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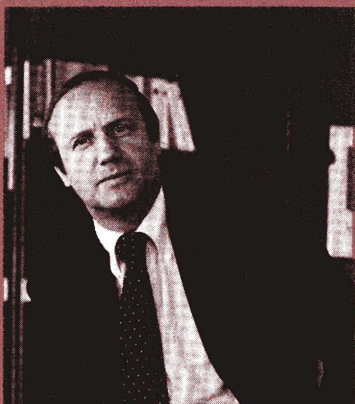

Publisher's Letter

Perhaps it is an historic inevitability that Greece should produce courageous journalists of the stature of Helen Vlachos, editor and publisher of Kathimerini. *In a very personal way during her exile in London, she was a powerful voice for the restoration of democracy in Greece. In particular she inspired a major program on the "Greece of the Colonels," which I directed for* BBC *"Panorama" exactly 10 years ago.*

Now with her characteristically powerful pen, she evokes the meaning of Greece's forthcoming membership in the European Community and focuses on the historical solitude of Greece's past—a solitude that will end when Greece enters the "affluent, civilized, and respectable" European family in January 1981.

And, as we head for the 1980's, John Robinson, editor of the Brussels-based European Report *and author of a recent book entitled* Multinationals in the 1980's, *encapsulates what may lie in store for multinationals—American and European—in the decade ahead. Many of the problems of the industrialized world are echoed on both sides of the Atlantic as Michael Mosettig finds in examining the Chrysler situation, which may have precedents and parallels in Europe. Meanwhile, Axel Krause looks at the development of Europe's transnational business school,* INSEAD, *which recently celebrated its twentieth birthday.*

As Ireland's six-month Presidency of the European Council draws to a close, Prime Minister Jack Lynch, current President of the European Council, on the eve of his official visit to the United States, takes a look at the European Community on the threshold of the Eighties.

Andrew A. Mulligan

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EUROPE

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NOVEMBER-DECEMBER 1979 NO. 216

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Cover (back): Rotterdam, center of oil spot market (see page 19), and major port for Dutch trade (see page 30).
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" I'M GOING TO EUROPE "

A Greek view of EC enlargement

HELEN VLACHOS, *editor and publisher of* Kathimerini *in Athens*

QUITE SOON, PROBABLY DURING THE LAST OF 1979 or at the latest the first of 1980, the nine European parliaments will ratify the signature of the treaty making Greece the tenth member of the European Community. And then the last of the formalities will be over. The Greek Government and especially Prime Minister Konstantinos Karamanlis want to see the whole exercise finished as quickly as possible, although there is no precedent for anything going wrong at this stage of the procedure.

Still, it gives the opposition and the "anti-Europeans" the occasion to whisper disembodied doubts of the kind, "Of course there is no possibility of any European country willingly going back on its word, but something may happen, one never knows. . . ."

On the contrary, one knows that the formal and impressive ceremony in Athens last May 28, with the European representatives, presidents, prime ministers not only signing the treaty but also adding the warmest of welcome to the new member, was the end of the long road.

It was in 1961, that the same Karamanlis, also Prime Minister of Greece at the time, first knocked at the door of Europe. Since then it has been the Greek politician's most ardent dream that he would one day be the one to usher Greece into the arms of the European family.

During these years all the problems that concerned the addition of one more member to what was called the Common Market, and developed into the European Community, were examined from all possible angles, by every kind of expert inside and outside of Greece. There were conflicting opinions as to the feasibility of the proposed entry, with the "pro's" as well as the "anti's" basing their arguments predominantly on economic issues, and just mentioning other social or political problems. It is interesting to note that one of the most important, if not the most important, reason for Greece's wish to become a part of the European Community was generally ignored. Maybe because it did not relate to statistics, percentages, and priorities, it could not be classified and explained in a familiar technical jargon. Maybe because the explanation was steeped in history, and its key word, unknown in financial equations, was "solitude."

GREECE, A SMALL ROCKY NATION at the far end of southeastern Europe, has been surrounded by enemies from the dawn of time. And what is more, Greece has never belonged to any family of nations, to any ethnic group. Greece never acquired any relative near or distant during the last 2,000 years, while all over the world racial groups were born, tied by race, by language, by religion. Latins, Anglo-Saxons, Slavs, Scandinavians. Greeks remained Greek alone.

Even their language never traveled. While Latin

"Greece, a small rocky nation at the far end of southeastern Europe, has been surro

spread, developed into French, Spanish, Portuguese, and in one form or another was spoken all over the world, Greek, with the exception of a few foreign scholars, was spoken only by Greeks. "It was too difficult," was one explanation. "It was too perfect, one did not dare change it," was another, more flattering.

As the centuries passed and Greece adopted Christianity again, its people remained solitary in their orthodox faith, never tied up with other nations' religious sects, or obeying one higher authority. The Patriarch of Constantinople, a most revered and distant figure, had no role to play in the life of the common man, did not help him or protect him.

That the small number of Greeks who clung to their barren land retained their national character, their language, and their faith, is nothing short of a miracle. Because that solitude—geographic and ethnic—left the country weak and unprotected at the mercy of predators. Romans, Franks, Turks, pirates, and crusaders were all attracted by that lovely, small piece of land and sea. They came as passers-by or conquerors, and some stayed for decades, others for centuries.

The last of the conquerors, the Turks, kept Greece under their yoke for four long centuries. That a spark survived, strong enough to kindle the fire of the War of Independence, was another aspect of this miracle, and it provoked, a worldwide wave of admiration for all but forgotten Greece at the beginning of the Eighteenth Century.

Greeks had won their freedom, and in the hard way, but again they found themselves under a benevolent but often suffocating protection of the Great Powers of the epoch. Foreign royals were chosen and appointed to reign over the Greek people, governments were toppled, alliances organized, and interventions of every kind in every internal problem were the rule. Sometimes for the good of the Greek people, more often for the good of foreign interests.

This situation has never stopped.

In recent times Greece became a member of the great international organizations that, under different high sounding titles, disappointed generations of optimists. What we received, whenever we asked for help in a crisis, was a pat on the back, a decision justifying our claims and often "ordering" those responsible for the situation to accept the decision and obey the given orders—which, as

by enemies from the dawn of time . . . and has never belonged to any family of nations, to any ethnic group." © Bruno Barbey, Magnum

we all know they never did, reduced the whole exercise into a modern, tragic farce. We were right, our enemies were wrong, but the imposing tower of Babel of today, inflated with words, is just as useless and condemned as its ancient predecessor.

Only once—and few Greeks forget it—about 30 years ago a friendly and generous nation from the other side of the Atlantic gave us a helping hand—arms, money, moral support—and saved us from sliding into the misery of Soviet domination.

Then came the North Atlantic Treaty Organization (NATO), that austere American-Germanic establishment that very quickly dropped all pretenses for any weakness toward romantic ideas like democracy or human rights.

The author, Helen Vlachos, in her Athens office.

Clearly, between Greece ruled by a free democratic government and Greece under the rule of dictatorial but servile Colonels, the latter was much better liked.

This short and slightly oversimplified survey of a long history has only one justification: to explain why the Greek people have a deep wish to belong at last to a group, to a family of familiar countries. And Europe is the one and only that qualifies for that part. Europe is a neighbor just one step or one jump away; Europe, a special, admired, envied, and in many ways, an imaginary continent.

"Where are you going for your vacation this year, Stavros?"

"This year, I am going to Europe."

This apocryphal dialogue is quite familiar to Stavros's Greek audience. No one places Greece in the Europe that Stavros is going to visit. In fact, no one places Greece geographically in any known continent. And Stavros, announcing that he is going to "Europe," intimates that he, lucky man, will be traveling to Paris or London or Geneva or Monte Carlo; any place with grand hotels, banks, shops, casinos; any city where there is freedom, luxury, and fun. It would be downright cheating if, in speaking of Europe, one meant Belgrade or Lisbon.

COMING BACK TO REALITIES, many Greeks with knowledge and experience in economics are lecturing the people about the more serious and down-to-earth aspects of the entry of Greece into the European Community. The pro-Government, pro-Karamanlis, pro-European voices are given more possibilities to use the press, radio, and television, and they have tried, and still continue trying, manfully to explain to the people what it is all about. Although they have well prepared and solid arguments to support their case, one cannot say that they have succeeded. Neither, to be just, have the anti-Europeans, considered to be influenced by their opposition to Karamanlis.

What the Greek people see is a composite picture, a sort of mosaic created pebble by pebble, with black and white patches, and here and there a burst of gay colors. Everyone studies his own part of the picture—concentrating on the problem that concerns him directly. He does not even try to have a complete, a global understanding. To guess where this all-important step will lead the country in the future, you have to be not only a full-fledged economist but also a nonpartisan observer, free of political ties. A rare specimen indeed on the Greek horizon.

What will happen to the "Vio-technies," worries a recent article in a Greek magazine. These are the small and medium-sized companies, surviving along with the "Vio-michanies," that is, the really important industries. And it goes on giving pessimistic figures—explaining that 84 per cent of Greek manufacturing units are just workshops with anything from one to four employees (102,000 units out of a total of 120,000) and only 1.83 per cent (2,200 units) employ more than 30 people. How will they survive? is the question. How indeed?

But Greeks have a great talent for survival, and this quality appears when the going gets rough. What they seem to be unable to do is to cope with the future. Long-term preparedness is certainly not a national characteristic. Whatever difficulties, new problems, and heavy responsibilities will arise in the new European era, they will be met as well as possible—but always at the last possible moment. All these stories about oranges and tomatoes, about textiles and butter, about the enmity of French farmers or Italian Communists do not make any impact on the people; these stories are neither understood nor believed.

The one fact that stands out is that, for better or worse, Greece becomes a part of an affluent, civilized, respectable family. For the first time in her long and troubled history. This may prove a difficult step to take, a challenge for which the country is ill prepared. To that, the reaction of the man in the street, the Athenian philosopher, is simple: Why not accept the challenge? What have we to lose?

MNC'S AND THE EC

What's the future for multinationals in Europe?

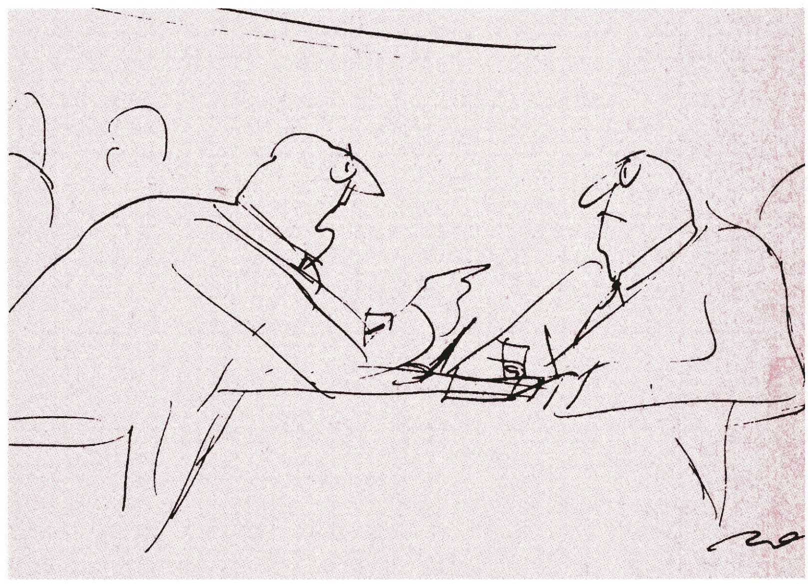
JOHN ROBINSON, *editor of the Brussels-based newsletter* European Report *and author of a recent book on multinationals in the 1980's*

ON THE THRESHOLD OF THE 1980'S, MULTINATIONAL companies operating in Europe face the prospect of a decade of stepped-up attempts by the European Community to stimulate Europe-wide economic interventionism and business regulation.

The European Community's emerging profile is in sharp contrast to the heady era of economic liberalism that marked the first years of the Community's life, 1958-1971—nearly a decade of economic uncertainty ago. Gone are the days when European integration—pioneered in an economic boom, resting on the strong political cohesion of a six-country club and underwritten by a common currency (the US dollar)—was equatable with automatic steps toward the creation of a common market among whose main beneficiaries were American multinationals.

Instead, today, European integration, responding to the economic crisis of the mid-1970's, has come to be measured by the success of collective efforts to meet the crisis and its attendant problems, and by parallel moves to boost the European consensus on which such collective efforts are based (e.g., via direct elections to the European Parliament). These developments, in particular the dovetailing of the notions of European integration and European interventionism, are forcing international firms into reappraisal both of the Community and of their strategy in coping with its policies.

The corporate response to these emerging EC trends has been diverse, reflecting both the divergent impact on European and American firms of Community economic and business-related initiatives, and also the two-edged nature of such policies themselves. For not all European-inspired interventionism is unwelcome, at least not to Community business. For example, the breathing space that EC policy-makers are seeking to give the Community steel and textile industries to adapt to the growing commercial challenge of the developing world has been strongly backed by industrial demands for interventionism and protection. The toughening up of EC anti-dumping legislation, agreed by EC ministers this summer, is another instance of governmental intrusion



"You may be thinking in dollars and cents, but I'm thinking in yen and Deutsche marks!" © Ross, Rothco

"Heads it's a fight to the death with the unions, tails with the Government." ©Waite, Daily Mirror, London

COUNTRIES OF ORIGIN OF THE 200 MULTINATIONALS WITH THE HIGHEST TURNOVER

(Millions of European units of account [EUA])

Country of origin	Total: No. of companies	Total: Turnover
USA	103	432,364
Japan	20	149,141
Germany	21	75,631
United Kingdom	20	72,448
France	14	35,342
Italy	6	33,218
Netherlands	6	32,820
Switzerland	3	7,201
Sweden	2	3,846
Canada	2	3,515
Denmark	1	2,880
Belgium	1	2,421
Luxembourg	1	2,207
Grand total	200	853,124
EC	70	257,057
USA	103	432,364
Other countries	27	163,703

Source: EC Commission survey, 1976

into the marketplace that seems much to the taste of domestic industry.

American companies, perhaps more imbued with the spirit of rugged enterprise than their European counterparts, are by and large less at ease when faced with Community interventionism. According to Carl Nisser, who until recently headed Goodyear's European governmental affairs department in Brussels, business in the Old Continent appears to be less vocally committed to support of the free enterprise system than the US corporate establishment.

In addition, American firms can often simply not afford to let themselves be drawn into the close relationship that on occasion is forged between the European private sector and the Community's public authorities. Thus European subsidiaries of American chemical majors, including Dupont and Monsanto, steered well clear of the so-called European synthetic fibers cartel, whose formation was openly encouraged in early 1978 by EC Industrial Commissioner Viscount Etienne Davignon. The long extraterritorial arm of the US Department of Justice's trustbusters is a permanent shadow falling over American company participation in some of the cozier types of arrangements that evolve between government and business in Europe.

BUT ALL MULTINATIONALS, European or American, tend to take a jaundiced view of the burgeoning business-targeted rules that have begun to write themselves into the EC statute book more rapidly in the last five years than at any previous time in the Community's history. Thus in 1978, subsidiaries of multinational companies (MNC's) throughout the nine-member Community were faced with a ministerial decision forcing them to align their disclosure practices on a common European standard. This thrust into corporate accounting is, moreover, continuing with negotiations among officials on the Community's so-called "seventh" company law directive, which would compel multinationals to provide workers and shareholders with a clearer picture of the group's overall performance, ranging from employment to profits.

New EC rules on worker protection in cases of dismissal or change of ownership form other strands of the web of regulations being spun around companies in response to the unemployment crisis still besetting the Community. But the mosaic of business rules being pieced together in Brussels is not limited to employment protection and corporate disclosure. Early this year, for instance, a move to strengthen exchanges of information between European governments on multinational tax evasion finally came into force.

Meanwhile, the EC Commission is actively considering much more dramatic changes in laws directly affecting companies operating in Europe. The first is a rule that would make the parent company legally responsible for its subsidiaries—a controversial move that one businessman likened to "driving a coach and horses through the very notion of limited liability." The second, equally contested by European business, is for the setting up of employee information secretariats in MNC's.

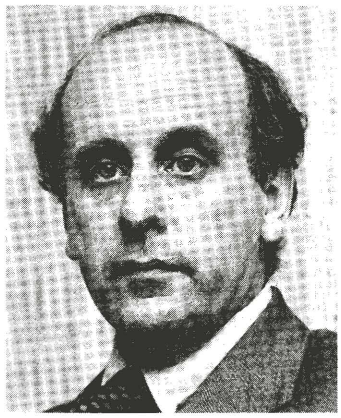
Indeed, the Community is now viewed by many companies as in the vanguard of international attempts to control multinational companies. For example, the economic philosophy and substance of the "Guidelines on Multinational Corporations," in force in the 24 member countries of the Organization for Economic Cooperation and Development (OECD) since 1976, owes more to the legislative traditions of progressive West European countries like Germany, the Netherlands, and Sweden, and indeed to those being developed jointly at EC headquarters, than to any other influence. In addition, on a key area like corporate disclosure, the Community is increasingly speaking with a single voice at OECD and the United Nations (UN), where negotiations for an international code of conduct for transnational corporations are expected to conclude in the first few years of the coming decade.

Behind all these initiatives at the Community, the OECD, and the UN is the strong support of a politically motivated trade union movement, whose ideological fulcrum is in Europe—or more accurately at the joint headquarters in Brussels of the European Trade Union Confederation (ETUC) and the International Confederation of Free Trade Unions (ICFTU).

European unions' support for increased EC control over MNC's reflects fears sparked by the Community's tenuous employment situation, pointed up by a 6 million dole queue that is expected to further lengthen in the medium term. Indeed, it can be argued that the economic downturn of the mid-1970's, together with record levels of postwar unemployment, has fundamentally strengthened the hand of the ETUC in its dealings with European authorities. As a result, trade union pressure on EC decision-makers for action in key business areas like tax evasion, employment protection, and corporate disclosure is likely to increase in impact in the years of economic uncertainty ahead.

Speaking in May this year to ETUC's Congress in Munich, EC Commission President Roy Jenkins asserted that "we greatly welcome the growing influence and the growing confidence of the European Trade Union Confederation." So saying, Jenkins recalled memories of the Commission's earlier call made in its own action program for multinational companies for a European "trade union counterweight" to international business operating in the Common Market. It is as much to this growing trade union confidence and influence, as to EC policy initiatives on which they are focused, that multinational firms are now seeking to forge new responses.

The emerging position of Brussels as a center for international company attention is underscored by the government/business interface that, in the EC member states, has traditionally been much stronger than in the United States. Government intervention in the conduct of the economy, such as is to be found in Britain, the Netherlands, and Italy, may remain preponderantly national, but few would discount the Community's impact in creating a climate of opinion and even a common European perspective for national public policy. What is beyond all doubt is the determining role played by the Community, both directly through legislation and indirectly through its philosophical impact on national lawmakers, in areas such as worker participation, employment protection, and tax evasion. For some executives this role is hard to accept. They fear the gradual erosion of the private sector's freedom of maneuver. Indeed, one company executive holding a watchdog brief on EC developments went so far as to gripe at "the mental pollution" on which some progressive EC legislation is based.



EC Commissioner Etienne Davignon, responsible for industrial affairs.

Mental pollution or no, the trend toward greater intervention by EC authorities in the conduct of multinational companies seems likely to be here to stay and, moreover, to develop. As the European economy will probably con-

EC Policy Measures

The early 1980's, according to author John Robinson in his survey *Multinationals in the 1980's: Trends in European Regulation and International Control*, will witness gradual enactment and/or implementation of binding measures particularly in the following areas of EC multinationals policy:

- Corporate disclosure: MNC management faces the implementation phase of new EC rules for subsidiary accounts in the Common Market "Nine," and the enactment of pioneering legislation on group reporting. To this should be added the prospect of policy negotiations on a Community proposal, backed by European trade unions, which would erode the traditional concept of limited liability.
- Tax evasion and transfer pricing: National revenue authorities in the Community have at their disposal a strengthened cooperation procedure aimed against corporate tax evasion and avoidance, whose initial impact will be gauged during the early 1980's. This results from an EC directive which came on line in early 1979 and provides for the possibility of establishing EC rules on transfer pricing.
- Antitrust: The increased use and extended scope of EC rules against market dominance will characterize the short-to-medium term, while arrangements concluded by MNC's on trademark and patent licensing are certain to come under new regulation and closer scrutiny.
- Employment protection: Progressive European philosophy on labor market policy will be reflected by EC enforcement of directives on employment protection and proposals for new measures in this field. But a persistent economic slowdown and low investment levels might moderate policy extremes.
- More generally, European "macro-policy" in areas affecting business will continue to mirror continuing differences among EC member states over interventionism in industrial and investment policy. This ambiguity, compounded by the Community's dual role as both host and home territory to some of the world's major foreign investors, will become more pronounced as a politically motivated and well-organized European trade union movement vies for influence with business organizations and expanding numbers of MNC lobbyists for whom a new pressure point will be the directly elected European Parliament.
- Externally, the European position on international codes of conduct will be one of strong support for voluntary arrangements, reflecting the desire to maintain an apparently progressive development policy, offset by concern at protecting the foreign investments of domestic multinationals.

Robinson's 191-page survey (plus 244 pages of annexes) is available from European News Agency, 46 Avenue Albert-Elisabeth, 1040 Brussels, Belgium, for 9,200 Belgian francs (approximately $317).

INDUSTRIAL TYPE COMPANIES *Combined turnovers of those multinationals among the world's top 200, based in:*	*% of national gross domestic product* (GDP)
USA	41.0
Japan	45.8
Germany	27.4
United Kingdom	52.5
France	17.7
Italy	30.0
Netherlands	68.8
Switzerland	23.2
Sweden	9.6
Canada	3.6
Denmark	13.2
Belgium	6.8
Luxembourg	153.1(1)

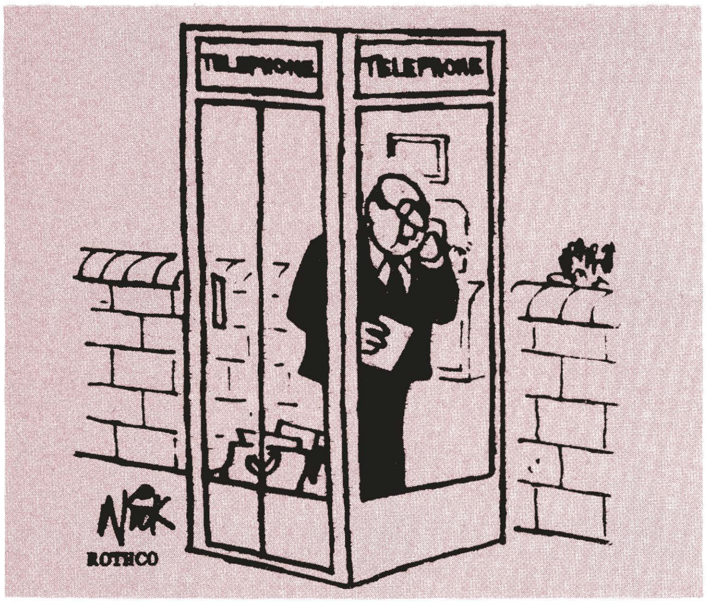
FINANCIAL INSTITUTIONS *Combined assets of those multinationals among the* world's top 60, based in:	*% of national* GDP
USA	27.0
Japan	70.4
Germany	50.1
United Kingdom	95.4
France	32.7
Italy	56.7
Netherlands	33.4
Switzerland	28.9
Australia	12.6
Canada	60.9
Belgium	21.5

(1) Only one Luxembourg-based multinational—Arbed—comes within the "top 200" league, but its turnover, at EUA 2,297 million is half as big again as that country's GDP.
Source: MULTINATIONAL SERVICE, 46 Ave Albert-Elisabeth, 1040 Brussels

tinue to be bedeviled by structural and competitive problems in the early 1980's, increased demands for EC-wide responses to them are in clear prospect. These demands might, moreover, be given added weight as they are channeled through a directly elected European Parliament, which looks like a strong candidate for increased corporate attention if it begins to supply the missing political dimension to EC economic policy formation.

A KEY ASPECT OF THE NEW CORPORATE RESPONSE is organizational. Large international companies have come to realize that the expanding impact of EC measures and thinking on business-sensitive areas needs to be handled with a greater degree of sophistication than has traditionally been the case. As a result, especially in the last years of the 1970's, a growing number of companies set up monitoring offices in Brussels—or at least parachuted lobbyists into the EC capital to make high-level contacts with Community policy-makers and report back to equally high echelons at corporate headquarters. Amongst companies with the most sophisticated monitoring operations in Brussels are some of the household names of international big business: Ford, Union Carbide, IBM, and Goodyear.

"Actually, George, the financial picture isn't too bright here at Head Office." © Nick, Punch, London



The upgrading of the EC "government relations" function of major MNC's is a trend that many executives feel will intensify in the 1980's—gradually edging Brussels towards a comparable status to Washington, currently the undisputed capital of international company lobbyists. More generally, business analysts speculate that the governmental affairs function might itself gradually assume greater importance in the overall company structure—elevated to a par with mainstream functions like marketing and finance. Such a trend would certainly reflect the emerging overlap between the worlds of multinational business and international politics, evidenced by: the OECD guidelines on MNC's; preparations for a UN code of conduct for transnational corporations; adoption in 1977 of the International Labour Organization's principles for MNC social behavior—and also, of course, developments at the Community, where a central priority has traditionally been the creation of progressive rules for the conduct of international business in a transnational common market.

THE CHRYSLER CHOICE

Looking to Europe for precedents and parallels

MICHAEL D. MOSETTIG, *New York-based freelance writer who formerly reported from Europe for UPI and NBC*

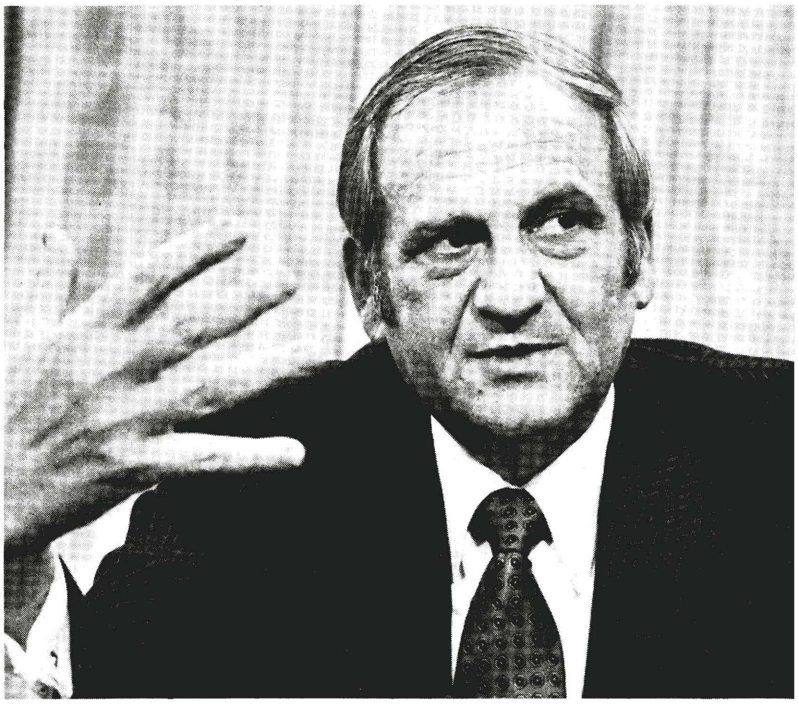
LIKE THE HEROINE OF AN OLD HOLLYWOOD MOVIE, the Chrysler Corporation is hanging on to the edge of a precipice waiting for Washington or a foreign auto company to save it from a plunge into bankruptcy. But Chrysler's potential rescuers are moving to its help at a very slow trot not at a gallop. And like the old serial movie that played every Saturday, the Chrysler saga, or something like it, will be a continuing drama for economic policy-makers and politicians in the United States and in Europe for much of the next decade.

Basic but old industries employing hundreds of thousands of workers are finding it increasingly difficult to adapt to new markets and to new sources of production, labor, and competition that have emerged around the world in the last two decades. For Western nations in the 1980's, a major economic issue will be the "structural adjustment" of those old industries—making them competitive and profitable once again. Without successful structural adjustment programs, governments face the bleak choice of more unemployment or subsidization of inefficiency and jobs.

The reluctance of the Carter Administration and Congress to come running to Chrysler's aid is an indication that Western governments, and especially the US Government, are still groping for an approach to business-government cooperation that avoids the bleak choices. Until they do, they will be confronted here and in Europe with new demands for protectionism, a chorus that will surely grow as the recession intensifies. There will also be pressure, as the Chrysler case has already demonstrated, to defer such social goals as clean air, fuel conservation, and safety because of the high cost of the regulations.

Chrysler, now plunging toward a $1 billion loss this year, is not just an isolated example of bad management, although it has suffered more than its share of that. Ford, the second largest American auto maker, could be experiencing the same kind of cash shortages soon, even though its profits are being boosted momentarily by overseas earnings.

And in Europe, most auto experts anticipate that the West European car industry will be confronting a major problem of "over capacity" in the next few years. The 13 major European auto groups can turn out more cars than the home market is ready to buy, especially at a time of escalating gasoline prices and of ever stiffer competition from imports.



Lee A. Iacocca, chairman of the board and chief executive officer of Chrysler Corporation. © UPI

The crunch in the car industry comes as the United States and the European Community nations, in their separate ways, are trying to cope with over capacity in their steel, shipbuilding, and textile industries. Hundreds of thousands of jobs are at stake, and there are immense political pressures to save these industries through protectionism and subsidies. But unlike the United States, the Community at least has a plan for restructuring its steel industry.

THE OLD INDUSTRIES are facing and succumbing to competition not merely from Japan but from such emerging industrial powers as South Korea and Brazil. In the auto industry alone, South Korea is challenging Japan for the lucrative Asian market, and Brazil is becoming the dominant exporter to the growing Latin American market. All this threatens a major source of profits for US and European multinationals and creates the potential for even more imports cutting into their home markets.

The foreign share of the Community's auto market is heading toward 22 per cent, including the nearly 60 per cent share of the British market. The summer gasoline crisis in the United States sent thousands of buyers into Honda, Toyota, and Volkswagen dealerships and shattered the hopes of the US manufacturers that with their smaller cars they could hold foreign competitors permanently below a 20 per cent market share.

EC Commissioner Viscount Etienne Davignon, in charge of industrial affairs, has already rejected protectionism for the European auto industry, but those pressures will grow more intense, especially from Britain. At the Birmingham auto show last year, Davignon said European manufacturers would have to devote more money to innovation, become more competitive, and enter more sharing arrangements for components. (In the United States, the last of those proposals could be precluded by the antitrust laws).

Davignon said the survival of the European car industry depended on its will to succeed. National governments and Community authorities could "only make the going easier," he said.

The wider problem of structural adjustment was recently addressed by EC Commissioner Christopher Tugendhat, in charge of financial institutions: "It is no longer possible to rely on purely business judgment. . . . The problems are now so big, as well as being socio-economic in character, that judgment can no longer be purely commercial."

Peter Drucker, the management analyst, made a similar point in *The Wall Street Journal*—urging US corporations in their own self-interest to work with labor unions on redundancy planning. "For American business needs to make some vast structural changes if it is to remain competitive, capable of growth, and profitable during a time of massive population shifts," he said.

But in the United States, among businessmen as well as politicians, structural adjustment is considered often a disguise for a bail-out. Labor leaders often contemptuously refer to it as "funeral expenses" for an industry or company decimated by imports. As the Chrysler case has demonstrated, the idea of a bail-out draws equal opposition from the free-enterprise right and the anti-business left. The arguments of both tend to overlook the few examples in the United States and Western Europe of successful government intervention to rehabilitate old industries.

Instead, Americans opposing loan guarantees or other help to Chrysler have pointed often to European experiences as a reason not to proffer aid. A House Banking Committee staffer coined a striking neologism to describe the antipathy of many House members to a Chrysler bail-out: "They are reluctant to British-ize the system."

And the economist John Kenneth Galbraith recently wrote that, despite all the rhetoric for less government in the United States, there have been many new demands for more government—for example, that with the fall of Chrysler, "the United States Government, following those of Britain, France, and Italy, get deeply involved in the automobile business."

Those comments reflect a widely held American assumption that state intervention and assistance to a declining industry or company is a guaranteed losing investment. The most frequently cited example is the British Government's 1 billion pound rescue effort for British Leyland, which has yet to turn that company around. Another is the Italian Government's continued subsidization of money-losing Alfa Romeo.

There has been less publicity in this country for the French Government's successful rescue of Citroën. The Government provided a $200 million loan and helped arrange a merger with Peugeot four years ago. The loan has already been paid off. The main problem for the company now is to swallow the weak subsidiaries of Chrysler Europe that it purchased last year.

"Ford, the second largest American auto maker, could be experiencing the same kind of cash shortages soon, even though its profits are being boosted momentarily by overseas earnings." Shown here is a Ford facility in Belgium.

Direct investment "avoids the problems of tariffs and likely protectionist reaction to a new flood of auto imports." Pictured here is Volkswagen's US plant in Westmoreland, Pennsylvania. courtesy Volkswagen

In the United States, the 1972 Lockheed loan guarantee helped put that company back on its feet despite the controversy at the time. With selective tax breaks, the Government rescued American Motors. And on an industry-wide basis, the Commerce Department in 1977 put together a package of technology, marketing, and export assistance for American shoe companies that were being drowned in imports. The cooperative program, along with negotiated temporary trade restrictions with Asian importers, helped push many of the American firms to record profits and even exports this year.

But the problems facing auto companies both in the United States and Europe are more massive. The American giants will have to come up with another $70 billion, beyond the billions already invested, to revamp assembly lines to meet consumer demand and government regulations for fuel economy, pollution control, and safety. For the European companies, both private and state-owned, the issue is further "rationalization." There is the probability of more mergers and the certainty of more sharing of production and components. On both continents the market outlook is uncertain at best, hostage to further

AMC-Renault

Twenty years ago, the then president of American Motors Corp., (AMC), George Romney, put a prediction in the cornerstone of a New York building. When the cornerstone was opened recently, Romney's prediction turned out to be half true.

The former auto maker and one-time Presidential candidate had anticipated that by 1979 most Americans would be driving around in small cars—American Motors Ramblers. Thanks to the high price of gasoline, many Americans are driving smaller cars. But they are neither Ramblers nor in many instances even made in America. They are more likely to be Japanese or European.

Now, like the US motorist, American Motors has turned overseas for help in finding the right small car. Renault, the French auto maker, is buying 22.5 per cent of American Motors' stock, what Renault expects to be the controlling interest. In return, it will provide the US company with $150 million in initial cash plus the transfer of new small-car technology. By 1983, it will be building a French car at the American Motors plant in Kenosha, Wisconsin, and selling it through American Motors dealerships. Renault has been a 5 per cent owner of AMC since 1977.

The deal represents the first cooperative arrangement within the United States between a privately owned American firm and a state-owned foreign company. Both American and European multinationals have been making these kinds of deals elsewhere in the world, but never in the United States.

Like Chrysler and Ford, American Motors has been suffering a cash squeeze brought on by the massive investments required to meet consumer demand and government regulation for safer, less polluting, and more fuel-efficient cars. Chrysler is looking to the Government for its cash, and Ford is counting on overseas profits to tide it through at least two forthcoming quarters of domestic operations running in the red. Chrysler may yet be available for a foreign takeover, perhaps by Volkswagen, but not before its present situation is sorted out more clearly.

These kinds of arrangements in the auto industry make considerable sense. In fact, Renault's moves toward a larger role in AMC were anticipated in a *Europe* story by Axel Krause (July/August 1978, No. 208).

The American auto companies are cash poor; some of the thriving European companies have the cash, but need a firmer entrée into bigger markets, especially the United States. The cheap dollar increases the investment lure for the foreign companies. Direct investment avoids the problems of tariffs and a likely protectionist reaction to a new flood of auto imports. (Volkswagen has already built a US plant, in Pennsylvania.) US motorists, especially on the two coasts, appreciate foreign cars for their gas mileage, for their often better workmanship, and for their snob appeal, or even reverse snob appeal, like the old Volkswagen Beetle.

In Western Europe cooperation and collaboration are becoming more popular among the auto makers as they strive for more efficiency and greater economies of scale. Peugot, Renault, and Volvo have a joint assembly plant in Douvrin, France, making luxury car engines. Fiat, Alfa Romeo, and Renault set up a factory in Italy to manufacture diesel engines. Peugot and Fiat together make light vans. Fiat and the German company Magirus-Deutz make trucks.

The American companies joined this collaboration to the extent of buying components in Europe. Chrysler, for example, buys engines from Volkswagen, and Ford-Europe buys Peugot engines for some of its cars. Auto industry experts predict the Japanese will soon make this collaboration global, probably starting with joint ventures in Europe.

In the late 1960's, some Europeans were worried that their markets were being carved up by American corporations. Now the struggle has returned to this side of the ocean. By the early 1980's some of the most intense competition for the American auto market will be among foreigners, especially those who have decided that direct investment is the best way to gain a strategic advantage.

—Michael D. Mosettig

fuel panics and events in the Middle East and even stiffer import competition.

FOR GOVERNMENTS, THE QUESTION is what industries and companies to save and at what cost, both in cash and intervention in their management. The answers do not revolve solely around employment and domestic politics, despite their emotional content. National security is often advanced or implied in programs to save such industries as steel and shipbuilding.

As Commissioner Tugendhat wrote, "Indeed if the judgments were made simply on market principles, we would, for example, no longer have a shipbuilding industry in Great Britain—or possibly anywhere in Europe. Some might argue that indeed we should not have a shipbuilding industry. I do not agree."

Defense arguments were persuasive in gaining Congressional approval for the Lockheed loan guarantee. The Nixon Administration was able to convince Congress that a major manufacturer of military aircraft should not be allowed to go down the drain.

"Experts insist that Chrysler will have to stop competing as a full-line manufacturer. . . . it will have to find its particular niche in the market." Pictured here is an assembly line at the Omni-Horizon plant in Belvidere, Illinois. courtesy Chrysler Corporation

Chrysler makes tanks, but that part of the corporation could be picked up by another contractor in case of bankruptcy. That leaves the company, the United Auto Workers Union, and Congressmen from districts with Chrysler plants with the political and social arguments of massive unemployment in an election year. The Auto Workers have gone as far as suggesting the government take over 30 per cent of Chrysler's stock as part of a billion dollar rescue program. But the Administration does not want to join six other Western governments as full or part owners of national auto industries. (These include not only Britain and Italy, which have found it more a burden than a blessing, but also Austria, France, Germany, and the Netherlands, which have full or partial holdings in often profitable companies).

As an alternative to government ownership, Congressman John Conyers of Detroit has suggested that government aid be conditioned on a reform of Chrysler's board of directors. Working with American University economist Ronald Müller, Conyers has proposed legislation requiring Chrysler to open its board to labor, environmental, consumer, and other non-business representatives. The second stage of government aid, after the immediate rescue money, would be based on a development plan drafted by the new board. The Auto Workers union, in its contract talks with Chrysler, has also put forward a demand for representation on the company's board and on management committees. Its argument is that it should be given a voice in company decisions in return for the sacrifices management is requesting. Now, to the surprise of many, the company has agreed. The United Auto Workers' president, Douglas Fraser, will go on the Chrysler board, a historic first for a major American corporation.

In Washington, Wall Street, and Detroit there is a near unanimous view that some kind of reorganization must precede any rescue effort. Experts, such as Ron Glantz of Paine Webber, insist that Chrysler will have to stop competing as a full-line manufacturer with General Motors and Ford. Like American Motors, it will have to find its particular niche in the market.

Also possible is some kind of arrangement with a European or Japanese company to take over some of Chrysler's operations. But as Glantz observed, the immediate prospect of a foreign deal fades as bankruptcy looms: "We regard it as wishful thinking to expect a white knight to appear out of Europe or elsewhere to buy the company in its entirety. Realistically, foreign car companies will wait for the 'garage sale' which would accompany financial reorganization."

That leaves Chrysler running short of both time and cash, while all the other concerned parties, as one Congressional staffer commented, "are really worried about setting a precedent."

EUROPE'S "AMERICAN" BUSINESS SCHOOL *celebrates 20th anniversary*

AXEL KRAUSE, *economic correspondent for the* International Herald Tribune *in Paris*

IT WAS ONE OF THOSE MILDLY DAMP SATURDAY afternoons typical for a French September in the forested areas around Fontainebleau. The occasion was the twentieth anniversary celebrations of the founding of the European Institute of Business Administration. EC President Roy Jenkins reminded several hundred students, professors, European and US Government officials, and corporate executives gathered there of the almost simultaneous founding of the European Community and the Institut Européen d'Administration des Affaires (INSEAD): "The challenge that we face is the breaking down of the barriers of narrow and inward-looking nationalism."

Turning toward the 1979-80 graduating class of 216 from 37 countries, including the United States and 15 European nations, Jenkins said that above all in the Europe of the 1980's, "What we need are European managers, able to live and work and perfect their skills in a multinational and multilingual context." He concluded in wishing INSEAD well: "We look to you to train future managers to cope not only with the specialized skills of technology and administration, but with the wider demands of political and social change."

Despite nagging problems—academic, financial, and organizational in nature, plus lingering doubts regarding its usefulness, particularly in Germany—INSEAD continues to flourish. It rightly claims to be the only international business school of its kind in Western Europe: Each year it teaches several hundred students in its Master of Business Administration (MBA) program; it also offers executive development programs to over 600 managers from companies, banks, and government organizations; and, meanwhile, it is expanding research activities, drawing on 40 full-time and 25 visiting academic staff members from over a dozen countries.

Founded in 1958 with financing of the Paris Chamber of Commerce, plus a handful of multinational (including US) companies, and the support of such internationally minded business leaders as Olivier Giscard d'Estaing, younger brother of France's President, INSEAD has produced a total of about 3,000 alumni. Today, they work mainly for companies in virtually every country of the world, an estimated one-third of which are US-owned or affiliated.

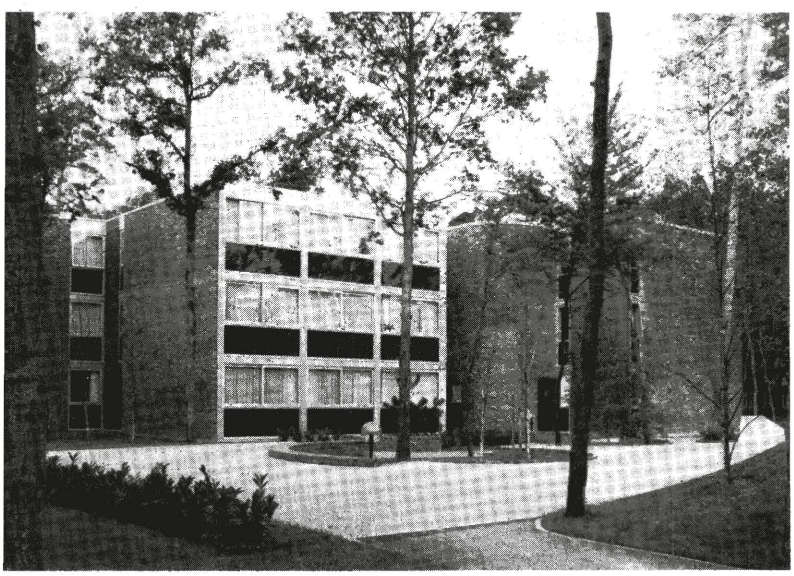
But the US connection goes far deeper and indeed is something of a sore point among INSEAD officials, summed up by one faculty member as follows: "The French think of us as American; the Americans keep thinking of us as French."

There is good reason for both impressions, since for many years French financial support has been crucial for INSEAD's success. What is more, the French still comprise the largest share of INSEAD's students: 82 in the present graduating class, trailed by 33 from Britain; Switzerland is next with nine, trailed by Lebanon with eight; plus seven each from Germany, the United States, Israel, Italy, the Netherlands, and Japan. Mused one seasoned Scandinavian INSEAD graduate following Jenkins's speech, "You can talk about this place being European—and in many ways it is—but it still smacks of France if for no other reason than it is here."

Harvard Business School, with which INSEAD over the years has regularly compared itself, also casts a long shadow on its modern, scenic campus. For years Harvard's case methods and materials dominated the teaching in the MBA program; INSEAD's professors were drawn from Harvard or other well-regarded American business schools, and INSEAD has been unabashedly proud of this connection. Moreover, INSEAD's previous dean was an American. And starting in 1971, the Ford Foundation provided roughly $1 million annually, although its support has now ended. The US connection is summed up by INSEAD's dean, Britain's Uwe Kitzinger, as "inherited stock-in-trade" and for which "of course, we are grateful."

A VISITOR RETURNING TO INSEAD after several years' absence is struck by a startling change, however, that surfaces quickly in conversations with faculty members, students, and alumni. It boils down to a "Europeanization" in many ways more far-reaching and significant than what inspired INSEAD in the early days. The change—in effect INSEAD's direction for the 1980's—was succinctly put by Kitzinger in his address that preceded Jenkins's.

"The early days are over: the days when we had no competitors in Europe, when our job was simply to transfer management technology across the Atlantic from America," he declared. Coming to the point, Kitzinger said, "We simply cannot go on teaching what we ourselves were taught: what worked in Milwaukee under Eisenhower in the days of Western economic dominance, liberal economies, abundant energy, cheap materials, shortages of labor. . . . Europe is running into stiff international competition, industries are wilting, and people are out of work; parts of the environment are choking on the by-products of our technology. . . . So we have to question the old assumptions and get down to new research and reflection, we have to do our own thinking and teach our own thing."

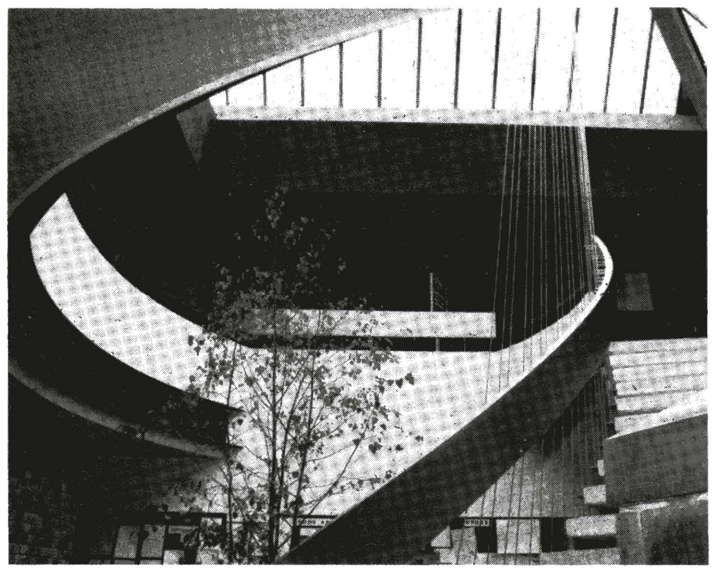


An apartment building on the INSEAD *campus.* *photos courtesy* INSEAD

More specifically, what Kitzinger and his colleagues hope to accomplish in the next few years is nothing less than a bold development program aimed at leading to:

- New, permanent links between INSEAD and the developing countries, particularly in Southeast Asia and Latin America. A first major step in this regard has already been taken with the establishment earlier this year of a so-called Euro-Asia Center (EAC). Nonprofit-making, to be located at Fontainebleau with a liaison office in Asia, the EAC's purposes are to foster research, development of management skills, and improved communications between the two areas. Financing is to come from a "club" of 50 founding companies, split equally between Europe and Asia with a maximum of three companies represented from each area, with the exception of Japan which is entitled to four.
- Endowment of five chairs in international banking and finance; international business management; marketing; human resource management; entrepreneurship.
- Establishment of a European Management Research Unit at INSEAD aimed at integrating business and other decision-making practices with teaching; the unit would bring together at Fontainebleau recently retired business leaders and civil servants, professors, and analysts.

To be sure, all this will take money, and raising funds in times of stagflation will not be easy. Next year's budget, which has jumped 50 per cent in the past three years, will top $9.2 million. Although INSEAD has shown itself remarkably adept at keeping out of the red in the past few years, it will have to raise an estimated $2.1 million in the form of gifts to cover next year's costs, as it has in past years. That amount, along with growing operating costs, has continued to rise swiftly.



A new restaurant at INSEAD.

But INSEAD appears confident. Pierre Cailliau, the school's French director general, says that in the 1977-78 academic year, while revenue from activities increased by 17 per cent over the previous year, costs rose by only 9 per cent. "Today the institute is in a position to undertake essential investments or expenses which have been long delayed," he says.

The EAC plans to be in full operation by next spring, for example, having already lined up eight European backers, including Unilever, Barclays, BASF, Lafarge, and Parisbas, plus about a dozen Asian concerns, including Nippon Steel, Mitsubishi Corp., and Malaysian Banking Corp. Eventually, the center plans to have about 250 members.

Meanwhile, European companies and banks, plus US companies or their overseas subsidiaries, are being pitched for support. Committees are being launched on both sides of the Atlantic, drawing on such staunch backers as Philip Caldwell, INSEAD board member and vice chairman of Ford Motor Co.

Addressing a fund-raising lunch in London last July,

At the recent twentieth anniversary celebrations of INSEAD: *(left to right)* INSEAD *Dean Uwe Kitzinger; EC Commission President Roy Jenkins; John Loudon, chairman of* INSEAD*'s board of directors.*

Kitzinger put it bluntly: "There are some investments in the future that we need to make which we cannot finance out of current activities," such as tuition fees. Pointing to the five projected academic chairs, on which he said, "we want European business to invest," Kitzinger was sounding out the Western business community's interest, and the initial reactions have been favorable. But it may be a few years before the chairs are financed and functioning.

Partly to develop INSEAD's teaching potential—and also to talk up INSEAD generally—Kitzinger recently completed a swing to the United States that included stopovers in Chicago; New York; Racine, Wisconsin; and Boston. A follow-up trip is planned for November to Stanford University, with which INSEAD cooperates in running a four-week advanced management program. But the purpose is not to hire Americans, necessarily.

Kitzinger hopes to meet and possibly hire seasoned Europeans teaching at US business schools, who apparently are anxious to return to Europe, and many of whom hold both advanced US and European degrees. And the attraction INSEAD now holds goes beyond the scenery of Fontainebleau—salaries have been gradually scaled upwards. An assistant professor now can earn 10,000 francs per month and a full professor 14,000-to-15,000 francs, which in light of the dollar's recent drop in value, compares favorably with salaries elsewhere.

ONE OF THE PROBLEMS FACING INSEAD is finding a replacement for Kitzinger, who is leaving in about a year, winding up a four-year stint as dean. The former EC Commission adviser is returning to Oxford University to become director of its Center for Management Studies. For 12 years Kitzinger was Investment Bursar at Nuffeld College, having also previously taught at Harvard and Paris universities.

More than anything else, according to his colleagues, Kitzinger's mark will be his having launched significant research activities and elevating them to the same level as the established MBA and continuing-management-education programs. For example, he won approval for establishment of three associate dean posts—for the MBA and continuing-education programs, plus the new program for research and development—staffed respectively by a British, French, and Swiss professor.

"He successfully built on what Dean Berry, his American predecessor, started by having built up a highly professional, respected faculty," says one INSEAD professor. "Uwe moved us towards the second, crucial step—research."

Although INSEAD officials and supporters say it is still too early to talk about a successor to Kitzinger, there is a consensus among them that he will probably not be another American, nor in all likelihood, another British academic. Some would like to see more German participation, including even perhaps someday a dean. "We certainly could use more German input around here," says an INSEAD faculty member who correctly notes that their participation is "very thin," particularly among the student body where they presently are as numerous (seven) as their Lebanese and Israeli colleagues.

To be sure, German companies regularly recruit INSEAD graduates, who incidentally must be proficient in German along with English and French to be admitted. Indeed, INSEAD's trilingual environment is one of the key, coveted advantages for those who successfully complete the 10-month MBA course. Nevertheless, in all the non-MBA management courses offered at INSEAD, including the summer programs run with Stanford, German participation still accounts for only 10 per cent compared to Britain's 17 per cent and France's 15 per cent.

Faculty members and outsiders say the reason is that Germans simply do not believe they can learn much from INSEAD—at least this is the argument Germans use. "Why go to France to learn about management?" asks one INSEAD source, repeating what Germans apparently mean. German students and companies have "not embraced us the way the French and British have, since Germans are very traditional . . . they feel their university or the US system is better," he adds. INSEAD officials also concede that until now they have not promoted their activities in Germany as hard as they should have, compared to other European countries.

Nevertheless, INSEAD appears well set to continue its development. Summing up his impressions (on a lawn overlooking a new building Jenkins had just inaugurated), Dean Berry, who left INSEAD in 1976 and is presently a professor at the London Business School, said: "This place is the story of Europe . . . still divided, but moving forward."

ENERGY

"PETROL" versus "GAS"

Europe and America view gasoline policy, price, and tax differently

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

WHEN PETROLEUM FIRST BECAME BIG BUSINESS IN the 1870's, the main use for the smelly, black "rock oil" was kerosene for lamps. By the turn of the century, gas and electric lighting had made this look like a losing proposition, but a new technological breakthrough emerged: In 1886 a German, Carl Benz, built a practical gasoline engine, and by 1910 Henry Ford in America was turning out autos for the masses. Since then, many other uses have been found for oil, but gasoline sales to motorists remain a cornerstone of the industry. Low crude oil prices during the 1960's, plus soaring car ownership in the United States, then Europe, and finally Japan, made gasoline demand a permanent fixture—accounting for one-fifth of oil industry sales worldwide and one-third in the particularly gasoline-thirsty United States.

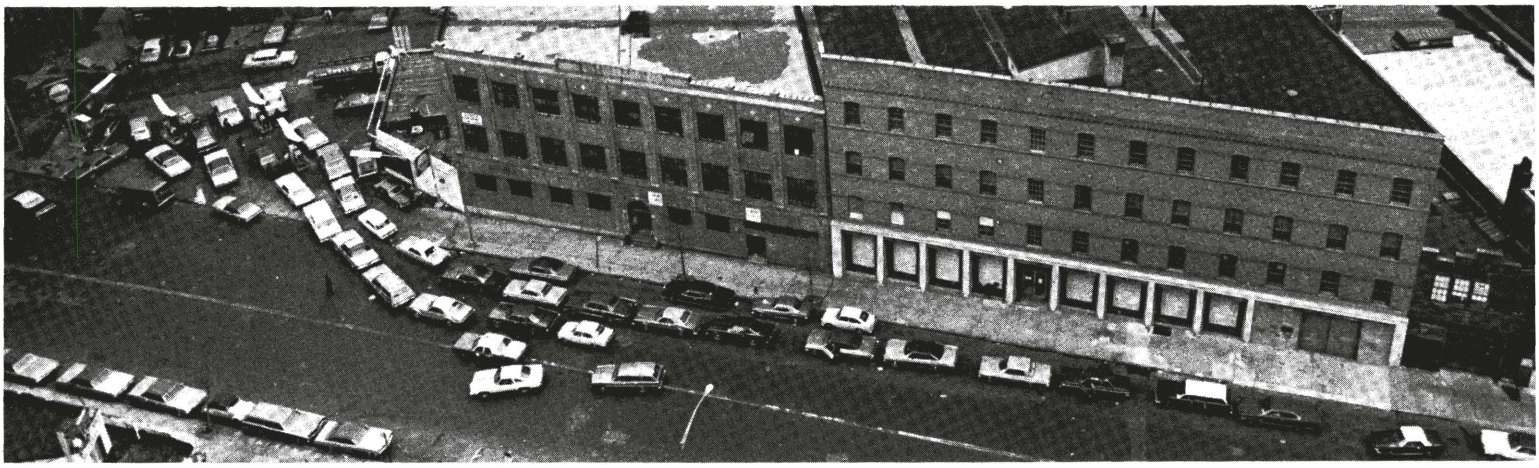
In the oil-short 1970's, however, gasoline demand has become a major dilemma for energy planners and politicians in all Western countries. It's clear to everyone that gasoline use by private drivers should get a low priority behind fuel for power, heating, and essential transportation—clear to everyone, that is, except the drivers. Voluntary measures to achieve gasoline conservation have run up against reluctance by motorists to change their habits, and mandatory measures are politically unpopular. Especially in America the politics of gasoline are wild and woolly, with members of Congress often trying to vote safe instead of right.

Europeans are relatively more gasoline efficient than Americans but are also more import-dependent and have more incentive to conserve. Gasoline price and taxes are high, but anti-inflationary price controls in some countries and the devaluation of the dollar have worked to keep the real cost of gasoline surprisingly steady since the mid-1970's. With the 1979 oil squeeze, governments began new campaigns to cut consumption with even higher prices and taxes, a first attempt at setting up auto mileage standards, and a closer look at public transportation.

In the United States the Carter Administration is finally moving to increase home crude oil prices to world levels; but due to political pressure, refiner profit margins on gasoline have remained controlled, and no attempt has been made to raise the minimal gasoline taxes. The 1975 program of mandatory mileage standards has been a major success, with the side effect of forcing the US industry to arm itself to compete with low-mileage auto imports.

But the popular European image of the "gas-guzzling" Americans with their big cars and wasteful driving habits

In the oil-short 1970's, voluntary measures to achieve gasoline conservation ran up against reluctance by motorists to change their habits—sometimes leading to gasoline lines as shown here. © Sepp Seitz, Magnum



is hard to contradict. US per capita gasoline consumption at 513 gallons is far above the European average of about 110 gallons and the Japanese level of 70 gallons.

The vast spaces of America play a role as the average US driver travels 9,500 miles a year, over twice the European average. Two other continental-sized Western countries, Canada and Australia, also have high consumption rates. Distance creates a need for heavier, more durable cars and also makes public transportation less efficient. In public transport, however, the Americans have contributed heavily to their own problems by abandoning rail systems that could not make a profit, while heavily subsidizing auto use through a vast interstate highway building program financed by gasoline taxes.

The inescapable problem, however, is the American public's demand for big, comfortable cars with air conditioners and power accessories. As Congressman Dave Stockman (R-MI) has pointed out, the problem is not technology. General Motors, for example, builds efficient cars on both sides of the Atlantic, but the ones aimed for the American market are 1,400 pounds heavier and use much more fuel in nonessential ways. European car makers know this and have increasingly added luxury items to their once Spartan sales offerings in the United States. Due to fuel costs and taxes geared to motor size, owning a luxury car is a much bigger sacrifice to all but the rich in Europe. Moreover, unlike Americans, Europeans simply have not fled their cities, and their suburban communities tend to be more compact and better served by public transport.

THE FUNDAMENTAL MEANS TO CONTROL GASOLINE demand are tax and price policies, and in these areas the United States and Europe vary widely. The Europeans have traditionally put high taxes on gasoline—at first for reasons unrelated to conservation. Countries like France and Germany used such taxes to protect failing coal industries in the 1950's. Also excise taxes on gasoline were used as simple revenue-raising measures, especially in countries where the income tax systems are full of loopholes. Since the rich tended in the early postwar years to be the chief consumers and also tax dodgers, gasoline taxes were a sort of compensatory luxury tax. Progressive road taxes based on engine size and road tolls based on car size were part of the same policy. Except for Britain, Europeans have long been used to paying at least a 200 per cent tax on the gasoline they put in their cars.

With the latest oil supply crisis, some Europeans have not hesitated to turn to the tax weapon for conservation. Britain substantially raised gasoline taxes in June, and Germany changed its road tax system to aid nonauto commuters.

In the United States the traditionally low gasoline tax has remained unchanged during the 1970's, but not from want of trying. For every gallon consumed, the US motorist pays 4 cents in federal and an average 8 cents in state taxes. In 1975 an attempt to raise the federal tax slightly got only 72 out of 435 votes in the House of Representatives. In 1976 a plan by President Carter for a standby gasoline tax to be triggered by failure of other savings measures didn't even get that far.

Europeans have been more innovative than Americans in finding alternatives to driving automobiles, such as the special bicycle lane pictured here in Paris. © Ian Berry, Magnum

GASOLINE CONSUMPTION IN WESTERN NATIONS 1977

	Annual consumption (million gals.)	Annual per capita consumption (gals.)
Austria	802.2	104.4
Australia	3,712.8	265.1
Belgium	1,035.3	104.2
Canada	8,424.8	395.6
Denmark	571.2	116.0
Finland	464.1	97.7
France	6,033.3	113.3
Germany	7,925.4	122.1
Greece	428.4	45.3
Ireland	314.6	95.1
Italy	3,748.5	64.9
Japan	8,175.3	70.1
Netherlands	1,356.6	95.1
Norway	464.1	112.5
Spain	1,785.0	48.5
Switzerland	892.5	140.5
Sweden	1,249.5	150.2
United Kingdom	6,176.1	108.0
United States	113,276.1	513.7

Source: OECD Annual Statistics

GASOLINE PRICES IN MAJOR WESTERN COUNTRIES 1973-79

(Regular grade) (U.S. $/gal., 1979 exchange rates)

	price	Taxes	Total at pump
United States			
Oct. 1973	$0.28	$0.12	$0.40
Jan. 1975	.41	.12	.63
Jan. 1979	.56	.12	.68
June 1979	.74	.12	.86
France			
Oct. 1973	$0.35	$0.75	$1.10
Jan. 1975	.65	.85	1.50
Jan. 1979	.69	1.55	2.24
June 1979	.79	1.56	2.35
Italy			
Oct. 1973	$0.19	$0.60	$0.79
Jan. 1975	.41	.88	1.29
Jan. 1979	.60	1.56	2.16
June 1979	.60	1.56	2.16
Britain			
Oct. 1973	$0.22	$0.38	$0.60
Jan. 1975	.72	.46	1.18
Jan. 1979	.67	.65	1.32
June 1979	1.05	.77	1.82
Germany			
Oct. 1973	$0.40	$1.04	$1.44
Jan. 1975	.58	1.08	1.66
Jan. 1979	.79	1.10	1.89
June 1979	.90	1.10	2.00

Source: CIA International Energy Statistical Review

This year Senator J. Bennett Johnston (D-LA), citing the wide gap between the United States and Europe, proposed a phased-in 50-cent-per-gallon hike in the federal gasoline tax. Revenues would be used to cut state sales taxes on other goods. But with elections coming, the chances that many others will take up the idea seem slim.

In gasoline pricing generally, Europeans have kept consumer prices closely linked to the world market, while Americans have divorced consumer prices from the outside world. In the 1960's the Americans used import quotas to keep prices artificially high and protect domestic oil producers. As a result pre-tax gasoline prices were often lower in Europe, which took advantage of then cheap Mideast crude. With the swift post-1973 rise in Organization of Petroleum Exporting Countries (OPEC) prices, European pre-tax gasoline prices have gone up more quickly than in the United States, as Americans have put an elaborate price control system in place. Some European countries like France and Italy have also kept actual gasoline prices artificially low to fight inflation, but the high taxes have kept the final consumer price high. In part because of repeated European complaints, the United States is now slowly dismantling its crude price controls, but the 1974 freeze on gasoline refiner profit margins remains in effect, continuing to hold prices below normal. The Carter Administration called off an attempt to end this system earlier this year because of the tense market situation.

Because so many persons buy gasoline on a regular basis, consumers in both Europe and the United States are particularly sensitive to real and imagined gasoline price "rip-offs" by the big oil companies. This year brought a bumper crop of such charges as US gasoline prices broke through the long untouchable $1.00 per gallon level and sudden market fluctuations shook Europe. In Germany an overnight 10-cent-per-gallon price rise in July by four major companies prompted suspicions of price-fixing. The federal *Kartellamt* investigated and found not enough data to prove anything. Company officials were outraged and demanded full exoneration, and the Deutscher British Petroleum president even went on television to offer 100,000 D-marks to anyone who could step forward with proof of price-fixing. One result of incidents such as these was a decision by the EC countries to collect better data on the vast oil product market centered around Rotterdam. They hope this way sudden pricing changes that affect several countries can be traced to their source.

Speed limits to save fuel have met with varying resistance, especially in the United States from truckers and Western state residents. In Europe, Germans have refused to institute any such limits.

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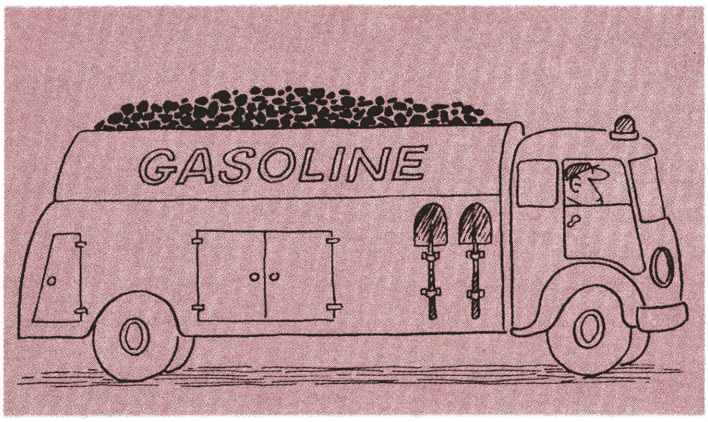
CHANGES IN REAL GASOLINE PRICES 1973-78

(1978 price expressed as index with 1973 = 100)

Germany	104.6
France	122.1
Italy	146.8
Netherlands	97.2
Belgium	97.2
United Kingdom	107.5
Ireland	133.7
Denmark	114.4
United States	157.5

Source: EC Commission

After tax and price policies, control of auto size is the third most important way governments can affect demand. The United States, despite fierce auto industry lobbying, has set a schedule under which the average mileage ratio of each manufacturer's fleet must rise about 1-mile-per-gallon annually. By 1985 this average is mandated to rise to 27.5-miles-per-gallon. But popular vans



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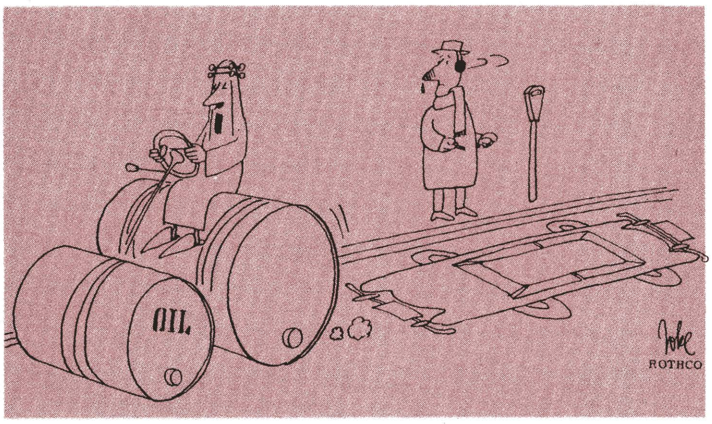

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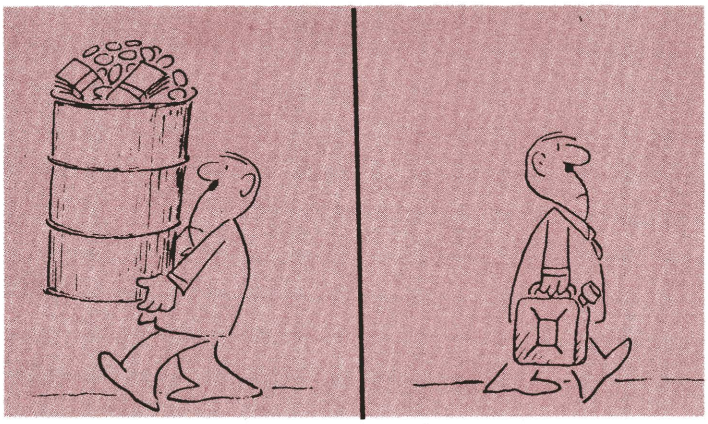

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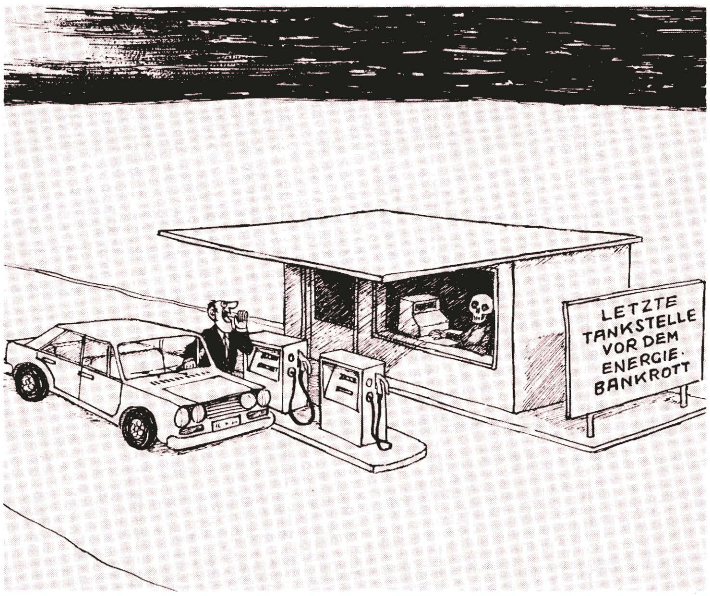
and pickups are not covered, and a 1977 Carter plan for a tax on "gas guzzlers" ended up in a meaningless compromise. In Europe most countries have long had taxes based on car size, and it is only now that governments are looking at mileage standards like those in the United States. Britain this year got its auto makers to agree to a voluntary mileage improvement of 10 per cent by 1985. Germany is also talking with its industry, and the EC Commission has made improved mileage standards, as well as improved mileage testing high priorities.

Less happy has been the attempt to enforce lower speed limits, a proven gasoline saving technique. Many European countries, including most recently Belgium, have instituted such limits; but some, especially the Germans, have refused, afraid of harsh public reaction. The US Government instituted the 55-miles-per-hour limit several years ago but met fierce opposition from truckers and western state residents. The limit seems now honored only by a fuel-conscious minority, and one state, Wyoming, has rejected it outright.

WHILE BUSY TRYING TO CURB DEMAND, the Western Governments also have to keep a wary eye on gasoline supply, especially the Americans. Because of price controls and the expectation that a major downtrend in gasoline use is around the corner, US companies have not built large new refineries for several years. American's ability to turn out gasoline is strapped; and when a sudden tightening of crude supplies takes place, such as early this year, spot shortages crop up. The cumbersome government rules on gasoline allocation add to the inflexibility and local shortages. Efforts are underway to provide refiners with protection against foreign product imports and encourage production, but this could also bring on a new trade fight with Europe. The Europeans overbuilt refineries in the 1960's and now run many of them at 60 per cent capacity. In 1979, despite the crude cuts, the sort of localized gasoline shortages seen in the United States did not occur in Europe. Some countries took precautionary measures, such as Sunday closings, but no real crisis developed—except in Sweden, where companies kept deliveries low due to price controls.

The long-range answer to the gasoline problem is clearly finding alternative autos and alternative fuels. Several European car makers have been offering diesel-powered cars for years. But in the United States, despite high demand, only General Motors offers a line of diesel cars. Electric vehicles are still rare on either side of the Atlantic, although General Motors in the United States has recently touted a breakthrough in battery technology that could be promising. Europe has been much more innovative in public transport, car-free downtowns, special bicycle lanes, and other urban planning techniques. But the Americans, as they begin to rebuild older cities, have begun applying these lessons.



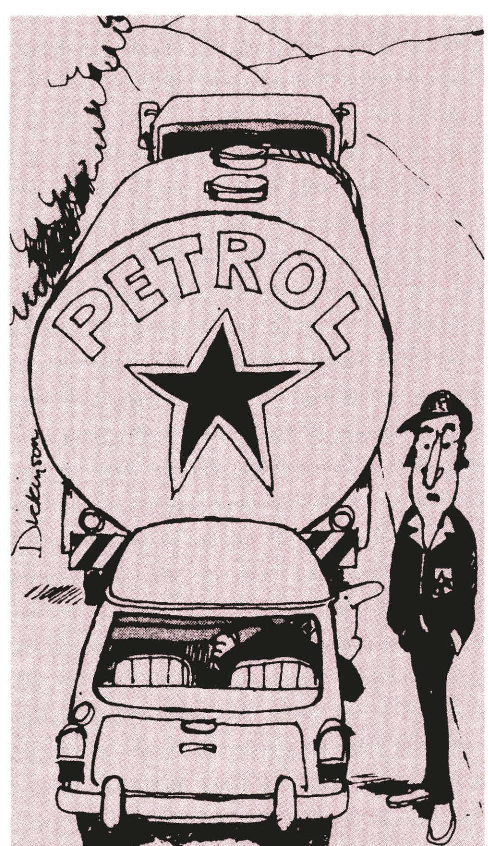
The German cartoon (left) shows "The last gas station before energy bankruptcy," while the British cartoon (right) compares Prime Minister Margaret Thatcher, in her petrol problems, to Laocoön. © *Peter Leger*, EG-Magazin, *Germany* © *Garland*, Daily Telegraph, *London*

It is in the promotion of alcohol as an alternative fuel for autos that the Americans, with their heritage of backyard alcohol production from the prohibition era, have moved ahead. Despite lukewarm federal support, farm groups seeking an outlet for waste products have begun selling a mixture of 10 per cent alcohol and 90 per cent gasoline popularly called "gasohol." The oil industry, which is suspicious of the new competition, has resisted, but some large companies are now marketing the mixture. Farm-belt politicians have been promoting a huge program of subsidies and even crop set-asides for gasohol production, which will come to a Congressional vote later this year. The optimistic goal is 10 per cent replacement of oil by alcohol nationwide by 1990. A second major effort by the Americans has been to promote liquefaction of coal and shale into synthetic oil. While these sorts of projects tend to produce a range of oil substitutes, only part of which can be used for autos, planners believe they are the best way to insure a minimum supply of necessary liquid fuel. Others disagree, and a major battle is raging in Congress over the multi-billion dollar program.

In both gasohol and synfuels work, Europe remains at the research stage, with the Italian and Swedish Governments, among others, ordering gasohol feasibility studies this year. Britain and Germany are deep into coal liquefaction research, and Bonn has just signed a long-term commitment with the US Government to share in Gulf Oil's Solvent Refined Coal plant, a key new facility at Morgantown, West Virginia (see *Europe* No. 213, May-June 1979).

In the meantime, there appears little hope things will get better. The United States faces an uncertain winter on the gasoline front because refiners had been asked during the summer to give top priority to more necessary heating oil. Over the long term, the supplies of light crudes, which are the best for efficient gasoline output, have been unsteady due to fluctuating OPEC supply policies. This has made the multinational oil companies more cautious about committing crude stocks to production and has made shortages more possible.

The Americans were rudely awakened this year from the age of cheap gasoline and joined the Europeans in the brave new world of high-cost fuel. If this price rise does not curb their thirst for gasoline, they may enter the age of "gasoline when you can get it" next year.



"It's no good following me. I'm looking for diesel."
© *Dickinson*, Punch, *London*

JEAN SAINT-GEOURS "ON RECORD"

"We must use energy rationally"

Jean Saint-Geours, of France, is chairman of the EC Commission's special energy panel that produced the study "In Favor of an Energy-Efficient Society." The study, which was released during the summer, is similar in its conclusions to the Harvard Business School's *Energy Future*—in dissociating economic growth from increasing energy consumption. A summary of the Commission's study appeared in the previous (September-October, No. 215) issue of *Europe,* and lending copies of the complete study are available from the Library, European Community Press and Information, Suite 707, 2100 M St., NW, Washington, DC 20037.

In addition to chairing the EC Commission energy study, Saint-Geours is Inspecteur des Finances, France (French Comptroller General), and chairman of Société d'économie et de mathématiques appliquées (SEMA) and METRA Consulting International, as well as a member of the Club of Rome.

What are the goals of energy conservation policy in Europe?

Saint-Geours: Rather than energy conservation, it seems more correct to speak of the rational use of energy. This terminology means that our aim is not simply the elimination of wastefulness. Simply reducing gasoline consumption or occasionally turning off a light doesn't get to the bottom of the question.

In truth, we must use energy in all sectors—private, public, industrial, transportation—in the most rational way possible, with regulatory systems, energy stocks, and consumption methods and patterns that minimize energy consumption for a given growth rate. We must create a society that seeks to use rationally a scarce factor, energy. That means we have to introduce investment programs, research and development, industrial procedures, and a life-style in keeping with this goal, and not leave everything to the state of "nibbling out" a few savings here and there.

What is the objective, then, in this perspective?

Saint-Geours: The objective is to organize our society so it can continue to grow, using a minimum of energy. We must examine all the angles of the problem: institutions and behavior as well as the technical and economic sides.

Do you feel governments are attacking the roots of the problems?

Saint-Geours: It's difficult to judge, but for the moment, they have been concentrating on the surface of the problem. However, this depends a lot on the country and the sector. For example, I feel the Government and citizens of Germany have made an in-depth attack on the problem of the rational use of energy in housing, and have spent a lot of money doing it. On the other hand, the Germans seem less mobilized than the French on the car problem. Italy has done very little so far. In France real work has begun on different industrial processes. But, on the whole, we have paid little attention to economic and social organization in relationship to the energy shortage.

You have spoken of economic and social organization. Specifically, what does this imply?

Saint-Geours: To begin with, this won't be done by decrees and technocrats. This concerns us all, and we must all change our life-styles: At home, heating and lighting are problems of resources and regulation, but also of habits—willingly putting on a sweater indoors—and better management. This also poses problems of investment and relative pricing. Don't forget that, in this sector, we can save up to 50 per cent of what we now consume. Of course, such efforts take time.

In industry the movement has been launched. It depends on the financial outlook of business and investment opportunities. If we seek increased growth in the future, we must learn to use less energy. But, at the same time, we can only save energy if growth is sufficient to permit new investments, financing, and outlets.

Can we change behavior strongly and quickly enough to resolve the energy problem?

Saint-Geours: We have to distinguish between day-today behavior in little-changed life-styles and behavior

Jean Saint-Geours, chairman of the EC Commission's special energy panel.

in profoundly transformed life-styles. The former depends largely on better regulation in all sectors, and this won't be very difficult to do if governments are brave enough.

In the latter case, some people are dreaming of a new system. They believe there will be such a shortage that we will have to develop a new decentralized society, with new social values, using solar energy, etc. If this happens, it will take considerable time and entail considerable upheavals. It all seems very utopian, and I think we will find other solutions.

It seems astonishing that energy should dictate social values when technology should, in fact, serve the social values chosen by the citizenry.
Saint-Geours: The phenomenon actually works both ways. Technological factors do create restraints on social values: One's life-style is curtailed if one doesn't have the necessary material resources.

But it also goes the other way. Professor Umberto Colombo [a Commission energy panel member] constructed a "utopian" scenario for the year 2030: He says that we can respond technologically to our future energy needs through nuclear power, but he doesn't believe it is politically or socially desirable. Here, a social choice effects a technological choice. If Professor Colombo tried to imagine a society consuming little energy, it isn't because energy will be scarce, but because he rejects the widespread use of a certain form of energy.

Can we obtain substantial results without greater mobilization of public opinion and dramatization of the situation?
Saint-Geours: It depends on the country. In Germany, for example, dramatization doesn't seem necessary for public enlightenment. In a country like France or Italy, the procedure may have to be different. The method depends on the nature of the relations between a government and its people. Time is also a factor: French industry is already mobilizing. But it takes time for results to show. It's true that a certain mobilization is necessary and, especially, that those who mobilize serve as examples. This is crucial. As long as administration buildings remain over-heated and as long as Parisians notice that public monuments are lit every day of the week, it will be difficult to convince them of the severity of the problem.

But such measures are not adequate. We must take certain actions. First, users must pay a high enough price for energy. Political concessions should not be made on this point, even though certain accommodations or leniencies may be sought for the poor. Compare the evolution of the price of gasoline and that of certain other products since the Fifties. You will see that gasoline is relatively inexpensive. In the United Kingdom a gallon of gasoline represented 74 minutes of work for the average worker in 1953 and only 28 minutes in 1977. We haven't yet seen a price that has encouraged conservation.

Problems of industrial competitiveness may occur, of course. But don't forget that for 25 years European economies have paid more for energy than the United States, and it hasn't stopped them from having a higher rate of growth than America! There isn't necessarily a relation between inexpensive energy and a high growth rate.

How has your report been received?
Saint-Geours: It's too early to know because it has only been available since the beginning of July. But we are already into the fourth edition. A large number of groups and public service organizations are examining it. I've been asked to participate in many conferences and debates.

In summary, what is your principal conclusion?
Saint-Geours: It seems to me that the most important thing is to better understand the conditional nature of this less-energy, more-growth equation. The technological or institutional, as well as behavioral, leeway we've got is such that this is not at all a futile endeavor.

EUROPE ON THE THRESHOLD OF THE EIGHTIES

JACK LYNCH, *Prime Minister of Ireland and current President of the European Council*

THE EUROPEAN COMMUNITY WAS FOUNDED IN THE aftermath of the Second World War out of a heartfelt desire among former enemies to avoid a return to bloodshed. This basic political motivation was complemented by the growing prosperity of the Community in the first 10 years of its existence. Between 1958 and 1970, for example, Community gross national product increased in real terms by 90 per cent. The eve of a new decade seems an appropriate time to reflect on how the European undertaking has developed and where it is going.

Progress toward European unity is not always smooth, but it is inexorable. This accounts in part for the confusion of outsiders who 20 years ago enthusiastically hailed the "United States of Europe" but were disappointed when this proved a major overstatement of what "Europe" was about. Today, however, the European movement is understated: It is not just a common market. Europeans prefer the title of "European Community." It symbolizes the free association and growing cooperation at economic, political, social, and cultural levels among an increasing number of democracies in Western Europe.

It is not possible for me or my generation to envisage what form European integration will ultimately take or in what way future generations will develop the European ideal. The Community is a dynamic entity, and its institutions are still evolving and adapting to take account both of the Community's own development and of its composition, which will shortly change to include Greece and eventually Portugal and Spain. A recent major development in the evolution of the Community's institution is the direct election of the European Parliament, the first freely elected international parliament, representing 260 million citizens of the largest trading group in the world. At the meeting of the European Council of heads of state or government and foreign ministers of the member states at which I was to preside in Dublin on November 29-30, we were to consider a report from a "Committee of Three Wise Men" on how the working of our Community institutions can best be adopted to these changing circumstances.

Restoration of a Dynamic

The Community retained an almost self-sustaining momentum up to the end of the last decade. The customs union was completed, and the common agricultural policy—perhaps Europe's most successful common policy—was established ahead of target. The onset of monetary and economic turbulence culminating in the 1974-75 recession demonstrated, however, that progress was not automatic and that a sustained political commitment was needed to overcome the divisive and disintegratory forces unleashed by the recession. This commitment has been provided, and the "quiet" years of the first half of this decade have now given way to a new impulse, a new dynamic in the Community. The ultimate objective, however, continues to be the establishment of an ever closer union among the European peoples.

Significant Recent Developments

As a step on the road to full economic and monetary integration, the European Monetary System was initiated last March in an endeavor to promote not just European but world monetary stability. The system has worked successfully since then in difficult conditions.

A second development of note was the signing in late May of the accession treaty with Greece which, together with the fact that the negotiations with Portugal and Spain are well under way, demonstrates an internally secure and outward-looking Community.

A third major development has been the finalization of negotiations with 57 African, Caribbean, and Pacific states for a successor agreement to the Lomé Convention of 1975, which is central to our relations with the developing world. The Community will continue to play a constructive role in the elaboration of an international development strategy for the 1980's and in preparation for the special session of the United Nations General Assembly next year.

Fourthly, much of the Community's external activity is concerned with trade. The recent conclusion of the General Agreement on Tariffs and Trade multilateral trade negotiations (the Tokyo Round), in which both the United States and Community played leading roles, is evidence that the major trading countries of the world have resisted protectionist pressures and have taken a vital step toward the creation of appropriate conditions for international trade in the 1980's.

Finally, as I have already mentioned, the European Parliament was directly elected for the first time in June of this year, thereby providing an important means of strengthening the democratic base of the Community by involving its citizens directly in its activities.

The Community in the World

It is manifestly obvious from this list of achievements over only a few months alone that the European Community is an increasingly important entity in world affairs. Although it may sometimes prove difficult for a coalition of European governments to reach necessarily complicated internal compromises, the benefits of a common approach become clear when the Community speaks with one voice on the world stage on several of the great economic problems of the age that are perhaps too large to be treated by any state on its own. Without any aspiration to being a superpower, the Community sees itself in an interdependent world as a potent and growing force, building on its relations with both developing and developed countries in a friendly and cooperative spirit.

In July this year when addressing the inaugural session of the directly elected European Parliament, I recalled with appreciation President Carter's statement that the United States will give its unqualified support to what the Community member states are doing to strengthen European cooperation, and that the United States sees European strength and unity as a boon and not as a threat. Relations between the Community and the United States are indeed of major importance to both parties and are maintained at all levels because of economic interdependence, shared responsibilities, and shared democratic ideals. I look forward to further strengthening those relations when I visit the United States as President of the European Council, at the invitation of President Carter.

This reality of our interdependence is particularly clear in the case of Europe's and the world's major preoccupation—energy. There is clearly an international balance of responsibilities in the field of energy. The Community, in deciding to maintain oil imports at the 1978 level until 1985, has demonstrated solidarity in the face of grave danger. In the medium term the Community is emphasizing much greater use of coal and gas and exploitation of all internal resources. The European Council decided it is imperative to develop further nuclear energy and make continued advances in nuclear technology. In the research field I hope that during the Irish Presidency the new Joint Research Center program for the next four years and the new thermonuclear fusion program will be approved.

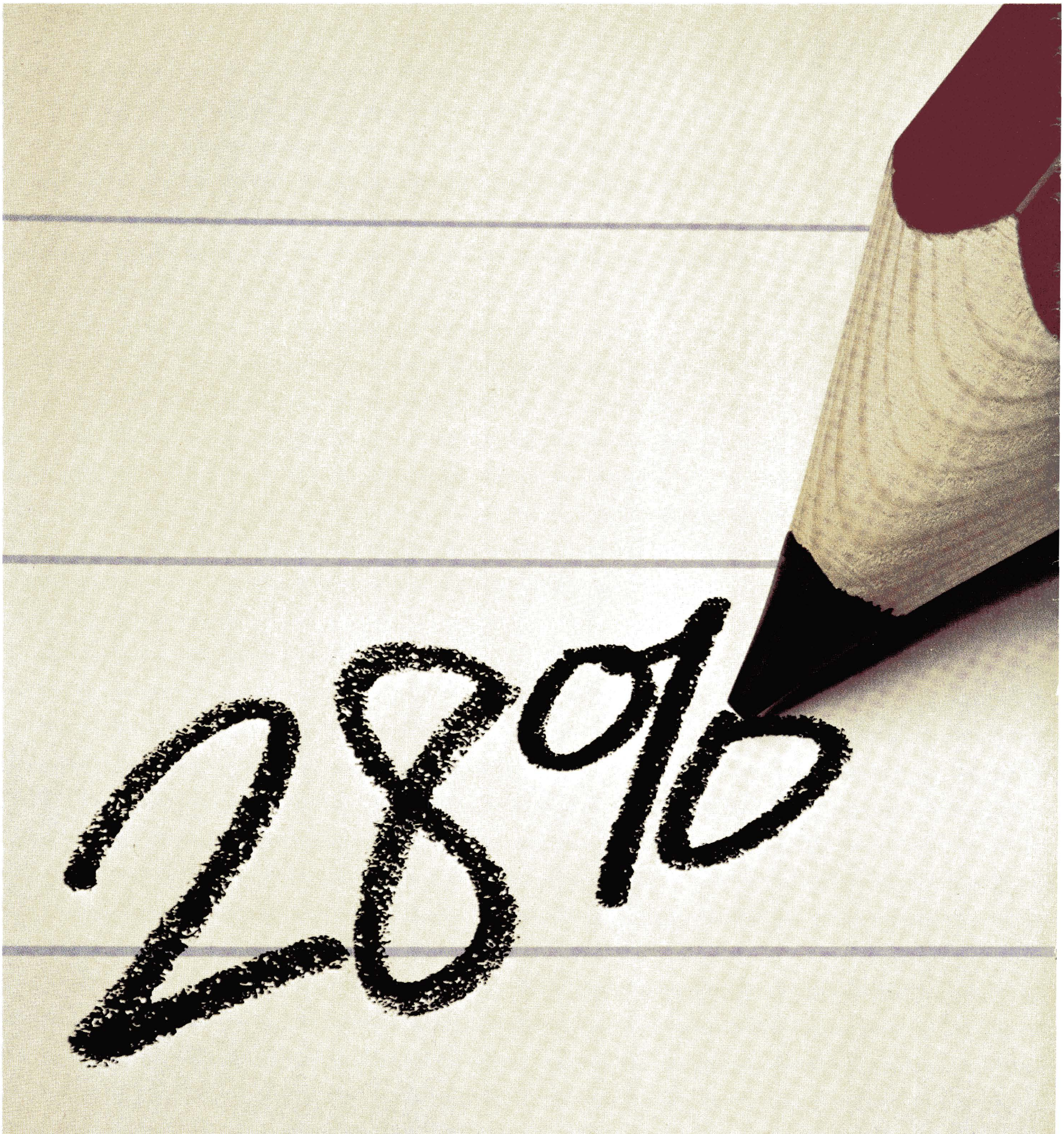
The Community and the United States are participating in the concerted strategy on energy that originated last summer under the impetus of the European Council in Strasbourg and the Tokyo economic summit of major Western industrial powers. This joint approach is both useful and necessary. Apart from conservation, cooperation in the area of alternative energy sources is essential. On another level the growing cooperation between Europe and the United States in the monetary area is a welcome development at a time when monetary stability is seen more and more as an essential prerequisite for growth.

The Way Ahead

It is clear that the road to success is seen not in drawing up elaborate designs for the future but in taking positive common action now to deal with problems impeding progress toward the European ideal of cooperation and unity. The immediate test of Europe's strength and resourcefulness is to confront further the problems of higher inflation, lower growth, and increased unemployment. These threaten our standard of living, faith in democracy, and our ability to help eradicate poverty and disease in other parts of the world.

The firm conviction remains that the Community structure and the movement toward greater unity of European states provide the best means of overcoming these grave economic problems. The member states of the Community and those soon to accede to it know that European solidarity and the maintenance of an integrated approach can involve some sacrifice to narrow national interest, but that trade-offs are amply justified.

When the people of Ireland voted overwhelmingly to join the Community in 1973 together with the Danes and the British, they affirmed that their best interest lay in a sharing of some powers with fellow democracies in Europe. While all our expectations have not been fulfilled, membership in Europe has boosted our economy, inspired our people, and given us an enhanced role in international affairs. There have been solid gains in the Community achieved by idealism, determined effort, and the painstaking matching of interests. The customs union, the common agricultural policy, the regional and social policies, the European Monetary System all amount to a sure foundation for further progress and a greater opportunity to master our own destiny in a spirit of openness and responsiveness to the rest of the world.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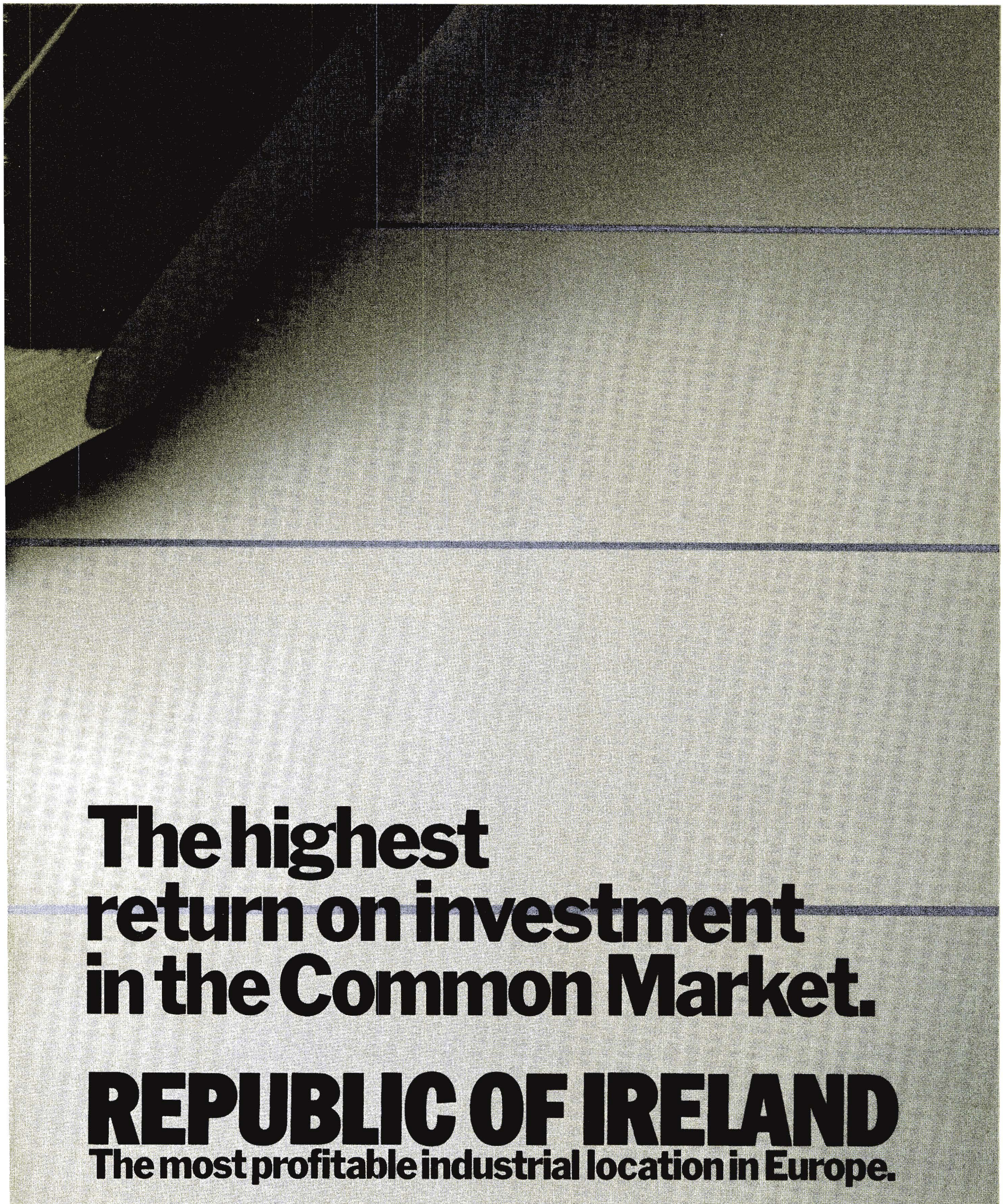


US Department of Commerce statistics for the period '74-77 show a 28% average annual return on investment for US manufacturers located in the Republic of Ireland-more than twice the European average.

IDA Ireland
INDUSTRIAL DEVELOPMENT AUTHORITY

The Irish government's industrial development agency has offices in New York, Tel (212) 972-1000; Chicago, Tel (312) 644-7474; Houston, Tel (713) 658-0055; Los Angeles, Tel (213) 624-1024; Cleveland, Tel (216) 8610305; Santa Clara, Tel (415) 8541800; Boston, Tel (617) 3678225; Toronto, Tel (416) 3647478. Overseas offices also in Amsterdam, London, Paris, Cologne, Stuttgart, Copenhagen, Milan, Madrid, Tokyo and Sydney.

THE NETHERLANDS *Member State Report*

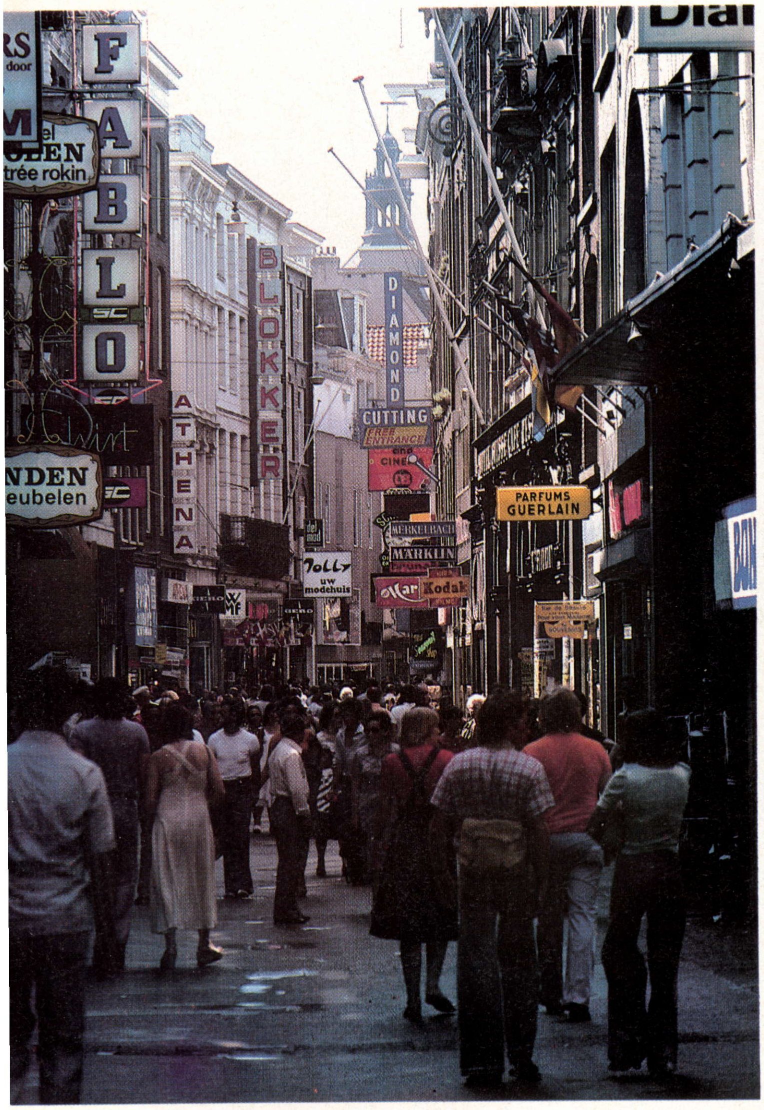
NEL SLIS & DAVID HAWORTH

former Dutch-based correspondents for the Associated Press and the International Herald Tribune *respectively*

GIVEN THE DIFFICULTIES OF THE ECONOMIC CLIMATE, the year for the Netherlands has been relatively placid. The Government (a Christian-Democrat-Liberal coalition) has held up well, despite vigorous opposition from the Socialist Party, and, rather against the odds, there are still many bright spots in the economy.

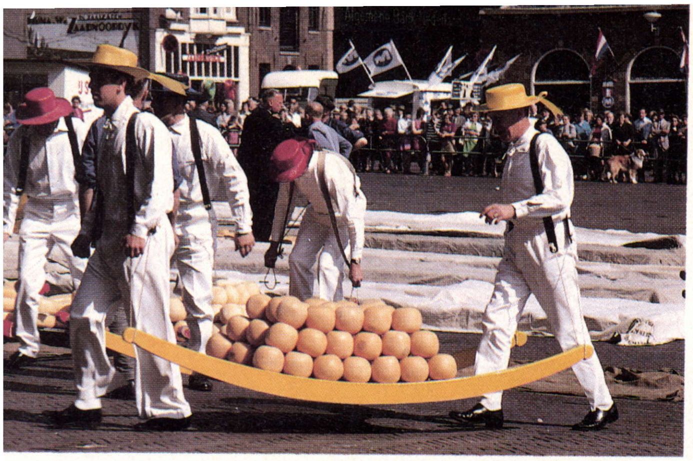
Next year the Government will try to ride any possible recession by running a substantial budget deficit that will finance increased public spending. This will be a tricky operation because the indicators show a probable further rise in inflation in 1980 and the prospects for further economic growth are not robust.

Whether is was an isolated spasm or a sign of things to come, the nation was troubled during the fall by un-



Kalverstraat—the most fashionable shopping street in Amsterdam. © Paolo Koch, Photo Researchers, Inc.

Approximately 300,000 of Holland's 9 million acres are used for horticulture, especially of tulips. © Farrell Grehan, Photo Researchers, Inc.



ıeese market in Alkmaar. © Russ Kinne, Photo Researchers, Inc.

ıaracteristic industrial unrest; and although this was ıntained, the Dutch were taken somewhat by surprise at ıis militant turn of events. Nonetheless, the Dutch balıce of payments—which has been in balance this year, large part because of higher gas prices—will show a ırplus in 1980.

On the political front the growing coalition undoubtlly faces a tough few months. This has less to do with the ·onomy than defense and whether or not the Government will permit the stationing of a new generation of nuclear missiles on Dutch territory. That the Netherlands should do so is urgently demanded by the United States and especially by Germany, which feels the burden of having such weapons to counteract the Warsaw Pact's missile advantage in Europe should be shared by other NATO members.

The opposition leader, Joop den Uyl, has already stated that the modernizing of weapons cannot be discussed as long as the US Senate has not approved SALT II. The Christian Democrats are also divided on the matter, while the Defense Minister has threatened to resign if the Dutch Government cannot support an expected NATO decision in December.

Some pessimistic observers feel the Government could even be brought down over this issue. There has always been a lively antipathy in the Netherlands to nuclear weapons, shown in recent years by Dutch opposition to the introduction by NATO of the neutron device. The question of modernizing nuclear weapons could provide the opposition with a strong hand; certainly this coming debate will be critically important in Dutch affairs and may be the sternest test yet of the coalition's stamina.

A canal house boat in Amsterdam. The Netherlands has 3,500 miles of inland waterways. © Jack Fields, Photo Researchers, Inc.

Economy

The Dutch Central Planning Bureau's forecasts are not very optimistic. The board believes there will be deceleration of growth in the United States, and this is bound to affect other nations in the industrialized world. While it thinks that the current slight recovery of manufacturing output in Western Europe will continue during the first half of next year, the prospects for the second half of 1980 are less rosy.

"From the point of view of the Netherlands," bureau officials state, "it is expected that 1979 will show a 5 per cent growth in world trade—which, reweighted, will work out at 6 per cent because of the effect of rising imports in Germany, where the decision has been made to launch an incentive program amounting to 1 per cent of the gross national product."

This is a vital element for a country like the Netherlands, one-third of whose exports are sent to Germany. The bureau, therefore, sees Dutch domestic demand growing lightly this year between 2 per cent and 2.5 per cent, with an output growth of 3 per cent, compared to 2.5 per cent in 1978. It goes on to stress the need for greater industrial productivity, which would lead to a further, although not dramatic, increase in unemployment.

Much of the argument will center on the Government's retrenchment plan—called "Estimate '81"—which is its strategy for reducing unemployment and inflation during the next three years. To this end, it proposes wage restraint and a reduction in the growth of social welfare costs.

The unions' case is that there should not be any decrease in incomes of up to 30,000 guilders (about $15,000) a year in a period when inflation is likely to be between 4 per cent and 4.5 per cent. They accept that this inflation rate is a big improvement over the past few years, but say it should be further decreased to between 2 per cent and 2.5 per cent to keep the Netherlands in line with the Federal Republic.

A start has been made on the implementation of "Estimate '81." The Central Planning Bureau says the overall position of the Dutch economy makes it unrealistic to think it can be cured in the short term. Thus, the strategy is predicated on a long haul out of the present difficulties. However, the bureau stresses that in its present form the plan cannot be regarded as a definitive blueprint for the next three years and will have to be adjusted year by year.

In October the Dutch Parliament resumed its activities with an announcement that the 1979-80 budget message was received with disquiet by labor, management, and the Socialist opposition. The budget proposals were read by Queen Juliana—while in Rotterdam port 7,000 workers at two Shell petrochemical plants were on strike, for a five shift and a 35-hour work week. Tugboat crewmen of Smit International continued a strike that had begun in late August. The tugboat crewmen have similar claims but ask a 28.5-guilders-a-week salary increase, retroactive to July 1, despite a labor contract already signed for 1979. The Shell strike came to an abrupt end when the Shell management, inspired by the large number of people that wanted to go back to work, forced open the gates. Strike leaders said they submitted because they did not want "a confrontation."

The Government is still fighting off the trade union challenge for gradual introduction of a 35-hour week, which Wim Kok, chairman of the largest trade union grouping, calls for in a new 1980 labor contract. The Government argues that it is impossible to combine early retirement, five shift, as well as the 35-hour work week and more vacation days.

Negotiations for a labor contract will be started mid-November between representatives of labor, management, and Government. It seems more likely that the various branches of industry will have to negotiate separately. The last central labor contract was concluded in 1973.

The Government aims at cutting the unemployment rate—now 5 per cent—by holding down wage costs. But the employers association claims that profits are needed for investments to create employment. The Government has started to modify an earlier draft bill that provides for sharing excess profit and thinks in terms of premiums for investment to create more jobs.

Another feature of this year's budget message was to cut down growth in social assistance for the disabled and unemployed, which is being opposed by the unions.

To boost national income and compensate

Over one-third of Holland is cultivated in grassland. © Bullaty Lomeo

for higher oil prices, Dutch Economics Minister Gijs van Aardenne will make a round trip of the capitals in Germany, Belgium, France, and Italy—all countries that import Dutch natural gas. A raise is proposed to keep pace with higher oil prices; gas prices for Dutch consumption will be raised from 25 to 33 Dutch cents per cubic centimeter.

For the first time in months the Dutch exports exceeded imports, which was mainly due to larger petrochemical sales to countries that are storing in the face of new oil price hikes. Also the payments balance on current account was in equilibrium and the Government expects a surplus for the coming year.

This year's budget deficit amounts to between 13 to 14 billion guilders or 5.5 per cent of the national income. Central banker Prof. Jelle Zijlstra has cautioned it's too high and should come down to 5 per cent. Unemployment is stationary at 5 per cent and inflation only slightly higher than last year, now at 4.5 per cent.

The news of higher oil prices to be charged by Kuwait and Mexico came as a bomb and may well show a steep increase in cost of living. Cost of living rose by 3.8 per cent over the last nine months. Economic growth was 2.5 per cent, while for 1980 it is not expected to be more than that.

Export and Investment

As an export market the Netherlands has obvious and immediate advantages. It is close, compact, commercially and administratively efficient; there are no tariff barriers—or non-tariff barriers—and there is no language difficulty for visiting US businessmen.

This is not to say, of course, that the Dutch market is a pushover. The market is a sophisticated one; competition within it is fierce; and because of their geographic position, the Dutch can afford to be, and are by instinct, tough bargainers when it comes to price and quality.

According to a recent report by the American Embassy in The Hague on US-Dutch trade and investment possibilities, commercial and economic relations between the United States and the Netherlands are reaching new record levels. Based on US government data, total trade turnover between the two countries in 1978 reached almost $7.3 billion. US exports amounted to $5.7 billion, an increase of about $900 million from 1977.

Dutch direct investment in the United States increased from $7-to-$9 billion from 1977 to 1978, maintaining the Netherland's status as the largest foreign direct investor in America. Conversely, at the end of 1977, more than $4 billion direct investments by over 1,000 US companies confirmed the United States as top foreign investor in the Netherlands. Tourism to the United States has also grown substantially. In 1978 an estimated 140,000 Dutch tourists visited America, an increase of 35 per cent over 1977.

In 1979-80, the American Embassy in The Hague and the Consulates General in Amsterdam and Rotterdam plan a wide-ranging program of exhibitions and services to provide Dutch buyers with direct access to American suppliers and information regarding US products and services.

Social Developments

The Dutch Government recently received a report saying that the growing number of immigrants are there to stay. About the size of Maryland, the Netherlands with its 14 million population shelters about 1 million foreigners. The news that in 1978 one out of three children born in Rotterdam, the largest Dutch city, is not of Dutch nationality, surprised the Government.

A report brought out last June at the Gov-

Rotterdam harbor is the world's largest center for oil processing. © Farrell Grehan, Photo Researchers, Inc.

ernment's request stated that in another 30 years, half of the Rotterdam population will be Turkish and Moroccan. It said that until now, government policy regarding ethnic minorities considered immigrants temporary residents. But it pointed out that the second generation can be expected not to return to their homeland. The report, drawn up by experts, said that long-term settlement and often permanent establishment in the Netherlands must be reckoned with.

According to official statistics about 1 million of the 14 million Dutch population are foreigners—or about 7 per cent—while about 5 per cent are colored. Apart from the 300,000 Eurasians who opted for Dutch nationality after the former Dutch East Indies became independent, the Netherlands shelters 160,000 Surinamese and Antillans; 362,000 foreign workers from the Mediterranean area—mostly Turks and Moroccans—over 32,000 Moluccans, while according to official statistics another 200,000 foreigners, including EC subjects, live in the Netherlands. Surinamese are coming in at the rate of some 14,000 to 15,000 every month. Under an agreement in 1975 when Surinam became an independent country, Surinamese can opt for Dutch citizenship until 1980.

"Hundreds of millions," a government official said, will be allocated to improve the lot of ethnical minorities, with better education and housing, better vocational training and social services.

Energy

On energy the Dutch situation is quite comfortable. Dutch reserves of oil are presently estimated at three times the national consumption. Two-thirds of crude oil imported is for transit.

Although the Government does not intend to deprive drivers of gasoline, it has a long-term plan to reduce energy consumption. This will cover such measures as introducing secondary use of industrial heating for cities, subsidizing insulation of houses and public buildings by the use of thermopane windows, and other conservation measures.

In order to go slow on Dutch natural gas reserves, electric power stations will be fed by coal and oil rather than by natural gas. The Government aims at reserving its still vast natural gas reserves for domestic consumption and the nation's chemical industry, which is responsible for 13 per cent of total Dutch exports. Gas reserves are estimated to be adequate until the year 2010.

As for nuclear, the issue is highly sensitive and not yet decided. The Government is preparing a public debate that will have to lead to a final decision by 1981. The present Government is in favor of a modest, careful extension of nuclear power generation, once the problems with respect to nuclear safety and nuclear waste are satisfactorily solved. Within this, energy conservation gets a top priority. At present the Dutch have large programs for insulation (via mandatory building codes and large subsidies), for conservation in industry (with subsidies for consulting, investments and co-generation) and, under preparation, the introduction of energy labeling.

For the next two years a total amount of 400 million guilders (almost $200 million) of government funds is available. In addition, special tax incentives for investment in energy conservation are under preparation. In the last International Energy Agency country review, the Netherlands earned a top ranking for their conservation programs, which have been further strengthened since that review.

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Source: Corporate Advertising in France, 1976.

around THE capitals

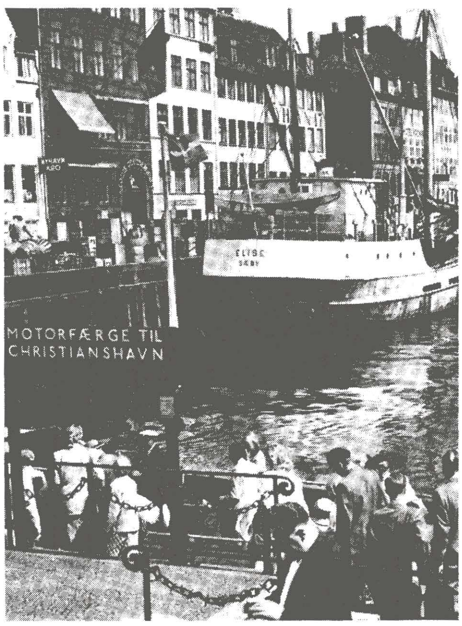
Copenhagen

Thirteen months. Even by Danish standards, that is a short period for a political administration. But then the Socialist-Liberal coalition Government was a unique experiment in Danish politics, and hardly blessed by a favorable environment.

When the Government broke up in the last days of September, the official reason was the inability of the two governing parties to agree on the Prime Minister's opening speech in Parliament. But the two parties had been drifting apart for several months, with the rapidly deteriorating state of the Danish economy serving as a catalyst.

The Danish economy has been severely hit by the rising oil prices this year—relatively harder hit than any other European economy because virtually all energy must be imported. In the long run there is some hope that the oil in the Danish part of the North Sea will do for Denmark what North Sea oil has done for Britain, but in the short run production is and will be pitiful. Worse, non-energy costs for Danish industry are running well ahead of the costs of competitors, primarily because Danish wages are linked to a cost-of-living index, which in effect secures all wage-earners higher wages in response to higher energy prices, compensating wage-earners for a fall in real national income—hardly a good prescription for an economy in ill health.

The right wing of the Socialist Party and the Liberal Party agreed on the economic analysis of the problem—even the Prime Minister is said to have agreed. But it proved impossible to agree on a package deal, with trade-offs that would be acceptable to both the unions and the Liberals. The unions demanded "economic democracy," a far-reaching concept that calls for gradual transfer of ownership from private individuals to workers by an obligatory profit-related sale of shares. Ultimately workers would be in majority control of all private business, and the scheme—which in the initial phase closely resembles profit-sharing—would in the long run also include



even the smallest businesses, and the unions would emerge as the major economic operator in the economy.

The Liberals would have none of this, but proposed voluntary profit-sharing in return for slow, or almost no growth, in wages. The Liberals are staunchly free-enterprise, and unable to accept any obligatory transfer of rights and property, especially a scheme that political observers of all political opinions agree is the most radical in Western Europe, if the union blueprint is to be taken at face value.

Whatever the outcome of the elections, it seems unlikely that the downward slide of the Danish economy will be stopped, let alone reversed. The Danish krone was devalued 5 per cent against the German mark and 3 per cent against the other EC currencies in the September realignment. But there is little doubt that this has had very little real economic significance, and that a major devaluation is likely in the spring if there is no major shift in Danish economic policy. And the Danes dislike major shifts; they prefer muddling through. —LEIF BECK FALLESEN

London

Tourism in Britain no longer booms. It thumps. Last year a record 12.5 million people visited from abroad, and the 1.5 million Britons whose jobs hinge directly or indirectly on tourism anticipated wrongly an even more bonny 1979. As the winter looms, they reflect on what went awry.

The British Tourism Authority (BTA) estimates the tourist total by the end of this year will be nearly the same as 1978. Figures for London illustrate the decline: In 1977 a million more foreigners came to the capital than in 1976. Last year the increase fell to 200,000, and growth this year is pegged at zero.

The bottom line to what's happened is money. "We are no longer the bargin basement of Europe," the BTA chairman, Sir Henry Marking, said. He warned that Britain now runs the risk "of killing the tourist goose which lays so many golden eggs for Britain." Some goose, indeed. Last year tourism earned the country $7.5 billion, quite a bit more than North Sea oil revenues, which were about $5.3 billion. Tourists contribute $22 million daily to Britain's balance of payments. Tourism earnings each year are as much as Britain's combined overseas sales of cars, spirits, aircraft, boats, and ships.

London is the tourism barometer since 60 per cent of tourist money is spent there. If visitors begin avoiding London, they will probably skip the rest of the country too. What this means to Londoners in hard times is that what has now become one of the world's most expensive cities could get even more costly. One example: London's buses and subway earn about $2.2 million a week from tourists, income said to keep fares down by as much as 15 per cent.

Britain's North Sea oil has made the pound stronger, too strong for some tourists. An American visitor this summer paid up to 40 cents more for one pound sterling than a year ago. Then the new Conservative Government, while slightly reducing income tax, doubled the sales tax—value added tax (VAT)—just as the tourist season reached top gear. BTA Chairman Marking pointed out that when a manufacturer exports his goods, the overseas buyer pays no VAT; but the visitor to Britain, who is also an export customer, is charged 15 per cent VAT on most of the services he buys. It's estimated that this year tourists will have paid about $660 million in VAT and other taxes on food and drink.

London theaters have been badly pinched between higher prices and fewer overseas visitors. Tourists buy 60 per cent of Lon-

"Probably one of those poor American tourists." © Cookson, Evening News, London

don's theater seats, and this year business at the box office is down 25 per cent from last year. The increase in VAT has boosted the price of a best seat as high as $19—making the West End Stage nearly as expensive as New York's Broadway. Although their operating costs have risen along with everything else—inflation at almost 16 per cent is the highest among the Western industrialized bloc—theater owners cite hotel prices as their chief adversary.

A single room at a luxury London hotel can cost as much as $125 a night excluding taxes, service, and breakfast. There is a dearth at the moment of medium- and low-priced hotels, which are what many foreign visitors with spending power curbed increasingly want. Bargain food has also become elusive. An average London dinner out at a good, but not exceptional, restaurant can cost well over $40 for two with only a bottle of house wine.

Among the welter of BTA facts and figures, there are signs that Britain has become lax in offering value for money and staying competitive in the world tourism market. This in turn is underlined by a surprising shortfall in Britain's biggest single tourist market, the Americans. Just under 2 million visitors last year were from the United States—about one-sixth of the annual total. This year the summer trend was toward fewer Americans.

—PETER J. SHAW

The Hague

"While God created heaven and earth"—so goes an old Dutch saying—"the Dutch created the Netherlands." Nearly 20 per cent of what the country is today, in fact, has been reclaimed from the sea, beginning in the Seventeenth Century when enterprising engineers began draining water from the land by windmill. Now, while some say God is on coffee-break, the Dutch continue to create.

Their latest plan—and perhaps their last—is to build an entire town offshore south of The Hague. They would reclaim 3,200 acres from the North Sea and erect 20,000 new dwellings on it, enough for 50,000 people.

The plan, submitted to The Hague city council by a Dutch dredging firm, is a response to estimates that The Hague will require an additional 20,000 dwellings to house an expanding local population by 1990. It is already severely cramped for living space: About 35 per cent of the country's total population, or nearly 5 million people, live in the region, making it the most crowded part of an overcrowded land. There are nearly 900 people per square mile in the Netherlands, a higher population density than anywhere else in the Western world.

A polder originally part of the Zuider Zee. © Mary Ann Brockman, Photo Researchers, Inc.

The new town has been provisionally named Nieuwduinen, or New Dunes. Its creator, the Stevin Group NV, says it could be completed by 1995 at an estimated cost of $460 million, which the firm says is roughly the same as the cost of building a similar number of dwellings in the heart of any large Dutch city, provided the coastal protection is paid for with public money.

By far the largest Dutch land reclamation project took place north and east of Amsterdam in the 1920's, following a plan devised in 1891 by the brilliant Dutch civil engineer Cornelis Lely. Engineers stretched a 20-mile-long dike across the opening of the sea Zuider Zee to the North Sea, which, when closed in 1932, led to turning the seawater Zuider Zee into the freshwater IJsselmeer. Then the Dutch built polders, or reclaimed land, all around the IJsselmeer; since 1966 some 70,000 people have moved onto them. More than a dozen villages, mainly agricultural, have sprung up. Huge dikes—part of a 2,000-mile system of dikes throughout the Netherlands—now protect them from the capricious North Sea.

Now, however, environmental interests have begun to pressure the Government into considering very carefully the ecological consequences of finishing the fifth and last polder planned for the IJsselmeer—called Markerwaard. They feel that draining the IJsselmeer further would alter rainfall patterns in the entire region and disrupt the behavioral habits of migratory birds that nest around the shoreline. But most important, the environmentalists are arguing strongly against the Government's changed plans for use of the polder: not simply for agricultural purposes, but for a major new airport. The pro-environmental campaign has slowed what would otherwise have been the swift completion of Markerwaard.

The Hague city council, meanwhile, has also taken environmental concerns into account in its consideration of the Nieuwduinen proposal. The proposal calls for creating, in addition to the 20,000 new dwellings, a three-mile-long beach as well as sports areas, a park, and a range of recreational facilities. "The attractiveness of the North Sea coast of the Netherlands will be increased by this project," says a spokesman for the Stevin Group, talking about an area that has been left to erode by the action of the sea for nearly 300 years. The new town would be linked to the "mainland" by tram, road, and rail.

Other proposals by the Dutch for taking some of the sea to further create a bigger country have included a 12,355-acre artificial island 28 miles off the Hook of Holland (a town just south of The Hague) in the North Sea. Five years ago an international consortium of about 30 companies began studying the feasibility of the idea, which would have meant building a petroleum refinery, chemical and petro-chemical industries, waste disposal plants, nonferrous plants, and tanker-cleaning facilities. The project would have cost, said its supporters, about $3.6 billion and have provided jobs for 27,000 people. But the Dutch Government, influenced by environmentalists, has put off making the go or no-go decision.

It appears increasingly likely, meanwhile, that the Nieuwduinen project will go ahead as proposed. It would take, say its probable builders, about three years of land reclamation work before the building of homes could begin, which would take another three years.

At its completion, however, the Dutch may find that there is no further need to reclaim land from the sea and to build new dwellings. Population trends are the reason. Between 1945 and 1965 (the period of the country's swiftest population growth) half of all Dutch dwellings that now exist were built. But since 1965, when national demographers projected a population for the Netherlands in the year 2000 of 20 million, the birth rate has so sharply declined that those same demographers now put the nation's population in 2000 at 14-to-15 million, up only slightly from today's 13,825,000.

It is highly possible, therefore, that Nieuwduinen will be the last chance for the Dutch to prolong their history of creating their own country. There is little doubt, however, that they will always be engaged in some sort of battle with the sea, as they always have, protecting what they, if not God, have created. —GARY YERKEY

Rome

"The Marxist who shook hands with three Popes," former Rome Mayor Giulio Carlo Argan (right) is shown here with the late Pope John Paul I. ©UPI

Seismic shocks rocked the streets of ancient Rome, while political tremors vibrated through the chambers of the capital's city hall this fall. Startled Romans awoke to the motion of the city's first earthquake in five years in mid-September. Although the worst of the quake's effects were felt in the region of Umbria to the north, where two towns were destroyed and five people died, Rome was not left untouched. City archeologists said the quake caused serious structural damage to two of the Forum's temples and destroyed some small parts of the newly reconstructed Colosseum and Arch of Constantine.

Meanwhile, behind the Michelangelo-designed facades of city hall, built on the ancient Capitoline Hill overlooking the Forum, there was a shake-up in the city's three-year-old left-wing coalition government. Giulio Carlo Argan, the 70-year-old art historian and the first non-Christian Democrat mayor of Rome since the war, announced his resignation for health reasons after having served three years of his five-year term. In the heady atmosphere of their 1976 victory at the polls, the Communists had selected Argan, an independent who ran on their ticket, as a mayor of reconciliation between the city's conservative and left-wing forces. Internationally respected as a scholar, nationally esteemed as the author of the standard textbook on Italian art, Argan seemed in 1976 the perfect choice to rule a city filled with priceless momentos of the Caesars and the Popes.

A serious setback for the Communists at the polls this year, however, has prompted them to name a more traditional, political candidate to lead the city into spring, the 1980 regional elections, and the important 1981 city vote. The new mayor, 47-year-old Luigi Petroselli, has worked closely over the years with the party's national secretary, Enrico Berlinguer. Petroselli joined the party 30 years ago, after his arrest for participation in a sit-in of peasants demanding land rights outside Rome.

Perhaps more than for his administration of the city's cultural patrimony, Argan will be recalled for his efforts to ease tensions between the leftist politicians on the *Campidoglio* (capitol hill) and the conservative prelates "on the other side of the Tiber." The Vatican viewed the 1976 elections with such fear that it issued a papal warning to Catholics not to vote for the Communists. Ignoring this after his election, Argan met during his administration with Pope Paul VI, the short-lived Pope John Paul I, and most recently Pope John Paul II—earning him the nickname of "the Marxist who shook hands with three Popes." Milan's respected daily newspaper *Corriere della Sera* editorialized that "Argan was accepted in the Vatican with the esteem and consideration which authentic men of culture deserve. Paul VI saw in him more a man who was devoted to healing the 'ills of Rome,' than a Marxist." Argan's replacement, Petroselli, began his term in the Argan tradition by paying homage to the Pope—adding he hoped the combination of independence and respect forged between the Vatican and the *Campidoglio* in recent years would continue.

One of Petroselli's first problems relates to the earthquake, which was also felt at the Vatican but failed to stir Pope John Paul from his study. When part of the fragile Temple of Vespasian came crashing to the ground after the shock, city officials were forced to close to traffic the well-traveled—and beautiful—via della Consolazione. Residents believe the street will never be reopened. Fumes from increasingly heavy traffic in recent years have hastened the erosion of carvings on the Forum's precious marbles, while tourist buses grow in size and number causing a dangerous vibration beneath the monuments.

The closing of the via fits neatly into a city plan to create an "archeological park" in Rome's center, where cars would be banned and Romans could sip espresso in new cafés or contemplate the ruin of their long lost empire under freshly planted trees. City experts seem at a loss, however, to figure out exactly what to do about the estimated 1 million cars that circulate daily in the city's notoriously congested center. The closing of via della Consolazione has already created traffic jams that add to the Wednesday afternoon tie-ups caused by the Pope's popular outdoor audiences in Saint Peter's Squáre.

A new subway line, originally scheduled to open this fall and now slated to begin operation in early 1980, will ease some of the congestion. Ultimately, however, Romans must decide "either traffic or monuments," as Argan said when he launched the archeological park project shortly before leaving office. It will be up to Petroselli to see which choice is carried out.

—PAMELA MENDELS

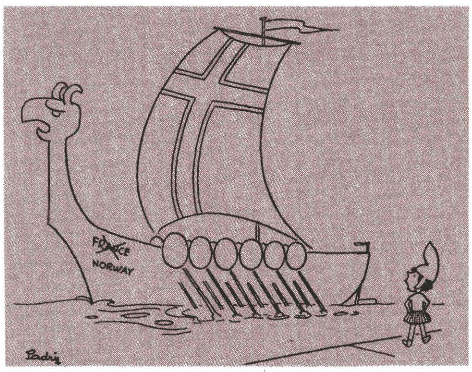
Paris

Raymond Barre, now in his fourth year as Prime Minister of France, stated clearly at the outset of his mandate exactly what his goals were and how long they would take to accomplish. He would lower the inflation rate, strengthen the franc, put the trade balance in surplus, and begin the restructuring of French industry. He gave himself three years, which were up in late August. His anniversary coincided with the publication of some discouraging statistics: Unemployment and prices were rising, the trade balance had slipped into the red, and the 1980 budget would rack up an estimated 40 billion francs deficit. Unfortunately, it was all bound to get worse.

Barre is blaming oil prices, and it's an explanation that is understandable to the public at large. But what any French Government is up against in an effort to modernize the economy was made sadly clear by some events of the past weeks. At Le Havre, the star of the French merchant fleet, "Le France," left its home port to be refitted in Bremerhaven shipyards, after its purchase by a Norwegian shipowner (who will add cabins, cut staff, and send it, painted white, to make money on low-cost Caribbean cruises). The Germans will do the job in seven months compared to 10 at Le Havre. They also came up with a cheaper price and the assurance, unstated, that labor unrest would not perturb the schedule of repairs.

As a result, Le Havre lost some 1 million man-hours of work. In a last-minute futile gesture, the unions tried to prevent the boat from leaving port. Police had to clear workers from the quays at 3 o'clock one morning, and the new owner, who finally was forced to call in Dutch tugs to help his boat leave, must have breathed a sigh of relief when the ship sounded the traditional three-horn blasts as it cleared the last harbor light. The union tantrum only made it obvious that the Norwegian's decision to move "Le France" to Germany was probably the right one.

In late August the Government imposed so-called "technical visas" on Italian knitwear—such as sweaters and cardigans—entering France. The Italians protested that with the winter season beginning, the need for visas would slow down imports and thus damage Italian manufacturers. The French claimed they simply wanted to keep tabs on Italian imports. The dispute was sent up to the EC Commission for study, but not before the head of the Italian textile federation made some pointed comments about the French industry. He admitted that Italian competitiveness was due in part to "black market" labor, but that wages of regular Italian textile workers were higher than those in France, and the Italians made up for this by the better productivity of more modern machinery. He added, ironically, that an important percentage of Italian imports are sold in France under French *haute couture* labels and those visas could very well cause trouble for the French clothing industry. Muttering about reprisals, and all those exported French cars, he implied that the French should stop complaining and (like the Italians) begin to attack the textile problem from the Community level, because the real danger to Europe would be coming from the United States and China.



"If the passengers have to do their own rowing, no wonder the boat is for rent!"
©*Padry*, Le Hérisson, *Paris*

Closer to home, the experience with bread prices, freed in August last year, suggests that France is not completely ready for the brisk winds of competitiveness. On average prices rose 22 per cent in the past 12 months with *baguettes* in the XVIième Arrondissement of Paris up 40 per cent. One *boulanger* in Auteuil explained that he continues to follow the price increase suggestions of his national trade association because "everyone has always raised prices at the same time." He added, "Besides, everything is going up." To confirm the difficulties of imposing competition by administrative fiat, the head of the bread manufacturers trade association recently announced, as if indeed prices were still his to command, that there would be no further increases until November. Bakers are obviously finding that decontrol means more freedom than they care to handle.

Barre's neo-classical approach to the problems of the French economy has certainly not lacked the politician's touch, imaginative flair, and an awareness of some of the more obvious injustices in French society. But, it's clear that any government, left or right, is going to need far more than three years to pull off major transformations in France.

—PATRICIA H. PAINTON

Luxembourg

"Come and meet Colette Flesch, the most popular politician in Luxembourg," said my host at the European Parliament. The assessment is a fair one. Gaston Thorn may be the country's best known international figure, but there seems little doubt that Flesch has the greater claim on her citizen's hearts. She is mayor of the city of Luxembourg, where nearly a quarter of the country's inhabitants live, member of the European Parliament since 1969, and widely acknowledged to be second only to Thorn in the Liberal Party. A short, handsome woman in her early forties, she once fenced for Luxembourg in the Olympics, and there is still enough fire in that duelist's eye for one to speculate about her as a future leader of the country.

But for the moment her steel is directed at Strasbourg, the city with which Luxembourg is locked in combat over the siting of the European Parliament. Under a 1965 agreement by EC ministers, the Parliament is obliged to hold its monthly sittings in one or the other of these cities. Unfortunately, Luxembourg's old building was not big enough for the greatly enlarged directly elected Parliament, and for simply logistical reasons all the 1979 sittings have been in the French city.

But the Luxembourg authorities have worked small miracles to get a brand new building up, and it will now be ready for occupation at the end of the year—some months before schedule. There seems little doubt that starting next year, Luxembourg is going to demand alternate month sittings with Strasbourg.

The long-term battle over the site is going to be a tough one, however. Brussels, too, has an interest. The collective voice of the new European parliamentarians themselves has yet to be heard on the subject. A rationing of the sittings seems probable for some time yet, but the mounting costs and inconveniences of such an arrangement make it of doubtful permanence.

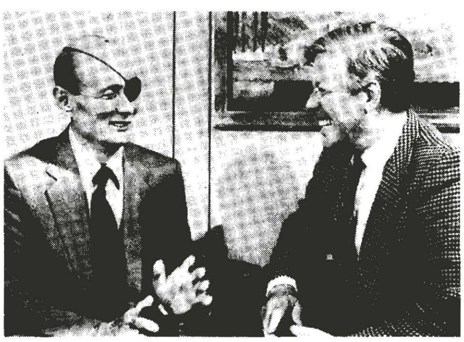
Flesch speaks persuasively about Luxembourg as "the Brasilia of Europe" or as a "kind of District of Columbia for Europe," and this is a concept that appeals to many. But the futuristic "Crow" complex that the city wanted to put up for the Parliament was eventually felled last year by objections from cost-watchers and environmentalists; and although Colette Flesch talks wistfully about reviving it next year, one wonders if the Grand Duchy is quite ready yet.

What it is emphatically not prepared to see is any whittling away of its present hold on the EC institutions. A recent suggestion by Strasbourg Mayor Pierre Pflimlin that some of the Parliament's secretariat might be moved from Luxembourg to his city was firmly squashed, and anyone who was at the Strasbourg EC summit in June will remember Gaston Thorn's spirited and successful opposition to moves by France to have Strasbourg formally referred to as "the natural seat of the Parliament."

Luxembourg's attachment to the Parliament is founded on the political, symbolic, and economic importance of it. "We would have serious economic problems if it left," says Flesch. There are some 5,000 EC employees in the country, and there is simply no way the banks, the steel industry, or Radio Luxembourg could take up the slack if they left. One frankly doubts that Colette Flesch would ever allow the situation to reach that stage, but she is too shrewd a politician to overlook any bargaining counter. —ALAN OSBORN

Bonn

When the Bonn Government hosted then Israeli Foreign Minister Moshe Dayan in early September, it was clear that one main purpose of the three days of talks in the German capital would be to relax what had in recent months become very strained relations between Germany and the Jewish state.



Former Israeli Foreign Minister Moshe Dayan with German Chancellor Helmut Schmidt. © *UPI*

Dayan came to talk with Bonn leaders about the growing apprehension in Israel that Germany, pressured by its almost total dependence on Arab oil, was gradually replacing its traditional foreign policy of deference to Israel with a new attitude of cool pragmatism. Since resuming relations in the 1950's, both Germans and Israelis have stressed the "special relationship" that exists between both nations growing out of a sense of atonement for the holocaust. And, in fact, after the United States, Germany has been the staunchest supporter that Israel has had in the West.

But last summer, in a flurry of diplomatic activity that Bonn buffs quickly dubbed the new *Nahöstpolitik,* Foreign Minister Hans-Dietrich Genscher embarked on two whirlwind tours of Arab capitals. Bonn insisted the purpose of the trips was not only to insure its future oil supplies but also to seek Arab support for an all-embracing Mideast settlement—in compliance with American wishes after the signing of the Egyptian-Israeli peace agreement.

What upset Israel even more than this diplomatic offensive, Dayan told his Bonn hosts, was two unofficial meetings this summer by German leaders with Yassir Arafat, the chairman of the Palestine Liberation Organization (PLO). In July former Chancellor Willy Brandt, chairman of the governing Social Democrats, met Arafat in Vienna. Not long after, a foreign policy expert of the Free Democrats, the junior partner in the Bonn coalition, also held talks with the PLO leader.

Dayan let the Germans know that other incidents, more symbolic than substantive, troubled the Israelis, too. Chancellor Helmut Schmidt, for example, twice postponed a trip to Israel following an invitation extended in 1977.

Most observers agree that Bonn's staunch support of Israel has not diminished. But while the German leaders insisted that the contacts with Arafat this summer had been unofficial, it was no secret that they were urging Israel to rethink its attitude toward the Palestinians, as a key to loosening the Mideast peace stalemate. Nonetheless, Bonn's advances were brusquely turned back in September when Dayan told the German leaders that Israel considered the Palestinians, in effect, mere bystanders to the Middle East negotiations.

In short, differences remained on both sides even after the Dayan visit. On the other hand, Dayan referred to Schmidt on the last day of his visit as "a warm friend of Israel"—suggesting at least that the delay of the Chancellor's visit to Israel had been forgiven him. And efforts to mend relations continues as a delegation of Israel's Labour Party, which harshly criticized the incipient German-PLO contacts, was scheduled to come to Bonn for talks with the Social Democrats. —JOHN TAGLIABUE

Dublin

There are, it seems, about 100,000 more Irishmen than anyone had suspected. This is a piece of news the world may absorb, in time, with equanimity, but for the Irish Government, and for planners in education, social service, and employment, it has come as a rude shock.

It is not just that there are these extra Irishmen, women, and children. The population is growing at a faster rate than had been imagined, and Ireland—far from being the quiet backwater of Europe, bled weak by the constant flow of emigration, and almost deserted—now has a population growth rate faster than any other European country. It is half again as high as the nearest competitors in the population growth stakes, Spain and Poland.

The 100,000 hidden Irish turned up when the first returns from the April 1979 census came out in September. This was the first census in Ireland since 1971; the Coalition Government had canceled the one that should have been held in between as an economy measure. The growth since 1971 has been spectacular, about 10 per cent. Then the total figure was just under 3 million—2,978,248 to be precise. By last April it was up to 3,364,881. Everyone knew emigration had stopped and the population was growing; but official estimates put the average annual growth at 1.2 per cent, and this is where the missing 100,000 come in—that is the discrepancy between the number of people officially estimated and the actual number revealed by the census.

One hundred thousand may not seem a large figure in the United States, but it is an error of about 3.5 per cent (it is almost equal to the population of Cork), and translated into American terms would mean Washington suddenly coming across another 7 million Americans, or a hitherto undetected state the size of New Jersey.

Finding all these extra people gives a lot of headaches. The Government's job creation program, already in trouble anyway, looks a lot less healthy, and the problems facing education and the social and welfare services are that much larger. Straightaway the census shock means 19 or 20 new seats in the Dail (parliament), for Ireland's con-

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stitution decrees that the number of deputies in the Dail must be closely related to the number of people in the country.

The planners, however, are still in a dilemma. Many people believe that the dramatic increase between 1971 and 1979 was not due solely to natural increase and to returned migrants. There is a nasty suspicion that the 1971 census got things massively wrong. It is assumed that the census got things right this time, and that there actually are 3,364,881 Irish. But that does not tell the planners the *rate* at which the population is growing, which is the really vital statistic. The hope is that the full census returns will throw more light when they are published.

It is a fair assumption that the vast majority of the 3.36 million people in the Republic, and the 1.54 million in Northern Ireland, were horrified beyond measure at the murder of Earl Mountbatten and his friends and relatives. This outrage, coupled with the killing of 18 British soldiers just inside Northern Ireland on the same day, had a shock impact on Anglo-Irish relations, in part predictable and in part very much unpredicted. The initial horror gave way to very sharp criticism of Irish security by the British, and this in turn provoked Irish responses that came close to suggesting that Earl Mountbatten would never have died had Britain "solved" the Northern problem as she ought. Some Irish newspapers had hysterics denouncing the hysteria of some British newspapers.

But when Irish Taoiseach Jack Lynch met British Prime Minister Margaret Thatcher after the Mountbatten funeral, there emerged no reports of bitter recriminations, but rather an impression of two Governments not too far apart on their general approach to Northern Ireland, though at odds over what precise security measures might be taken. Instead of strong, assertive nationalism, Lynch displayed a moderate line. No demand for British withdrawal, no seeking a British commitment to Irish unity, just a call for a political initiative in the North, a return to devolved government there bringing in both committees, without even an insistence upon a Council of Ireland involving Dublin.

This reassertion of moderation stung Sile De Valera into something of a back-bench revolt within Lynch's Fianna Fail Party, and caught some others offside, notably Peter Jay, former British Ambassador in Washington, who, in an interview filmed in July but only screened in late September, was found backing a line on British support for eventual Irish unity that even Lynch had by then downgraded.

—DENNIS KENNEDY

Villa I Tatti

20 years of a transatlantic "renaissance"

CARON LE BRUN DANIKIAN, *A freelance art critic based in Boston*

Twenty years ago the renowned art connoisseur specializing in late Medieval and Renaissance art, Bernard Berenson, died in Italy—bequeathing his Villa I Tatti, his extensive library, and his private art collection to his alma mater, Harvard University.

His legacy made possible a unique and invaluable educational experience in international scholarship—the Center for Italian Renaissance Studies. It bridges national boundaries and links world scholars in the goal of expanding knowledge in all aspects of the Italian Renaissance.

What a tranquil setting I Tatti is for the exertion of so much mental energy. East of Florence in the Tuscan countryside at Settignano, the villa sits in formal gardens on a hillside. Inside the Tuscan house hangs the art collected by Berenson during the 60 years he lived at I Tatti with his wife and collaborator, Mary. Such visitors as the King of Sweden, Yehudi Menuhin, Roger Sessions, and Edith Wharton were entertained there.

During Berenson's lifetime his influence on the international art scene was unequaled. This influence began in 1894 with the publication of his essays, *The Venetian Painters of the Renaissance*. Berenson's famous "lists" of artists and works he accepted as authentic were at the time the bible for collectors of Italian art. If in later years he revised an attribution, he felt, "What of it? I have learnt to see more clearly and that alone is important." Through Berenson's writings, the scientific basis of his attributions and authentications, he swayed the taste of important American collectors, who ultimately left their masterpieces to American museums.

In the words of David Alan Brown, curator of early Italian paintings at the National Gallery of Art in Washington: "Aided by the Payne-Aldrich Tariff Act of 1909, which allowed for duty-free import of works of art over 20 years old, Berenson's success may be measured from the fact that there are now more Italian paintings in America than anywhere else outside their place of origin."

Garden façade of Villa I Tatti. courtesy Harvard University

Bernard Berenson: "The work of art serves not only as a joy for all time . . . it serves as a model, after which society . . . tends through its most sensitive members to shape itself." © David Seymour, Magnum

It was David Alan Brown who sparked the renewed interest in Berenson now, 20 years after his death. Brown organized and wrote the catalogue for the exhibit "Berenson and the Connoisseurship of Italian Painting," and the Ernest Samuels biography, just published by Harvard Press, *Bernard Berenson: The Making of a Connoisseur.*

The primary concern at I Tatti is to promote and support through its fellowship program the advancement of the study of the Italian Renaissance. As Berenson described what he hoped the center might be, "Nothing opens mind and heart like free discussion between gifted, maturing individuals coming together with their own national traditions and differing attitudes and approaches." Today, Berenson's vision of an interdisciplinary, scholarly center is a reality. It maintains its international character by recruiting fellows from different countries and fosters an exchange of ideas among students, professors-in-residence, visiting scholars, and experts in the fields of visual art, music, literature, philosophy, science, and political, social, and economic history. Moreover, its greatest asset is its location near Florence.

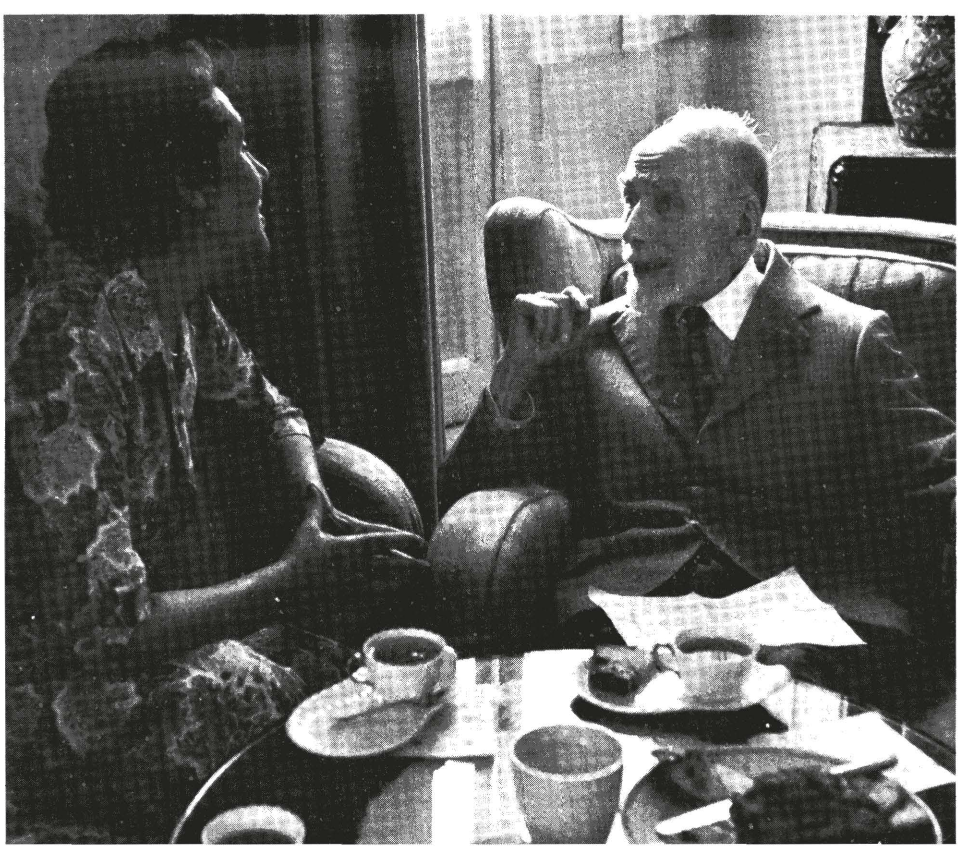
Each year 10-to-15 scholars from all over the world study such topics as court dances in Fifteenth Century Italy, women writers of the Italian Renaissance, the bronzes in Bargello, the Venetian money market in the Fourteenth through the Sixteenth Centuries, and family property laws in Thirteenth and Fourteenth Century Florence. Publications that have come out of the projects are a two-volume work on the Florentine painter Pontormo; a book on the Greek scholar and Renaissance humanist George of Trebizond; and the multi-volume edition of Lorenzo de' Medici's letters, a collaboration between the Harvard center and the Istituto Nazionale di Studi sul Rinascimento in Florence. Not only does the fellowship program contribute to scholarly research through its writings, but also the fellows "increase their own scholarly capital and go back and teach," says the center's director Craig Smyth.

Weekly seminars and lectures also take place at the center along with international conferences. Results are published, such as the 1977 meeting on "Florence and Venice: Comparisons and Relations in the Quattrocento." Last year's two-week seminar—dealing with several themes, including Donatello, Renaissance portraits, and facade decoration—was organized by the Universities of Stockholm, Würzburg, and Vienna.

The heart of Harvard's center is the *Biblioteca* Berenson, one of the world's finest private libraries. Berenson called his library the only achievement of his career that gave him complete satisfaction, and at the time of his death it numbered about 50,000 volumes. Over the last 20 years 1,500-1,800 volumes have been added a year, but the library is dependent on donations. The library's emphasis is on the history and culture of the Mediterranean world in the Renaissance with strong sections on Italian painting from 1300 to 1600, plus English and American literature and criticism, classical archeology, as well as Ancient Near Eastern and Islamic and Far East art. The photography archives number about 217,000 items and was the backbone of Berenson's research. The center's Morrill Music Library, a gift of Harvard alumnus F. Gordon Morrill and his wife, is the best source in the region for Renaissance music. An innovator in a computer index of works of art, the library is becoming an international instrument for cataloguing and keeping track of art works.

The library juxtaposes the utilitarian look

"During Berenson's lifetime his influence on the international art scene was unequaled." © David Seymour, Magnum



of wall-to-floor stacks of files with the glow of polished wooden floors covered with Oriental carpets; arched doorways lead to corridors and sitting rooms filled with chandeliers, antique Florentine chests and furnishings. Placed here and there throughout is Berenson's collection of Medieval and Renaissance *objets d'art.* The visual delights are eclectic and unending—the bronze statuettes; a jade duck; Greek sculptural fragments; Oriental, Etruscan, pre-Columbian pieces; an elephant incense burner; Venetian antique glass; a Mexican sculpture of a coiled snake.

The 130 paintings collected by Berenson are shown to small groups of visitors by appointment. Included are Giovanni Bellini, Domenichino, Giovanni Boccattis, Bernardo Daddi, Benedetto Bonfigli's "Nativity," Cima da Conegliano's "St. Sebastian," Vincenzo Foppa's "Madonna," and a magnificent tryptych "St. Francis in Ecstacy with St. John the Baptist and the Blessed Ranieri Rasini" by the Sienese painter Sassetta. It was recently restored at Harvard's Fogg Art Museum.

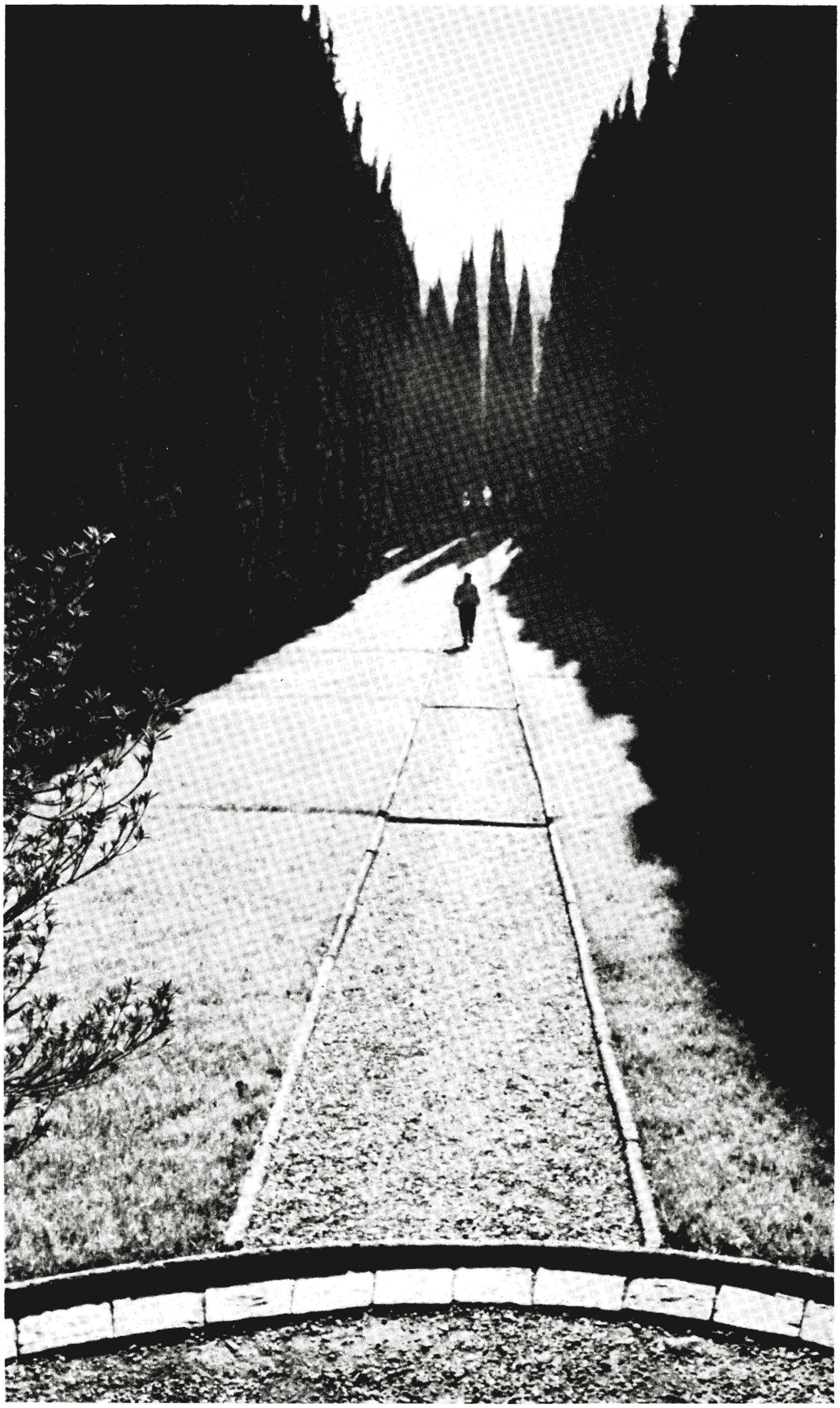
Berenson left an initial endowment of over $900,000. Estimated total expenses for the fiscal year ending June 30, 1970, were $520,000. An increase of 52 per cent is anticipated in annual expenses by fiscal year 1981-82. With these figures telling the story, funds are needed to increase endowment and for annual operating expenses.

Although a part of Harvard, the center is financially responsible for its own fate. Even the center's vineyards produce a wine sold to help support I Tatti. Its unique value to the world of humanistic study has been recognized and supported by the National Endowment for the Humanities; by the Samuel H. Kress Foundation, which has given a $15,000 grant for fellowships and the library; and a grant of $1 million in unrestricted endowment from the Andrew W. Mellon Foundation. The Mellon Foundation also appropriated an additional $1.5 million of unrestricted endowment in matching funds, and by this September almost $1.1 million had been raised from individuals and foundations. (Gifts to I Tatti may be sent to the Recording Secretary, Harvard University, Holyoke Center, Cambridge, MA 02138.)

As Craig Smyth puts it: "In a world bound continually closer, Harvard has an asset for the present and future: a center in Europe that provides an international meeting ground and working place for scholars from many countries, a base for relationships with the learned of Europe in the years to come. Equally important, in a period when everywhere university activity encroaches increasingly upon quiet time for thought and scholarship, Harvard in Italy enables scholars to work in relative peace, giving them at the same time the opportunity, when they wish, to discuss, study, and learn with other members of the I Tatti community."

Or as Berenson himself puts it in *Aesthetics and History:* "The work of art serves not only as a joy for all time, seeing that it offers permanent possibilities of life enhancement, but from the moment of its completion, for generations to come, it serves as a model, after which the society in whose midst it has appeared tends through its most sensitive members to shape itself."

The avenue of Tuscan cypresses at I Tatti. courtesy Harvard University



Media Seminar Held in Ireland

The fourth annual US-EC "media seminar," attended by 30 prominent European and American journalists, was held at the secluded Waterville Lake Hotel, County Kerry, Ireland, during the weekend of September 21-23. The seminar, essentially a forum for discussion of current events, gave journalists, senior government officials, and academics the opportunity to discuss and debate topics of mutual concern to the United States and the European Community.

Held in gloriously picturesque surroundings, which were highlighted by bright autumnal weather, the conference was also a small miracle of logistics. Some participants arrived by train and car to the remote southwest extreme of Ireland, others by private jet or hired bus. It was a difficult operation, but everyone arrived and departed on time, cheerfully enjoying this trek to one of Europe's agricultural heartlands.

Elizabeth Drew, American journalist, and US Ambassador to Ireland William Shannon (far left) at the head table as Andrew Mulligan, director of information at the EC Delegation in Washington, introduces Irish Prime Minister Jack Lynch (on his left). Also pictured are US Rep. Sam Gibbons and Mrs. Lynch.

Sponsored jointly by the Delegation of the Commission of the European Community in Washington and the United States Mission to the European Communities in Brussels, the conference addressed such issues as: economic and industrial development policies, energy policy, and North/South issues.

Conference guests (left to right): Michael Lake, director of information of the EC Delegation in New York; EC Commissioner Richard Burke, from Ireland; Eamonn Gallagher, the Commission's director-general of fisheries; Robert Hormats, US deputy assistant secretary of state for economic and business affairs.

The US Ambassador to Ireland, William Shannon, and the EC Commissioner from Ireland, Richard Burke, opened the proceedings on Friday night. Welcoming the participants to Ireland, both men emphasized the necessity and prospects for cooperation between the United States and the Community.

At the session on Saturday morning, Frank A. Weil, former Assistant Secretary of Commerce for Industry and Trade Administration, and Michael Killeen, Managing Director of the Industrial Development Authority, discussed industrial affairs and policies. Weil spoke of the increasing interdependence of the world's economy, "government interference," and suggested "the United States should reorganize its Government" in order to create a "mechanism through which the industrial policy process . . . will advance." Killeen noted that while government regulation of industry is generally greater in Europe than in the United States, the biggest difference is "that national policies are still paramount" in defining the relationship between industry and the Community. Admitting that he somewhat "envied" the economic unity of the United States, Killeen expressed hope that in the future the EC Commission will be able to formulate policies that devote "more real resources" to social and regional development.

At lunch on Saturday, Irish Prime Minister Jack Lynch delivered a wide-ranging speech covering such topics as US-EC relations, the media, economic growth, and Northern Ireland. He welcomed the chance to participate in the seminar and to "exchange views with our American friends."

The Irish Minister of Industry, Commerce, and Energy, Desmond O'Malley, and Congressman Sam Gibbons (D-FL), member of both the House Ways and Means and Budget Committees, spoke at dinner that evening but on different topics. O'Malley identified unemployment and the lack of any industrial development within the Community as a "major crisis" and urged the Commission to formulate a "comprehensive" industrial policy in order to deal with competition from abroad. European industry must become more efficient and regionally balanced to deal with other major industrial powers, he said.

Gibbons gave an "optimistic" speech for US-EC relations now and in the future. Praising the Europeans for their cooperation and determination, Gibbons described the Community as "mankind's greatest leap forward in civilization and development."

On Sunday morning the former US Deputy Secretary of Energy, John O'Leary, discussed declining world oil production and examined its future consequences. Admitting that he was a "pessimist," O'Leary projected that by 1983 oil will cost approximately $40 a barrel. He acknowledged that high oil prices inhibit economic growth and that in the future "chronic shortages" will characterize the world oil market.

During that same morning session, Jürgen Kühn, EC Energy Commissioner Guido Brunner's Chef de Cabinet, outlined Community efforts to deal with rising oil imports. Common objectives, harmonization of national policies, common financing, and a consensus in external relations are all integral parts of a Community energy policy, he said. By developing energy-saving techniques, perhaps the Community could lessen the "economic burden" of high energy costs. Citing "the free exchange of energy" within the Community during times of crisis as the "main achievement" of the Commission's energy policy, Kühn commended the member states for not attempting to exploit each other.

In the last formal session of the conference, Robert Hormats, Deputy Secretary of State for Economic and Business Affairs, and Raymond Phan Van Phi, from EC Directorate-General for External Relations, discussed North/South issues. Hormats contended that real progress has been made in the international monetary system to benefit Third World countries. The importation of labor intensive goods from developing countries must be allowed by industrialized countries in order to deal with realities of productivity, he said. But Hormats did admit it would be "awfully difficult" to convince workers that this influx of imported goods would be beneficial in the long run.

Phan Van Phi recognized that the Community is heavily dependent on foreign trade and suggested this dependence is "roughly divided" between developed and underdeveloped countries. The Lomé Convention, "the Mediterranean approach," and a generalized system of trade preferences are all examples of Community ties with the Third World, he said. Citing "political vulnerability" and slow economic growth as difficulties that inhibit a North/South dialogue, Phan Van Phi expressed hope that future relationships will be based on "a system of contracts," not mutual antagonism.

US Ambassador to Ireland William Shannon and Mrs. Martin Agronsky (left) with Michael Lillis, spokesman for the EC Commission, and journalist Martin Agronsky.

Irish Prime Minister Jack Lynch (front center) and other conferees enjoy the "gloriously picturesque surroundings" of Waterville Lake. Also pictured are Dermot Nally, deputy secretary of the Department of the Taoiseach; Frank Dunlop, Irish Government press secretary; Denis Corboy, director of the EC Delegation in Dublin; Mrs. Lynch; aide-de-camp.

After a lunch time speech by European Parliament member John Hume on "Ireland, Europe, and the United States," the participants headed home. Like the previous three media seminars, this one succeeded in providing Americans and Europeans alike the opportunity to discuss US-EC relations both formally and informally. This cements and strengthens this special Atlantic alliance.

—**Michael L. Kelly,** *staff*

EC Bonds on US Markets

Current success brings visions for future programs

TIM CARRINGTON, *Washington correspondent for McGraw-Hill's* Securities Week

EC-CHINA TRADE PACT

The "Gang of Nine" gets Communist recognition

STEPHEN MILLIGAN, *Brussels correspondent for* The Economist

THE EUROPEAN COMMUNITY HAS AGREED TO ITS FIRST-ever trade deal with the Peoples Republic of China. On April 3 Community officials—known perhaps in Peking "gang of four." But recent European visitors have gotten an ecstatic welcome. French Prime Minister Raymond Barre visited Peking in mid-January and was told by Vice

Human Rights in Western Europe

Is a jurisprudence developing?

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

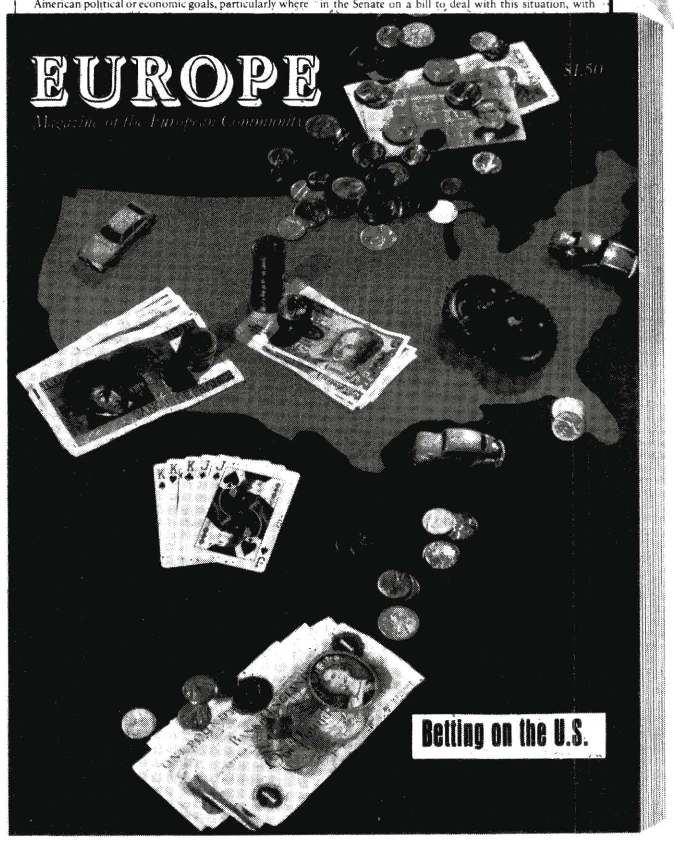
ON FEBRUARY 8, BRITISH ATTORNEY GENERAL SAM Silkin stood before the European Court of Human Rights in Strasbourg, France, and did an amazing thing: He and maltreatment of prisoners in Northern Ireland," FitzGerald said, "but we recognize that this action woul have been fruitless but for the fact that the British Go

A NUCLEAR DIFFERENCE

At stake is Europe's energy supply and/or the future of mankind.

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

THERE IS NO SHORTAGE OF SUBJECTS ON WHICH THE US desire to promote European unity clashes with other American political or economic goals, particularly where worldwide availability of material easily made into nuclear bombs. Nearly two and a half years ago work began in the Senate on a bill to deal with this situation, with



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NEWS OF THE COMMUNITY

EXTERNAL

Health, Safety Cooperation

EC Commission and US Government officials in the field of occupational health and safety met in Luxembourg in mid-September for the first time since the signing of a cooperation agreement in June.

Discussions centered on toxic agents, occupational cancer policies, and investigation of the causes of accident-related illness.

In addition, American health and safety organizations were represented at the international workshop on the occupational safety and health hazard alert system, also held in Luxembourg in mid-September.

Amendments on Dumping

Amendments to a regulation protecting EC nations against dumping or granting of subsidies by third countries in respect to their exports to the Community was adopted by the Council of Ministers in late July.

The regulation now defines a "normal value" against which the export price must be compared to derive the dumping margin. It also fixes more precise rules for the adjustments that should be made.

Normal value may be based on the costs of production, with allowances for profit and overhead when the exporters' sales are being made at a loss. In the case of state-trading countries, normal value will be derived from production costs in a market third country or from Community prices.

The rules on injury have also been clarified to ensure that injuries caused by other factors are not attributed to dumping.

Japanese Language Grants

A group of 25 young European businessmen were sent to Japan in September on scholarships from the Community. The aim is to increase knowledge of the Japanese market in order to promote European exports to Japan.

The Europeans are to spend 18 months in Japan, the first year in an intensive language program and the last six months working "in house" in Japanese firms. Visits, seminars, and other activities will be arranged to provide further understanding of Japanese economic, political, and social life.

The scholarships, worth a total of 40,000 European units of account, are part of a proposal introduced into the 1979 EC budget by the Commission to finance specific actions aimed at greater penetration of the Japanese markets by European firms.

Talks With Turkey

Senior EC officials visited Turkey in late September to discuss at a political level the association agreement between the two.

Both sides expressed the desire to revitalize the agreement through measures aimed at Turkey's economic recovery. Irish Foreign Minister and EC Council President Michael O'Kennedy pointed out that the Community provides half of Turkey's total foreign assistance.

O'Kennedy outlined Community measures designed to assist Turkey's economic development and reorganization plans, but Turkish Foreign Minister Gündüz Okcun expressed disappointment at the gap between proposals in the Community's negotiating mandate and Turkish expectations.

There was full agreement that the overall common objectives should be pursued. Talks are continuing on matters of bilateral interest.

Vredeling Visits Canada

During a visit to Ottawa in early September, EC Commission Vice President Henk Vredeling, in charge of social affairs, met with officials of the Canadian center for occupational health and safety. The two sides discussed possibilities for the exchange of technical and scientific data on occupational health and safety between Canada and the Community.

Vredeling held other discussions with Canadian officials on problems of employment, job creation and minimum labor standards, and questions of industrial democracy. He also met with businessmen and representatives of the Canadian Labour Congress.

Canadian Visit to Brussels

Energy and trade issues were the highlights of a two-day visit to Brussels by Ontario Premier William G. Davis in mid-September.

During his session with EC Commissioner Etienne Davignon, in charge of industrial affairs, the discussion focused on ways of extending trade relations with Canada and Ontario Province, which is the country's leading manufacturing region. Specific areas included data-processing, aerospace, food-processing, and minerals and metals.

The meeting with EC Commissioner Guido Brunner, in charge of energy, concentrated on the role that Canada's Candu nuclear reactor technology could play in the energy program. Specific interest has been shown in the Candu system because of its reputed high safety factor.

Mention was also made of the Canadian "energy bus" concept of energy savings. The EC Commission has indicated that it hopes to reach agreement with Canada soon to acquire the technology for testing in five EC countries. The program is a computerized and equipment-laden bus staffed by technicians who visit various industrial and business facilities to test their energy efficiency and make recommendations for savings and improvements.

Anti-dumping Inquiry Opened

The EC Commission is opening up an investigation into possibilities that ball-bearings and similar products from a number of manufacturing countries are being dumped in the Community.

The products were said to originate in Japan, Poland, Romania, and the Soviet Union. A similar anti-dumping inquiry into shipments from Japan in 1976 resulted in a 15 per cent duty on these products. The levy, however, was later annulled by the European Court of Justice, and the Japanese suppliers agreed to increase their prices.

Representatives of the European industry filed complaints in May claiming injury. These indicate that the dumping margins, at which the products are being sold below the domestic costs, are as high as 65 per cent. It is acknowledged that imports from Japan have declined but that those from Eastern Europe have caused consistent injury.

Spotlight on Brazil

The European Community recently announced plans to develop closer relations with Brazil.

Two moves had been in the planning stage for several months and represent the intensification of contacts between the two since the conclusion of their 1974 trade agreement.

EC Commission Vice President Wilhelm Haferkamp, in charge of external relations, had scheduled a visit to Brazil in October, and the Commission had proposed that the Council of Ministers adopt a mandate authorizing the opening of negotiations with Brazil for a framework agreement in economic and commercial cooperation.

During his visit Haferkamp was to discuss relations between the Community and the entire Latin American region as well as negotiations for a proposed bilateral accord.

The accord foreseen in the Commission proposal is similar to those negotiated previously between the Community and major trading partners like Canada or India. It would establish a mechanism for increasing contacts and trade as well as problem-solving in trade matters.

The Community is already Brazil's largest customer by far, but is edged out by the United States as Brazil's major supplier. Brazil's leading exports to the Nine include coffee, a number of minerals, and soya. The Community has experienced a steady deficit in its trade with Brazil for several years.

AID

First EIB Loans to Egypt

Two loans for development in Egypt were announced by the European Investment Bank (EIB) in early October. This is the Community's first such financial arrangement with that country.

The loans, both for the amount of 25 million European units of account (EUA), will go toward financing an oil/gas-fired thermal power station north of Cairo and for deepening and widening the Suez Canal. A new section will be built to bypass Port Said, and EIB funds will also help clear 12 wrecks from the north and south entries to the canal.

In addition, a loan of EUA 7 million was granted to Lebanon for financing three additional generating sets at a thermal power station near Beirut. Increased electricity output is indispensable to the planned industrial and commercial activity there.

EUA 11 million was approved by EIB for help in financing works designed to improve air traffic safety at the airport in Madeira, Portugal. The project involves constructing safety areas at each end of the runway; extending the parking apron; improving runway lighting, beacons, and radio navigation aids; and resurfacing the runway.

The Gambia has been granted a conditional loan of EUA 2.3 million to help finance modernization of groundnut processing facilities. This is the EIB's first operation in that country.

Hurricane Disaster Help

Emergency aid for countries devestated by Hurricane David, which struck the Caribbean in late August, was approved in early September by the EC Commission.

Under the terms of the Lomé Convention, Dominica was granted 300,000 European units of account (EUA) in emergency aid. The French overseas departments, Martinique and Guadeloupe, were to receive EUA 1 million in disaster relief for member states.

A Commission official was to join the French team sent to assess the storm's damage, particularly in the agricultural sector.

The Commission also earmarked EUA 1 million in aid for countries not covered by the Lomé Convention or disaster provisions for member states.

A New Decade for Africa

The Community contribution towards implementation of the United Nations Transport and Communications Decade in Africa—1978-1988—was the topic of discussion when the executive secretary of the Economic Commission for Africa, Abebayo Adedeji, visited Brussels in early September.

While explaining Africa's general strategy and plan of action for the next 10 years, Adedeji stressed the importance of Community involvement and cooperation. African ministers of transport, communications, public works, and planning will meet early next May in Addis Ababa to make preparations.

The Commission agreed to step up cooperation with African plans for the next decade.

More Aid to Nicaragua

The EC Commission has adopted a program of emergency aid for Nicaragua, following a typhoon that devastated the Central American country.

A food donation of 5,000 tons of cereals and 500 tons of milk powder was allocated in addition to 2 million European units of account (EUA) for the purchase of local foodstuffs. Further aid of EUA 250,000 was granted for the purchase of seeds, so that planting could proceed as usual in September.

EC trade experts and an aid program mission were to visit Nicaragua in advance of Community financial and technical aid for reconstruction. A sum of EUA 2-to-3 million has been earmarked for that purpose.

These and earlier measures being total EC contributions to Nicaragua since July to over $9 million.

Aid Allocated for Relief

EC officials agreed on 1.24 million European units of account (EUA) in aid for the refugees of Cambodia in two recent decisions. Also, refugees in Nicaragua who have fled to Costa Rica and Honduras will benefit from tents, blankets, and food provided by the Community in the form of EUA 100,000 granted to their host countries.

Because of a recent outbreak of African swine fever in Sao Tome and Principe, the population has been deprived of its principal source of animal protein. EUA 300,000 was granted by the Commission to purchase and transport 150 tons of food to those countries.

Angola was granted EUA 100,000 to assist some 50,000 Angolan refugees who have returned home on their own initiative. The program, half of which is being covered by Scandinavian aid, will provide agricultural implements, seeds, household utensils, clothing, and equipment for schools.

Exceptional aid was granted to Figi, Mauritius, and the Sudan in late August. All three countries are to receive amounts just under EUA 1 million each to contribute to recovery from natural disasters.

Development Fund Decisions

The following financing decisions were made in late July by the European Development Fund (EDF).

Zambia was granted exceptional aid of 172,000 European units of account (EUA) for a pontoon landing stage for a ferry between Botswana and Zambia. That country was also awarded EUA 1.65 million and a special loan of EUA 6.06 million for the development of cotton production. A second loan of EUA 2.2 million was granted for building 13 agricultural stores in rural centers.

Benin receives two grants of over EUA 2 million each for the improvement of rural facilities. A tree felling project in Mali will benefit from a EUA 1.3 million grant from the Community. For development of fisheries in Lake Malawi, Malawi was allocated EUA 1.3 million.

Lesotho was granted nearly EUA 3 million for reconstruction and asphalting of a 23-kilometre section of road. A grant of EUA 3.38 million was awarded to Mauritania to build and equip 48 primary classrooms and two colleges throughout the country. Nigeria was granted EUA 1.28 million for a training program in the fields of water resources and cooperatives.

For the extension of a fish farm, Kiribati was granted EUA 170,000. Surinam will get EUA 350,000 for improving the medical infrastructure by extending three existing health centers. The Gambia is to receive EUA 100,000 for a rural vocational training program. Another training program in Somalia was granted EUA 990,000. Rwanda is to receive EUA 160,000 for continuation and extension of tea projects. Upper Volta gets EUA 450,000 for road upgrading.

EUA 2.86 million was granted for the extension of housing for the African School of Meteorology and Civil Aviation in Niamey, and EUA 2 million will go for construction and technical equipment for the College of Electrical Engineering in the Ivory Coast.

Training Institute Funded

A financing agreement was signed in late September between the Community and the Mano River Union, an economic union grouping Sierra Leone and Liberia. The funding provides 1.5 million European units of account for the Union Telecommunications and Postal Training Institute.

The project involves the recruitment of four advisers; the purchase of furniture, tools and equipment, books and teaching aids, and vehicles; and the funding of scholarships. The union itself is providing the cost of a new building to house the institute at Goderich.

The Mano River Union was established in October 1973. Its purpose is the social, economic, and cultural cooperation between the two countries.

Lomé Renewal Agreed

The European Community and 57 developing African, Caribbean, and Pacific (ACP) countries agreed to renew the Lomé Convention in early September.

It was agreed that the treaty, a collection of trade and aid programs, would be signed again in Lomé, Togo in early November. The delay was to give participants enough time to resolve some remaining differences over guarantees for European investments in developing countries, agricultural imports into the Community, and special assistance programs for landlocked and least developed countries.

The main features of the five-year treaty are enlargement of the existing Stabex income guarantee for commodities exports, now to include minerals, and an aid package about 5.6 billion European units of account.

ENERGY

EC Oil Bulletin

The average increase in free-on-board prices of crude oil between the end of 1978 and mid-September this year was 57 per cent, a result of decisions taken by oil-exporting countries.

The pre-tax prices of the principal oil products (crude oil and imported finished products) increased by an average of about 54 per cent over the same period. If these prices had been in line with the Rotterdam spot prices, the figure would have been 91 per cent rather than 54 per cent.

The Commission publishes weekly bulletins in order to make community oil markets more transparent, particularly regarding price information.

Uranium Prospecting Aid

The distribution of 5 million European units of account to promote uraninum prospecting in the Community has been approved by the EC Commission.

Eight of the 13 requests granted will help establish new programs in Germany, Italy, Ireland, and the United Kingdom. This is the fourth allocation in a program covering the period 1976-81.

Second Energy Plan Approved

The EC Council of Ministers has approved a four-year energy program that almost triples past expenditures on solar energy research and doubles the effort put into energy conservation.

The five-part program, costing 105 million European units of account (EUA), is a continuation of the first energy research and development program started in 1975. The plan will concentrate on developing solar heating technology, energy conservation measures, geothermal potential, hydrogen energy carrying capabilities, and systems analysis and strategy studies.

Of the total budgeted, EUA 46 million will be spent on solar energy projects, among which is visualized the completion and experimentation of a solar power station designed to produce energy for a community in Sicily.

Community Oil Bill

The European Community purchased nearly $50 billion worth of imported oil and petroleum products in 1978, the Commission reported in answer to a recent question from the European Parliament.

Germany and France together spent more than the rest of the member states conbined. Ireland's bill, the lowest in the Community, was $580 million.

The Community spent about $1 billion less in 1978 than it did the previous year for oil imports.

Euratom Loan Ceiling Raised

A draft EC Council of Ministers decision raising the amount for Euratom loans to 1.5 billion European units of account (EUA) was adopted by the EC Commission in July.

When the Council empowered the Commission in March 1977 to grant loans on behalf of Euratom to finance nuclear power stations, total borrowings were restricted to EUA 500 million. It was stipulated that once funding for operations had reached EUA 300 million, the Council could take action to issue a new installment.

The political and economic conditions resulting from recent oil price increases and the affirmation by the European Council last June that nuclear programs must be given fresh impetus are two conditions that precede the Commission's decision. Also, the EUA 500 million will shortly be reached and the number of requests Euratom has received make it necessary to increase the ceiling.

Energy Needs Defined

Three lessons can be learned from the 1973-74 oil crisis and last winter's events in Iran combined with extreme cold in Europe, said EC Energy Commissioner Guido Brunner in a speech in late September.

First, Europe is still far too dependent on oil; second, the oil market has become fragile and increasingly sensitive to supply interruptions; third, a hotter political spotlight is being turned on all oil questions.

Brunner then proposed three dominant courses of policy and action: reduction of energy demand; development of own energy supplies; and improvement of relations with oil-producing countries.

Coal, said Brunner, is by far the Community's largest energy resource, yet the Community has "failed alarmingly to arrest the decline of the coal mining industry." He said it is essential that coal be used more for production of electricity.

In speaking of the high degree of interdependence between Western industrialized countries and oil-producing nations, Brunner said the latter depends on the success of industrialized countries for goods and services, and furthermore, their monetary assets and financial investments are placed within the Western economy. He said the precise nature of these mutual requirements must be discussed and defined.

Oil Imports Less Than Limit

This year's Community oil imports will be about 445 million tons, substantially less than the 472 million limit set for th EC Nine at the Tokyo summit.

EC energy ministers met in Brussels in late September to discuss the mechanics of limiting oil imports. They also confirmed their interpretation that import ceilings would not include Britain's North Sea oil.

The United States has said that this oil production should be calculated in the import figures. The Community claims it as an indigenous source of energy, yet says it will go as far as including North Sea oil from other member states as part of the import ceiling.

Energy Research Support

The inauguration of a solar pilot test facility in Delft, the Netherlands, took place in late September. The installation, supported by the Community, is one of the first to go into operation and should serve to help experts verify and compare solar heating models.

In addition, the Commission recently proposed 22.5 European units of account (EUA) for 24 technological development projects in the hydrocarbons sector.

The support is designed to encourage any technological development work directly related to prospecting, exploiting, storing, and transporting hydrocarbons to improve the security of the Community's energy supply.

The rate of such contributions, which began in 1974, range from 30 to 40 per cent of the cost of the project. Between 1974 and 1978, support was granted to 144 projects for a total of EUA 163 million.

ENVIRONMENT

Safety Reporting Measures

An EC regulation in the works during the three years since the dramatic chemical pollution of an area near Seveso, Italy, was introduced in late July.

The proposed directive is designed to establish a system of safety reporting requirements for operations dealing with certain dangerous chemicals. This system should signal the possibility of dangers or provide information necessary to combat the spread of danger if an accident occurs.

The Commission report accompanying the recommended proposal noted not only the 1976 Seveso contamination but also other serious accidents in Europe over the past several years. It said that the legal requirements for such reports vary from country to country and some date back to the Nineteenth Century.

Restrict Asbestos Proposed

The EC Commission recently submitted to the Council of Ministers a proposal that would prohibit or restrict the use of asbestos throughout the Community.

The restrictions, especially severe on "blue asbestos" known as crocidolite, would try to persuade producers and consumers to replace dangerous types of asbestos with safer products. Tests have shown that in certain cases asbestos can cause cancer.

Adoption of the proposal would lessen the danger for the consumers of an estimated 3,000 products, ranging from building materials to textiles, that contain asbestos. Most asbestos used in the Community is imported since Italy is the only member state that mines it.

AGRICULTURE

Leaving the Land

Amendments proposed by the EC Commission last March to improve socio-structural measures in the agricultural sector are now under discussion by the Council of Ministers, reported the Commission recently in answering a question from the European Parliament.

Part of a longer-term strategy—portions of it dating back to 1962—the socio-structural policy consists of agricultural reform programs such as farm modernization; consolidation of land; and closing down of small, inefficient farms through incentives for farmers to take jobs in other sectors or to retire. The updating of former directives would mean increasing monetary aids and adapting them to present socio-economic conditions.

Implementation of the policy has been disappointingly slow, the Commission complained. The number of farms and farm workers in the Community declined at an annual rate of 4 per cent until 1973, when it dropped to between 2 and 3 per cent a year. The Commission explained the slow-down in part as a result of high unemployment in other sectors which leaves few vocational alternatives to young farmers. Retirement incentives for older farmers have been inadequate, too, said the Commission. More than 40 per cent of EC farmers are over 55 years of age.

EC Farms Modernize

Farms in the Community are becoming larger and more efficient, according to a recent Commission survey.

The survey of 5,500 farms indicates that EC farmers saw a sharp rise in the value of capital investment—land, buildings, equipment, livestock, and finance—during the period 1973-77. In the Netherlands, values approached tripling, while in Italy and Denmark they doubled. Farms in the United Kingdom expanded more slowly because they were already large and well mechanized.

The debt run up by Community farmers has also increased. In Denmark, farmers have financed one-third of their total assets with loans, while Irish and Italian farmers are almost entirely self-financed. The EC Commission recently refuted the idea that farmers are crippled by the debts they incur in modernizing and expanding their farms. Even so it is extremely hard for young farmers to start from scratch, given the cost of farmland and high interest on loans.

Wine, Beer Tax Disparities

The Commission has taken the British Government to court for allegedly taxing wine five times more heavily than beer. If the British excise tax on wine comes down, wine consumption might go up. The problem is that the Community is making more wine than it can consume.

Italy, France, and Spain—now negotiating for EC entry—are the world's three biggest wine producers. The Community makes half the total world production—126 million hectolitres—of wine a year. And wine production has been growing about 2.2 per cent annually since 1960, but consumption has stagnated. The Commission wants to prevent another "wine lake," such as the glut that occurred in 1974.

The average French citizen consumes 101 litres of wine a year and Italians drink about 97 litres each, but the annual consumption of wine in the other member states averages out to only 17 litres per person. In Britain and Ireland, only five and three litres of wine a year are drunk by the average citizen.

To offset the risk of a wine surplus, the Commission wants to increase wine consumption and reduce production of certain wines, "vin ordinaire" or table wine, in order to improve the quality of European wines. It also has proposed that more wine be used for distilling into industrial alcohol. Additionally, the Commission proposed last spring a new system for excise duties on beer and wine basing taxes on the alcohol content of the product, thereby ending the disproportionately higher tax on wine in some countries.

Surplus Butter Sales

The EC Commission announced in late September that it was adopting a system of export licenses to keep a closer watch on butter sales to foreign countries.

Widespread criticism has focused on the sale to the Soviet Union of butter held in storage under the EC price intervention program. The butter is purchased at the Community market price by official agencies when there is a lack of consumer demand. However, some sales are occasionally made from the "butter mountain" to buyers at the world market price, which is lower than the EC price.

Earlier, the Commission announced guidelines for the sale of reduced-price butter in the Community. Maximum quantities were fixed for Germany, France, the Netherlands, Belgium, and Italy. The reduction is 32 per cent per ton of the intervention price, except in France where it was decided to grant a higher subsidy for a proportionately reduced quantity.

The United Kingdom, Ireland, Denmark, and Luxembourg chose other measures for subsidizing butter consumption, which were approved by the Council. The Council further agreed to extend reduction measures to butter imported from New Zealand so that butter from that country would also be available to British consumers at a reduced price.

COMPETITION

Britain Accepts End to Aids

The British Government announced in late September that it would terminate its previous policy of granting certain financial subsidies to the offshore oil equipment industry. These subsidies had been judged illegal by the EC Commission.

The subsidies, determined to be against the provisions in the Treaty and the guidelines established in recent years for national aids to certain industries and regions, were designed to allow British equipment producers to compete more effectively with foreign competitors in the development of North Sea oil resources.

The aids had been scheduled to end earlier this year, but a decision by the British Government was held in abeyance for several months following a review of the policy after the recent change in Government.

British Steel Grows

The EC Commission has authorized the British Steel Corporation (BSC) to acquire three stockholding merchant's businesses in the United Kingdom: DunLop & Ranken Ltd.; Leeds, the Hall Brothers group; and Heeringshaw Steels Ltd.

The BSC also engages in steel stockholding activities through the organization known as British Steel Service Centres (BSSC). As a result of the new acquisitions, the market share held by BSC/BSSC will rise from about 8 per cent to about 11 per cent for European Coal and Steel Community steel products.

State Aids to Industry

More than 20 years since Community standards for openness and fairness of governmental assistance to public firms and industries were proposed, the EC Commission has begun a discussion of recommendations in this field. It was not until recently that Commission officials felt there was enough support and coordination among member governments to visualize such a policy.

The goal of the policy will be to put government participation in commercial and industrial activity on fair and even terms with private operations by assuring the transparency of such participation. Recent efforts by the Commission to bring about such openness in government aids to the troubled steel industry were made difficult by the different attitudes of the member governments. Yet part of these efforts resulted in improving the climate for new Community standards.

Competition Rules Broken

The EC Commission recently ruled against two Danish firms for restricting competition in the marketing of synthetic ethanol in Denmark.

Before Denmark's entry into the Community, A/S De Danske Spiritfabbrikker (DDSF) enjoyed a monopoly in the production of synthetic ethanol—used mainly in the production of pharmaceuticals, solvents, and household spirits. After the accession treaty was signed, DDSF ceased production. In 1973 it entered into an exclusive purchasing agreement with BP Kemi, in force until July 1979.

Although DDSF did not obtain exclusive distribution rights, both parties agreed to a system whereby BP Kemi charged the same prices as DDSF and agreed to pay compensation should its sales exceed a given share of the market. This agreement was terminated in 1974, but cooperation continued through 1976.

These agreements hindered penetration of the market by other competitors and restricted competition, ruled the Commission, thereby canceling out the effects of opening up the Danish market.

Steel Merger Authorized

The merger of the French iron and steel companies Usinor S.A. and Chatillon Neuves-Maisons S.A. was authorized by the EC Commission in late June as a step in the restructuring of the iron and steel industry.

The merger will lead to the establishment of a single company under the name of Usinor with an annual turnover of nearly $3.28 billion.

Based on 1977 production figures, the new company is expected to account for about 10.7 per cent of pig iron production in the Community, 7.5 per cent of crude steel production, and 7.6 per cent of EC finished steel products.

Patents Case Resolved

Intervention by the EC Commission has resulted in the elimination of a restrictive practice by a Belgian patent-holder toward his French licensee.

Following a complaint by Les Ateliers de Construction de Compiègne, the inventor/patent-holder dropped two clauses from his license contract. In addition to removing the ability of the licensee to contest the patent's validity, the contracts also included an escalating system of payments for the patent, whether or not the licensee used them. The patents concerned systems of treatment for various waste materials.

The licensee will now be able to challenge in national courts the right to patent, thereby reaffirming the Commission's policy that clauses limiting the licensee's ability to challenge the patent restrain competition.

Oil Monopoly Reformed

The French Government agreed in early July to open up its control over the oil industry in conformance with EC requirements for free circulation of goods and services within the Community.

Under the new system, former quotas are to be eliminated, and authorizations granted oil companies to operate in France are subject to objective guidelines. Authorized companies must submit and adhere to three-year plans in which the majority of their requirements are covered by medium-term contracts; they may purchase some 20 per cent of their supplies on the international spot oil market.

The Commission had informed the French Government in 1976 that its system of authorizations and quotas for oil companies operating in France were not in accord with EC competition rules. The system also hindered refined oil product imports from third countries.

Exclusive TV Rights Canceled

The English Football League and London Weekend Television ended in early June their November 1978 agreement under which independent television companies had exclusive rights in England to record and transmit football league matches. This action followed legal proceedings in Britain and intervention by the EC Commission.

The effect of the agreement would have been to exclude the British Broadcasting Corporation (BBC) from recording and transmitting league matches in Britain. Further recordings for transmission in other EC member states would have been available only from independent program companies, thereby creating a monopoly.

New arrangements give both BBC and independent programmers the rights to record and transmit throughout the Community English league football matches.

Export Bans Prohibited

EC Commission action against export bans in the auto industry was upheld by the European Court of Justice in mid-July—thus strengthening the Community's antitrust law.

The Court of Justice supported the Commission's December decision to fine BMW Belgium NV members of Belgium BMW Dealers' Advisory Committee, and 47 BMW dealers that suspended exports of new autos. The Commission took action after BMW Belgium and the dealers' committee requested all Belgian dealers to stop exports.

The Court's decision confirms that export bans are incompatible with the EEC treaty and that dealers may be held responsible for such anticompetitive practices. The Commission intends to continue monitoring auto distribution systems which already contain significant restrictions on competition.

ECONOMY

EMS Adjusts Exchange Rates

The European Monetary System (EMS) modified in late September its original parities set last March.

Recent tensions on the foreign exchange markets caused by movements of currencies outside the EMS led to adjustments, as measured by cross rates, of 5 per cent between the German mark and the Danish kroner and of 2 per cent between the German mark and French, Luxembourg, Dutch, Italian, and Irish currencies.

These decisions contribute toward stabilization of EMS exchange markets and outside currencies.

In an earlier action, agreement was reached at the EC Council of Ministers meeting in mid-July on the regulations providing for interest rebates for the less prosperous member states involved in the EMS. The Commission accordingly approved a proposal to the Council for a decision determining that the two countries covered by the regulation are Ireland and Italy.

Port Jobs Stabilize

Job declines in EC ports over the past 20 years appear to be stabilizing, the EC Commission reports.

In answer to a question from the European Parliament, the Commission attributed job losses in the 1960's and first half of the 1970's to containerization and other advances in technology. Unemployment, however, was partially offset by expansion of port-related activities.

Drops in employment were particularly dramatic in British ports. The number of dockers fell from nearly 64,000 in 1965 to 28,000 by the end of 1978; in London alone the drop was from 25,000 to 8,000 over the same period.

In the Netherlands the job decline was greater for Amsterdam than for Rotterdam. The labor force in France and Germany stabilized in the 1970's. In Italy the number of dock workers increased by 2,000 in 1974 and 1975 before settling slightly.

Relief for Shipbuilding

A "scrap-and-build" program to relieve the shipbuilding industry crisis was discussed by the EC Commission in late July.

The proposal to retire and scrap older vessels combined with the construction of new and specialized ships would cover the period 1980-82 and would help maintain the jobs of some 35,000 to 44,000 workers in the shipbuilding industry, and as many in connected industries.

The shipbuilding crisis in most developed nations stems partly from increased competition from newly industrialized countries such as Korea, Taiwan, Poland, and Brazil. As a result, the Community's share of the world shipping tonnage has fallen from a level of 33.6 per cent in 1960 to about 18 per cent in 1979.

Unions and Commission Meet

Keeping the dialogue between the Community's employers and trade unions going, the EC Commission met in September with high-level groups representing the main industrial and labor confederations.

The first meeting was with a delegation from the Union of Industries of the European Community (UNICE), and a second gathering was held later with a team from the European Trade Union Confederation (ETUC). The session with UNICE focused on the economic and energy situation and on policies that would stimulate investment. The ETUC delegation heard reports on many issues, including consumer protection and the EC policy toward multinational corporations, especially the rights of employees.

The Commission and industrial and labor organizations have been meeting separately following the Tripartite Conference that ended in controversy over the need to reduce working time as a means of creating more jobs and cutting unemployment.

Survey on Unemployment

Unemployment is such a widespread problem in Europe that about half of the population in the European Community is thought to have had either direct or indirect experience connected with joblessness. This is one of the main findings of a public opinion poll released in late September by the EC Commission.

Of the nearly 9,000 people interviewed by the professional pollsters, 13 per cent said they had been unemployed for at least one year during the past three years, and another 36 per cent said they had known closely someone who had been unemployed during the same period. The figure was even higher, reaching about two-thirds, in the 20-to-29-year-old age group.

In addition, of the 13 percent who said they had been out of work, about two-thirds said they had registered as unemployed or collected some type of public assistance. About the same

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number said they had found a job, while two out of 10 had given up, with women being in the highest category of those who abandoned the search.

Nearly two-thirds felt that the chances of finding work near where they lived was either bad or fairly bad. However, about 73 per cent of those interviewed considered themselves safe from unemployment in the next two years, although the feelings varied from country to country. The personal fear of unemployment was much greater, say, in France—where 31 per cent said they were afraid of the prospect—than in Germany, where the rate was 9 per cent.

ENLARGEMENT

O'Kennedy Visit to Portugal

Portugal's proposed entry into the Community was one of the topics of discussion during President of the EC Council of Ministers and Irish Minister of Foreign Affairs Michael O'Kennedy's late August visit there.

Also covered were modifications in the 1972 EC-Portugal free-trade agreement and bilateral issues between Portugal and Ireland.

O'Kennedy said the enlargement process would be a major theme of this year's Irish Presidency. He also confirmed that substantial negotiations with Portugal were proceeding on schedule and completion could possibly be reached during the first half of 1981.

Aid for Portugal Discussed

Discussions on financial aid for small and medium-sized companies in Portugal began recently in Brussels with the examination of an aid program contained in the Community budget for 47 million European units of account. The aim is to assist the Lisbon Government's efforts to restructure industry in anticipation of Portugal's eventual membership in the Community.

The aid destined for small and medium-sized industrial companies would be coordinated with the Portuguese Government to make assistance effective and suited to the internal needs of the operations.

Spanish Negotiations Progress

Spain's top foreign-policy-makers arrived in Brussels in mid-September to begin talks aimed at setting the stage for the substantive phase of negotiations on the terms of Spanish membership in the Community.

Spanish Foreign Minister Marcellino Oreja and the minister in charge of enlargement, Calvo-Sotelo, met with the two Commission vice presidents actively involved in the talks, Lorenzo Natali, in charge of enlargement, and Wilhelm Haferkamp, responsible for external relations.

The first subject expected to be negotiated is the setting of a customs union in industrial products. This, along with agricultural issues, will probably be among the most difficult areas faced by the negotiating teams.

Also during his stay in Brussels, Oreja delivered a wide-ranging speech on Spanish foreign policy. He stressed that while Spanish policy was oriented toward Europe and the West, it would also strive to take into account Spain's special relationship with Latin America and other regions, such as the Arab world.

Natali Meets With Portuguese

A Community information bureau was opened in Lisbon in late September. EC Commission Vice President Lorenzo Natali, in charge of enlargement, inaugurated the bureau and also held talks with Portuguese officials on EC-Portuguese relations.

During a press conference Natali stressed the Community has much to offer Portugal and that country must have the economic and political will necessary to get ready to benefit from Community mechanisms.

Natali said that the agricultural sector in particular must work toward preparing for accession. A third of the Portuguese population works in agriculture, he said, yet produces only 12 per cent of the gross national product, and half of Portugal's food requirements must be imported.

Natali also pointed out that the 1972 EC commercial accord with Portugal required a solution to questions raised by investment projects in the Portuguese automobile industry. The Commission feels that investment is desirable as long as it creates jobs and contributes to economic balance in Portugal.

INSTITUTIONS

Panel Recommends Reforms

A high-level group of independent experts has recommended the reduction of the number of EC Commissioners. The study had been commissioned in order to prepare for coping with the institutional challenges of EC enlargement.

The group of five experts produced its conclusions after several months of research and reflection, which involved not only study of the internal workings of the Commission but also contacts with the member states.

The changes are necessary, says the report, to allow the Commission to continue to play its proper role in the institutional dialogue with the Council and the newly elected European Parliament. Another panel of outside experts has also been appointed to study the other institutional aspects of enlargement.

The report also recommended that in addition to having only one Commissioner from each member state, a president and vice president be appointed with what is called "horizontal responsibilities," while each Commissioner should have only one "vertical" responsibility.

After enlargement, the panel recommends that the Commission's services and directorates be reorganized and reduced, the directors-general be given more authority, and the role of the Commissioners' cabinets be reduced. It also urges that positions be awarded on the basis of merit rather than national quotas, in order to build up the concept of a European civil service career.

Commission Has Political Role

The Commission's task is "to determine the commonweal," said EC Commissioner Etienne Davignon, in charge of industrial affairs, in a recent speech on the role of the Commission in the context of EC enlargement.

European policy priorities must be defined in the first place by the Commission, before the Council of Ministers can satisfactorily act on a European policy.

The Commission is not a government, yet it is a political body, he said; and it is not a secretariat or arbitrator, but has its own aims and functions. The newly elected European Parliament offers the only possible corrective to paralysis of the system, said Davignon. It can reactivate policy proposals bogged down in the Council of Ministers.

Davignon spelled out the task of the Commission as being to transcend national considerations. "The need for cooperation will become even more acute in a Community of twelve," he said. Davignon reflected finally on the erosion of public authority and technical factors that make the EC Commission's task more difficult.

New Budget Debate Begins

A new budget debate was touched off in mid-September when the Council of Ministers voted to reduce nonobligatory spending by a substantial amount.

The Council increased spending in the farm sector while cutting spending in energy savings and development, steel industry modernization, and the Social and Regional Funds. As an example, the Council cut the Regional Fund budget request by 350 million European units of account (EUA) to EUA 850 million, even less than last year's EUA 945 million.

The meeting was also marked by the first of the regular consultations between the Council and the newly elected European Parliament. The Parliament delegation—led by President Simone Veil and the head of the budgetary review committee, Pietr Dankert—indicated its desire to avoid another budget controversy like the one last year. Nonetheless, the Council's budget reductions touched off a new debate.

Also in September the EC Commission adopted a second letter of amendment to its preliminary draft general budget for 1980. The Commission customarily proposes budget amendments at the beginning of September to take into account changes on the agricultural markets and any legislative decisions on farm policy that have been taken since the first letter of amendment. The first letter of amendment, adopted in July, was designed to adjust the budget in line with the Council's decisions concerning agricultural prices.

A drop in expenditure on refunds following the increases in world cereal prices; higher expenditure following an increase in sugar exports; and additional expenditure for higher wine production involving more storage and distillation costs are examples of agricultural changes calling for budget alterations.

First Session Lively

Lively political debates—running from possible approaches to European industrial cooperation in the field of armaments to the need to reform the common agricultural policy and the budget process—dominated the first full session of the directly elected European Parliament, in Strasbourg in late September.

The discussion on arms cooperation reached no vote or conclusion, as the matter was referred back to a committee for study. It produced the most heated statements before and during the session. A number of political groups, led by Communist participants and French Gaullists, were steadily opposed to the subject even being discussed in the Parliament, because they felt the Community had no jurisdiction in such matters.

While few speakers denied that the Community had no mandate to discuss defense and military affairs, they argued that the Parliament nevertheless had the right to debate industrial matters. The sponsors of the debate also stressed that they were merely following up on an earlier debate that had asked the EC Commission for studies on possible industrial cooperation in this sector.

Other important debates in the first session revolved around recent shipments of subsidized Community butter to other countries such as the Soviet Union. This touched off a general policy discussion focusing on the need to reduce overproduction in dairy products, which distorts the Community budget expenditures and winds up costing the European consumer more.

The role of the agriculture programs in the Community budget was also at the center of a debate on the recent Council of Ministers' reduction of the proposed Community budget. Most parliamentarians argued that the cuts affected important programs and should be restored.

The members of the new Parliament also discussed at length the need for closer cooperation among the member states in dealing with terrorism.

Profession, Sex, Age

Most members of the newly elected European Parliament are politicians, lawyers, businessmen, and journalists.

A recent survey of members' occupations revealed that 15 per cent are politicians, 13 per cent are lawyers, 13 per cent are businessmen, and 10 per cent, journalists.

Italy has more politicians in its delegation than the other EC member states, while Germany has the most lawyers. Almost one-half of the businessmen in the Parliament are from the United Kingdom.

Of the 410 new members, 67 are women. French voters elected the most women to Parliament followed by Germany, Italy, and the United Kingdom. Proportionally, Denmark, France, and the Netherlands elected more women than the other member states. Women now comprise over 16 per cent of the members in the European Parliament.

The average age of parliamentarians is 50.6 years. The oldest is 86 and the youngest, 24, and both are women.

ECSC Bonds Issued

A contract was signed in late June between the EC Commission and an international banking syndicate for an issue of $150 million, 12-year graduated rate bonds by the European Coal and Steel Community (ECSC).

The bonds carry a 10.75 per cent coupon for the first two years and a 9.25 per cent coupon thereafter. The issue price has been fixed at 99.75 per cent.

Under the terms of the contract, $80 million worth of the bonds are to be sold exclusively in Japan. The remaining $70 million will be sold outside of Japan and the United States.

SOCIAL POLICY

Loans for Homes

The EC Commission has approved loans worth about $62 million to help workers in the coal and steel industries build or modernize houses.

The loans are repayable over 20 years at an interest rate of 1 per cent.

Anti-poverty Program

One out of every four people in the Community feels his income is less than the minimum essential for living.

This is one of the findings of a recent survey undertaken by the EC Commission as part of the Community's "Action Program Against Poverty."

The program, a series of studies and projects, aims to improve the Community's understanding of the nature, causes, and scope of poverty within the member states. Surveys, community and specific action programs, and an improvement of the social service systems are some of the projects designed to alleviate poverty in the Community.

Second Consumer Action Plan

A second consumer protection program, for 1980-85, was sent by the Commission to the Council of Ministers last summer. It was hoped the plan would be approved by the end of the year to insure continuity of the preliminary program adopted in 1975.

The aim of the second program is to continue and intensify measures already in force—taking into account the economic situation, which is marked by a slower rate of growth of incomes; the continued presence of unemployment; and the economic effects of the energy crisis. Consequently, greater attention must be paid to the prices of goods and services that account for an ever-increasing proportion of household expenditure.

Additionally, the new plan stresses the usefulness of voluntary agreements, in addition to formal legislation, as a means of consumer protection, such as the codes of organizations.

Another emphasis in the new plan is on the switch from a defensive attitude in consumer protection to a more positive approach aimed at involving the consumer in the process of economic decision making. Two factors are important here: greater consumer awareness of the economic and social factors that affect his buying decisions, and greater responsiveness by political and economic leaders to consumer demands.

1979 Social Fund Financed

Financing for the first installment of applications for assistance from the 1979 European Social Fund was approved by the EC Commission in June.

Grants under the first installment will amount to 152 million European units of account (EUA). The 1979 Social Fund budget provides for total commitments of EUA 767.5 million.

Consumer Program

A new draft consumer action program for 1980-85 was approved by the EC Commission in June and forwarded to the Council of Ministers.

Proposed by EC Commissioner Richard Burke, in charge of consumer affairs, the program would undertake new measures to protect consumer interests while continuing the work and aims of the 1975 preliminary consumer action program. Emphasis would be changed from defending consumer interests to promoting consumers as full partners in economic decisions affecting them.

The draft program suggests that consumer interests may be protected through producer/distributor/consumer agreements in addition to formal EC legislation. After-sales service and advertising are two areas considered appropriate for such agreements. The Commission also proposes the establishment of a Community-wide information system to provide for the rapid withdrawal from the market of products found dangerous to the health and safety of consumers.

Student Grants Awarded

Seventy-seven awards totaling more than $22,500 were approved at the Paul Finet Foundation July meeting. Grants go to orphans of workers in the coal, iron, and steel industries of the Community, whose parent died of an industrial accident or occupational disease.

Applicants must be 14 years of age or older and show an aptitude for studies in vocational training, general secondary education, or education at the university level.

Social Fund Falls Short

Nearly one million persons benefited from the 1979 EC Social Fund, yet the fund's annual report released in mid-July indicated that requests far exceeded funds available.

The gap between requests and funds grew from 52 per cent in 1977 to 90 per cent in 1978; the fund, however, increased by only 13 per cent to 570 million European units of account. An increase in requests was particularly noted for migrants, young people, and the handicapped.

Italy received the largest share from the fund, followed by Britain, France, and Germany.

REGIONS

Regional Fund Allocations

The EC Commission approved in September the third allocation of grants for 1979 from the EC Regional Development Fund.

The grants total 215 million European units of account (EUA) for 600 investment projects. EUA 31 million was granted for 96 projects in the industrial and services sectors and EUA 184 million for 414 infrastructure projects.

The recipient member states are Denmark, Germany, Ireland, Italy, the Netherlands, and the United Kingdom.

Regional Fund Report Issued

Some 70,000 jobs were created in 1978 as a result of financing by the EC Regional Fund, according to the annual report on fund activities released in Brussels in mid-July.

Much of the 556.3 million European units of account (EUA) committed in 1978 went to the five priority regions of the Community—the Mezzogiorno of Italy, Ireland, Northern Ireland, Greenland, and French Overseas Departments. Of the loans approved, 67 per cent went for infrastructure undertakings and 33 per cent for industry and services.

The report indicated that, proportionally, smaller projects tended to produce the most beneficial increase in jobs. The report also noted that, despite increased appropriations, many requests for assistance could not be met.

A breakdown of funds went as follows: Italy, EUA 220 million; United Kingdom, EUA 148 million; France, EUA 82 million; Germany, EUA 49 million; Ireland, EUA 35 million; the Netherlands, EUA 8 million; Belgium, EUA 6.1 million; Denmark, EUA 5.5 million; Luxembourg, EUA 0.5 million.

HARMONIZATION

Tax Directive Progresses

Italy and Ireland have implemented the value-added tax (VAT) directive calling for harmonization of the assessment base—or what is and what is not taxed.

Only Germany has not passed national VAT legislation, said the EC Commission in answer to a recent question from the European Parliament. Infraction proceedings have been instituted in the German case. Luxembourg, also in breach of the budgetary directive which was to have been implemented last January, has made arrangements to comply by January 1980.

Insurance Directives Drafted

Two draft directives updating a 1973 directive on the establishment of insurance companies in the Community were recently approved by the Commission.

A proposal for a directive on credit insurance, amending the 1973 insurance law, was forwarded to the Council of Ministers in September. The new legislation proposes to abolish a special provision made for Germany in 1973, requiring compulsory specialization in credit and surety insurance.

The proposed amendment would alleviate Germany's concern with the political and economic uncertainties of credit insurance by stiffening capital requirements for companies transacting credit insurance. These concern the calculation of the solvency margin and the guarantee fund.

The 1973 directive covered the conditions of establishment for insurance companies other than life. It provided for Germany to maintain arrangements it had applied since the 1930's.

The Commission approved in July a draft directive on legal expenses insurance, also supplementing the 1973 legislation. The purpose is two-fold. Again, in the case of Germany, this proposal would achieve freedom of establishment in that country. The second objective is to protect policyholders by preventing conflicts of interest that might arise between a person with legal expenses coverage and his insurer.

New Right of Residence

The EC Commission adopted a proposal in late July for a Council of Ministers directive on a common right of residence for nationals of member states in the territory of other member states.

Community rules so far apply only to employed and self-employed workers, so the new directive is to fill the gap by extending the arrangements to other categories of citizens.

If the Council of Ministers accepts the Commission's proposal, the citizens of Europe will have acquired one of the "special rights" that the European Parliament and the European Council have recommended member states give to make Community membership more tangible.

TECHNOLOGY

Euronet to Be Expanded

The expansion of Euronet, an international computer network service, was announced in late September.

Separate announcements were made on the same day involving the proposal by the EC Commission for a second budget to support Euronet; the agreement by the participating national administrations for a common rate charge throughout the system; and the entry of Switzerland into the system.

The second plan for funding the system would amount to an estimated 9 million European units of account (EUA), up from the EUA 6.6 million which covered the years from 1975 to 1977. It will provide for a greater effort to improve the services to potential users such as engineers, economists, administrators, agronomists, doctors, researchers, and scientists.

The agreement on a universal rate for the entire system will mean that there is no discrimination for users or needless competition. The operation involves not only the EC member states but also other European countries, such as Switzerland.

Industrial Promotion

A 25 million European units of account program of financial and other assistance promoting the computer and electronics industries has been approved by the Council of Ministers.

The package includes both commercial and research activities and a commitment to proceed with a similar program designed for the new field of micro-electronics—a field the Commission has called "critical" to development of EC industry of the future.

Under the new program an advisory commission will be formed to help select aid recipients. The Council action also laid down key requirements for assistance, such as the desire to promote transfrontier cooperation.

Another part of the program will attempt to standardize norms throughout the Community and to open up procurement policies and rules of the national governments to firms from other EC nations. Some of the funds will finance studies on market potential in certain areas and such topics as the confidentiality of data in computer memories and the impact of computer technology on society and employment.

MEMBER STATES

Husband and Wife Attitudes

British, Dutch, and Danish men make the best husbands, Italians the worst, according to a recent EC Commission poll on husband and wife attitudes.

A full 85 per cent of British husbands say they are willing to wash dishes and a third don't mind changing diapers or ironing. But only 20 per cent of Italian husbands would wash a dish and 6 per cent are willing to iron. All European men will do simple tasks such as shopping.

The survey revealed that job satisfaction among European housewives is slightly greater than that of working men and women. Nevertheless, nearly half the housewives regret not having a paid job. Working women believe they have less of a chance for promotion than men, and more women than men say they are worn out at the end of the day.

In answer to questions on women in politics, a majority of women in Britain and Ireland said things would go better if there were more women represented in politics. Most women in Italy and Luxembourg, however, believe greater female participation would make no difference—while most men in these two countries think it would make matters worse.

TRANSPORTATION

Inland Waterway Vessels

Standardization of the technical inspection of inland waterway vessels and adoption of a Community navigation certificate are the goals of a recent Commission proposal.

The proposal is the result of measures initiated in 1973 for improving the safety of passengers, crews, and vessels operating in Community inland waterways. In 1976 the Council of Ministers adopted a directive providing for the reciprocal recognition of national certificates of navigability. The directive also required the Council to adopt the technical requirements for vessels before January 1980.

The present proposal contains common provisions for technical requirements; minimum technical requirements for vessels operating in certain waterways; and a model of the Community inland navigation certificate.

Report on Railway Situation

The second biannual report on the state of the railways was presented by the EC Commission to the Council of Ministers in September.

The report shows that the situation of European railway undertakings continues to cause concern. Their market share relative to competitors continues to decline, expenditure continues to outstrip revenue, state compensations are growing at an alarming rate, and in some countries, now represent the major source of income of railway undertakings.

The report urges action on both national and Community levels to prevent further deterioration. The Commission proposes modification of Community legislation on compensation and aids to ensure that member states face up to the financial consequences of their interventions; adaptation of services to current market needs through modern business and financial planning techniques and new investment programs; and closer cooperation among EC railways to take advantage of a wider European market.

Notice

In accordance with US Securities and Exchange Commission regulations, the European Coal and Steel Community published its Balance Sheet as of December 31, 1978, and its Statement of Income and Expenditure for the period of January 1, 1978, to December 31, 1978.

This information is published in connection with European Coal and Steel Community bonds issued in the United States under applications:

A-19218 B-4704-D
A-20452 C-217-D
A-23715 C-1236-D
A-24049 C-1854-D
A-24459 C-2479-D
A-25274 C-3106-D

Copies of these documents have been deposited with the Chase Manhattan Bank N.A., New York.

SCHOLARSHIPS, GRANTS, CONFERENCES

Council of Europe Grants

The Council of Europe will award, for the first time, 10 one-year grants for research into human rights topics.

Applicants should be university graduates. Research proposals may include topics such as the free circulation of people and ideas and improvement in judicial protection for children.

For applications, due before March 15, write: Direction des Droits de l'Homme, Bourse en matière de droits de l'homme, Conseil de l'Europe, 67006 Strasbourg cedex France.

Poverty Research Grant

The European Special Programme of Observation, Information, and Research (ESPOIR)—an experimental research unit in association with the University of Kent at Canterbury—is offering a two-year postgraduate research studentship on poverty.

Possible research themes include welfare rights as an anti-poverty strategy, community development and its role in anti-poverty programs, images and official deprivation of the poor, allies and sponsors of the poor.

For further information write: ESPOIR, Beverley Farm, the University of Kent, Canterbury CT2 7LZ.

German Marshall Fund

Deadline for applications for the German Marshall Fund research fellowships is November 30. Awards will be announced in March.

The fund awards fellowships to scholars and professionals whose research projects promise to contribute to a better understanding of the problems of industrial societies. Comparative political, economic, and social topics in both domestic and international arenas will be considered. Each project must have US and European components.

Topics of particular interest include employment and the nature of jobs; innovations and alternatives in service delivery; public participation in decision-making; foreign workers and migrant populations in industrialized countries; international interdependence.

Research leading to a degree is not supported under this program. Applicants must be able to devote full time to their projects during an academic term or longer. Related travel expenses may be covered.

For further information contact: The German Marshall Fund, 11 Dupont Circle, NW, Washington, DC 20036.

MTN Conference

An annual conference on international trade, sponsored by the market research firm Frost & Sullivan of New York, will treat the recently completed multilateral trade negotiations (MTN). It will be held December 4-6 in Washington, DC.

Discussion topics include legal changes produced by the MTN and the regional impact of the MTN in the United States. Industrial analysis sector by sector will also be presented.

For further information or reservations, write Frost & Sullivan, Department RE-12, 106 Fulton Street, New York, NY 10038.

Recent Books

Europe 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.

Getting Nations Together. By William Nesbitt. Council on International and Public Affairs, New York, 1979. 74 pages.

Presents the European Community as a case study of international interdependence; discusses various aspects including technological, environmental, corporate, nuclear, and agricultural; emphasizes the need for integrated global system to deal with common world problems.

Poverty and the Impact of Income Maintenance Programmes. By Wilfred Beckerman. International Labour Office (ILO), Geneva, 1979. Available from ILO, Washington, DC. 90 pages including index. $8.75.

Case studies of Australia, Belgium, Norway, and Great Britain dealing with poverty and the effectiveness of anti-poverty measures; the first major study within the World Employment Program to deal with industrialized nations.

Political Leadership in NATO. By Robert S. Jordan. Westview Press, Boulder, CO, 1979. 316 pages including index. $20.00.

A study in diplomacy presenting a history of the first four secretaries-general of NATO and their influence on international postwar politics.

Profit Sharing, Employee Stock Ownership, Savings, and Asset Formation Plans in the Western World. Multinational Industrial Relations Series, No. 5. By Geoffrey W. Latta. The Wharton School, Philadelphia, 1979. 192 pages including index. $13.00.

Examines industrial relations issues, comparing their treatment among major industrial countries; concentrates on Europe and the United States, with Japan and Latin America briefly discussed in the appendix.

Foreign Subsidiaries and Their Tax Consequences. Subpart F. Edited by Robert Feinschreiber. Panel Publishers, Greenvale, NY, 1979. 260 pages. $35.00.

The third in a five-volume International Tax Series; provides international tax practitioners with working knowledge of "Subpart F" of the US tax law.

Earnings and Profits—The International Aspects. Edited by Robert Feinschreiber. Panel Publishers, Greenvale, NY, 1979. 183 pages. $35.00

Fourth volume of the International Tax Series; discusses corporate earnings and profits on the international level, addressing such topics as planning opportunities, foreign depreciation, currency exchange; provides extensive indexing and cross-referencing.

Television and Political Life. Edited by Anthony Smith. St. Martin's Press, New York, 1979. 261 pages including index. $22.50.

Examination of six West European countries by media experts assessing the ways in which each particular society's political culture has been affected by the medium of television; discussion of government regulation and control of television.

Consumers and the Cost of Pharmaceutical Products. Bureau Européen des Unions de Consommateurs, Brussels, 1979.

Examines the problem of drug costs in EC countries, suggesting ways these costs could be lowered without affecting quality or availability of necessary medications.

New Forms of Work Organisation. International Labour Office (ILO), Geneva, 1979. Available from ILO, Washington, DC. 173 pages. $17.20.

Six West European countries and the United States represented in national monographs on the subject of more efficient work organization; includes general assessment of the costs and benefits of work restructuring, plus comparative study.

Western Civilization: A Brief History. By Robin W. Winks. Prentice-Hall, Inc., Englewood Cliffs, NJ, 1979. 495 pages including index. $12.95.

History of the Western world from the beginning of civilization; emphasizes Greek and Roman origins as well as events since the French Revolution.

Restructuring of Industrial Economies and Trade With Developing Countries. By Santosh Mukherjee. International Labour Office (ILO), Geneva, 1979. Available from ILO, Washington, DC. 110 pages. $16.25.

Study prepared for a tripartite symposium on adjustment assistance and employment restructuring convened in May 1978 by the ILO; emphasis on unemployment problems of the industrialized countries and the necessity to expand trade with developing countries in order to increase incomes and employment.

Eurocommunism and Eurosocialism: The Left Confronts Modernity. Edited by Bernard E. Brown. Cyrco Press, Inc., Publishers, New York, 1979. 408 pages including index. Cloth $18.95; paper $9.95.

Collection of papers studying dominant trends and issues within the major European parties of the left.

Future Arms Procurement (The Klepsch Report). By Dr. Egon A. Klepsch. Available from Crane Russak, New York, 1979. 95 pages. $14.50.

European Parliament report originally published in London as *Two Way Street;* analyzes present policies for arms procurement in the West; proposes projects, policies for better European-US cooperation in this field, specifically reviewing the EC role.

Europe in the Reformation. By Peter J. Klassen. Prentice-Hall, Inc., Englewood Cliffs, NJ, 1979. 298 pages including index. $10.95.

A study of Europe during the Sixteenth Century; recognizes the tremendous influences of the Reformation on present-day European society.

Western European Cities in Crisis. Edited by Michael C. Romanos. Lexington Books, Lexington, MA, 1979. 243 pages. $24.00.

Collection of essays providing a view of contemporary issues and problems confronting West European cities, as well as possible cures; addresses political, social, economic, and physical aspects of urban development.

Higher Education in Western Europe and North America: A Selected and Annotated Bibliography. By Jacques Fomerand, John A. Van de Graaff, and Henry Wasser. Council for European Studies, New York, 1979. 229 pages. $6.00.

Lists publications dealing with post-secondary education systems in noncommunist industrial societies of the West; provides comparative guide to important developments in contemporary higher education.

World Facts & Figures. By Victor Showers. John Wiley & Sons, New York, 1979. 757 pages including index. $19.95.

An in depth, authoritative collection of comparative information about cities, countries, and geographic features of the world.

Yearbook of Labour Statistics. Available from International Labour Office, Washington, DC, 1978. 675 pages. $47.45.

Summary of principal labor statistics in some 180 countries or territories for 1978; texts, headings, and notes in English, French, and Spanish.

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.

U.S.-EC Trade Developments in 1978. *European Community News No. 32/1979,* Press and Information Service, Washington, DC, August 2, 1979, 6 pages ....free
Note on US-EC trade trends for 1977 and 1978, with import and export statistics by major commodity groups.

Statesmen Greet the Opening Session of the Directly Elected European Parliament in Strasbourg. *European Community News No. 30/1979,* Press and Information Service, Washington, DC, July 18, 1979, 7 pages .....free
Extracts from the speeches by Jack Lynch, Irish President-in-office of the European Council and Commission President Roy Jenkins on July 18, 1979, as well as messages from President Jimmy Carter and US Speaker Thomas P. O'Neill, Jr.

EEC Shipping Policy: Flags of Convenience. Economic and Social Committee, Brussels, 1979, 165 pages ....free
Own-initiative opinion, Jean Rouzier rapporteur, on shipping policy, particularly maritime safety, importance of new shipping nations, development of flags of convenience, and discrimination against certain flags.

Public Opinion in the European Community. *Euro-barometre No. 11,* Commission, Brussels, May 1979, 71 pages ....free
Survey of public opinion in the member states in May 1979 on attitudes toward integration; includes a section on the direct elections for the European Parliament.

25 Years of European Community External Relations. *European Documentation No. 4, 1979,* Commission, Brussels, 1979, 41 pages ...free
Booklet giving a general picture of the Community's external relations; traces developments from 1952 to the present; written by Edmund Wellenstein, former Director-General for external relations of the Commission.

Regional Development Programmes for the Netherlands 1977-1980. *Regional Policy Series No. 8,* Commission, Brussels, 1978, 126 pages $6.00
Overall regional development program of the Dutch Government submitted in accordance with the provisions of the Regional Development Fund.

Regional Development Programmes: France 1976-1980. *Regional Policy Series No. 13,* Commission, Brussels, 1978, 188 pages $5.85
Overall regional development program of the French Government submitted in accordance with the provisions of the Regional Development Fund.

In-service Education and Training of Teachers in the European Community. *Education Series No. 8,* Commission, Brussels, 1979, 205 pages $8.00
Report by Georges Belbenoit detailing the situation and trends of teacher training in the member states and the issues involved both now and in the foreseeable future.

Bibliography on Economic, Monetary and Financial Matters. *Documentation Bulletin B/16,* Commission, Brussels, 1979, 300 pages $1.45
Bibliography of official texts and Community publications along with non-Community publications on the development of economic and monetary union.

Bibliography on Company Law. *Documentation Bulletin B/15,* Commission, Brussels, 1979, 52 pages $1.45
Bibliography of official texts and other Community publications, as well as non-Community sources, on the harmonization of company law.

Report on the Protection of the Rights of the Individual in the Face of Technical Developments in Data Processing. *Working Document No. 100/79,* European Parliament, May 4, 1979, 88 pages ....free
By Alfons Bayerl for the Legal Affairs Committee; reports on the present situation regarding data protection legislation and codes in Western Europe, in the OECD framework, and in the Council of Europe.

Report on Environmental Carcinogens. *Working Document No. 99/79,* European Parliament, Luxembourg, May 2, 1979, 56 pages ....free
Report by Hans Edgar Jahn for the Committee on the Environment, Public Health, and Consumer Protection; reproduces written and oral questions of European parliamentarians on carcinogens, and reports on the main findings of a hearing of experts organized by the committee in Brussels, May 22-23, 1978.

The European Parliament: Biliography 1970-1978. European Parliament, Luxembourg, 1979, 121 pages ....free
Multilingual bibliography of Community and non-Community sources of information on the Parliament and its activities and operation.

Directory of the Commission of the European Communities. Commission, Brussels, May 1979, 108 pages ..free
Organigram of the directorates and services of the Commission and their principal officials.

The European Monetary System: Commentary and Documents. *European Economy No. 3,* Commission, Brussels, July 1979, pages 65-111 ....$14.00
Commentary on the principal elements of the new European Monetary System; reproduces the legal texts on which the system is based.

Analysis of Trade Between the European Community and the ACP States. Statistical Office, Luxembourg, 1979, 531 pages $30.00
Covers the position of the ACP states in world trade, the general structure of trade between each member state and the ACP, EC imports of main commodities and manufactured products, and the development and structure of trade between the ACP states and the "applicant states" (Greece, Portugal, and Spain).

Foreign Trade of the People's Republic of China. Statistical Office, Luxembourg, 1979, 106 pages $7.00
Analysis of the foreign trade of the PRC, by country and by product, with particular emphasis on trade with the Community; French/English text.

Land Use and Production 1975-1977. Statistical Office, Luxembourg, 1979, 121 pages $13.40
Yearbook 1978.

Economic Accounts: Agriculture, Forestry, Unit Values. Statistical Office, Luxembourg, 1979, 197 pages $16.70
Yearbook 1978.

Treaties Establishing the European Communities: Abridged Edition. Office for Official Publications, Luxembourg, 1979, 558 pages $8.00
Abridged version of the Treaties containing all the articles of the Treaties but not including most annexes and protocols; complete edition is available for $23.00.

State of the Environment: Second Report. Commission, Brussels, 1979, 127 pages $9.50
Summary of the major achievements in the environmental field since 1976; describes a series of problems to be solved, and gives three accounts of successful environmental policies pursued in the Community.

Compendium of Community Monetary Texts. Monetary Committee, Brussels, 1979, 177 pages $11.00
Collection of the major legal texts on Community monetary affairs; includes only texts in force at the time of publication.

The European Community: How it Works. Commission, Brussels, 1979, 97 pages $5.00
By Emile Noël, Secretary-General of the Commission; describes the major institutions of the Community and their interaction in the decision-making process; includes a chronology of events from 1950-1978.

The Regional Development Programmes. *Regional Policy Series No. 17,* Commission, Brussels, 1979, 282 pages $7.50
Summaries and comparative analysis of the national regional development programs submitted to the Regional Development Fund; gives information on the amounts of investment aided, costs to the member states, employment created; forecasts expenditure on regional aids.

Principal Regulations and Decisions of the Council of the European Communities on Regional Policy. Commission, Brussels, 1978, 17 pages $3.40
Updated and codified versions of the basic regulation for the European Regional Development Fund and the Regional Policy Committee along with other Council decisions and resolutions.

Gas Prices 1976-1978. Statistical Office, Luxembourg, 1979, 132 pages $17.70
Update of the 1977 edition; covers prices, new tariff arrangements, details of fiscal charges, and gives an international comparison of price levels; includes both domestic and industrial use.

Bilans globaux de l'énergie 1970-1977. Statistical Office, Luxembourg, 1979, 69 pages $10.00
Consolidated and product balance sheets for energy, in ton oil equivalents, for the years 1970-1977.

Government Financing of Research and Development 1970-1978. Statistical Office, Luxembourg, 1979, 167 pages $17.00
Trends in government R&D expenditure with an analysis by purpose or objective for 1976 to 1978.

Regional Statistics: Main Regional Indicators 1970-1977. Statistical Office, Luxembourg, 1979, 121 pages $3.40
Statistical analysis of regional data on population, employment, production, and the Community's financial participation in investments.

Balances of Payments: Geographical Breakdown 1973-1977. Statistical Office, Luxembourg, 1979, 169 pages $25.00
Yearbook 1978.

External Trade 1958-1978. *Monthly External Trade Bulletin, Special Number,* Statistical Office, Luxembourg, 1979, 68 pages $6.00
Statistics of intra- and extra-Community trade by member state; includes tables on total EC and world trade, member state trade with principal economic and regional groups, trade by one digit SITC product categories, and trends in trade of main non-EC countries with the world and the Community.

Agricultural Markets: Prices—Vegetable Products 1973-1978. Commission, Brussels, July 1979, 233 pages $4.00
Tables giving the monthly evolution of prices fixed under the common agricultural policy for vegetable products, as well as levies for third countries, and domestic and world market prices when possible; covers cereals, rice, fats and oils, and sugar.

Agricultural Markets: Prices—Livestock Products 1973-1978. Commission, Brussels, June 1979, 146 pages $4.00
Tables giving the monthly evolution of prices fixed under the common agricultural policy for pork, beef, poultry, eggs, milk, and fish, along with levies for third countries, and domestic and world market prices when possible.

15th Report of the Mines Safety and Health Commission for the Year 1977. Commission, Luxembourg, 1979, 206 pages $9.00
Outline of the Commission's work in 1977 and the activities of its working parties in relation to the coal mining and other mineral-extracting industries; particular reference to prevention of blowouts during offshore oil and gas exploration and production.

Engineering Problems with Effluents from Livestock. *EUR 6249 EN,* Commission, Luxembourg, 1979, 520 pages $30.00
Papers and proceedings of a seminar held at St. Catherine's College, Cambridge, September 17-21, 1978; reviews research on equipment and methods for storage, separation, land application, composting, and aerobic treatment of animal manures.

Some Current Research on Vicia Faba in Western Europe. *EUR 6244 EN,* Commission, Luxembourg, 1979, 458 pages $24.00
Papers and proceedings of a seminar held at Bari, Italy, April 27-29, 1978; focuses on the main features of cultivation of broad beans in the Mediterranean environment, with Southern Italy as an example.

Cereals and Meat in Eastern Europe: Production, Consumption and Trade. Commission, Brussels, Section I: Text, *Information on Agriculture No. 45,* 1978, 210 pages $5.50
Section II: Tables, *Information on Agriculture No. 46,* 1978, 100 pages $3.50
Survey of the production of cereals and meat, consumption of agricultural products, and foreign trade in cereals and meat in the Soviet Union, Bulgaria, German Democratic Republic, Poland, Romania, Czechoslovakia, and Hungary.

Port of Rotterdam, see pages 19 and 30.

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