority of the American public (56 per cent) believed that the United States was falling behind the Soviet Union in military power. And 32 per cent of the public favored increased defense expenditures, as opposed to 16 per cent in favor of reducing them—hardly an overwhelming consensus, but a dramatic shift from 1974, when only 12 per cent favored an increase and 32 per cent favored reductions. Among the elite sample, perceptions that the United States was being

outstripped were less widespread, and support for increased defense expenditures was almost equally balanced by those who favored reductions (31 per cent and 28 per cent respectively).

DESPITE FEARS OF A SOVIET MILITARY BUILDUP, there was broad support for efforts aimed at enhancing cooperation with the Soviet Union. Thus, for example, 68 per cent of the public and 90 per cent of the leaders favored signing an arms agreement to limit some nuclear weapons on both sides. Moreover, there was little indication that either leaders or the general public viewed the existence of Communist governments as inherently threatening. When asked to describe their feelings about various foreign countries on a “feeling thermometer” that ran from zero (“extremely unfavorable feelings”) to 100 (“extremely favorable feelings”), the American public ranked most foreign countries around the 50-degree point (“no feelings one way or another”). Canada, Britain, France, Mexico, Germany, and Italy all received relatively favorable ratings.

Not surprisingly, two Communist countries—Cuba and the Soviet Union—ranked at the bottom of the list, with mean ratings of 32 and 34 respectively. But the public made a sharp distinction between these two countries and two other Communist countries—the People’s Republic of China, which had a mean rating of 40 degrees, and Poland, which averaged 50 degrees—higher than a number of non-Communist nations.

There is further evidence of a diminished tendency to view all Communist regimes as monolithically and automatically hostile to American interests. Both the leaders and public were asked to estimate the degree of threat to the United States if Communists came to power in each of five nations: Chile, France, Iran, Italy, and Mexico.



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**Table 2. LEVEL OF THREAT TO THE UNITED STATES CREATED BY COMMUNIST ELECTORAL VICTORIES**

*"I am going to read a list of countries. For each, tell me how much of a threat it would be if the communists came to power in that country through peaceful elections."*

	Great Threat		Somewhat of a Threat		Not Very Much		No Threat		Don't Know	
	Public	Leaders	Public	Leaders	Public	Leaders	Public	Leaders	Public	Leaders
Mexico	53%	51%	26%	36%	9%	9%	5%	4%	7%	—
Iran	35	52	35	38	11	7	6	3	13	1
France	26	33	41	44	17	17	7	5	9	—
Italy	18	13	40	46	24	33	9	7	9	—
Chile	17	5	35	34	24	38	9	23	15	1

Table 2 shows the results. A majority of both groups felt that the rise of a Communist regime in neighboring Mexico would pose a great threat to the United States. The perceived threat was substantially weaker in the cases of France and Italy, although majorities among both leaders and publics felt that Communist regimes in these countries would involve at least some threat to the United States. The perception of a threat was very weak indeed in the case of Chile: A substantial share of the public and 61 per cent of the leaders felt that the coming to power of a Communist regime in Chile would pose little or no threat.

Thus, while reviving American interest in a world role seems to be stimulated, at least in part, by concern over growing Soviet military strength, there is little indication of support for a crusade against Communism in general. Both leaders and public seem to differentiate between specific *varieties* of Communism, and react more strongly against Communism in North America than in most other parts of the world.

In a sense, Europe has returned to the center of the stage. It is *not* perceived as the leading problem area; the Middle East, the Soviet Union, and numerous other areas are seen as posing bigger problems. But there is a strong sense that the United States shares long-term interests with Western Europe, and it is one of the few places Americans would be willing to defend militarily, if it became necessary. In keeping with this feeling, support for NATO rose from 1974 to 1978. The change was particularly strong among foreign policy leaders: In 1974 only 5 per cent believed that "we should increase our commitment to NATO" while 29 per cent favored decreasing it (with a majority in favor of keeping it as it is). By the end of 1978, the balance had shifted to 21 per cent in favor of a stronger commitment, with only 12 per cent favoring a weaker one.

There was also an impressive increase in public awareness of European Community institutions. A 1973 survey of the American public revealed that only 45 per cent had read or heard anything about the European Economic Community or Common Market. (See "Americans Turn Inward," *European Community*, No. 168, Aug.-Sept. 1973). By 1978 this figure had risen to 63 per cent.

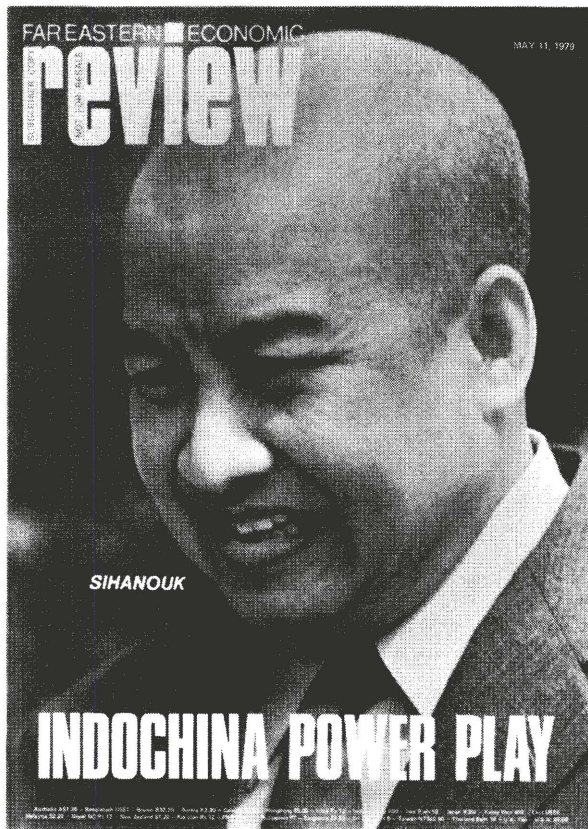
A series of more specialized questions about the European Community was put to the foreign policy leaders. Their evaluation of its overall impact was overwhelmingly positive: Fully 86 per cent felt it had been helpful to the United States, while only 5 per cent saw it as harmful. Only among labor union leaders was there appreciable negative sentiment: 21 per cent of them saw the Community as harmful (although 58 per cent felt it was helpful). Attitudes toward the new European Monetary System were also highly favorable: 69 per cent of the leaders felt that it had a favorable impact on the American situation, as opposed to 19 per cent who felt it had predominately bad effects.

Attitudes toward the directly elected European Parliament were similarly favorable. Overall, 69 per cent felt that it would improve relations with the United States, while only 16 per cent felt it would harm them. In this case labor leaders held a particularly positive view, with 79 per cent seeing the European Parliament as likely to improve relations with the United States.



*These surveys were sponsored by the Chicago Council on Foreign Relations, the Ford Foundation, and the European Community Press and Information Office. Field work for the public opinion survey was conducted by the Gallup Organization from November 17-26, 1978; a representative national sample of 1,546 Americans 18 years or older was interviewed. The leadership sample consisted of 366 individuals reputed to be influential in foreign affairs, and these interviews were conducted by the Gallup Organization from November 20, 1978, to January 12, 1979. For a fuller report of findings, see John E. Rielly (editor), *American Public Opinion and US Foreign Policy*, 1979 (Chicago: Chicago Council on Foreign Relations, 1979). The present article draws heavily on this report.*

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# around THE capitals

## Bonn

May 23 marked an important date for Germany—the thirtieth anniversary of the Federal Republic's Basic Law, or constitution, of 1949. As the legal underpinning of what is the most enduring experience Germany has ever had of democratic government, the Basic Law has more than met the purpose for which it was carefully drafted. It has also avoided the calamitous mistakes of its Weimar predecessor and drawn a good deal on the spirit of the United States Constitution. Yet the celebrations were muted.

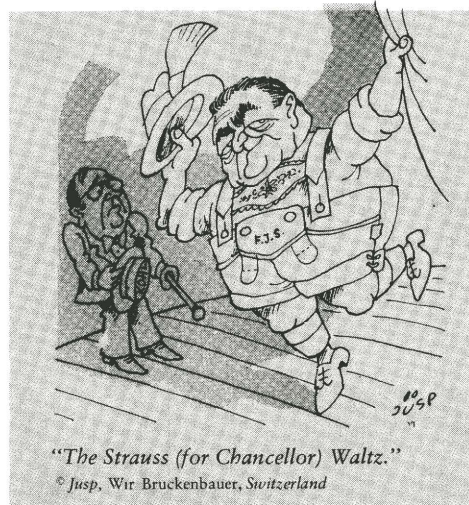
For one thing, to recollect the circumstances in which the 1949 constitution was granted to the new republic by the three Western allies is also to recollect the refusal of the Soviet Union to allow its own postwar occupation zone to join in. For many Germans, therefore, the Federal Republic's economic prosperity and sometimes painfully acquired democratic way of life do not outweigh the fact of the country's division. And to be reminded of the division, and of the slim likelihood that it might be brought to an end, is also to be reminded how reluctant, even now, Germany's Western partners would probably be to endorse any serious attempt to bring the two Germanies back together.

In addition to these dampers on the occasion, the thirtieth anniversary coincided with two demonstrations of democracy in action that weren't to everyone's liking. First, Chancellor Helmut Schmidt's ruling coalition of Social Democrats (SPD) and Free Democrats (FDP) gave a woeful display of indecision and clumsiness over the election of a new President of the Federal Republic. In doing so, they both managed to make many observers feel a new low had been reached in relations between them, and to lay themselves open to accusations of abiding only with bad grace to unpalatable results of normal democratic processes.

Outgoing President Walter Scheel, of the FDP, would beyond doubt have been the popular choice as well as that of the coalition parties themselves. He has, all are

agreed, done an excellent job in the nation's highest, though largely ceremonial, office. But under the 1949 constitution, there is no popular choice (mainly because the Weimar Presidency, personified by Hindenburg, had been over-powerful). Scheel, recognizing that the SPD and FDP would not have a majority in the special electoral college that chooses the head of state, said he would not be a candidate for a second term.

The Government parties may not have wanted to believe him. At any rate, they didn't get around to nominating anyone else until less than a week before the balloting, whereupon the candidate, a distinguished nonparty scientist, Carl-Friedrich von Weizsäcker, declined to stand. Had he been invited earlier, he might well have drawn enough opposition votes from Karl Carstens, the right-wing candidate of the Christian Democrats (CDU), to slip by. As it was, Carstens won easily on the first round, with even his opponents within his own party clearly incensed by the coalition parties' fumbling and by the willingness of ministers to profit from a lame newspaper campaign to brand him as a former Nazi. (In fact Carstens, like Scheel, was a Nazi member in the late 1930's along with millions of other men of his generation, but there has never been any evidence to suggest he was in any way influential.)



## The Hague

Traditionally excellent in the teaching and learning of other languages, the Dutch are becoming concerned about educational standards in their own tongue. Wounded by frequent complaints from industry and prodded by a series of parliamentary questions, the Ministry of Education is seeking ways in which to improve the way Dutch is taught.

Poor sentence construction, slack grammar, and, above all, bad spelling are most frequently cited as indications that the native language is being neglected even by students whose education in other subjects is high.

It has only been very grudgingly, since Carstens's election as Germany's fifth President, that the SPD and FDP have admitted the legitimacy of his position and got around to saying they will give him support. The same could not, however, be taken for granted of all the coalition parties' supporters in the country, some of whose propaganda against Carstens reached a shrillness more familiar from East Berlin's commentaries.

More than good manners might be at stake for German democracy next year. For right after Carstens's election to the Presidency, Franz-Josef Strauss announced what he has been wondering whether to announce for nearly two decades—that he will stand as a candidate for Chancellor in the 1980 Bundestag election. Strauss will get the backing of his Bavarian Christian Social Union (CSU). But are his chances of carrying the larger sister-party, the CDU, any better than during the past? And if he is adopted by the entire CDU-CSU, could he do anything more than lead it to catastrophic defeat against the seemingly unassailable Schmidt?

No one questions Strauss's ability as a politician; not least, he chose to make his announcement at the very moment when Helmut Kohl was about to step down from the CDU leadership in hopes of passing it smoothly on to Ernst Albrecht of Lower Saxony. Yet Strauss is also a polarizing and a divisive force, a personality so strong that few are undecided about him. And many of those who don't like him are just the people within the CDU who favor a "northern light" liberal such as Albrecht. The party has little time, however, in which to build up Albrecht or any other fresh face before the 1980 election to a leader's position. As for Strauss, he needs relatively little time to prepare, but he must also be conscious that, at 64 already, he may not get the chance to try again. —ADRIAN DICKS



"There seems to be no premium on speaking and writing good Dutch," an Education Ministry official, himself a former foreign language teacher, says. "Sloppy use of the language doesn't seem to carry a stigma any more, as it used to in the Thirties."

Hemmed in by the three big language blocs—German, French, and English—and always being a trading nation, the Netherlands has traditionally willingly gotten to grips with languages. "Rightly or wrongly we always get the international gold medal



Bicycle parking lot in Delft. © Mary Ann Brockman, Photo Researchers, Inc.

for this," the same official adds. "You notice it in Common Market meetings: It's universally accepted that any Dutch diplomat will be able to conduct all his business in another language."

There are two basic problems. First when only a limited time each week can be devoted to the teaching of any languages, instruction in Dutch is on a par with learning another language. Second, the authorities are questioning whether methods of examining Dutch are adequate, in particular whether the multiple-choice method of examination is exacting enough. This country is the only one in Europe to use this method. Copied from the United States, it was brought in by the most recent Education Act, which became effective 11 years ago. It is the only government test of language; in addition, pupils are given tests set by their own schools over which the State has no direct control.

The Ministry of Education is coming round to the view that both halves of the examination are too easy: Spelling is not even corrected in the essay writing exercise which all pupils must take. "It's inconceivable that something as basic as spelling would be ignored in Britain, for example, or in France where language and culture are synonymous," a teacher comments, "but in the Netherlands we take a happy-go-lucky attitude."

The surprising feature of Dutch education is that by no means everyone is agreed that standards should be lifted. One Education

Ministry committee has just advised that in its view instruction in Dutch grammar could be abandoned at an early stage and the time spent on learning other things. The Government has rejected this suggestion because it feels Dutch teaching should be improved and also because the learning of other languages is more difficult unless pupils have a thorough grasp of grammatical principles of their own tongue.

A Ministry spokesman said: "It's the case that we have no strong patriotic feelings about our own language. Although it's rich in history and literature, we don't seem to have any pretensions about it." He stressed it was not Government policy to foster any nationalist feelings, especially as university students have to read much of their material in its original language. It would be impossibly expensive to translate every text from, say, English and German into Dutch. But the Government feels neglect of the Dutch language is unattractive too.

English is the most popular foreign language and is taken at least for a period by 99 per cent of pupils. Well over 50 per cent also take German, and under 50 per cent have French instruction, according to an education expert. Learning Spanish comes a poor fourth. Dutch, he adds, is taken for granted. "Too much so." —DAVID HAWORTH

## London

The River Thames is undergoing the ultimate test of its cleanup. About 50,000 salmon fingerlings have been put into streams in the upper reaches of the river. If they survive their migration to the sea and return to spawn—summer after next at the earliest—it will be proof the Thames is at last clean enough to become a permanent salmon-breeding river. It will also confirm that the serious efforts begun 15 years ago to clean up what was virtually a lifeless river have succeeded dramatically.

A salmon was last caught in the Thames 149 years ago. Since salmon need clean water for the large doses of oxygen they require to survive, they vanished as the river became dirty and polluted in the Nineteenth Century. When the Thames Water Authority launched its cleanup program, the Thames was hospitable only to eels, which survived because they come to the surface for air. A recent study revealed nearly 100 different species of fish have been caught lately somewhere in the Thames, which stretches for 210 miles.

A 50-member team of the Thames Water Authority keeps watch on pollution hazards to ensure the current clean conditions are

maintained. One of their more pleasant jobs is fishing to see what they can catch and then gauge how healthy that catch is. Some experts think the salmon experiment is a money waster because the Thames will never be, or stay, clean enough. But the Thames Water Authority has the confidence to spend about \$400,000 on it over the next seven years. If 2 per cent of the then-grown fingerlings survive their return, the Authority will be well pleased, for it will have "re-created" a species.

The face of London's river is ever changing. The famous Billingsgate Fish Market, mentioned in Saxon times as the only wharf in London, is moving from the City to a Docklands site in 1982. Efforts to redevelop the decaying Docklands east of the Tower have not caught on with private investors as much as London authorities would like. To encourage more commercial interest in the Docklands area, the Greater London Council is spending \$100,000 on a feasibility study for holding the 1988 Olympic Games in Docklands. One suggested site is the old Royal Docks across the river from Greenwich.

Further upriver, developers are competing for choice space on the South Bank. One proposal is for a 600-bed, 40-story hotel by the new National Theatre complex. It would be the tallest hotel in Europe.

Another riverfront landmark, the Tate Gallery, has just opened a new extension that gives it 50 per cent more hanging space. It sits behind the original late-Victorian building and not, fortunately, in front of it as first designed. That would have obliterated the famous portico, and public protest soon won out.



The Tate Gallery courtesy British Tourist Authority, New York

Like most museums, the Tate has so many works that it could only display one-sixth of them at one time. So the extension is welcome, though no hit with architecture critics. The Tate wanted to be able to fit the building to the pictures, not have something architecturally dominant where pictures had to be made to fit. The gallery concentrated

on technical perfection in which the building itself would be no more than background.

The stonefaced exterior clashes with the neoclassical lines of the original. No matter. Inside, one critic opined, the atmosphere is clinical. Again, it doesn't really matter. There is a single space 80 feet wide and 190 feet long, divided by flexible partitions. The extension, like the old gallery, is lit by daylight through glass pyramids on the roof—but with today's refinements. Layers of remote controlled blinds react automatically to block out overly strong sunlight regardless of season or time of day. The ceilings are shaped to make even, shadowless light fall on both vertical and horizontal surfaces. The idea, the Tate says, was to have completely flexible surroundings in which to show any part of its wide-ranging collection. In that, it's done well. —PETER J. SHAW

## Brussels

The spectacle of King Baudouin apparently engaged in serious conversation with a prominent French-speaking activist has given a fresh twist to Belgium's "language war" and furnished an early test of Prime Minister Wilfried Martens's diplomatic skills.

The royal limousine had halted unexpectedly just off a highway on the way to an innocuous ceremony in the Dutch-speaking Fourons region. A police van pulled up alongside, and from it emerged the leader of the francophone Action Group in the Fourons, Jose Happart. A petition complaining of violence against French-speakers was handed over. The King is reported to have received the paper with no comment other than to urge restraint. But uproar broke out in the Flemish camp as word of the meeting circulated and this turned to violence when it was discovered that the meeting had in fact been planned. Several hundred demonstrators invaded the Royal Palace grounds, wrestled with guards, and pasted uncompromising posters on the King's walls.

Martens bravely took the blame and effectively fielded the parliamentary brickbats. A few days later a Flemish group met the King, and the temperature dropped. A case of ludicrous overreaction? Perhaps, but even so, a potent reminder of the powerful feelings that lie just beneath the surface of relations between Belgium's two linguistic communities.

It was a nasty blow for the three-month-old Martens Government, which had already been taking more than its fair share of punishment. On the monetary front, for in-

stance, the Belgian franc had quickly become the most vulnerable currency in the new European Monetary System (EMS), causing massive headaches for the country's financial authorities. Belgium's heavy dependence on nuclear energy suddenly looked imprudent in the wake of the Harrisburg accident. And on top of that, the Government's bold plans for cutting the working week to 36 hours encountered ferocious opposition from engineering and metal-working employers.

The feeble condition of the franc led to some testy private exchanges between Belgian and German monetary authorities. According to Brussels, the Germans showed less interest in preserving the stability of the EMS than in maintaining the value of the D-mark by heavy selling of dollars. These sales served to depress the franc and force the Belgians into costly support operations. But some Germans say that the franc was overvalued when it entered the EMS. Barring a collective realignment of EMS currency values, the expectation in Brussels was for an increasingly heated debate over the merits or otherwise of a franc devaluation this summer.



Belgian Prime Minister Wilfried Martens. ©UPI

You can say much the same for nuclear energy. Like France, Belgium has not allowed its nuclear ambitions to be deflected by public protest following Harrisburg. Belgium, with no indigenous energy resources and no oil "major" of its own, has frankly few options in energy if it is to maintain anything like its present prosperity. That explains the Government's firm sense of purpose, but it also serves as a warning of the economic consequences if the "green" movement ever becomes really effective here.

As for the cut in working hours—the shining centerpiece of the Martens Government's inaugural manifesto—well, you can hardly blame the bosses for failing to rhapsodize over it. To provide 40 hours' pay for 36 hours' work, to more workers for less

output, would be "economic suicide," says Jacques de Staercke, director general of Fabrimetal, the major employers federation. He openly scorns the argument that longer leisure and increased employment would stimulate demand to a sufficient extent to compensate business for higher wage costs.

Nevertheless, the drive to secure shorter working hours (and in Belgium they mean just that; in other words they are not an excuse to notch up more overtime) may be irresistible. And even the employers concede they could go along if all their foreign competitors were in the same boat. So we can presumably expect some deeply felt initiatives from Martens and his team when work-sharing issues crop up at EC Councils, as indeed they are doing more and more now. —ALAN OSBORN

## Rome

The recent parliamentary elections in Italy have brought some major fluctuations in the fortunes of a few parties. Yet the possibilities for real change in the country's nebulous and complex political situation seem remarkably few.

The sharpest loss was suffered by the Communist Party, which slipped back 4 percentage points from its all-time high of 34.4 per cent in the parliamentary elections of 1976. The backslide was not entirely unexpected; the Communists have alienated some of their hard-line rank and file by their increasingly active support of Christian Democrat Governments, and they were bound to lose some of the notes they received three years ago from a middle class dissatisfied with the Christian Democratic status quo. Paradoxically, too, the very increase in Communist local administrations following the last elections has laid them open to the routine criticism borne by any party in power.

Yet the Communists' loss still leaves them, at 30.4 per cent, well ahead of their pre-1976 share of the vote. And it was not, as some had predicted it would be, the Christian Democrats' gain. The Christian Democrats, who had clearly counted on cashing in on the predictably weakened Communist position, actually lost slightly, down .4 of a percentage point from their 1976 percentage of 38.7. The electorate's disillusionment with what is still the largest Communist Party in the West, it became obvious, was not a vote of confidence for the confessional Catholic party that has headed every Government for the last 30 years. Nor did it help the Socialists, who gained only a fraction of a point to reach 9.8 per cent.



Enrico Berlinguer, the Italian Communist leader, casts his vote in Rome. © UPI

The impressive gains were made by the tiny and maverick Radical Party and the uninspiring Social Democratic Party, which early this year saw one of its leaders and former minister, Mario Tanassi, sentenced to a jail term on charges of corruption in the Lockheed bribe scandal. The centrist Social Democrats, who three years ago won 3.4 per cent of the vote, this time advanced to 3.8 per cent. The Liberal Party, which had seemed on the verge of extinction after 1976 with 1.3 per cent, also gained slightly to reach 1.9.

But the non-Marxist Radical Party, the young gadfly of Italian politics, carried away the laurels in this election: From 1.1 per cent in 1976, the party more than tripled its votes this time around to reach 3.4 per cent. The Radicals' seats in the Chamber of Deputies thus increase from four to 18. With these gains the Radicals replace the small but influential Republican Party, which held steady at 3 per cent, as Italy's sixth party. The neo-Fascist Italian Social Movement, meanwhile, lost ground, sliding from 6.1 per cent to 5.5 per cent.

A first examination of the election results showed clearly that even the considerable shifts in the Communist and Radical Parties' percentages are not going to permit any fundamental changes in Italy's political pattern. Now, as before the elections, the Socialists will be the determining factor in the formation of a new Government, and their position, so far, is far from clear.

—CHRISTINA LORD

## Luxembourg

The German banker smiled when I asked him the secret of Luxembourg's charm for him and his colleagues. "It's not far from Frankfurt," he said. "They understand the language. The lending regulations here are favorable. And the authorities are . . . discreet." The Luxembourgers may not have the impenetrable mystique of the Swiss in financial matters, but no one is going to ac-

cuse them of over-publicizing the affairs of their citizens, foreign or not. I suspect that the attractions of proximity, language, and liberal regulation quoted by my German friend might amount to precious little if Luxembourg suddenly withdrew the precious anonymity it grants its bankers.

Be that true or not, the fact is that the banks keep on coming here. The one-hundredth recently opened, and if you think that isn't really an enormous number, remember that for the most part these are wholesale organizations commanding immense assets and dealing in esoteric markets. Some estimates put the present collective balance sheet assets of the banks operating in Luxembourg at more than \$100 billion.

For the Grand Duchy these institutions represent a source of revenue of quite staggering importance—indeed it could well be



argued that the foreign banks have alone stood between the country and bankruptcy in recent years. Last year with the country's largest employer, the steel industry, in deep recession, the banks were responsible for more than three-quarters of the country's entire yield from corporate taxes. And the subsidiary of a German bank is in fact the largest single taxpayer in Luxembourg.

Curiously, although American banks were the first to move into Luxembourg on any scale, about 10 years ago, they are no longer very conspicuous here. Luxembourg offers no major advantages over London as a financial center generally and in many respects is inferior. The Americans soon began shifting their international banking operations to London, and their place was filled by the Germans. Today over half the banks here are German, and more international D-mark lending is done in Luxembourg than anywhere else.

Neither the Germans nor the Luxembourgers have been altogether happy about this concentration, however, with the result that both sides are now trying to diversify their operations. This is showing up in the increasing number of Danish and Swedish banks opening up here in order to engage in

offshore lending on a scale that their own less permissive banking regimes don't allow.

Two important initiatives by the Luxembourg Government in the banking field are expected to assist this trend. First, the country has recently signed a tax treaty with Brazil that will provide new financial concessions for banks lending in that country. In the words of one banker, the new treaty will present useful opportunities for the "warehousing" of Brazilian loans and for better "tax planning," all of which could well bring back some of the larger US banks. Secondly, the treatment of double taxation has been broadened to give banks the right to deduct a bigger proportion of withholding taxes from income—a highly technical proposal but one that experts are convinced will make life easier for banks here.

These are not dramatic proposals, and the charge that Luxembourg is trying to "buy" banking business from other EC capitals is not tenable. Indeed, the "entry examination" for banking newcomers and the level of corporation taxes are actually more onerous in Luxembourg than in centers like London and Zurich. All the same, the authorities are careful to make no moves that could irritate their more powerful rivals. There was a real scare last year when the government supervisory agency for the German banking industry demanded that the operations of German banks in the Grand Duchy be made public. This has not materialized, but the Luxembourgers are on notice that the bigger they get, then the tougher the going will be. —ALAN OSBORN

## Paris

The French body politic is going through a profound identity crisis. The need for ideas, perhaps leaders, and certainly rhetoric that reflect both current events and the changes in postwar France was never more apparent than in the direct elections campaign for the European Parliament.

No one had predicted the elections would produce such furious campaigning. Frenchmen overwhelmingly support the organization of Europe on what all the political parties call a "confederal" basis. They are for a directly elected European Parliament and do not seem unduly concerned by a future expansion of its powers. Thus the election should have featured leading political figures sedately belaboring the obvious and only the mildest of interest on the part of the public at large.

Not so. In recent years each electoral test has become alarmingly politicized. The cantonal elections used to be a little-noted

poll for town and regional offices where local "notables" ran and won often without benefit of political labels or party affiliation. This is no longer the case. The major political parties in France poured money and time into this spring's cantonals in order to make a national showing. Straightforward local issues were obscured, and the results were scanned for telltale clues that might presage the distant Presidential race, still two years off. The campaign for the European elections suffered a similar fate.

The campaign, which did not officially begin until May 26, was turned into a mini-Presidential race. The person most responsible for the distortion was Presidential pretender, Jacques Chirac, head of the neo-



Identity crisis inside French parties? Communist Party head George Marchais (on television) and neo-Gaullist leader Jacques Chirac. © Ledru, Sygma

Gaullist *Rassemblement pour la République* (RPR), who early on asserted that if Giscard d'Estaing's supporters did not win handsomely, the President should interpret the results as a vote of no confidence in his Government. The idea was so preposterous that Chirac's own party pressured him into backtracking from the statement. But the damage had been done, and the public discourse debased.

What the campaign revealed was far more disturbing than the actual percentage points the parties garnered. It showed up yet again, a year after the bitter legislative elections, how poorly France's political parties reflect their electorate. In one example on the right: Although French public opinion polls list Germany and then the United States as France's best friends internationally, Chirac repeatedly evoked the nationalist specter of a France—and Europe—diminished by German-American dominance. On the left

the Socialists, long-time Europeans, let themselves become embroiled with the Communists in arguments over who was to blame for last year's legislative defeat. The French Communist Party leader, Georges Marchais, in the most outrageous statement of all, called Europe's 20-year history "catastrophic."

Only Simone Veil, head of the Presidential list and France's most popular public figure, attempted to discuss the central issues. A survivor of Auschwitz, her earnestness and her patent lack of personal ambition were a marked contrast to the political war-horses she faced in the interminable television debates.

The campaign threw into relief what Prime Minister Raymond Barre last year described as the changing French political landscape. The old party order is breaking up. The Gaullists no longer dominate the ruling majority. Without de Gaulle, the Presidency, and the Prime Ministership, they have become a party *comme les autres*, riven by internal divisions, searching for a stable electorate, and increasingly skeptical of their own leadership.

For the first time in recent years, the right and left were not squared off against each other. Instead, the left and right were consumed by their own internal rivalries. At the center, the *Union pour la Démocratie Française* (UDF) and Socialists emerged as France's strongest political groupings. According to the polls this is what French voters want. But the next serious national encounter will find the left and right battling again from camps of almost equal size.

—PATRICIA H. PAINTON

## Copenhagen

An annual tax package has now become so much part of the Danish way of life that economists and journalists have stopped numbering the packages for purposes of identification and analysis. They are just more of the same anyway. And the majority of the Danes have managed to improve, or at least maintain, their high standard of living regardless of what has happened in the past, so they are difficult to arouse by what they consider inherently dull economics. But this time the economic medicine is likely to be so strong that it will be very difficult not to pay any notice.

August is the traditional month for major realignments of economic policy in Denmark, and the Government has already admitted that this year will be no exception. The details have not been spelled out, but it

is the intention to curb private consumption in general, and consumption of energy in particular, to make sure that prophecies of a disastrous development in the balance of payments do not come true.

Two reports published before Parliament adjourned on June 1 are very bleak curtain-raisers, indeed. One report from the chairmen of the Economic Council—chosen for their professional brilliance, though not for their political insight—said that a continuation of present Government policies, plus the newest bills from the Organization of Petroleum Exporting Countries (OPEC), would cause the balance of payments deficit to grow from an annual \$2 billion this year to more than \$3.5 billion in 1982, doubling the foreign debt to more than \$20 billion.

The chairmen of the Economic Council further stated that traditional policies have not worked, and suggested a devaluation of the Danish krone as the only way out. The Government and the National Bank of Denmark immediately dismissed the idea, so did most of industry and, less convincingly, the labor unions. Independent observers regard it as highly unlikely that Denmark can devalue by itself, being one of the most vocal proponents of the European Monetary System. But the krone became the weakest currency in the system just before Whitsun; and if the reappraisal of the system in September results in changes of parities, it is a safe bet that the Danish krone will be one of them. It would, however, almost certainly be a single-figure change, not the 10 per cent the Economic Council chairmen regarded as the least worthwhile devaluation.

The other report, from the Ministry of Finance, more or less confirmed the balance of payments predictions of the Economic Council chairman. It also, rather embarrassingly, pointed out that the last time the Government attempted to curtail economic activity by raising taxes and cutting government expenditure, the effect was more than neutralized by increased spending of the regional and local governmental bodies.

The Government has reacted strongly, committing itself to more stringent control of local government, and cautiously affirming its intention to improve the balance of payments by some \$200 million a year. The most likely candidate for new taxes is gasoline, and even before August Denmark may have the most expensive gasoline in Europe. High taxes will serve the double purpose of making Danes save energy and reducing private spending. The tourist industry is worried that this may also frighten away tourists this summer—but not Americans, whose dollars are now buying 10 per cent more in Denmark than just six months ago. —LEIF BECK FALLESEN

# A EUROPEAN THINK TANK?

*Transplanted from the U.S.*

JOHN WALSH, *senior staff reporter for Science in Washington*

A proposal to create an American-style, public policy think tank in Europe appears to have passed the point of no return in the official bargaining process. The major question now seems less whether it will survive the process, than whether such a think tank will gain the independent status its advocates feel is necessary if it is to achieve its full potential as a European version of a Brookings Institution.

The idea for a "Euro-Brookings," as it has been called, has been fostered by the Ford Foundation. Ford officials did the original spade work for the project, and the Foundation has indicated that in the right circumstances it would offer substantial help with initial financing. Support for the proposal appears to be warm in European government and academic quarters, but establishment of an independent research institute would require Europeans to overcome strong inhibitions about putting government funds into any organization which governments would not control and with whose analyses they might not always be comfortable.

In November, the idea cleared its first major hurdle when the EC Commission—the Brussels-based executive of the nine-country European Community—formally recommended that the EC Council of Ministers approve the idea and give the Commission a mandate to negotiate establishment of a "European Economic and Social Policy Research Institute" with the eight non-EC European countries which have expressed interest in the project.

Ford Foundation officers played a central part in the discussions which preceded the formal EC action. The Foundation was earlier identified with the idea for a Brookings-like research institute in Britain (*Science*, 18 February 1977). The British Government eventually backed away from underwriting the project for Britain alone, but is reportedly taking a positive attitude toward a more broadly based institution.

Persevering, Foundation officials carried on conversations on the think tank idea with a large number of European officials and

opinion-makers during 1977. Ford sponsored two meetings on the subject at Versailles, in November 1977 and March 1978. The result was confirmation of these representative gatherings from the 17 Western European nations that the matter should be pursued.

After the March meeting, a planning group was set up and Ford withdrew from active participation in the project. The group, however, asked that contact with the Foundation be maintained, and the Foundation delegated Peter Ruof, who has since been serving as secretary of the planning group, although not in the capacity of a member of the Ford staff. Ruof worked for a time for the EC Commission and is a Ford program officer who deals with the foundation's European activities.

During the discussions, there was general agreement that the institute should be chartered through an international agreement among European governments. But there was initial uncertainty as to whether EC countries should participate as individual governments or collectively, through the Community. The EC member nations decided that making contributions through the EC budget would probably facilitate approval by the parliaments of individual nations and generally simplify the process. Membership through the Community would also serve to get the EC Commission involved, which was regarded as essential.

WITHIN THE EC ORGANIZATION, the think tank idea came into conflict with a 1975 proposal for a medium-term economic research institute. This proposal had been blocked by the Germans because of its potential impact on other research centers, but the Commission was viewed as still interested in the idea. By summer, however, the Commission had dropped the older project although perhaps with the thought that some of its purposes might be accomplished through the new institute. And the recommendations on the new institute were prepared.

The matter is now in the hands of the Committee of Permanent Representatives in

Brussels—in effect, the ambassadors to the Community of the member nations. This group will advise their ministers on how to vote on the matter. If the ministers approve, negotiations with the non-EC countries would begin promptly.

It is difficult to gauge the strength of the opposition to the think tank idea. The European press has reported some concern among non-EC countries about EC intentions to tie the new institution closely to the Community. If the draft which emerges specifies that the think tank should concentrate on EC issues, then friction is likely. Also last autumn, there were reports of opposition from existing institutions which do policy studies. Plans call for part of the budget of the new institute to be devoted to joint research with other research organizations, and this may defuse opposition.

Backers of the think tank idea seem to count on the consensus built during the preliminary discussions to help during the negotiation process. As envisioned, the institute would do research and analysis on a broad range of social and economic issues as the Washington-based Brookings Institution now does. Subjects such as European integration, economic management, and social change have been mentioned as likely targets. Press reports suggest the institute would have a nucleus of 30 to 40 researchers with international reputations as public policy analysts. An annual budget of \$5 million to \$7 million has been mentioned, which puts it roughly in scale with Brookings.

The effort to get agreement among EC countries, then between EC and non-EC countries, and then to return to the Community for a final necessary OK by the European Parliament and the Economic and Social Committee is in itself something of an exercise in European integration. And if the proposal surmounts these hurdles, then the inevitable competition over location of the institute will probably occur. Only this time 17 countries would be vying to be host.

But the key question remains the degree of independence the institute would be allowed. Freedom to publish analyses and recommendations is regarded as essential. The makeup of the board of directors and the role of the president are other potential make-or-break issues. The way Europeans operate, their system of checks and balances, trades and vetoes, can be bewildering to Americans. But most of the time it seems to work to their satisfaction. However, in the case of the think tank, new departures are required since the Europeans in public policy matters have no tradition of chancing the occasional bite on the hand that feeds.

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# NEW GOVERNMENT, NEW BRITAIN? *But the same old problems?*

DAVID BELL, *news editor of the international edition of the London Financial Times*

THE SPEED WITH WHICH BRITAIN CHANGES GOVERNMENTS comes as something of a shock even to Britons. For Americans, used to the long drawn out schedule of Presidential campaigns, it must seem more extraordinary still.

There is no ceremony, not even a day's pause for the loser to adjust to his fate. Within 24 hours of the vote the old leader has left 10 Downing Street, a truck has removed his furniture, and it is as if he had never been there.

Thus it was in May. By the evening of the day after the election, Britain's new Prime Minister, Margaret Thatcher, was settled in 10 Downing Street. Her Labour opponent, James Callaghan, was on the way to his farm—reflecting, no doubt, on the abrupt change in his status.

Thatcher may also have been wishing that she could have swept away all the problems that dogged the Callaghan Government as quickly as it was pitched out of office. The reality, of course, is that she faces daunting problems, some of which may well have been made more difficult by the kind of campaign she fought.

Despite the size of her victory—the Labour share of the pool was the lowest since 1931—Thatcher is walking through a political minefield, as one openly skeptical labor leader observed soon after the election. She faces all the old economic problems—low productivity, ailing basic industries, lack of investment, and a rate of inflation that is once again edging above 10 per cent. At the same time she is confronted by a hostile trade union movement that has not forgotten it brought down her Conservative predecessor, Edward Heath. This past winter the labor unions also humbled Callaghan—overriding his pay policy and making a mockery of the Labour claim that it was uniquely able to get on with the trade unions.

Some senior Labour politicians believe it was only this rash of strikes last winter that delivered the country to Thatcher. Certainly her attacks on some of those who went on strike hit a responsive chord, and a majority of union members actually voted for her in May despite her pledge to introduce new curbs on their activities.

The new Government has since proceeded cautiously. There are to be reforms to outlaw some kinds of picket-

ing, but it insists that they will be introduced only after close consultation with the unions. Few observers expect the proposals—whatever they are—to be accepted by the union leadership. So the way will then be open for a resumption of hostilities.

Thatcher herself argues that the union issue, though important, matters less than that the country should begin to adopt her distinctive economic philosophy. The core of this is her conviction that Britain is suffering from a surfeit of regulation and a surfeit of tax. She sees it as her task to reduce taxes to give companies and individuals room to breathe. Once they have this, she believes, they will begin to work harder, to invest more, and thus to regenerate the country's economy.

But her conviction that the law of the marketplace must be allowed to operate—that ailing industries, for example, must not be propped up by government money—is bound to bring her squarely up against the trade unions, which fear the unemployment that could result. Therefore, in the likely first real test of her philosophy, Thatcher will need strong political nerves to allow a major company to shut down in an area of high unemployment. It is too early to say in which industry this test will come, but some challenge of this kind cannot be avoided.

The new leader also rejects wage-and-price controls of the type imposed by successive British Governments for the past 20 years. Sooner or later Thatcher will be forced to take a stand if only on pay levels for the vast number of people on the government payroll. Here, too, there is a possibility of damaging confrontation.

ONE OF THE IRONIES OF Thatcher's victory is that her program is uncannily like the one proposed by Heath when he took office in 1970. She, and half her cabinet, served in that Administration which ended in ignominious failure in 1974. This time, with the memory of that period still fresh, the electorate once again voted to take a chance on a similar program.

The Conservatives argue that this may be Thatcher's trump card. They believe that a majority of the country



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ernment will undoubtedly seek to be less obstructive and critical than its predecessor.

However, Thatcher's support for the Community has always been somewhat lukewarm, and she has already promised that her Government will object just as vigorously to the EC common agricultural policy as Callaghan's did. The difference, she says, is that the Conservatives' dedication to the Market is not in doubt.

Britain's relations with the United States will remain close, though they will probably lack the warmth of the relationship that grew up between President Jimmy Carter and Callaghan. Thatcher has in the past taken a hard line toward the Soviet Union and has made skeptical noises about the Strategic Arms Talks. Whether she will continue this approach now remains to be seen. But it will not be this sort of issue that determines the success or failure of her Government. Thatcher is convinced that Britain is not too old a dog to learn new tricks and that the country, like herself, is prepared to work hard provided the incentives are there.

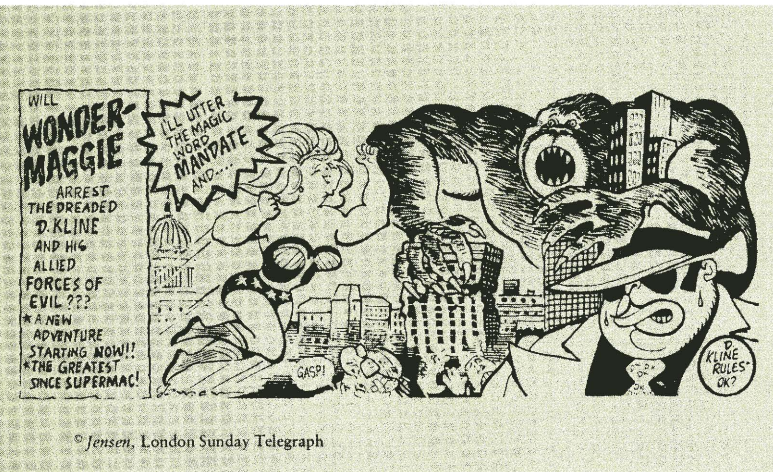
This may be true in theory, but there are, for example, two Britains existing on one island. The southern one is probably as prosperous as the rest of Europe and ready to see the power of government cut back. But the northern one already has a very high unemployment rate which would be far higher without the aid that the Callaghan Government poured into it. The northern part of the country thus has a very different view of the role of the state and will react angrily if these subsidies are removed.

So teaching the dog new tricks is going to require great political skill, just as shifting the balance of taxation without damaging the economy requires very sophisticated economic management.

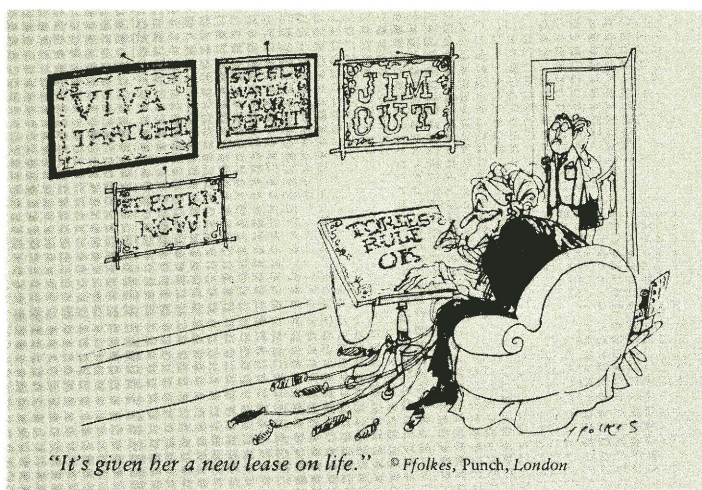
Characteristically, Thatcher doesn't doubt that she has the required skill. But she has yet to demonstrate that she will be able to carry the labor unions very far along the road she wants to travel. Until she has proved that she can do this, the rest of her policy will have to wait—except for the few "cosmetic" changes she has already announced.

The one weapon she may choose to use is the referendum. If the "reform" of the union movement runs into a real roadblock, she may appeal to the country for a mandate to change the law. Such a campaign would be divisive and might fail. But it could just mark the decisive point at which Britain begins to come to terms with organized labor.

Perhaps confrontation can be avoided. Perhaps none of the mines will explode. Perhaps the tax cuts will begin to revive the nation's entrepreneurial spirit. If Thatcher succeeds, the Conservatives will be set for a long period in office. But if she fails, the way will be open for a much more left-wing Labour challenge emboldened by what it will claim is the final proof that the free-market approach to Britain's problems will not work.



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"It's given her a new lease on life." © Ffolkes, Punch, London

may at last be prepared to come to terms with some unpleasant choices and that, if it comes to it, they will have the support to ride out what could be a long battle with organized labor. It is certainly true that Britain has moved a little way to the right, if not as far as some commentators have claimed. Thatcher's criticism of the power of the state did have a deep appeal. But, it has to be said, Heath made the same criticism and turned out to be at least as much of an interventionist as Callaghan.

Thatcher's foreign policy will probably be much more similar to that of her Labour predecessors than she would like to admit. But in the European Community her Gov-



# NEWS

## OF THE COMMUNITY

### EXTERNAL

#### EC-Japan Trade Relations

The EC Commission reported significant progress in mid-May in reducing Japanese trade barriers following the latest round of consultations between Japanese and EC officials in Tokyo.

EC Director General Roy Denman, responsible for external relations, said the Japanese Government had agreed to reduce its testing requirements for imports by accepting European tests on products ranging from pharmaceuticals and cosmetics to agro-chemicals.

Earlier in May Japanese business leaders in Brussels for a two-day meeting with Commission officials discussed the Community's concern over Japan's growing trade surplus. The Japanese bilateral surplus with the Community grew 32 per cent in the first quarter of 1979 compared with the same period in 1978. During the meeting EC Vice President Wilhelm Haferkamp, in charge of external affairs, termed the present imbalance "potentially explosive."

#### Central American Relations

An EC Commission delegation met in Geneva with the Community ambassadors of the five member countries of the Central American Common Market (Costa Rica, Guatemala, Honduras, Nicaragua, and El Salvador) and of Panama. Also attending was the representative of the Permanent Secretariat of the General Treaty on Central American Economic Integration.

The participants had a wide-ranging exchange of views, paying particular attention to instruments at the Community's disposal for development cooperation such as food aid, financial and technical assistance for regional integration, and the generalized preferences system.

It was unanimously agreed that the meeting was useful and that regular exchanges should be held.

#### The EC at UNCTAD

EC Commissioner Claude Cheysson, in charge of development policy, strongly defended the Community against charges of protectionism during the United Nations Conference on Trade and Development (UNCTAD) meeting in Manila in early May.

EC imports from developing countries have grown 31 per cent annually over the last five years, the highest rate in the world, declared Cheysson, and the Lomé Convention gave duty-free access to its 57 signatories for 99.4 per cent of their exports. Given that developing countries account for 75 per cent of EC raw material imports and 40 per cent of total EC exports, protectionism would be tantamount to suicide, he said.

Focusing on textiles, Cheysson noted that the Community had absorbed 70 per cent of the total growth in textile exports from the Third World during initial application of the Multifibre Arrangement, compared to the 15 per cent taken by the United States. Even so, over the last five years, 800,000 textile jobs have been lost in the Community.

Cheysson recognized that certain sectoral policies had produced skepticism as to the Community's good faith. He called for a more "harmonious landscape" in which priority would go to those facing the greatest difficulties.

#### Shipping Liner Code

The EC Council Ministers recently took a major step in Community shipping policy and North-South relations when it agreed to a regulation for member states to ratify the United Nations' Convention on a Code of Conduct for Liner Conferences.

According to the convention, shippers from countries at either end of the liner route will carry equal shares of cargo traffic, with a significant portion remaining for third-country fleets. This will encourage the development of third-country fleets and help them retain and earn foreign exchange revenues.

The convention sets out rules and principles on other points such as shipper-shipowner relationships, freight rates, and procedures for resolving disputes. At the same time the regulation is designed to preserve a commercial approach to liner conference shipping among developed Western nations.

The EC member states will be the first developed countries to ratify the convention.

#### EC-India Cooperation

The EC commission has requested authority from the Council of Ministers to renegotiate and expand the 1973 EC-India Commercial Cooperation Agreement.

That agreement was the first with any nonassociated developing country

to link commercial and economic cooperation with trade. During his Brussels visit in June 1978, Indian Prime Minister H.E. Shri Morarji Desai expressed India's interest in negotiating a wider agreement. The Indian Government is particularly interested in developing economic, scientific, and technological cooperation and extending the competence of the Joint Cooperation Commission to the coal and steel sectors.

Recognizing India's leading position as a developing country, the Commission proposes a new agreement to establish a framework for commercial and economic cooperation. The Community and India would agree to promote increased participation in their respective industrial development. The Joint Commission would ensure that sectoral agreements be carried out and promote a forum for consultations on trade or economic problems.

#### EC-Norway Cooperation

EC Commissioner Guido Brunner, in charge of energy, visited Oslo in mid-May for talks with Norwegian Minister for Oil and Energy Bjartmer Gjerde.

Community issues on the agenda included long-term supply and demand prospects, energy conservation policy, developing new technologies for oil exploration and the Community's relations with developing and oil-producing countries. Topics discussed of interest to Norway were the production, transport, and development of oil and gas over the Norwegian Continental Shelf.

The meeting followed an agreement reached last summer that the Norwegian Government and the Commission would hold regular meetings to discuss energy problems. The development of oil and gas resources in the Norwegian zone of the North Sea is of great importance to the Community. EC companies are involved in 12 of the 18 joint ventures operating in the zone. Over half of the zone's 1978 production of 17.1 million tons of oil was exported to the Community.

#### EC-Senegal Fishery Agreement

The EC Commission and Senegal initiated in late April the first fishery agreement between the Community and a developing country. If approved by the Council of Ministers, the joint accord will replace bilateral agreements between EC member states and Senegal.

The agreement specifies the number of EC boats allowed to fish within Senegal's 200-mile fishing zone and the conditions they must observe. Shipowners must obtain a license from Senegalese authorities, land part of their catch in Senegal, and employ Senegalese sailors.

The Community will pay \$11.4 million, which will finance projects in rural development and particularly fishing. The Community will also fi-

nance study and training of Senegalese in disciplines relevant to fisheries.

#### EC-Romania Negotiations

The EC Commission was optimistic following the second round of negotiations in mid-May on a commercial agreement between the Community and Romania.

Both delegations examined in detail the draft of a sector agreement on industrial products other than textiles and steel. The draft includes a list of improvements in import regulations under consideration by the Community. The two delegations are also nearing agreement on the creation of a joint committee.

#### Agricultural Trade Discussed

EC Commissioner Vice President Finn Olav Gundelach, in charge of agriculture, visited Australia and New Zealand in late May for talks on agricultural trade and the Tokyo round.

Gundelach said in New Zealand that the country would be able to continue sending butter to Britain beyond 1980, when the existing agreement expires, in spite of the surplus situation in Community dairy products. The EC market for sheepmeat was also discussed.

### AID

#### EC Aid for Uganda

European Community officials went to Kampala in late May as part of the effort to aid Uganda in the wake of Idi Amin's overthrow.

The Community designated 300,000 European units of account (EUA) for emergency food aid following the end of armed conflict there. The next phase in the EC aid program is to identify and fill the country's longer-term food needs and repair damaged communications and water systems. EC funds for regular development programs are expected to be approved before the end of the year.

During Amin's rule only 5 per cent of the EUA 73 million budgeted for aid to Uganda was allocated. However, Uganda did benefit from the EC Stabex export revenue stabilization program and EC food aid when Amin was in power.

#### African Refugee Aid

At the request of the Office of the United Nations High Commissioner for Refugees, the EC Commission decided in early May to contribute \$40,000 toward the cost of organizing the Pan-African Conference on Refugees.

Held in May in Arusha, the conference was sponsored principally by the Organization of African Unity and the United Nations Economic Commission for Africa.

The Commission participated in the work of the conference as a token of the Community's intention to continue helping refugees in Africa. Since 1976 the Community has contributed \$78 million for African refugee projects such as food, education, and emergency aid.

## EIB Loans Announced

Three African projects and one in Portugal were recently granted long-term loans by the European Investment Bank under the terms of the Lomé Convention.

A loan of 4.6 million European units of account (EUA) for expanding latex processing capacities in the Ivory Coast was granted to Société Africaine de Plantations d'Hévéas (SAPH), the largest developer of rubber cultivation in the region.

The loan will help raise daily latex processing capacity by expanding a factory at Bongo and setting up two new plants at Ousrou and Rapides Grah.

Two power companies, in Ghana and in the Ivory Coast, were granted EUA 12 million for the erection of a high tension line to connect the Ghana and Ivory Coast power networks. The combined resources should come into operation at the end of 1981.

Funds amounting to EUA 5 million to assist medium and small-scale industrial projects in Kenya were announced in late May. A loan to the Development Finance Company of Kenya Ltd. will be on-lent to help finance ventures throughout the country.

A loan of EUA 20 million for extending electricity distribution facilities in Portugal was also announced at the end of May. The project involves linking two generating units currently being installed southeast of Lisbon to the national grid by laying transmission lines, constructing a new substation, and expanding three existing substations. The total cost of the works is set at about EUA 38 million.

## Aid for Thailand

The first grant of the 1979 program of financial and technical aid for non-associated developing countries was approved by the EC Commission in early May.

Thailand is to receive 600,000 European units of account for a project to develop the cultivation of a leguminous plant known as winged beans. Its cultivation will serve to diversify agricultural production.

## Lomé II Negotiations

Community and African, Caribbean, and Pacific (ACP) ministers temporarily adjourned negotiations on renewal of the Lomé Convention after three days of talks in Brussels in late May.

The main stumbling block in negotiations was the amount of Community financial aid. The 57 member ACP group sought 10 billion European units

of account (EUA), whereas the Community offered EUA 5.1 billion, 40 per cent more than in the existing accord.

French Foreign Minister and EC Council President Jean François-Poncet noted progress made on the establishment of a Stabex-type export revenue stabilization system for minerals; ACP participation in administration of the accords; and special treatment for the least developed, landlocked, or isolated countries.

European participants hoped to resume negotiations before the summer break in August.

## New Aid to Turkey

New emergency aid to Turkey of 75 million European units of account (EUA) was approved by the EC Council of Ministers in late May.

The EC financial aid package, consists of a special cooperation fund and two financial protocols. The cooperation fund will provide direct grants from the Community budget for Turkish projects over a two-year period.

One financial protocol already adopted by the Council of Ministers makes EUA 310 million available to Turkey until 1981. A substantially larger protocol is to be negotiated for the period 1981-84. Under both, 70 percent of the aid will be in the form of special loans.

The Community has accepted a Turkish request to postpone the beginning of gradual elimination of customs duties on imports from the Community. Measures to favor Turkish migrant workers over those from other nonmember countries will in turn be postponed by the Community until Turkey eliminates tariffs on EC goods. To compensate, the Community has proposed vocational training programs for Turks working in the Community.

Community aid to help Turkey out of its economic and financial difficulties was developed within the framework of the 1963 association agreement covering industrial, agricultural, and social areas as well as financial aid.

## Emergency Aid Granted

Emergency aid recently granted by the EC Commission includes:

Food and emergency bedding, worth 300,000 European units of account (EUA), to about 22,000 people on the Caribbean island of St. Vincent evacuated since volcanic eruptions began in mid-April. Sixty-two emergency centers were opened to accommodate the victims of more than 20 eruptions of the Soufrière volcano.

As a result of serious damage caused by the floods in Portugal during February and March EUA 100,000 was allotted in emergency aid for essential supplies.

Following the recent earthquake in Yugoslavia, EUA 300,000 was granted for essential goods such as building materials, prefabricated housing units, medical supplies, vehicles.

Food aid for Zambia because of the drought and the inflow of refugees from Zimbabwe was agreed by the Council of Ministers. Six-thousand tons of cereal will be supplied by the EC Commission.

Emergency aid of EUA 80,000 to help victims of a recent cyclone in Mozambique was authorized for essential supplies, farm tools, and blankets. A further EUA 45,000 was granted in mid-May to supply 2 million doses of vaccine against the cholera epidemic in the northern and western regions of the country.

A special shipment of 2,500 tons of pork to Malta was approved in mid-May by the EC Commission. A large portion of the stocks were slaughtered in that country because of an epidemic of African swine fever, resulting in the undersupply of pork.

Special aid to Ghana of EUA 300,000 was granted in April for the purchase of medical supplies necessary as a result of the 1978 drought. In particular, an epidemic of yellow fever and the spreading of other contagious diseases were to be checked.

Also for health problems arising from the recent drought, special aid of EUA 220,000 for three months' supply of medicine to Mali was approved by the Commission in late March.

## EC-NGO Cooperation

The 1979 nongovernmental organizations (NGO) annual assembly held in Brussels in late March gave NGO representatives and EC Commission staff the opportunity to assess past and future cooperation.

Commission-NGO cooperation, initiated by the European Parliament in 1976, involves cofinancing of development projects, educating the European public on development issues, and providing food and emergency aid.

A report on NGO relations recently presented by the Commission to the Council of Ministers notes the growth of EC cofinancing funds from 2.5 million European units of account (EUA) in 1976 to an estimated EUA 12 million this year. Commission-NGO cofinancing conditions allow the Community to finance 50 per cent of the cost of NGO projects and place an EUA 100,000 annual limit on EC contributions to each project.

The Community has cofinanced 364 projects involving EUA 18.5 million in 76 developing countries. Last year alone the Community invested EUA 12 million in 175 cofinanced projects. Most of the cofinanced projects are for agricultural development, health, and education, predominantly in Africa.

## Sierra Leone Road

A grant to encourage the opening up of northern Sierra Leone and to permit agricultural development of the region was authorized in late April by the EC Commission. Sierra Leone is to receive 10 million European units of account

(EUA) for the 72-mile Makeni-Kabala road project.

The grant is complementary to an EUA 18 million agricultural development project to which the European Development Fund has committed nearly EUA 6 million and Germany the remainder. This is the most important project in the Sierra Leone program in the Lomé Convention. The total program, EUA 32.5 million, is now 75 per cent committed.

# ENERGY

## High Gas Taxation

Motorists who blame the price of petrol on the oil sheikhs should note that government taxes account for over half the price in seven of the nine EC member states.

The United Kingdom and Luxembourg are the two exceptions, yet even there the tax shares of final retail prices are 49.3 per cent and 47.3 per cent respectively.

Italian motorists pay the largest share in taxes. Excise duty and value-added tax total 71.2 per cent of the cost of Italian premium grade petrol. French consumers pay nearly 68 per cent of the gas price as government taxes.

The five remaining member states fall as follows: Denmark, 61.7 per cent; Belgium, 58.5 per cent; Netherlands, 57.7 per cent; Germany, 57.6 per cent; and, Ireland, 56.2 per cent.

## Coal Role Emphasized

Coal as an energy source was the focus of attention at a mid-May meeting of the EC Coal and Steel Advisory Committee in Edinburgh.

EC Commission President Roy Jenkins noted that coal represents 18 per cent of Community energy supply. Since the 1973 energy crisis, the place of coal in the EC energy balance has been reviewed. New investment and research is needed to increase coal production to 250 million tons by 1985, said Jenkins.

EC Commissioner Guido Brunner, in charge of energy policy, emphasized coal's expanding role in view of recent problems with oil and nuclear energy. He stressed the need for an overall Community policy on coal that would use imported coal to ensure steady supply.

## After Three Mile Island

Following the Three Mile Island nuclear power plant accident, the EC Commission issued in early May a report on the incident and decided to set up an independent advisory group on nuclear safety.

The report was formulated by experts dispatched to the site in Pennsylvania immediately after the accident.

The advisory panel is to be com-

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posed of three high-level independent experts. Its responsibilities will include examining national protection regulations; establishing an inventory of national security standards; improving security personnel training; stepping up research in nuclear safety; and establishing an information network between member states on nuclear installations.

### Solar Energy Conference

The latest techniques in the use of solar energy by direct conversion into electricity were examined at a seminar organized by the EC Commission in Berlin in late April.

The Commission has already provided for the possibility of using solar energy to help reduce dependence on imported oil by a proposed tripling of the expenditure on solar energy in the next four-year Energy Research and Development Program.

Since the 1973 energy crisis, improvements in photovoltaic technology have resulted in large decreases in cost of the solar cells. However, further trimming would be necessary to make their use viable.

This same development has increased the possibility of a European market for solar generators, which could provide electricity for communications equipment and for easing energy supply problems in developing countries.

### JET Project Launched

EC Commissioner Guido Brunner, responsible for energy policy, laid the foundation stone for the main experimental building of the Joint European Torus (JET) project in Culham, England, in mid-May.

The JET project is a joint undertaking by the European Atomic Energy Community (Euratom), the nine member states, and Sweden. Also Switzerland is shortly expected to join. It represents a substantial part of Euratom's research program aimed at developing nuclear fusion as a new source of energy for Europe.

The JET laboratory and experimental device is expected to be completed in 1982.

### EC Energy Ministers Meet

EC Energy Ministers renewed their pledge to reduce oil consumption by 500 million tons during 1979 at a meeting in late May.

French Industry Minister and EC Council President André Giraud called for national or Community regulations to limit prices on spot markets at Rotterdam and Genoa, but the EC Council of Ministers requested a Commission study instead.

Giraud noted Rotterdam prices were recently more than double the posted world market prices and such rising prices could influence oil producers to increase their prices.

### Seminar on Energy Technology

A Community seminar on new oil and gas technologies was held in Luxembourg in late April. EC Commissioner Guido Brunner, responsible for energy, said he hoped the energy challenge would lead to specific forms of cooperation between the Community and developing countries.

Representatives to the symposium included firms that have received EC financial aid for the development of new energy technologies as well as delegates from the leading industrial countries, many developing countries, oil producing nations, and the United Nations.

The Community aid program for the development of new petroleum technologies began in 1973 and now supports 140 projects representing a total of \$700 million. The EC contribution towards these projects averages 35 per cent of total investment, or \$220 million. Significant progress has been made as a result of Community aid, particularly in offshore exploration techniques, Brunner noted.

### Energy Cooperation Program

An energy cooperation program, mainly involving Latin America, was approved by the EC Commission in March. Proposed projects were discussed when EC Commissioner Guido Brunner, responsible for energy policy, paid an official visit to Ecuador and Venezuela earlier this year.

The Commission sketched out possible guidelines a year ago for energy cooperation with developing countries and subsequently has drawn up an inventory of international plans. It intends to concentrate on helping developing countries take account of energy problems when economic development plans are drawn up and to assist in prospecting for their conventional and new resources.

Members of the Organization of Petroleum Exporting Countries, Ecuador, Nigeria, Venezuela, and the Latin American Energy Organization have already expressed interest in the energy cooperation program.

## ECONOMY

### Inflation in the Community

The Community's average cost of consumer goods increased 1.1 per cent from March to April, according to figures released in late May.

Sharpest consumer price rises for the month and the past year were in the United Kingdom and Italy which showed a monthly increase of 1.7 per cent and 1.6 per cent respectively. During the past 12 months British prices rose 10 per cent, and Italian, 13.8 per cent.

Most member states, except France with a 0.8 per cent rise, were well below

1 per cent from March to April. The lowest increases were in Belgium, Luxembourg, Denmark, and Germany.

The April results confirmed a trend of faster rises since the beginning of the year, it was noted; the United States experienced a price rise of 0.9 per cent for the month and 10 per cent for the past year.

### European Habit To Save

EC citizens continue to save despite high rates of unemployment and inflation.

In 1978, deposit accounts, which were the most popular form of savings in the European Community, increased by 10 per cent over 1977.

The Germans were the thriftiest, followed by the French, with Italians coming in third.

### Work-Sharing Debated

A meeting of the EC Permanent Committee on Employment broke down in late May when the European Trade Union Confederation (ETUC) walked out because of the unwillingness of employers' delegates to discuss shortening the work week.

The rupture followed discussion of work-sharing as a means of reducing unemployment at the mid-May Council of Ministers meeting. The Council considered a Commission report suggesting further study on reducing annual working time, limiting regular use of overtime, adding shifts in certain industries, authorizing flexible retirement, providing alternative training, and developing part-time and temporary work. The Council also considered an ETUC proposal to reduce the work week to 35 hours.

The Council did not take any firm decisions but requested the Commission to prepare specific proposals on work-sharing and to promote negotiations between labor and management with a view to achieving concrete results by December.

### Car Manufacturers Strong

The European automobile manufacturers' association (CLCA) reports that 1978 was a record year for the production of passenger cars.

Total EC auto production rose from 10.4 million autos in 1977 to over 10.5 million in 1978. At the same time, production of commercial vehicles fell by 4.6 per cent.

The only national industry to show a drop in production was the British—which CLCA attributes to the number of strikes.

The upward trend is expected to continue in 1979, although oil price increases may moderate the results.

### Economic Indicators

Economic indicators released in May for the first few months of 1979 showed a rising trend in most areas for the Community.

The figures revealed an average increase in the inflation rate, which in February exceeded most of the monthly increases recorded last year. However, improvements were registered in industrial production, unemployment, and the trade balance.

Seasonally adjusted industrial production figures, excluding building and construction, rose in February by 2.3 per cent—a recovery of almost all the drop registered in January. This improvement, which represents an annual increase of 5.2 per cent, was especially marked in Italy, the Belgo-Luxembourg union, and the United Kingdom.

Unemployment increased in France and the Netherlands but either remained stable or dropped in other member countries.

### Industrial Production Up

Statistics released in early March showed that industrial production in the Community increased by 2.3 per cent in 1978. This growth rate was up from the 2.2 per cent in 1977 but down from the 7.3 per cent rise in 1976.

The growth rate fell sharply during the first six months of 1978, but by the end of the year the rate was accelerating rapidly. Growth trends were well established then, the analysis said, and further expansion could be expected for the early months of 1979.

On a country-by-country basis, the growth performance in Germany, France, Italy, the Netherlands, and Luxembourg kept pace with the average for the Community, while the United Kingdom and Ireland experienced a fast pace during most of the year.

### New Aid for Steel Proposed

The EC Commission recently requested member states' approval for a two-year, \$216 million plan to deal with the steel industry crisis. These new measures would aim to save jobs through early retirement and work-sharing programs. It is hoped that 80,000 workers would benefit.

Over 75,000 jobs were lost in the industry during the last two years due in part to increasing competition from lower-priced imports from the developing world. Past measures by the Community in reaction to the loss of steel employment have included a planned transition during the crisis period, limited imports through negotiation and minimum price levels, and retraining of unemployed workers.

### Trade Balance Improves

The Community trade balance improved from a 7.1 billion European unit of account (EUA) deficit in 1977 to an EUA 4.4 billion deficit last year.

Figures released in May indicated the improvement was marked by a 6 per cent increase in EC member state exports to all third countries of EUA 173.9 billion. Imports rose by 4.1 per cent to EUA 178.3 billion. The figures showed a decrease in the deficit with developing

countries from ECU 13.4 billion in 1977 to ECU 4.6 billion in 1978. The deficit with the Organization of Petroleum Exporting Countries was also reduced.

The 1977 trade surplus of ECU 3.5 billion with industrialized countries turned downward to an ECU 2.7 billion deficit last year. This was due to a decline in exports to European Free Trade Association members, and continuing deficits with the United States and Japan.

Imports from African, Caribbean, and Pacific developing countries declined 4.8 per cent, while Community exports to these nations grew by 2.1 per cent.

## ENVIRONMENT

### Asbestos Exposure Studied

Exposure of workers to asbestos without precautions is considered "inadmissible" by the EC Economic and Social Committee, which recently looked into asbestos exposure in the Community. Said the committee: "There is no doubt that exposure to asbestos fibers may cause serious, often fatal disease for which no cure is yet known."

Although the committee said it would be unrealistic to think in terms of a ban on asbestos, it felt there should be Community-wide restrictions. Several member states already have exposure restrictions or other health and safety precautions connected with asbestos.

Since World War II, industry and construction have used more and more of the substance until now the handling of it is a serious occupational problem. Fatal diseases such as fibrosis of the lungs or bronchial cancer have been linked to exposure to asbestos.

### Reactor Safety Experiment

The EC Commission has authorized a contract between the Joint Research Center and the Italian Government for the continuing construction of the Super-Sara loop to be used in reactor safety experiments in the ESSOR reactor at Ispra.

The Super-Sara loop is intended for the simulation of abnormal situations in light water reactors. Experiments are planned to study fuel behaviour in accidental conditions involving coolant loss in the reactor core.

### Consumer Issues

The EC Commission acted in mid-May on two issues affecting consumers: fluorocarbon aerosols and cosmetics.

Due to increasing concern over the effect of fluorocarbons on the earth's ozone layer, the Commission proposed a 30 per cent reduction in the use of fluorocarbon aerosol products by 1981. Scientific research has indicated that fluorocarbon aerosols could de-

plete the ozone layer. The resulting increase in the sun's rays reaching the earth would lead to a proliferation of skin cancer and other diseases.

Regarding cosmetics, the Commission proposed establishing a list of preservative agents used in cosmetic production. It also proposed re-examining the list of coloring agents allowed on a provisional basis under the 1976 directive on packaging, labeling, and contents of cosmetic products.

### Research In Radiation Risks

The EC Commission presented the fifth multiannual program on radiation protection research to the Council of Ministers in April. The new program will cost an estimated 68.2 million European units of account and is a sequel to the 1976-1980 program.

The program, to be implemented by research contract with national institutions and universities, has two main objectives: improving scientific and technical knowledge with a view to updating standards for the use of radiation in medical diagnosis and therapy, and, evaluating the consequences of nuclear power on man and his environment.

## COMPETITION

### Air Fares to Come Down?

The EC Commission is studying what can be done to reduce air fares in the Community. It wants to ensure fair competition and to protect the consumer while preserving the national airline structure.

On some European flights it costs little more to fly from the United States than it does from a European city to the same European destination. And American commuters who fly between New York and Washington travel at a fraction of the cost as passengers traveling from London to Paris and back.

Part of the problem is that air operations have been in the control of national governments—which has led to inefficient and even unfair competition.

### Joint Pharmaceutical R&D

A joint research and development agreement between a British company and a US subsidiary was approved for a 10-year period by the EC Commission in early March.

The two companies, Beecham Group Ltd. and Parke, Davis and Co. (a subsidiary of Warner-Lambert Inc.), had entered into agreement in 1973 to research individually and exchange research results in long-term prophylactic treatment of the impairment of blood circulation.

The two companies terminated the research stage a year ago, however,

pharmacological and clinical tests required to produce a marketable drug will continue for at least five years. Exchange of results is to continue until development is complete and in relation to improvements to any product for the first 10 years of its marketing.

The recent agreement provides that either company may receive from the other nonexclusive, royalty-free licenses, with power to grant sublicenses, for any patents or know-how arising from the joint effort. Both companies are to be free to use results of the joint research without territorial or other restrictions, thus giving third parties the opportunity to enter the market on the grant of licenses by either company.

The Commission has exempted the agreement from certain competition rules for 10 years, since it considers that the aim of this joint effort is to create a product with a novel therapeutic effect in a pharmaceutical sector where the required tests are especially complex. The time and cost involved is such that consumers have a better chance of obtaining an effective product through the joint efforts of Beecham and Parke, Davis.

The two companies will compete in marketing products resulting from their joint research.

### Specialization Agreement

The EC Commission authorized in late May a specialization agreement between Irish Steel Holdings Ltd. (ISH) and Société Métallurgique et Navale Dunkerque-Normandie SA (SMNDN).

Under the agreement ISH will refrain from rolling certain sizes of light bars and sections at a new mill to be constructed in Haulbowline. SMNDN will gradually transfer to ISH's new mill its orders for medium sections in preparations for the closure of its Mondeville mill. The total level of steel production at SMNDN will be maintained by increased output in other sections.

The agreement is expected to result in greater production efficiency since both parties will cooperate in promoting business for the other.

### Block Patent Exemption

Interested parties should make their views known before this July on the draft block exemption regulation for patent licensing agreements published in early March by the EC Commission.

The proposed block exemption will provide greater legal certainty for business firms by distinguishing between clauses that may and clauses that may not be included in patent licences.

The Commission has altered its draft in several respects in the course of consultations with member state governments, but it has stood firm on its basic view that export bans in trade within the Community are generally incompatible with the concept of a common market and can be approved only in favor of small and medium-sized firms.

## SOCIAL POLICY

### "Interpol" for Deadly Products

An international early warning network on dangerous products was recently proposed by the European Bureau of Consumer Unions to the EC Council of Ministers.

The proposal addresses a problem that grows along with international trade by suggesting a warning system that would be heard worldwide at the discovery of a potentially deadly product.

The chain of events was set off when deadly tins of salmon were sold in the United Kingdom. After the Brussels-based European Bureau of Consumer Unions broadcast a warning to national consumer groups, it was learned national health and consumer protection authorities were virtually unaware of the British incident.

There is no law or international treaty requiring notification from one country to the next of a potentially deadly product. Recently the US Congress moved toward the enactment of a law that would require notification of other nations when a dangerous product is discovered in the United States.

Europe seeks to ensure the same for the Community—a sort of "Interpol" for dangerous products. This is one of the few times that the Community has considered a proposal from the public at large. EC Commission President Roy Jenkins has mentioned the recommendation as a matter of high priority.

### EC Against Killer Lamps

The EC Commission recently called for a Community-wide ban prohibiting the sale of certain liquid-filled lamps, ashtrays, and other decorations.

Commission action followed several cases in which the decorations were broken and dangerous fumes escaped. One Belgian died and others have been injured.

The French Government imposed a one-year ban last August on the sale, production, or importing of the potentially deadly products and recommended to the Commission a similar crackdown throughout the Community.

The Council of Ministers has been requested to add the chemical in the decorations to the list of harmful substances already prohibited from sale throughout the Community. The lamps and ashtrays contain either tetrachloride, tri- or tetrachloroethylene.

### Inequality Proceedings

The EC Commission has decided to initiate infringement proceedings against seven EC nations for failure to comply with directives calling for equal treatment and pay for working men and women.

Denmark, the Netherlands, Ger-

many, Luxembourg, France, Belgium, and the United Kingdom do not have satisfactory national legislation regarding equal pay, according to the Commission.

In addition, the Commission asserts that Germany and the Netherlands do not provide adequately for equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.

After the countries have been given time to respond to the charges, the Commission could address a reasoned opinion to the member states involved. If the states then do not comply with the opinion of the Commission, the matter could be referred to the Court of Justice.

### EC Migration Policy

Consultation and coordination at the Community level on member states' policies on migration from nonmember countries is necessary to harmonize various immigration systems and to increase control of the labor market, said EC Commission Vice President Henk Vredeling, responsible for social affairs, in a speech in London to the National Council of Social Services.

With the present unemployment situation, "importing more workers from outside the Community should be one of the last solutions considered," stated Vredeling. He warned against possible tension between foreign and European workers in the present economic climate but noted the contribution of foreign workers to the economy. He also pointed to the difficult social conditions in which they live.

According to Vredeling, illegal migration must be eradicated throughout the Community. Socially unacceptable, it also distorts economic relations. "A country which shirked its responsibilities in combating illegal immigration would continue to have a supply of cheap labor, and that would damage the competitive position of other countries," he said.

A proposal to establish Community level consultations with and between member states on immigration policy toward third countries was submitted by the EC Commission to the Council of Ministers in March. Foreign workers account for 5 per cent of the Community's work force.

### Crackdown on Pyjamas

In its latest attempts to weed out unsafe products from the European marketplace, the EC Commission has proposed that a common policy be developed for unsafe pyjamas.

The type of pyjama in question originated in the United States and was fireproofed with a substance (2, 3-dibromopropyle) discovered to have dangerous properties when tested on laboratory animals.

When American authorities prohibited the sale of these nightclothes in 1977, many of the goods were im-

ported into Community countries. As a result French and Belgian authorities banned the sale of the products in 1978 and the British Government has introduced a similar prohibition.

The Commission noted that the Council of Ministers had adopted a measure in 1976 aimed at limiting the marketing of products containing certain dangerous substances.

### Worker Health and Safety

A directive to enact standards Community-wide by 1982 on the exposure of workers to dangerous substances was forwarded to the Council of Ministers by the EC Commission in early March. The proposal also suggests a formal system of monitoring the work environment and of medical observations.

Part of the action program on occupational health and safety adopted in 1978, the proposed directive aims particularly at setting exposure limits for asbestos, arsenic, cadmium, lead, and chlorinated solvents. It would also assure that the removal of a worker from his job because of excessive exposure to a dangerous substance would in no way jeopardize his employment or career.

### The Community and Children

In response to a question from the European Parliament, the Commission recently listed measures introduced on behalf of children.

These include parts of the anti-poverty program and aid to children of migrant workers; educational measures such as equal opportunities for boys and girls and language teaching; education to help handicapped persons integrate into social and working life; pilot programs to aid in the transition from school to the working world; and aid to children in developing countries.

The Commission has prepared a brochure describing its activities regarding children, for circulation during the Year of the Child, 1979.

### Consumer Credit Proposal

The EC Commission adopted a draft directive on consumer credit in February to protect consumers who enter into credit contracts.

Conditions proposed include the obligations for the creditor to provide a minimum of information about the terms of credit and to supply a written contract spelling out the details.

There is also a provision that creditors be either licensed or subject to inspection by appropriate public authority. In cases where the supplier of credit has a business link with the supplier of the goods or services concerned, both should be liable for ensuring that the terms of the contract are carried out.

If the supplier passes on his rights to a third party, the consumer's position must not change. Consumers should also be free to repay the balance of the debt before the due date and, in such cases, receive a rebate.

### Social Fund Aid for 1978

The second round of applications for EC Social Fund aid for 1978 were approved in March—thereby completing the fund's allocation of about 568 million European units of account.

Approximately 1 million EC workers will benefit from Social Fund aid. Relief for youth unemployment and employment problems in regions hardest hit by the recession was provided. The Commission reimburses up to 50 per cent of the cost of retraining programs financed by public authorities and contributes to privately organized programs as well.

Social Fund aid is also given for training handicapped persons for employment, retraining former agricultural and textile workers who are now unemployed, vocational and social assistance for migrant workers, and alleviating problems arising from technological progress in particular industries.

For the first time the Commission also contributed toward the cost of special vocational training programs for women job-seekers.

### Young Workers Exchange

An intra-Community exchange program for young workers between the ages of 16 and 28 may be renewed and extended, as proposed by the EC Commission to the Council of Ministers.

This will be the second such program, the first having been in effect since 1964 and benefiting about 1,500 young people. This program is different, however, in placing emphasis on shorter periods of training. Short periods away from employment seem more feasible in the present economic climate.

Community assistance will be given for both long (four to eight months) and short (three weeks to three months) periods of training, and the Commission will begin by making a contribution of 75 per cent of traveling expenses plus a flat rate toward the total costs of the trainee.

The Community expect 450 young people to participate in the second half of 1979 and the number to grow to 1,500 in 1981.

## HARMONIZATION

### Advertising Codes of Conduct

The EC Commission would be willing to consider credible codes of conduct as a complement to proposed Community laws against misleading advertising, EC Commissioner Richard Burke, in charge of consumer affairs, told an advertising group in late March.

He said the Commission could see the usefulness of self-regulation by the industry in conjunction with other authorities on a Community-wide basis

and noted that such discussions were already underway concerning advertising aimed at children. But he said such codes should be linked with a Community directive to establish a legal framework.

### Computer Age in Europe

Development of potential in the field of international electronic data-processing and transmission could help Community nations overcome economic and employment problems, said EC Commissioner Etienne Davignon, in charge of industrial affairs, in late March.

Davignon issued a challenge to create a European market in electronic goods and services, common standards and specifications, major Community pilot projects, and such activities as a massive educational and training program. He warned that failure to respond to the challenge would leave Europeans in the wake of American and Japanese competitors who could dominate EC and Third World markets.

### Securities Directive Approved

For the first time the Council of Ministers has adopted rules aimed at ensuring the smooth operation of the securities markets. It approved in March a directive coordinating conditions for the admission of securities to official stock exchange quotation.

Aimed at reducing differences among member state requirements for quoting a security on the stock exchange, the directive will promote greater interpenetration of securities markets and contributes toward establishing a true European capital market.

### Railway Integration Studies

The EC Commission has issued a report to the Council of Ministers regarding Community integration of railway undertakings.

Advocating partial rather than total integration, the Commission recommended studies on the advantages and disadvantages of integration in three sectors: inter-city passenger transport as a competitive alternative to auto and air travel; combined road/rail transport; and the transport of new motor vehicles via double-decker railwagons.

The Commission formulated this report within the context of two objectives of the common transport policy: the creation of a Community transport system and improvement of the structure of railway undertakings.

### Beer-Wine Duties Examined

A new system for excise duties on beer and wine was sent by the EC Commission to the Council of Ministers in mid-May.

The proposal would establish a formula whereby duty would be based on the alcohol content of the product. Wine producers have charged that traditional beer-consuming countries levy

a proportionally higher tax on wine, thus making wine less competitive.

## INSTITUTIONS

### 1980 Budget Proposed

Major increases in the social and regional funds in its preliminary 1980 budget introduced in mid-May demonstrated the EC Commission's continuing emphasis on boosting nonagricultural expenditures.

The proposed budget totals 16.6 billion European units of account (EUA) in obligations and EUA 14.9 billion in expenditures, increases of 13.1 per cent and 9.3 per cent respectively.

As in previous years, agricultural spending will decrease relative to other portions of the budget. Social and regional spending is to be oriented toward unemployment among youth and women and regional development. The proposed budget also gives priority to aid programs for developing countries. It showed a restrained increase of 10 per cent overall.

In late April the European Parliament resolved its lengthy 1979 budget dispute with the Council of Ministers by adopting a draft supplementary budget to equal its requested increase.

### New Financial Instrument

The EC Council of Ministers empowered the Commission in early May to raise loans for investment promotion in the Community.

Under the Council's decision, the first tranche of borrowings cannot exceed the equivalent of 500 million European units of account. The capital raised will be used to finance loans for investment in infrastructure and energy.

Infrastructure investment covers transport, telecommunications, agricultural improvements, hydraulic works, and environmental protection. Investment in energy will be to promote greater independence, security, and diversification of Community supplies.

Commission guidelines will determine a project's eligibility for a loan, and particular attention will be paid to a project's potential contribution in reducing regional imbalances in the Community and improving employment.

### Final Parliament Meets

In its final session, in early May, before the historic first direct elections, the European Parliament considered economic and regulatory issues.

After lengthy discussion of the EC economic situation and reform of the tripartite conferences, the Parliament adopted a resolution urging more Community measures to combat unemployment.

A spokesman for the Council Presidency said that although the growth

rate in EC countries was only expected to be 3.4 per cent, it was not expected that the recent increase in oil prices would have a catastrophic effect on the economies. EC Commissioner Henk Vredeling, in charge of social affairs, noted that while unemployment seemed to be steady, demographic factors were expected to complicate the employment situation in the future as large numbers of young people joined the labor force.

The Parliament also considered Commission proposals on misleading advertising, company taxation systems, air traffic control, and protecting individuals from invasion of privacy in connection with computer banks.

### Human Rights Convention

The EC Commission has decided to present a memorandum to the other Community institutions on the possibility of EC accession to the European Convention on Human Rights.

This comes at a time when the Community has increasing legal relations with individuals and is no longer only concerned with economic groups such as farmers or importers. The Commission believes the best way to reinforce the protection of fundamental human rights at Community level is in formal EC adherence to the Human Rights Convention.

In the longer term the Commission believes the Community should complete the EC Treaties with a catalogue of fundamental rights; in the meantime, it proposes EC accession to the Convention as a first step.

## REGIONS

### Hydrocarbon Exploration Aid

The EC Council of Ministers approved financing in early May for a hydrocarbon exploration project in Greenland.

The Community will contribute nearly 3.5 million European units of account to the project—equaling 75 per cent of the total cost. The Danish Government will provide the rest.

## MEMBER STATES

### Thatcher Speaks on Europe

In her first major foreign policy address in early May, the new British Prime Minister, Margaret Thatcher, outlined her philosophy on Europe and the European Community.

She praised economic and social progress in Germany and said that, "given the right policies and the right leadership, the same progress lies within the grasp of the British people." Speaking at a dinner in honor of German Chancellor Helmut Schmidt, she also said Britain and Germany share a wide range of vital interests, in par-

ticular peace and stability in Europe. She pledged her Government to "maintain and improve" Britain's military capability in the North Atlantic Treaty Organization.

Thatcher said her Government is committed to British membership in the Community and believes "it is not only right for Europe but right for this country." She said this commitment

would not keep Britain from defending its own interests nor trying to improve the Community.

She also stressed the need for rising prosperity in the Community to "lift all the ships and not leave one or two stranded on the sandbanks," and said her vision of Europe embraces fair play and free enterprise, prosperity and peace.

## SCHOLARSHIPS, GRANTS, CONFERENCES

### AIESEC Student Programs

AIESEC, the Association Internationale des Etudiants en Sciences Economiques et Commerciales, is an international student-managed organization with national headquarters in New York and local committees on 67 American campuses.

This organization seeks to identify and train, through international management experience, a select group of economics and business students with outstanding leadership potential. For the past 29 years AIESEC has provided work experiences for over 79,000 students, including 6,500 Americans. It has initiated business seminars, panel discussions, career planning meetings, and industrial work/study tours.

For more information, call or write: AIESEC-United States, 622 Third Avenue, 31st Floor, New York, NY 10017 (212) 687-1905.

### World Law Conference

The ninth Law of the World Conference will open on World Law Day, September 16 in Madrid, Spain.

Spanish King Juan Carlos will present the inaugural address at the opening ceremony. During the following four days, 25 panels, workshops, and seminars will cover issues such as international energy regulation, human rights, and freedom of the press.

For further information, contact: The World Peace Through Law Center, 1000 Connecticut Avenue, NW, Suite 800, Washington, DC 20036.

### Atlantic Studies Conference

"The Politics of Defense" will be the topic of the eleventh Annual Conference of the Committee on Atlantic Studies, to be held at Wingspread in Racine, Wisconsin, September 4-7.

Papers will be presented by American and European scholars. For further information, contact: Charles R. Foster, Executive Secretary, Committee on Atlantic Studies, 1616 H St., NW, Washington, DC 20006.

### European Studies Conference

The fourth annual European Studies Conference, sponsored by the University of Nebraska, will be held in

Omaha, Nebraska, October 11-13.

Areas of interest include arts and literature, science and technology, cultural, political, social, economic, military, education, business, language issues.

For further information, contact: Elvira Garcia and Anthony Jung, Department of Foreign Languages, University of Nebraska at Omaha, Omaha, Nebraska 68182.

### Ispra Courses

Three "Ispra" courses have been announced for September and October. The Ispra, Italy, establishment of the EC Joint Research Center annually presents programs in specialized areas and seminars at research level.

A seminar on solar thermal power generation will be held September 3-7; a seminar on programming for software sharing will take place September 17-28; a seminar on application of remote sensing to agricultural production forecasting is scheduled for October 15-19.

For further information and registration form, write: ISPRACourses, Centro Commune di Ricerca, 21020 ISPRACourses (Varese) Italy.

### "Europa Instituut"

The *Europa Instituut*, founded by the University of Amsterdam, offers courses on European integration for experienced lawyers and graduate students dealing with agricultural matters.

Three legal courses and one agricultural course, all conducted in English, will be held during the latter part of August in Amsterdam. For further information write: The Registrar of the International Summer Courses in Legal Aspects of European Integration, NUFFIC, PO Box 90734, 2509 LS The Hague, the Netherlands. Applications are due June 25.

### US Travel Subsidies

The Council for European Studies (CES) announces a travel subsidy of up to \$200 for European scholars invited for brief visits or lectures at member institutions.

Letters of application should be sent to: Marion A. Kaplan, CES, 1429 International Affairs Building, Columbia University, New York, NY 10027.

**A total information package providing the key to all past, present and projected legislation of the European Economic Community:**

# **Guide to EEC-Legislation**

Edited by the  
T. M. C. Asser Institute,  
The Hague

*"Has the Commission any idea how a resident of the Community can get to grips with the countless acts and announcements published in the Official Journal of the EEC if no subject index exists?"*

This is written question No. 38/70 which the Honourable Mr. Gerlach, Member of the European Parliament, asked the Commission of the European Communities (15 April, 1970).

The *Guide* is an unrivalled reference work which contains an up-to-date collection of titles and source references covering all 20 years of EEC-Legislation from 1958 to 1 July 1978. It is systematically arranged to give both easy access to the detailed information as well as a general view of EEC-Legislation. The *Guide* is kept up-to-date by means of supplements and through a telex-service. Most of the rules, established within the institutions of the European Economic Community, are published in the *Official Journal of the European Communities*, thus the *Guide* forms a complete legal companion to the Official Journal. The *Guide* contains a detailed classification scheme and also includes a chronological, geographical and alphabetical index. It does not contain a collection of texts.

The usefulness of the *Guide* has been enhanced by the translation of the contents-list and the alphabetical index into French and German. Anyone who comes into contact with the law of the European Communities will find this publication most useful.

**Publication Schedule:** The first 20 years of Community legislation (1958 - 1.7.1978) have been published in BOOK-form (in 2 Volumes with a total of 2030 pages) and appeared in *March 1979*.

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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.**

**Investment Incentive Programs in Western Europe.** By Raymond J. Waldmann and B. Thomas Mansbach. Chamber of Commerce of the United States, Washington, DC, 1978. \$95.00 (looseleaf binder).

Guide to forecasting profitability of investment in Europe; provides profile of over 500 investment incentives in 18 European countries, including financial, fiscal, and factor programs; EC programs are covered as well.

**Ireland at the Polls: The Dail Elections of 1977.** Edited by Howard R. Penniman. American Enterprise Institute, Washington, DC, 1978. 199 pages including index. \$4.75.

Describes the national elections of 1977 with an analysis of results; provides background on the electoral system in Ireland, history of the political parties, the structure of the media and campaign coverage, plus appendixes including specific electoral data.

**Eurocommunism and Détente.** Edited by Rudolf L. Tökés. New York University Press, New York, 1979. 578 pages including index. \$24.50.

Collection of essays includes analyses of individual communist parties in Western Europe and surveys their relationship with Eastern Europe; poses policy questions for the West in dealing with Eurocommunism.

**Problems of Sea Power as We Approach the Twenty-First Century.** Edited by James L. George. American Enterprise Institute, Washington, DC, 1978. 364 pages. \$5.75.

Proceedings of a conference sponsored by the American Enterprise Institute for Public Policy Research; presents wide range of opinions on the future of sea power with emphasis on the US Navy's role in the year 2000.

**Italy at the Polls: The Parliamentary Elections of 1976.** Edited by Howard R. Penniman. American Enterprise Institute, Washington, DC, 1977. 386 pages including index. \$5.75.

Collection of essays by experts in Italian government and politics; analyzes the 1976 parliamentary elections in Italy and explores the possibilities of its effects on future foreign and domestic policies.

**Grand Strategy for the 1980's.** Edited by Bruce Palmer, Jr. American Enterprise Institute, Washington, DC, 1978. 114 pages. \$3.25.

Collection of papers written by retired high-ranking members of the US

military; explores problems and prospects to be faced by military strategists in the coming decade.

**Eurocommunism: The Italian Case.** Edited by Austin Ranney and Giovanni Sartori. American Enterprise Institute, Washington, DC, 1978. 196 pages. \$4.75.

Based on a conference sponsored by the American Enterprise Institute for Public Policy Research; uses Italy for a case study of political problems confronting the United States and other West European countries.

**When Europe Speaks With One Voice.** By Phillip Taylor. Greenwood Press, Westport, Connecticut, 1979. 256 pages. \$22.95.

Study of trends in the Community towards integration, particularly concentrating on potential political unity, common EC foreign policy, common EC policy towards developing nations; assesses current progress towards these goals and future prospects of attainment.

**The G.D.R.** By Eberhard Schneider. St. Martin's Press, New York, 1978. 121 pages. \$14.95.

Study of the political, social, and economic development of the German Democratic Republic; examines the history of the state since its establishment 30 years ago and analyzes its institutions.

**America and Western Europe: Problems and Prospects.** By Karl Kaiser and Hans-Peter Schwarz. Lexington Books, Lexington, 1977. 448 pages including index. \$13.50.

Collection of essays based on the premise of North America being a central concern of Western Europe and how the form and content of this relationship must be determined.

**Eurocommunism.** By Roy Godson and Stephen Haseler. St. Martin's Press, New York, 1979. 144 pages including index. \$16.95, (\$6.95 paper).

Assessment of the growing strength of the major West European communist parties, their goals and strategies; studies communist parties' effects on domestic politics and international balance.

**Beyond Capitalist Planning.** Edited by Stuart Holland. St. Martin's Press, New York, 1979. 222 pages including index. \$16.95.

Economic planning discussed by French, Italian, German, and British contributors; a new model of development for transformation of the "crisis" of capitalist planning is suggested.

**The American Challenge.** By J.-J. Servan-Schreiber. Anenum Publishers, New York, 1979. 254 pages including index. \$5.95.

Paperback reprint of Servan-Schreiber's 1967 book on the impact on Europe of American economic, technological, and cultural penetration.

## Published for the Commission

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

**Neutron Data of Structural Materials for Fast Reactors.** Edited by K.H. Böckhoff. Pergamon Press, New York, 1979. 824 pages including index. \$80.00.

Proceedings of a specialists' meeting held at the Central Bureau for Nuclear Measurements, Geel, Belgium, December 5-8, 1977.

**Schicksal und Zukunft der Vogel Europas.** By Stanley Cramp. Kildaverg, Greven, FRG, 1978. 72 pages.

Examines the current condition of Europe's bird life; text in German.

**Criteria (Dose/Effect Relationships) for Cadmium.** Pergamon Press, New York, 1978. 202 pages. \$19.25.

Report prepared by a working group of experts for the Health and Safety Directorate in accordance with the EC action program on the environment.

**Lipoprotein Metabolism and Endocrine Regulation.** Edited by L.W. Hessel and H.M.J. Krans. Available from Elsevier North-Holland, New York, 1979. 322 pages including index. \$48.50.

Proceedings of a European workshop held in Noordwijkerhout, the Netherlands, October 2-4, 1978, sponsored by the Committee on Medical and Public Health Research of the EC Commission; Volume 4 of "Developments in Endocrinology" series.

**Respiratory Diseases in Cattle.** Edited by W.B. Martin. Current Topics in Veterinary Medicine, Vol. III. Martinus Nijhoff, 1978. Available from Kluwer, Boston. 552 pages. \$58.55.

Seminar in the EC Program of Coordination of Research on Beef Production held at Edinburgh, November 8-10, 1977.

**A Study of Users and Their Information Needs in Agricultural Management, Policy, Economics and Rural Technology.** By M.J. Harkin and V.S. Reilly. Oxford Microfilm Publica-

**France-Actualité.** Microfor, Inc., Quebec. 12 monthly issues and annual cumulation. Subscription: \$450.00 per year.

Index to the French written press; classifies and abstracts articles from six major French publications; provides English-French glossary of headings every three months.

tions, Ltd., London, 1978. 7 pages and 3 microfiches.

Study of agricultural management information systems; collection of data and evaluation through questionnaire format.

**Patterns of Growth and Development in Cattle.** Edited by H. de Boer and J. Martin. Current Topics in Veterinary Medicine, Vol. II. Martinus Nijhoff, 1978. Available from Kluwer, Boston. 767 pages. \$78.00.

Seminar in the EC Program of Coordination of Research on Beef Production held at Ghent, October 11-13, 1977.

**Control of Reproduction in the Cow.** Edited by J.M. Sreenan. Current Topics in Veterinary Medicine, Vol. I. Martinus Nijhoff, 1978. Available from Kluwer, Boston. 667 pages. \$68.30.

A seminar in the EC Program of Coordination of Research on Beef Production held at Galway, September 27-29, 1977.

**The Economics of Recycling.** Environmental Resources Ltd. Graham & Trotman, Ltd., London, 1978. 167 pages.

Report on the potential for further recovery of materials from wastes in Europe.

**Product Planning.** Environmental Resources Ltd. Graham & Trotman, Ltd., London, 1978. 311 pages.

Studies effects of products planning on the environment; recommends actions to be taken by the EC Commission at product planning stage to reduce environmental impact associated with the manufacture, use, and disposal of products.

**The Disposal and Utilisation of Abattoir Waste in the European Communities.** By Werner Weiers and Roland Fischer. Graham & Trotman, Ltd., London, 1978. 148 pages.

Analyzes present procedures of disposal of slaughterhouse wastes in the Community and sets forth proposals for a more economical and environmentally sound system.

**Euronet Implementation Study.** Volumes I and 2 with Management Summary PANDATA BV. Oxford Microform Publications, Ltd., London, 1978. 12 pages and 4 microfiches.

Investigates and evaluates alternative solutions to the problems of cre-

ating an international data transmission network; determines basic design for Euronet.

#### Health Care and Epidemiology.

Edited by Walter W. Holland and Lucien Karhausen. Henry Kimpton Publishers, London, 1978. 268 pages including index.

Describes seven commonly used epidemiological methods and their application in the health care field.

**Cooperative Information Systems.** By John Page. Oxford Microform Publications, Ltd., Oxford, 1978. 16 pages and 2 microfiches.

A case study final report; presents findings of Euronet study, including conclusions on organization and management, the economics of such information systems, and annexes on specific systems studied.

#### Odour Characterization and Control.

Edited by A. Maton and R. Priem. *Agriculture and the Environment*, Vol. 3, No. 2, 3. Pages 105-306. Associated Scientific Publishers, Amsterdam, June 1977.

Proceedings of a seminar, organized under the EC program of coordination of research on effluents from livestock, held at Rijksstation voor Landbouwtechniek, Gent, Belgium, May 10-13, 1976.

#### Casting and Solidification of Steel.

IPC Science and Technology Press, Ltd., Guildford, 1977. Volumes I and II. 364 and 231 pages respectively. \$55.00.

Proceedings of an information symposium held in Luxembourg November 29 to December 1, 1977.

#### Environmental Problems of City Centres.

By Mens en Ruimte. Martinus Nijhoff, Leyden, 1978. Available from Kluwer, Boston. 100 pages. \$12.25.

Discusses problems of rapid growth of cities as it affects surrounding regions and the urban center itself; includes analyses by country of city-center policies in the Nine; makes recommendations.

#### Food Quality and Nutrition; Research Priorities for Thermal Processing.

Edited by W. K. Downey. Applied Science Publishers Ltd., London, 1978. 712 pages.

Proceedings of the European Cooperation in Scientific and Technical Research seminar on industrial food technology, held in Dublin in November 1977.

#### Factual Data Banks in Agriculture.

Center for Agricultural Publishing and Documentation, Wageningen, The Netherlands, 1978. 115 pages.

Proceedings of the symposium organized by the EC Directorate-General for Scientific and Technical Information and Information Management held in Luxembourg July 12-13, 1977.

## 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.

**The European Community and ASEAN.** *Europe Information No. 16/79*, Commission, Brussels, February 1979, 14 pages. . . . . free  
*Note on the development of ECI ASEAN relations including trade, investment and industrial cooperation, and development assistance.*

**The European Community and the Textile Arrangements.** *Europe Information: Special Edition*, Commission, Brussels, 1979, 62 pages. . . . . free  
*History of the Multifiber Textile Arrangement, the Community's approach in the negotiations, and outline of the Community's bilateral agreements for textile trade.*

**The European Community and the Countries of the EFTA.** *Europe Information: No. 12/79*, Commission, Brussels, January 1979, 15 pages. free  
*Description of the trade agreements between the Community and each of the members of the European Free Trade Association.*

**The Facts.** EC Press and Information, Washington, 1979, 34 pages. . . . . free  
*New edition of a basic brochure on the Community, its history, institutions, domestic policies, and external relations.*

**The European Public's Attitudes to Scientific and Technical Development.** Commission, Brussels, February 1979, 67 pages. . . . . free  
*Results of an opinion poll conducted in the member states in October 1978. Concentrates on the public's awareness of technological risks.*

**Public Opinion in the European Community.** *Euro-barometre No. 10*, Commission, Brussels, January 1979, 138 pages. . . . . free  
*Results of a poll conducted in the member states in November 1978. Emphasis is on attitudes toward direct elections to the European Parliament.*

**Employee Participation and Company Structure.** Economic and Social Committee, Brussels, 1978, 116 pages. . . . . free  
*Committee's opinion on the Commission's "Green Paper" on worker participation.*

**La commercialisation des fruits et légumes importés dans la CE.** *Informations sur l'agriculture No. 27*, Commission, Brussels, 1976, 252 pages. . . . . \$7.00  
*A comparative analysis at Community and member state level of the marketing structures for imported fruit and vegetables, pricing practices, and import distribution networks.*

**A European Neutron Dosimetry Intercomparison Project (ENDIP): Results and Evaluation.** *EUR 6004 EN*, Commission, Luxembourg, 1978, 180 pages. . . . . \$11.30  
*Twenty groups from the member states participated in sessions of ENDIP during 1975; data of all participants collected, analyzed, and evaluated.*

**Authorization Procedure for the Construction and Operation of Nuclear Installations Within the EC Member States, Including Supervision and Control.** *EUR 5284 EN*, 1978 edition, Commission, Luxembourg, 142 pages. . . . . \$13.00  
*Updating of the 1974 edition of EUR 5284, including new procedures in Italy and Denmark.*

**Eighth Report on Competition Policy.** Commission, Brussels, April 1979, 255 pages. . . . . \$11.40  
*Survey of the developments in Community antitrust policy during 1978. Includes a section on concentration trends in industry.*

**Report on the Development of the Social Situation in the European Community in 1978.** Commission, Brussels, April 1979, 205 pages. . . . \$6.00  
*Details of developments in the social field in 1978 at both the Community and member states level.*

**Regulations for the System of Generalized Preferences for Developing Countries.** *Official Journal of the European Communities*, Vol. 21, L 375, December 1978, 176 pages (Basic Regulations). . . . . \$5.60  
*Official Journal of the European Communities*, Vol. 22, L 25, January 1979, 62 pages (Origin Regulations). . . . . \$1.40  
*Basic and origin regulations for the 1979 system of generalized preferences.*

**Education Statistics, 1970/71-1976/77.** Statistical Office, Luxembourg, 1979, 193 pages. . . . \$20.00  
*Yearbook 1978.*

**Prices of Fruit, Vegetables, and Potatoes, 1976-1977.** Statistical Office, Luxembourg, 1979, 98 pages. . . . . \$6.70  
*Yearbook 1978.*

**Demographic Statistics, 1977.** Statistical Office, Luxembourg, 1978, 134 pages. . . . . \$8.30  
*Yearbook 1978.*

**Fishery Catches by Region, 1968-1977.** Statistical Office, Luxembourg, 1978, 215 pages. . . . . \$19.50  
*Yearbook 1978.*

**Supply Balance Sheets, 1975-1977.** Statistical Office, Luxembourg, 1978, 299 pages. . . . . \$16.70  
*Yearbook 1978. Supply balance sheets for agricultural products.*

**Report on the Need for Community Action to Promote the Exploitation of Wind, Wave, and Tidal Energy for Electricity Production.** *Working Document No. 19/79*, European Parliament, Luxembourg, March 30, 1979, 28 pages. . . . . free  
*Report by Ronald Brown for the Committee on Energy and Research. Summarizes current demonstration projects and research on alternative energy sources.*

**Report on the Present State and Progress of the Common Transport Policy.** *Working Document No. 512/78*, European Parliament, Luxembourg, January 5, 1979, 83 pages. . . . . free  
*Report by Horst Seefeld for the Committee on Regional Policy, Regional Planning, and Transport; surveys the current status of EC legislation and proposals on transportation; includes a section on decision-making procedures as they relate to transport policy.*

**Grants and Loans from the European Community.** Commission, Brussels, 1978, 44 pages. . . . . free  
*Booklet on financial aid given by the Agricultural Fund, Social Fund, Regional Fund, the European Coal and Steel Community, and the European Investment Bank.*

**Financial Report of the European Coal and Steel Community 1977.** Commission, Luxembourg, 1979, 46 pages. . . . . free  
*Report on the borrowing and lending activities under the ECSC Treaty for 1977; includes balance sheets and income and expenditure statement.*

**Twelfth General Report on the Activities of the European Communities.** Commission, Brussels, 1979, 376 pages. . . . . \$7.00  
*Detailed report on the activities of the European Coal and Steel, Economic, and Atomic Energy Communities in 1978.*

**Programme of the Commission for 1979.** Commission, Brussels, 1979, 50 pages. . . . . \$1.20  
*Text of the address of Roy Jenkins to the Parliament on February 13, 1979, introducing the Twelfth General Report and the annexed memorandum setting out the policies to be pursued in 1979.*

**The Agricultural Situation in the Community: 1978 Report.** Commission, Brussels, 1979, 422 pages. . . . \$25.80  
*General survey of developments in the Community's agricultural sector covering production factors, income, supplies, trade, and monetary fluctuations; analysis of operation of the market for each product sector; detailed statistical annex on trade, production, prices, farm income, intervention measures, and EAGGF financing.*

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