JANUARY-FEBRUARY 1980 NO. 217

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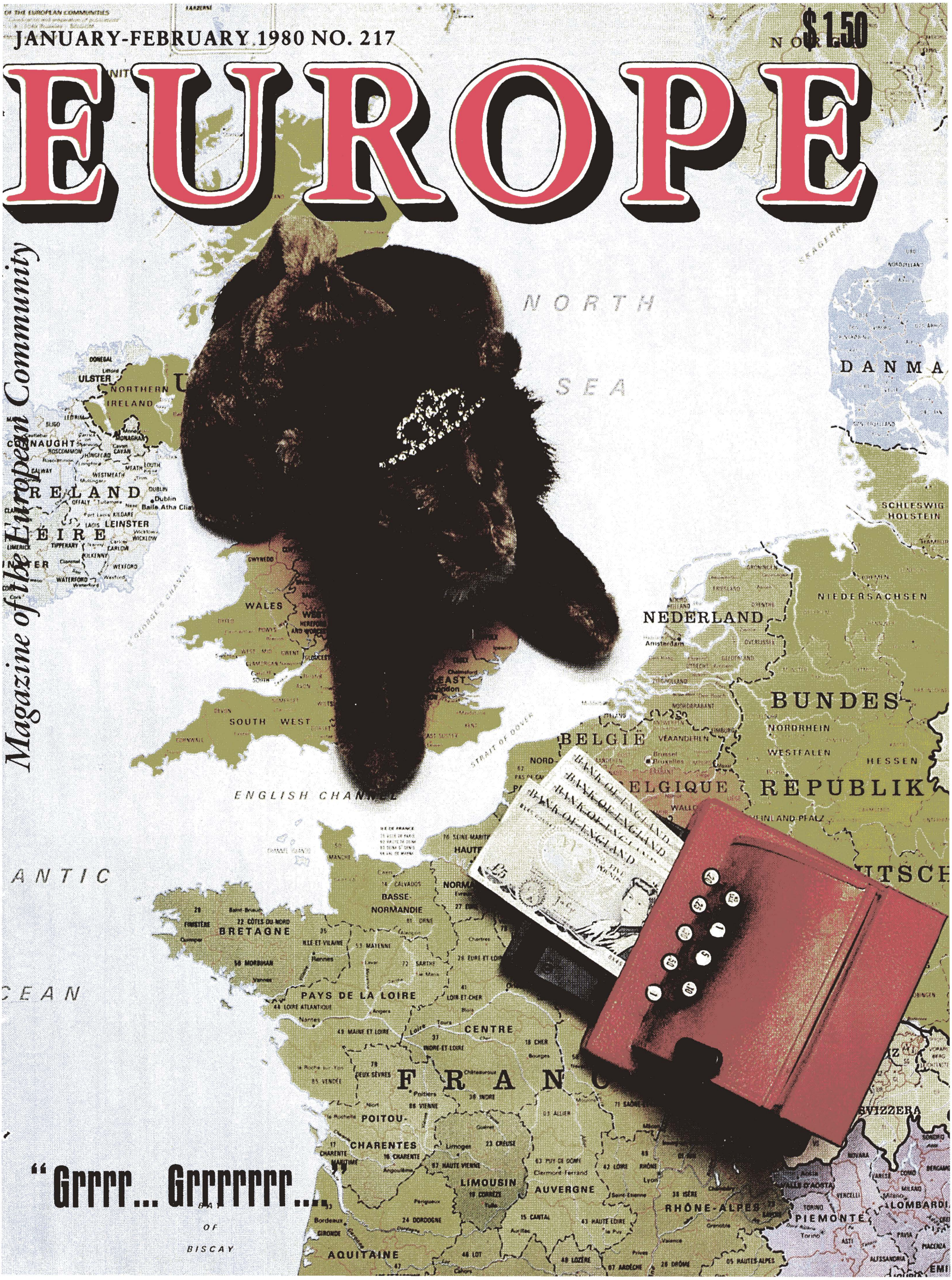
EUROPE

Magazine of the European Community



"Grrrr... Grrrrrrr...."

EUROPE

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Contents

Cover (front): See page 15. © Tenney Mason, Gaither, Maryland.

Cover (back): Solar furnace in the French Pyrenees. © Robert Perron, Photo Researchers, Inc. See page 24.

Europe is published by the Delegation of the Commission of the European Communities, 2100 M Street, NW, Suite 707, Washington, DC 20037.

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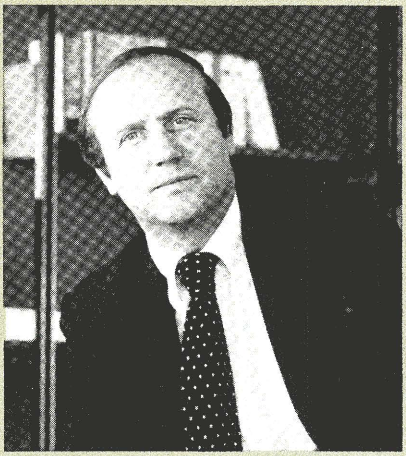
Editorial, permissions, advertising, and circulation offices: 2100 M Street, NW, Suite 707, Washington, DC 20037; telephone (202) 862-9500; telex 248455 COME UR.



Publisher's Letter

As this issue of Europe *went to press, the European Parliament decisively rejected the Community's 1980 budget by a vote of 288 to 64. The move was a show of strength by the Parliament, directly elected for the first time last June, and was the latest evidence of "Europe's Budget Headaches"—our cover story by* The Economist's *Stephen Milligan.*

The public spending "revolt," perhaps symbolized by California's Proposition 13, is the root cause of British Prime Minister Margaret Thatcher's insistence that Britain start paying a smaller contribution to the EC budget. And, domestically, as EC governments no longer accept that state spending must continue to race ahead, it is appropriate for our Member State Report to offer a reappraisal of the welfare state in Denmark.

For our first issue in the new decade, we commissioned Jurek Martin of the Financial Times, *and strategic analyst Walter Laqueur to take a look backward into the Seventies and forward into the Eighties. And despite pervasive gloom, there just might be cause for some optimism. The Iranian crisis, for example, has at least brought an uncommon degree of Western solidarity, as witnessed by the EC position in support of the United States.*

Rounding out the magazine's own third decade is our continued focus on the critical issue of energy facing the United States and Europe, as well as the environment. In addition, we continue to examine the West's evolving relationship with the developing world—this time, the impact of the second EC-ACP Lomé Convention. And, beyond, we look at the European space program, which continues despite setbacks.

Andrew A. Mulligan

Andrew A. Mulligan

The Iranian Crisis Brings Community Support for the United States

AS THE IRANIAN CRISIS BROUGHT UNITY TO AMERICANS, so most Europeans rallied behind the United States with unequivocal support.

The European Community's foreign ministers, meeting in Brussels on November 20, expressed their deep concern at the fact that the Iranian authorities had not fulfilled their obligations under the Vienna Convention to give appropriate protection to both the staff and the premises of the American Embassy in Tehran.

Irish Foreign Minister Michael O'Kennedy, who chaired the meeting, told the press later that the Nine had already sought through diplomatic channels to assist in the liberation of the hostages and would continue to try to help.

The EC Council of Foreign Ministers considered that, whatever the nature of dispute between Iran and the United States, the holding of diplomatic personnel of the embassy of a foreign state as hostages and the threat to put them on trial is a breach of international law and, as such, must be rejected by the Governments of the Nine and by the international community. The foreign ministers rejected this violation of international law and called upon the Iranian Government to release all the hostages.

At the November 29-30 "summit" meeting in Dublin of the nine EC member state leaders in the European Council, the following declaration was adopted:

• The heads of state or government and the foreign ministers of the Nine, meeting in the European Council, considered the grave situation created by the occupation of the Embassy of the United States in Tehran and the holding of members of its staff as hostages in flagrant breach of international law.

• The European Council strongly reaffirmed the statement which was issued by the foreign ministers of the Nine at their meeting of 20 November in Brussels. It is fundamental that diplomatic missions should be protected. The failure to uphold this principle and the taking of hostages to exert pressure on governments are totally unacceptable. It is the duty of all governments to oppose energetically such a breach of international law.

• The nine member states of the European Community fully respect the independence of Iran and the right of the Iranian people to determine their own future. They are conscious of the importance that the Iranian people attach to the changes which have taken place in their country. But in the same measure as they respect the rights of Iran, they call on Iran to respect fully the rights of others and to observe the established principles that govern relations between states. Respect for these principles is essential to the effort to secure order and justice in international relations which is in the interest of all states including Iran.

• The Governments of the Nine, supported by public opinion in their countries, expressed in particular by the European Parliament, solemnly appeal to Iran to respect these fundamental rights and duties so long established in international law. They urge most strongly that the Iranian authorities take action immediately to release the hostages in complete safety and allow them to return to their own country.

In early December, speaking in Hessen, Germany, EC Energy Commissioner Guido Brunner called for solidarity with the United States, whose world prestige, he said, must not be risked. Brunner warned against being deflected from the proven ground rules of world economic cooperation. He said the American hostages in Iran must be set free and gave assurance the Community would not think of buying oil that had been denied the United States.

The dollar is irreplaceable, said Brunner, and world trade, particularly in oil, cannot be carried out in any other currency. Whoever tries to substitute European currencies for the dollar risks the existence of the Community, said Brunner.

ECONOMICS OF THE EIGHTIES

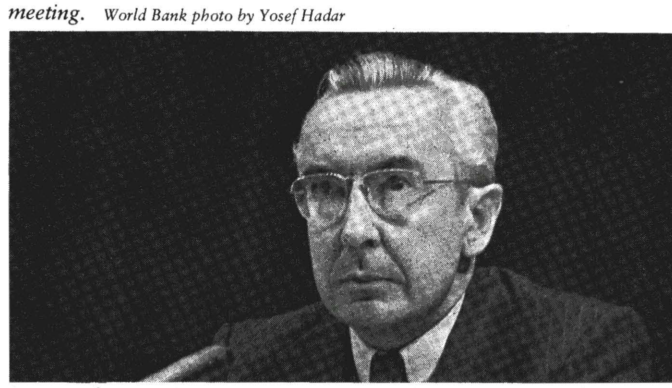
"The long run is getting shorter and shorter"

JURECK MARTIN, *Washington correspondent for the* Financial Times

THE ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY Fund (IMF) and the International Bank for Reconstruction and Development (IBRD, or World Bank) are not normally uplifting occasions, but they serve a purpose. Business does get conducted (mostly by major finance ministers in smoke-filled rooms rather than in plenary session); quotas are enlarged; supplementary financing facilities created; capital increases authorized; and, once in a while, there is the whisper of serious debate on fundamental economic issues confronting the global community.

Robert S. McNamara, President of the World Bank, at the Belgrade meeting. World Bank photo by Yosef Hadar

It is a matter of some concern, therefore, that none of the above attributes were discernible at the latest meeting, in Belgrade last fall. To be sure, the agenda was not exactly overcrowded. But even on the one substantive question—the proposed creation of an IMF substitution account to replace dollars with special drawing rights—progress was minimal and enthusiasm lukewarm. In every other respect, Belgrade was marked by sterility of ideas, resignation about the future, and, perhaps even more disturbingly, a smug, nationalistic self-satisfaction that is turning major countries inwards, not outwards. But for the curiosity of observing the 87-year-old Marshal Josip Brož Tito, transplanted auburn hair in splendid thatch, at first hand, several thousand delegates might just as well have stayed at home.

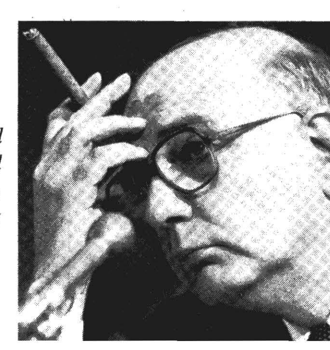


Jacques de Larosière, Managing Director of IMF, at the October meeting. World Bank photo by Yosef Hadar

The indictment may sound harsh, but it is hardly surprising. Belgrade was the last great international economic convention of the turbulent 1970's—a decade of currency turmoil, of growth that did not even meet half the expectations of 10 years earlier, of the worst recession in the postwar era, of persistent inflation, of high cost and increasingly unreliable sources of energy, of minimal real transfer of resources from rich to poor, of a "new world economic order" that still seems as distant as ever.

Sir Geoffrey Howe, Chancellor of the Exchequer in Britain, lectured "about the virtues of monetarism." © UPI

It would at least have been appropriate if some effort had been made to draw some lessons from the 1970's and to apply them to the still more daunting problems of the last 20 years of the Twentieth Century—of finding 900 million more jobs to meet the needs of an expanding world population; of realizing that natural resources



Paul Volcker, chairman of the Board of Governors of the US Federal Reserve System, represented the United States in Belgrade. © UPI other than oil are also going to be in short supply; of moving toward consensus in drafting rational energy policies; of ensuring that the poorest nations do not simply grow poorer and the rich more stagnant. Nobody now seriously disputes the doctrine of reduced growth and expectations, but the application of the doctrine is another matter.

Certainly Belgrade shed little light. Some theories had been discarded in advance; the so-called "locomotive" idea, where the stronger surplus countries did rather more than might be expected, had died a natural death, as had the "convoy" concept, where everybody moved more or less together. What was left, in effect, was the unanimity of belief that the number one enemy was inflation, and the rather lame prescription outlined by the IMF itself in its annual report known as gradualism. And even the IMF felt obliged to concede that this approach, combining bits of monetary and fiscal restraint, and the occasional use of incomes policies, had in many cases not been effective at all.

At least this was the corporate view, as it were, of the assembled ministers. Individually, the monetarist anthem was much more audible than hitherto, with the new British Government leading the choir. Everybody, of course, is a monetarist these days; on the day after Belgrade broke up, the chairman of the Board of Governors of the Federal Reserve System, Paul Volcker, even took the United States down the gilded aisle. Yet it was nonetheless strange to hear Chancellor of the Exchequer Sir Geoffrey Howe, in his bland way, quietly lecture both the industrialized and developing world about the virtues of monetarism, about putting one's own house in order first, and even suggesting that some of the poorest nations might pick up a few clues by watching the British example. All this, it might be pointed out, was just six weeks before Sir Geoffrey found it necessary to put three extra percentage points on the British minimum lending rate.

This was strange, and disturbing, because the principal international lending agencies have in the last couple of years begun turning a much less hard heart to the Third World. The IMF itself, whose imprimatur can unlock the doors of both official and private financing, has come to accept that the differing socio-economic conditions of debtor nations do not necessarily respond to rigid economic policy directives; its conditionality has become appreciably softer with experience.

It is disturbing because implicit in the introspection of major industrialized countries is that development of the Third World. It is not necessary to apportion blame for the substantial failure of the "North/South Dialogue" in recent years to either the meanness of the North, whose aid flows have been far short of the desirable, or to the unreasonable demands of the South at a time of generally straitened global economic circumstances. But if the proceedings of the IMF's development committee in Belgrade are any harbinger, then the dialogue is as good as dead already.

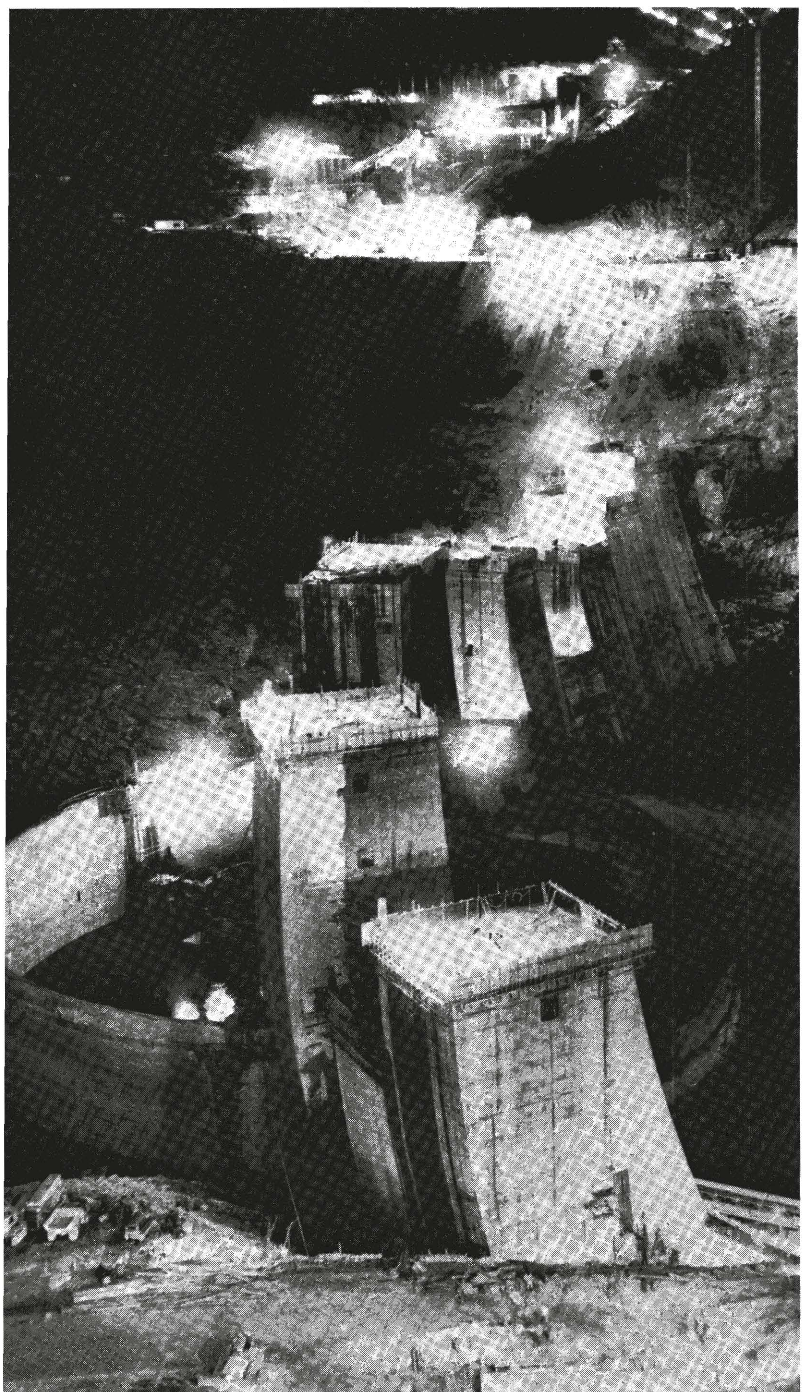
WORSE MAY FOLLOW. It has been commonplace for years now for officials to inveigh against the evils of trade protectionism; perhaps the very deluge of words had something to do with the successful conclusion of the Tokyo Round of trade talks and the holding of the protectionist tide at bay. But there now seems to be a growing fear that the 1980's will see a genuine resurgence of protectionism; no longer, it is forcefully argued, will adept politicians of the talents of former US Special Trade

Aluminum ingots being loaded onto a ship at Tema, Ghana. World Bank funds provided for the electricity used to produce them. World Bank photo by Pamela Johnson

Representative Robert Strauss be able to deflect demands for the erection of trade barriers by maintaining that a greater goal, the negotiation of a new General Agreement on Tariffs and Trade (GATT) trade regime, had to be accomplished first. The absence of this restraint may well be felt with a vengeance, particularly as Western markets for some consumer goods approach the saturation point and Third World demand is limited by low income.

The implications for the poorest and most indebted countries of this by no means unnatural Northern introversion are patently serious. Perhaps the only consolation in the prospect of a less favorable future for both official aid and trade is that private sector finance is not yet in short supply, although available at a cost. But here, too, Western governments, concerned with the shortfall of investment in their own economies and nervous about the exposure of their own banks to foreign debtors, may yet begin pulling hard on the rein. The US comptroller of the currency has already begun to scrutinize the foreign lending policies of US banks much more closely — for good prudent reasons — and controls on the Euromarkets are considered a near certainty.

The Kariba Dam across the Zambesi River is one of man's greatest works in Africa. World Bank funds helped build it. World Bank photo by Stan Tucker



Nor can the Third World necessarily expect to find salvation in the international institutions. Both the IMF and the World Bank themselves have already experienced the political whims of a US Congress which, lacking a constituency for impartial foreign assistance, has sought to impose ideology where it ought not to exist by trying to proscribe loans to "offending" nations. National governments, as well as legislatures, have demonstrated similar proclivities.

The grim picture, then, is of a world that, at best, is muddling through, living from exigency to exigency, crisis to crisis, trusting that, in the crunch, national behavior will be sufficiently reasonable and elastic to get over the immediate hump, but with no guaranty that this will always happen. The fragile economic applecart can always be upset by ayatollahs—who do not necessarily have long white beards and live in Qom.

At the risk of sounding unjournalistically idealistic, there is a better way. And, by being thoroughly journalistic, it is pleasant to find a senior member of the most powerful administration in the Western world expressing the sentiment. Thus, to quote Under Secretary Anthony Solomon, at the US Treasury for monetary affairs, before the Alpbach economic forum in Austria on August 27:

"The problem (of the economic disruptions of the 1970's) is much larger, and one that the world has to face: whether it is prepared to contemplate openly a partial ceding of national authority over economic policy to an international body. I pose this question in full knowledge that such a step is not politically realistic today. But real national authority and autonomy are limited in any case by the fact of our interdependence. The question is whether we learn to coordinate management of our economies, to the benefit of all concerned, or whether, because of the strains and pressures arising from our interdependence, we end up retreating from the thrust of the past three decades and slipping back into a nationally oriented and ultimately autarchic international regime. The pressure of events is forcing us towards a choice. There is no viable in-between in the long run—and the long run is getting shorter and shorter."

Would that this had been a basis for discussion in Belgrade—and in the years ahead.

EUROPEAN ECONOMIC REPORT

Three times a year (March, July, and November) and EC Commission's Directorate-General for Economic and Financial Affairs publishes a report entitled "European Economy."

The November 1979 issue contains the Commission's proposal for the annual report on the economic situation in the Community. This report, which the Council adopts in the fourth quarter of each year, establishes the economic policy guidelines to be followed by the member states in the year that follows.

The reports and series are available to *Europe*'s readers; subscription information can be found on page 59. Shown here are samples of the kind of graphic information in the reports and series.

EC direct investment flows, 1971 and 1977

(EUA '000 million)

	Inward		Outward		Net	
	1971	1977	1971	1977	1971	1977
Transactions with:						
EC	1,09	2,92	1,52	2,84	−0,43	0,08
US	1,62	1,68	0,44	1,53	1,18	0,15
Japan	0,02	0,16	0,02	0,07	0	0,09
Other OECD	0,61	1,16	0,60	1,63	0,01	−0,47
Developing countries	0,20	0,48	0,74	1,70	−0,54	−1,22
Total	3,85	6,92	3,64	8,50	0,21	−1,58

Source: Eurostat and UK Department of Industry.

Geographical structure of EC trade

(fob-cif EUA '000 million)

	Imports			Exports			Balance	
	1974	1978	% change	1974	1978	% change	1974	1978
Intra-Community trade	115,7	183,9	+58,9	117,1	185,8	+58,7	+1,4	+1,9
Extra-Community trade								
US	20,3	28,3	+39,4	15,9	23,1	+45,3	−4,4	−5,2
Japan	4,4	8,7	+97,7	2,8	3,7	+32,1	−1,6	−5,0
OECD Europe	25,3	42,6	+68,4	36,0	49,1	+36,4	10,1	6,5
OECD total	56,0	86,2	+53,9	60,5	82,8	+36,9	4,5	−3,4
Developing countries	61,4	71,2	+16,0	35,2	66,5	+88,9	−26,2	−4,7
Countries with State-trade	8,9	14,0	+57,3	10,9	15,4	+41,3	2,0	1,4
Total	130,8	178,3	+36,3	114,2	173,9	+52,3	−16,6	−4,4
Total trade	246,5	362,1	+46,9	231,3	359,7	+55,5	−15,2	−2,4

Source: Eurostat and OECD series A.

World current account balances 1974-79

(USD '000 million)

	1974	1975	1976	1977	1978*	1979*
EC	−11,3	2,0	−5,5	2,5	17,9	−4½
US	2,1	18,3	4,6	−14,1	−13,9	−5
JAPAN	−4,7	−0,7	3,7	10,9	16,5	−3
OECD total	−26,9	−1,9	−17,5	−25,2	8,9	−31
OPEC	59,5	27,3	36,5	29,0	7,0	44
Other developing countries	−23,5	−37,5	−25,5	−23,0	−35,0	−44
Other countries	−6,5	−14,0	−10,0	−7,0	−5,0	−7
Residual	−2,6	26,1	16,5	26,2	24,0	38
1 EUA = USD	1,19	1,24	1,12	1,14	1,27	1,35

*Estimate. *Source:* Commission staff.

ESSAY

EUROPE ASTRAY: PART I

But will it come on course in the 1980's?

WALTER LAQUEUR
research council chairman of Georgetown University's Center for Strategic and International Studies

EUROPEAN UNCERTAINTIES CONTINUE TO PREOCCUPY statesmen as well as political commentators, and this is reflected in a spate of books on the subject dealing with the political, economic, and social problems that will be facing the Continent in the next decade. Three recently published books have been singled out by the critics for detailed discussion: One *(Europe Between the Superpowers)* was written by an American, A. W. DePorte, a member of the policy planning staff of the State Department; one *(In Defense of Decadent Europe)* by a leading French political thinker, whose name is almost a household word on both sides of the Atlantic, Raymond Aron; and the third *(A Continent Astray)* by the present writer—an American of recent European origin.

Some of the critics have made heavy weather of the differences between these books; James Reston of *The New York Times* has called Aron's book an optimistic manifesto, which it is no more than *Macbeth* or *King Lear* are comedies; another has juxtaposed the optimism of DePorte and the (cautious) pessimism of Laqueur.

Yet, in actual fact there are few, if any, basic differences in outlook, as I see it, among the three authors. DePorte deals almost exclusively with foreign affairs and his thesis can easily be summarized: The factors of stability are deeply rooted in Europe. The European allies will continue to quarrel among themselves, and, of course, with the United States. But the interests they have in common are strong, and furthermore, they will need the United States as a counterweight to the overwhelming Soviet power presence. Hence, his conclusion that the system, which has lasted from 1955 until today, may well last as long again, that is until 2001.

With these basic assumptions I am in agreement, and so I am sure would be Raymond Aron. And DePorte is perfectly right in assuming that the situation in Europe will not much change *if* the Soviet Union will behave in the future as in the past; *if* US military power will be as strong as in previous years; *if*, above all, the European countries will be as stable as before. These are three big "if's," and everything depends on how these questions are answered.

This, the dynamics of European politics, rather than the European "system," is the subject of Aron's book and of mine. My own concern with Europe, in some contrast perhaps with Aron, was not primarily about economics. I stated that even during the recession, shops were full, the consumption of nonessential goods continued as before. Had the proverbial visitor from Mars descended on the streets of London or Paris, of Hamburg or Milan, of Amsterdam or Madrid, he would not have been aware of a recession unless, of course, he had read about it in the newspapers. If he saw drawn, haggard faces, the reason, more likely than not, was medical or psychological rather than want of food. If he met people in shabby clothes, these were not the poor and deprived, but usually young men and women following the most recent sartorial trends.

Unemployment and inflation constituted serious problems, and it could also be plausibly argued that Europe as a whole had lived beyond her means and had now to face the consequences. But there still was the striking fact that even at a time of recession, the great majority of Europeans had enough money to buy nonessential goods, and that, by and large, they were better off than at any other period in the past—and, of course, still much wealthier than the rest of the world with the exception of the United States, Canada, and a few oil-producing countries.

AND YET THERE WAS FREQUENTLY A FEELING of gloom and doom, of the center coming apart, of an end to stability, of the bankruptcy of the system, to mention only some of the clichés most widely used at the time. Such reactions seemed, at first sight, paradoxical; but it was, after all, the perception that counted, not objective realities. Even millionaires may suffer from a feeling of relative deprivation. It is certainly true that measured against the expectations of the 1950's and the 1960's, of steady growth and constantly rising living standards, the feeling in the 1970's was one of disappointment.

Elsewhere, as in Britain, there was dejection because the country had been doing badly in comparison with others. The gross national product, output of manufactured goods and exports, had grown much faster between 1950 and 1970 than during the first half of the century. Yet the mood in Britain was certainly not one of self-congratulation, for achievements were compared not with those of a past age but with the performance of other countries, and there was no denying that Britain was steadily falling behind. No country remained immune to the revolution of expectations, and the more the consumer's mentality spread in the societies of Western Europe, the greater the importance attributed to the production and distribution of goods, essential and nonessential.

What made the recession appear so formidable was not, however, its magnitude, but a feeling of impotence. Yet, even such serious problems as youth unemployment or the energy crisis were by no means intractable. The know-how, the technical means to cope with the issues existed. But the political will to deal with them, the solidarity, the leadership were in short supply, and consequently there was a fear that the countries of Europe were becoming, or had already become, ungovernable.

The deeper reasons for this crisis were widely and heatedly debated, and if classical scholarship had not gone out of fashion, Titus Livius would have had a revival, for his appraisal of Roman history seemed apposite to the state of Europe in the 1970's: "With the gradual relaxation of discipline, morals gave way, then sank lower and lower, and finally began the downward plunge which has brought us to the present time, when we can endure neither our vices nor their cure." But since the days of Livy, there have been many ups and downs; few periods in human history have been altogether free of crises—political, economic, cultural, and moral—and a

Walter Laqueur divides his time between Washington, as chairman of the International Research Council of the Center for Strategic and International Studies at Georgetown University, and London, as director of the Institute of Contemporary History and Wiener Library. Photo by Ricarda Schwerin, Jerusalem

crisis has indeed been defined as a period between two other crises.

A great many causes have been adduced to explain the European crisis of the 1970's. Yet, in the final analysis the basic roots were not hidden: first, the weakness of the political system, unable to resist the conflicting demands of various sections of society; and, secondly, the clash between the urge for more freedom, on the one hand, and the need for more order, on the other. Never before in its history has Western Europe been as free, yet there is a strong urge for even greater liberty, for more participation in the policy-making process, for doing away with the last vestiges of repression, real or imaginary. But again, never before had the necessity been greater for a strong executive and for long-term planning, social and economic, to cope with the growing complexity of modern society and the difficulties connected with the shrinking base of material resources. The postwar period had witnessed a steady erosion of authority—partly as a consequence of, and in deliberate reaction against, the evil-doings of the fascist dictatorships of the 1930's. This anti-authoritarian urge was not only intelligible, but in many respects admirable, and it corresponded with the deep-seated human longing for freedom.

But it began to interfere more and more with the effective conduct of affairs of state and society on many levels. This would have mattered less if the critics of authority had been willing to pay the inevitable price. But this they were quite unwilling to do, and through their libertarian excesses they did about everything in their power to provoke an authoritarian reaction. For it is surely one of the few indisputable lessons of history that while societies can exist without freedom, they cannot exist without a minimum of order, and that given the choice of an emergency, they will usually opt for order. All this is not to say that the dilemma of freedom and order is insoluble within the framework of a democratic society. But there are certain pre-conditions for the functioning of such societies such as leadership, a basic consensus on common aims and values, and active cooperation, as well as the acceptance of democratic rules.

THE BASIC PROBLEM OF THE 1970's was not the intractability of the issues, but the absence of the qualities needed to confront them. There was no strong leadership. European governments were headed more often than not by pragmatic politicians. But this, after all, has been the case throughout most of recorded history; charismatic leaders have been the exception, and their presence has not always been a blessing. It is doubtful, furthermore, whether, given the suspicion of and the prevailing bias against authority, such leaders would have had the chance to rise to the top in the first place, and to stay there—except perhaps in an acute emergency. The qualities needed to provide farsighted and responsible leader-

"Down with NATO!" ©Behrendt, Het Parool, *Amsterdam*

"As a good European I prefer to think of myself as one of the five-and-a-half million unemployed in the European Community."
© *Hollowood*, Punch, *London*

ship in politics are not necessarily those likely to succeed on television. Thus, politicians ceased to be leaders and began to engage in popularity contests, taking refuge in half measures dictated by public relations considerations rather than objective need. Authority that did not dare to assert itself became vulnerable, and the more vulnerable it became, the more it generated blackmailing group pressure, the less margin it retained for more responsible longer-term actions, and the less chance it stood to regain legitimacy.

In democratic societies a national consensus is usually achieved for any length of time only in war or when facing a threat or similar magnitude. A war constitutes a clear and visible danger, whereas in an economic, social, or political crisis, there is hardly ever the same overriding sense of urgency, the same dramatic feeling of the need to act together for the common good or for survival. Creeping crises produce no great tensions and generate no great passions; there is always the hope that the threat may suddenly go away. There is nothing more difficult than mobilizing a democratic society for an all-out effort in the absence of a demonstrative effect comparable to a war. It has been said that nothing clears the mind of a person as wonderfully as the certainty that he will be hanged within a day or a week. But if a person or a collective faces a fate of this kind only in a perspective of a year or a decade, and if, furthermore, the catastrophe is not absolutely certain but only highly probable, the result is not concentration of mind, but on the contrary, confusion.

Lastly, free societies have been weakened as the mistaken belief gained ground that in such societies one may get something for nothing by right. The old idea that the survival of a free society depended on the civic virtues of its members, on their active participation, on their acceptance that there could be no rights without duties was considered outmoded. Such abdication of responsibility reflected a state of intellectual anarchy; intellectual anarchy, as the Nineteenth Century French philosopher Auguste Comte observed, is the main factor behind all the great political and moral crises; he could have added that this is the case also with regard to economic crises.

But anarchy does not last forever; it usually passes through various stages, and once the situation has deteriorated beyond a certain point, the recognition gains ground that authority—any authority—has to reassert itself. The awareness of the necessity for an all-out effort spreads, the political will reawakens, powers that were denied leaders and governments in the past are now thrust at them. Such emergency measures may or may not lead to a lasting recovery, that is, to the reemergence of effective institutions capable of coping with the challenges facing society. There is, in brief, the possibility of a democratic solution, or something akin to it, but there is no certainty. The political will, or the social cohesion of a nation, may have been eroded to such an extent that there is no alternative but dictatorship, the dismantling of democratic institutions, and the abolition of basic freedoms. Whether a dictatorship will succeed any more than democracy in solving the crisis is by no means certain; decrees and rigid controls may bring temporary alleviation, but even if they provide a lasting cure, the price that has to be paid is not commensurate with the gains achieved.

This, in briefest outline, is the background to the crisis facing the countries of Western Europe, and also the democratic societies outside Europe. The foreign political dangers facing it are of a different character.

The second and concluding part of Walter Laqueur's essay will appear in the next (March/April 1980) issue of Europe

EUROPE'S SPACE SHOT

"Ariane" launches increased aerospace competition

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

WESTERN EUROPE IS RE-ENTERING THE RACE TO CONQUER space. The vehicle: a space launch craft called "Ariane" that is about half the length of a football field and weighs 208 tons. The first in a series of its test flights was scheduled for between December 15 and January 15 to depend on weather conditions, and will be followed by others in 1980. "We are proceeding on a schedule that began with our countdown last October and the chances are excellent we shall succeed," a senior official of the European Space Agency (ESA) said.

Thus when Ariane in its various versions roars into test flight from France's space center near Kourou, French Guiana, it could place the European aerospace industry on a competitive footing with the United States in supplying a growing worldwide demand for space launch facilities and services. Given the successful testing of Ariane, Europe also will be in a position to challenge US dominance in the related and equally lucrative market for selling civilian and military satellites, which within less than a decade is expected to more than quintuple—to well over $1 billion, according to both West European and US space authorities.

"Ariane is spectacular not only for the technology involved. It also means credibility for markets and everything that goes with it, mainly satellites," says ESA's Raymond Orye, a Belgian, who heads the project. "It's greatest significance is new independence we gain from the United States," he said.

Actually, the Ariane project culminates a six-year, French-dominated recovery drive mounted after a previous European effort collapsed following the midair explosion of a smaller launcher in September 1972. That effort was conducted under the auspices of the now defunct European Launcher Development Organization (ELDO), which, with the European Space Research Organization (ESRO), evolved into ESA, founded in 1975.

Today ESA, a Paris-based organization, employs a total staff of 1,450 persons whose prime purpose, according to its charter, is to: "provide for and promote, for exclusively peaceful purposes, cooperation among European states in space research and technology, with a view to their use for scientific purposes and for operational space applications systems." ESA members include Belgium, Denmark, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland, and the United Kingdom. Austria, Canada, and Norway participate in several programs and have observer status at the Council, ESA's governing body. "We are the European version of NASA," explains Orye.

Since the beginning in the mid-1960's NASA (the US National Aeronautics and Space Administration) has held the West's monopoly on satellite launches, charging up to $36 million for a successful shot from its Cape Canaveral, Florida, center. NASA seems to be taking the European drive in stride. "The Europeans have been playing catch-up and now they are there," says James Morrison, NASA's European representative based in Paris. "And from their point of view, it makes sense, considering the potential market. It is obviously more attractive to offer a package which includes both the launch and the satellite."

Agreeing with ESA and industry prognoses, Morrison rates Ariane's chances for success at about 90 per cent. "In coming tests they probably will experience exactly the same, small proportion of difficulties as we have had in the United States, given their marvelous scientific and technical ability," he says, adding, "There is more space-related business involved than either of us can handle."

And in recent weeks dozens of European companies in aerospace, electronics, and related fields, have with their governments' backing, been gearing up—often in partnerships—to tap the markets for both launchers and satellites. A major reason for their accelerated pace—and a cause of some delight in Europe—is that NASA's six-year-old, $8 billion effort to develop the world's first combination launcher/spacecraft with reuseable engines, known as the space shuttle, is bogging down because of continuing development problems.

Spearheading Ariane's development is the French Government, which after the collapse of ELDO urged the establishment of ESA. "After our difficulties we needed to start again quickly, so France took the initiative," recalls

Frédéric d'Allest, a director of France's Centre national d'études spatiales, the state-controlled equivalent of NASA and the principal contractor for Ariane. France has paid 63 per cent of Ariane's $550 million budget, which is administered under the auspices of ESA. Germany has paid 20 per cent, followed by Belgium and other European countries paying 5.5 per cent, while Britain pays 3 per cent. Formalities were completed in late November for establishing a West European consortium of about 50 companies from 11 countries to produce and sell Ariane services.

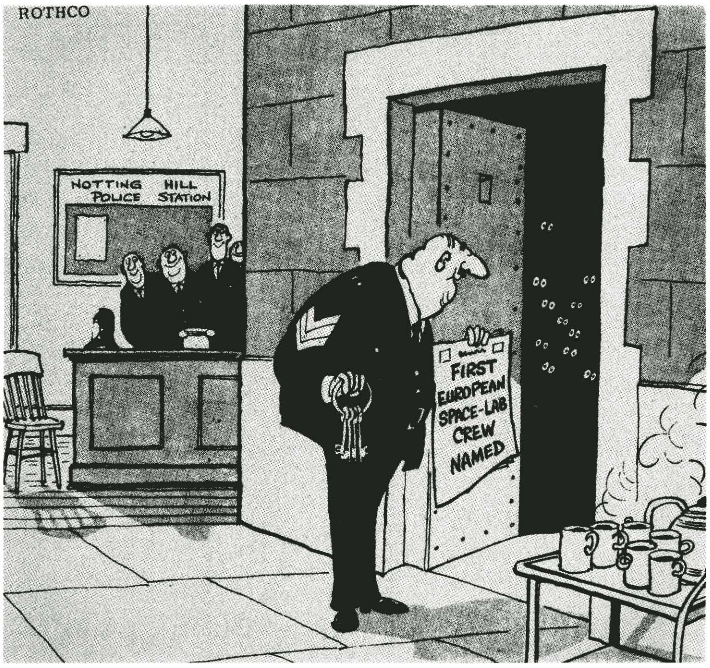
KNOWN AS ARIANE TRANSPACE, its main participants include such companies as France's Aerospatiale, Germany's Erno group, along with Sweden's Saab and Volvo, Britain's Hawker-Siddeley, the Netherlands' Fokker-VFW, and Spain's Casa groups—each accounting for some of the thousands of components that go into the three-stage Ariane launcher.

Projections call for the production of four Ariane launchers a year, possibly rising to six depending on orders. Launcher parts will continue to be shipped to the French Guiana space center for assembly; test shots and actual satellite launches are scheduled there through 1984.

The projected cost of an Ariane launch is about $25 million. "We will arrange shots for those around the world who are interested—it should be a lucrative, new source of launch power for countries with satellite ambitions," explains an ESA official.

Visitors who recently returned from the small town of Kourou report growing numbers of newly arrived technicians and hectic construction activity. "It resembles a small version of the Cape [Canaveral] in its early stages," says a French technician. For the moment the site is French-dominated, but other Europeans are expected as the project expands.

"Good news, lads! We're dropping the mugging charges . . . you're all being sent into space as the advance party." © Mac, Daily Mail, *London*



Aside from the work, there is little to do for cultural relaxation, however. The main attraction is the lush, tropical atmosphere with plenty of ocean-related sports activities. And there are the highly popular boat excursions to Devils Island, the notorious Nineteenth Century penal colony previously run by the French, located on a rocky islet in the Atlantic six miles from the mainland.

But nowhere is the marketing activity more intense than in the satellite end of the business. "Today everybody wants his or her own satellite. There is virtually an avalanche of demand around the world," says François Turck, a Frenchman and co-director of Eurosatellite, another joint European company. Its purpose: to sell European-made satellites. Within a decade, Turck says, about 30 new satellite systems will be in orbit, mainly for telecommunications and data and television transmission, including the joint French-German color television transmission satellite announced by German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing during a bilateral summit meeting in Bonn last fall.

"We are very optimistic about the future of our satellites, considering that by the year 2000 at least 12 communications data transmission and television distribution systems are expected to be in operation outside Europe, the United States, and the Soviet Union," adds Eurosatellite co-director Rolf Arnihm, a German based in Munich. He says there also exists a considerable market among developing nations. "They, too, are needing more and more mass communications outlets to reach their widespread populations and to engage in educational activities essential for their evolution," he says.

One of the striking observations for aerospace-watchers is the "shrinking" nature of the European aerospace industry. Messerschmitt-Bolkow-Blohm (MBB) of Germany and France's Aerospatiale both own 43 per cent of Eurosatellite; the remaining share is owned by the ETCA/ACEC group of Charleroi, Belgium. The French and German groups have other substantial ties as well: MBB is linked with Aerospatiale in building Airbus passenger jets and in Euromissile, a company that builds and markets tactical missiles.

"We are still in the early stages of our development," says a senior ESA official, conceding, "We will have a difficult job seriously competing with the United States in launchers once the space shuttle gets off the ground." But, he adds, summing up widespread opinion in European and US aerospace circles: "Europe is making its mark in a significant way, which should prove healthy for those on both sides of the Atlantic."

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November 16, 1979

EUROPE'S BUDGET HEADACHES

Public spending revolt crosses the Atlantic

STEPHEN MILLIGAN, *Brussels correspondent for* The Economist

THE SPIRIT OF PROPOSITION 13 HAS NOT TAKEN LONG to reach the Old Continent. Although there have been no California-style referendums in Europe—simply because few European countries' constitutions provide for such votes—the political pressure for lower taxes and slashing attacks on bloated bureaucracies is mounting fast. This is one reason why Socialist parties have been losing votes to the right in all recent elections in Europe. Margaret Thatcher won the election in Britain with promises to cut public spending—and she has promptly cut income tax and ordered cuts of $7 billion in state spending. In Italy, the new Cossiga Government is trying to cut Italy's massive budget deficit, which is currently worth 11 per cent of the country's gross national product (GNP). The Belgian Government, which also has a whopping budget deficit, is now facing the threat of a round of strikes against its plans to cut state spending.

All EC governments now accept that state spending cannot continue to race ahead as it has done over the last two decades. In 1979, 47 per cent of the Community's GNP was being swallowed up by governments—against only 33 per cent back in 1960.

The Community's own budget—and spending—has been increasing even faster than national governments'. Although the EC budget is tiny by comparison with those of national governments, its growth has been rapid. In 1973 EC spending was worth 0.5 per cent of the Community GNP, but by 1978 it was worth 0.8 per cent. The biggest component in this is the Community's common agricultural policy (CAP).

EC farm spending has risen fast because the Community has to spend ever rising amounts to compensate its own farmers at a time when world food prices have been falling. The Community guarantees its farmers a minimum price both within the Common Market and on world markets. The result has been to produce the legendary mountains of unwanted food (especially of milk products) and a rocketing bill for export subsidies. But the EC agriculture ministers have not dared to cut the subsidies for fear of the wrath of farmers. Besides, no one wants to put farmers out of work, when there are already over 6 million unemployed in Europe. EC Agriculture Commissioner Finn Gundelach, has suggested steps to cut spending, but the national agriculture ministers have always rejected his ideas.

At the end of 1979, however, two new factors suggested that there may well be a major political crisis in late 1979 or early 1980 over spending. First, Britain was

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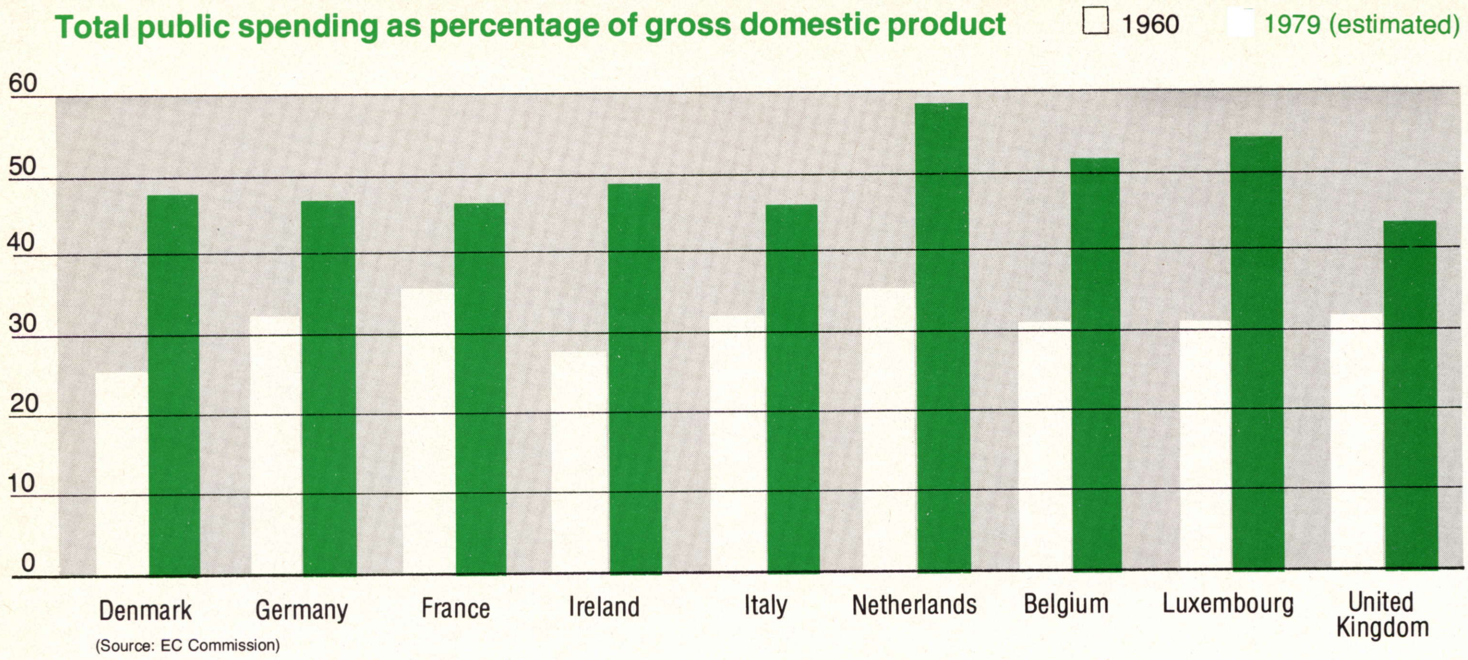


demanding that it should pay a far smaller share of the cost of the EC budget. Second, the Community seemed likely to hit its cash ceiling by the end of 1980.

Britain is more worried than any other EC country about rocketing spending, because it has to pay the biggest share of the bill. Since Britain still imports half its food and has just 2 per cent of its labor force working on farms, it draws precious little advantage from the CAP (even if the few farmers in Britain love it). Britain has to pay for about a fifth of the cost of the policy but only gets 8 per cent back in farm subsidies actually paid to Britons.

This isn't the only area where Britain feels it is treated unfairly. The Community's revenue is collected from all tariffs and levies on imports into the "Nine" from the rest of the world, plus a slice of up to 1 per cent of national value-added tax (VAT). Since Britain, for reasons of history and geography, still imports more from the United States and the old British Commonwealth countries, it pays 27 per cent of all EC tariffs (even though Britain's economy is only 16 per cent of the size of the total EC economy). As a result—under the present system—Britain would have to pay $2.5 billion net to the Community in 1980. This is equivalent to an extra tenth on British income tax—or the total development cost of the Concorde.

Until now, the problem has never been acute, because Britain was given a long transition period after it joined the Community in 1973 to allow it to phase in EC rules slowly. But the new Thatcher Government is bitter that Britain has to pay twice as much as any other member state in 1980—and at a time when the Government is trying to slash Britain's own public spending. Thatcher demanded that the EC summit meeting in Dublin last November agree to dramatic changes in the financing of the budget, so that Britain would be in "broad balance," meaning get back as much cash as it puts in. However, needless to say, all the other EC governments are less than eager to pay more of the bill themselves, when they too are trying to cut public spending.

In order to get Britain's way, Thatcher could threaten to obstruct other EC policies or veto the continuation of the CAP until Britain's demands are accepted. This could severely disrupt the Community for many months.

AS IF THIS WERE NOT ENOUGH TO WORRY ABOUT, EC leaders have to decide how to stop the Community from running out of cash. At The Hague summit in the early 1970's, the Community decided to create a system of "own resources" so that its revenue was collected automatically through tariffs and VAT. The idea was to ensure that national parliaments could not block changes in EC spending from one year to the next, which would have made it very cumbersome. But a ceiling was set on this revenue: It was agreed that the Community could not spend more than the equivalent of all tariffs plus 1 per cent of VAT. By the end of 1980—thanks to soaring CAP spending—this limit is likely to be reached. The Community will then have to either (1) squeeze spending, or (2) agree to new revenue.

The Germans, French, and British—who are all determined to stop EC spending from rising too fast—have said they will not agree to give the European Community new revenue, at least for the time being. So the Community, it seems, will be forced to freeze spending by the end of 1980. (That is not quite as drastic as it sounds, because even if the Community takes no more than 1 per cent of VAT, VAT itself rises each year—but it would mean a sharp cut in the growth rate of spending.)

But if the Community limits spending, it would either have to freeze farm spending (so, for the first time, farm ministers would no longer have a free hand to boost subsidies), or it would have to let even more than three-quarters of the cash go to farmers at the expense of spending on energy, regions, and social aid. That would provoke angry objections from countries like Italy.

Amidst all this confusion, the new, directly elected European Parliament is trying to have its say too. Oddly, the Parliament has strictly limited powers on most EC policies (e.g., it has to be "consulted" on all EC-wide legislation but has no right to block a law it dislikes), but it does have considerable powers over the Community's spending. For this it can thank the Dutch Government. For it was the Dutch who insisted at The Hague summit that if the Community was to get revenue beyond the control of national parliaments, it was only logical that the European Parliament should have some power to control EC spending.

The actual powers that were conceded to the Parliament are so complex that few people understand them. Analysts have noted that the old Parliament always struggled to increase EC spending on its favorite policies, such as regional subsidies or aid to India and Latin America, but usually added no more than the odd 5 per cent to planned EC spending. The Parliament's ambitious ideas were usually cut back by national ministers. It was therefore conventional to think that the Parliament's budgetary powers were limited. Besides, said the analysts, the new European Parliament would be such a mixed bunch, ranging from French Gaullists to Scottish Nationalists to French Communists, that they would never agree on a budget strategy.

This view has proved quite wrong. The new Parliament has immediately come to grips with the fundamental issue: the soaring level of farm spending. Led by an energetic Dutch Socialist, Pieter Dankert, the Parliament voted to view its limited power to alter the budget as based on the assumption that the Parliament would try—as the old, indirectly elected Parliament tried—simply to *raise* spending. But if the Parliament tries to *cut* spending, its power is almost unlimited—provided the EC Council of Ministers cannot muster a weighted majority against the Parliament. This means that if two big EC states—e.g., Britain and Italy—back the Parliament, its budget cuts would be carried. And in any case, in the last analysis, the Parliament has the power to reject the budget altogether (which would mean that EC spending would be frozen in cash terms).

Thus the Parliament is likely to play a decisive role as the Community tries to come to grips with the fact that public spending cannot keep rising ever upwards.

"No! I'm afraid you're going to swallow me!" © *Padry*, Le Herisson, *Paris*

European Council

The British budgetary complaints dominated the November 29-30 EC "summit" (European Council) in Dublin of the nine heads of government or state, and during the press conference at the Council's conclusion EC Commission President Roy Jenkins made the following remarks:

"This was bound to be a most difficult European Council and has indeed been the most difficult of the nine which I have attended. However, we broke up in a slightly better situation than we began in. From a very early stage I was skeptical about the likelihood of complete success or complete failure. During the last week, however, I could not reject the possibility of complete failure. This we have avoided, thanks to a very responsible Community attitude towards the menaces from the outside world, which undoubtedly played a part.

"I will not disguise my feeling that it will be difficult to make a success of the next European Council, and no one can predict a successful outcome of it. The Commission proposals at this European Council were given a general welcome as a framework for the possibility of amending the financial mechanism and providing further receipts to the United Kingdom. This will be pursued at the next European Council, which may be brought forward if the next presidency considers it advisable. Thus we have the possibility of a significantly earlier meeting than the date of late March previously envisaged.

"This European Council was inevitably dominated by one central subject, which meant that others were relatively cursorily examined. However, I do take encouragement from the clear reaffirmation of the timetable for setting up the European Monetary Fund. It is most important that we make an earlier start on the preparations, which the Commission will now gladly do. On energy we had a good discussion without, however, being able to agree on much that is new in our conclusions. We had a somewhat cursory discussion of agriculture, but as a result the Commission paper on the need to curtail expenditure has been remitted not only to the Agriculture Council but to the Economic and Finance Council also."

LOMÉ II SIGNED

What it means for the 58 developing countries

CAROL COSGROVE TWITCHETT, *British writer, lecturer, and editor of the* Journal of Common Market Studies

At the signature ceremony of Lomé II, at Lomé, Togo, October 31.

AS THE WORLD'S LARGEST TRADING UNIT AND MOST important source of aid for the Third World, the European Community has comprehensive trade and aid arrangements with the 58 African, Caribbean, and Pacific (ACP) states, through a new agreement signed at Lomé, Togo, October 31, 1979. Lomé II succeeds the 1975 Lomé Convention and will provide a framework for wide-ranging development cooperation until 1985.

Negotiations were sometimes compromised by internal ACP differences, as exemplified by last-minute difficulties regarding the location for signing the 1979 convention. Khartoum was the likely venue, but as late as mid-September, a majority of ACP states argued that, as an Arab League member, Sudan was too identified with Middle East rivalries. Within the ACP group as a whole, moreover, the Caribbean, Indian, and Pacific Ocean countries were frequently wary of undue African influence. ACP cohesion was further threatened by tensions between English- and French-speaking African states. Overall, however, the ACP countries achieved a remarkable degree of solidarity, not least because they saw EC links as one facet of their approach to the global search for a new international economic order.

The ACP countries are somewhat disappointed with Lomé. Their initial demands may be categorized under five broad interrelated headings: first, removing *all* barriers to their EC trade; second, higher and more stable prices for ACP exports to the Community; third, increased aid and commercial investment; fourth, easier access to technology and greater emphasis on industrialization; and fifth, an enhanced role in managing the ACP-EC partnership. Is the 1979 Lomé Convention likely to promote these goals and will the ACP nations benefit from its provisions?

Trade: ACP-EC trade is roughly in balance, but its relative importance for both sides is not similar. The ACP countries account for only about 7 per cent of EC external trade, while over 40 per cent of ACP trade is with the Community. ACP exports to the Community are dominated by petroleum, coffee, cocoa, and copper. For many ACP states Lomé II's trade provisions will make little practical difference. Lomé I's general principle of duty-free access for ACP exports to the EC market is maintained. But over 80 per cent would enter the Community duty-free anyway via zero duties under the common external tariff, the system of generalized preferences, or General Agreement on Tariffs and Trade (GATT) arrangements.

Common agricultural policy (CAP) products still represent a special case: The EC Nine agreed only to tinker with the CAP impact on ACP products, although the ACP states are highly marginal EC suppliers. Complete removal of CAP restrictions would have had very limited impact on Community producers, while removing a major irritant in ACP-EC relations. For example, there is only a slight relaxation of CAP limits on ACP beef and veal exports to the Community, despite the fact that they add up to not even a single day's consumption of these meats in the Community and therefore do not threaten domestic producers. While two non-CAP products, bananas and rum, benefit from the 1979 arrangements, the potential gains to ACP producers might be jeopardized by aggressive selling of competing produce from France's overseas departments—especially Martinique. Currently Somalia is accusing France of "dumping" bananas in Italy, and Jamaica alleges unfair competition in its traditional rum markets.

Although nominally generous, in some respects Lomé II's trade provisions could be retrogressive. ACP sales to France's overseas departments could be restricted by a new safeguard clause. While there is no reciprocal duty-free access to EC exports, the ACP countries must extend to the Community any trade benefits granted to "most-favored-third-developed-countries" like the United States and Japan. The ACP states also claim that the rules of origin limit their benefits from duty-free access to the Community. These rules remain more or less unchanged, although the Nine agreed to examine specific cases at ACP request. It will be up to the ACP countries, individually or in regional groupings, to make optimum use of these measures to improve their export performance.

Stabilizing Export Revenue: ACP tropical agricultural producers were the main beneficiaries of the Stabex system introduced in Lomé I. The ACP countries unsuccessfully sought to extend the system to *all* their export receipts, including tourism, but Lomé II still restricts it to tropical commodities. The number of eligible products, however, is greatly enlarged, and the amount allocated for transfers increased from 375 million European units of account (EUA) to EUA 550 million. The operational rules are relaxed, particularly beneficial to poorer ACP countries like Burundi and Ethiopia, which sell the bulk of their exports to the United States.

ACP mineral producers look for advantages under the innovative Lomé II system for stabilizing ACP export revenue derived from mineral sales to the Community (Minex). Receipts from mineral exports, notably copper and phosphates, fluctuated widely in the 1970's, and provisions could make significant contributions to several ACP economies, especially Zaire and Zambia. About EUA 280 million is available for Minex transfers between 1980-85, and no single ACP state is eligible for more than 50 per cent of total funds in any one year.

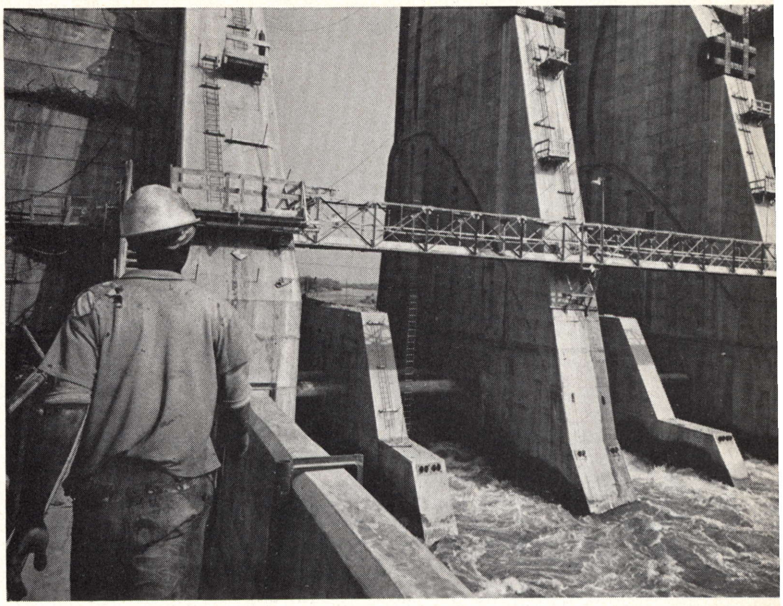
EC Commissioner Claude Cheysson, in charge of development (left) and Michael O'Kennedy, Irish foreign minister and then president of the EC Council of Ministers, sign the second Lomé Convention.

Finance: For many ACP states, especially the 35 least developed, the most important benefit from Community links is European Development Fund (EDF) aid. For them, Lomé's success will be judged by its contribution to their economic development programs. There are many obstacles to ACP development, not least the "colonial" pattern of aid and investment that still persists, especially in Africa. EDF aid could help penetrate previously closed economies in that EDF-financed contracts are open on equal terms to all EC and ACP-based enterprises. Thus, Italian construction enterprises are making significant inroads on the hitherto closed areas of French-speaking West Africa. Another development obstacle EDF aid could help surmount is the small scale of most ACP domestic markets through encouraging regionally based projects for which Lomé II reserves more than 10 per cent of EDF aid.

The ACP states have criticized the European Development Fund for its extremely slow, cumbersome procedures. Lomé II provides a range of accelerated mechanisms, establishes a new ACP-EC committee to oversee their implementation, and emphasizes co-financing ventures that should encourage the ACP countries to involve the European Development Fund in large-scale projects with other funds such as those from the US Agency for International Development or the Organization of Petroleum Exporting Countries.

Lomé II's aid budget is EUA 5.6 billion for 1980-84, compared with Lomé I's EUA 3.3 billion for 1975-79.

EC loans and grants for hydroelectricity projects help industry in Africa, such as this aluminum plant in Ghana. World Bank photo by Pamela Johnson



A hydroelectric project on the Niger River in Nigeria. World Bank photo by Yutaka Nagata

While falling short of ACP expectations, this modest increase adds up to about $5 a head annually for ACP beneficiaries. The European Development Fund will disburse EUA 4.5 billion mainly in grants, and the European Investment Bank (EIB) will allocate EUA 665 million in loans; the remaining Lomé II finance will be spent on administration and supporting mining ventures. EDF resources were limited by the Nine's unwillingness to increase public finance during a time of recession. Their percentage contributions are: Germany, 28.1 per cent; France, 25.6 per cent; the United Kingdom, 18 per cent; Italy, 11.5 per cent; the Netherlands, 7.5 per cent; Belgium, 5.9 per cent; Denmark, 2.5 per cent; Ireland, 0.6 per cent; and Luzembourg, 0.2 per cent.

Declining EC investment is another brake on ACP economic development. The Danes and the Irish in particular placed special emphasis on joint ACP-EC guarantees against expropriation. The ACP states maintained that such measures must not undermine their sovereignty, and the Caribbean states were particularly wary of apparently placing American investors in less advantageous positions compared with the Europeans. Lomé II provides for the extension of individual ACP investment protection agreements with one EC member state to include all new EC investments—and commits the Community to make special provision for encouraging investment in the mining sector. While falling short of solid guarantees against noncommercial risks, these measures have been welcomed by European enterprises.

Industrialization and Rural Modernization: Lomé II provides some assistance to ACP industrialization and rural modernization. Many obstacles exist among the ACP countries themselves in regard to transforming their pre-

EC development funds helped repair this railway in Senegal.

Community loans help set up training programs, such as this one in Kenya. World Bank photo by Ivan Massar

Agricultural development is supported through the Lomé Convention. Shown here is the harvesting of tea in Kenya. World Bank photo by Ivan Massar

Infrastructure construction, such as this road in Uganda, receives Community aid. courtesy United Nations

dominantly rural, peasant-based societies. Technology transfer by itself will not promote economic welfare, the key question of *appropriate* technology being as urgent to the ACP members as for other Third World states. Lomé II promotes industrial training, the development of indigenous technology, links between small and medium-sized EC and ACP enterprises, domestic reprocessing of ACP raw materials, and new measures to stimulate research and development, especially in the energy sector. The joint ACP-EC Center for Industrial Development and the Committee on Industrial Cooperation are retained, and the Lomé signatories are committed to seek new resources for ACP industrialization.

The ACP countries regard the new joint Technical Center for Agricultural and Rural Cooperation as a useful innovation. Lomé II emphasizes the importance of promoting ACP food production and fisheries cooperation; regional efforts are stressed for which the ACP can utilize the European Development Fund's regional project provisions. The ACP had hoped for more substantial EC concessions regarding food aid—itself outside the Lomé Convention and administered unilaterally by the Community. The ACP nations were also disappointed by the Community's refusal to sell them CAP surplus at reduced prices. The Community agreed only to commercial transactions promoting greater stability of supply.

Managing the Partnership: The management of Lomé institutions reflects the principle of ACP-EC parity and provides the ACP representatives with far-reaching opportunities for supervising the development partnership. The latter is not designed as a donor-recipient relationship. The ACP countries legitimately point to the many benefits accruing to the Community, such as the rapidly growing EC export market in ACP countries and the long-term security of raw material supply. Lomé II clearly places the primary responsibility for development on the ACP countries themselves. The European Development Fund remains under EC administration, but the ACP members decide on the use of its resources, submission of projects and programs, and the award of contracts. While the role of the local EC delegate accredited to individual ACP states is still crucial in managing the aid relationship, Lomé II transfers the cost from the European Development Fund to the main EC budget.

Overall, Lomé II opens up many avenues for ACP countries' development consistent with their goals for a "new international economic order." But its contribution to the ACP states' well-being will depend ultimately on their own skill in making optimum use of its provisions.

The 58 African, Caribbean, and Pacific (ACP) states are divided into the following categories by the Lomé II Convention:

The Least Developed: Benin, Botswana, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Dominica, Ethiopia, Gambia, Grenada, Guinea, Guinea-Bissau, Kiribati, Lesotho, Malawi, Mali, Mauritania, Niger, Rwanda, São Tomé et Principe, Samoa, Seychelles, Sierra Leone, Solomon Islands, Somalia, St. Lucia, Sudan, Swaziland, Tanzania, Togo, Tonga, Tuvalu, Uganda, and Upper Volta. (Many of these are islands or landlocked states.)

The Island and Landlocked: Bahamas, Barbados, Equatorial Guinea, Fiji, Jamaica, Madagascar, Mauritius, Papua-New Guinea, Trinidad and Tobago, and Zambia.

The Others: Cameroon, Congo, Gabon, Ghana, Guyana, Ivory Coast, Kenya, Liberia, Nigeria, Senegal, Surinam, and Zaire. (Zaire has requested to be included in the landlocked group.)

US-EC ENERGY COOPERATION

Trading energy-saving lessons

JOSEPH FITCHETT, *Paris-based European correspondent for the* International Herald Tribune

FRANCE'S STATE-RUN TELEVISION HAS STARTED BROADcasting sketches featuring a new character: your friendly energy auditor. Scrambling through an apartment or suburban house, the auditor—usually played by an unassuming young man with an air of natural authority—lists all the points where energy is being wasted. Initially incredulous, the homeowners gradually become appreciative, especially when the auditor adds up his overall diagnosis, listing on a special form the possible energy-saving improvements—and the savings they would provide.

French viewers are urged to contact the national energy-saving agency to arrange for a free visit and diagnosis by their local energy auditor. Similar services exist for motorists and factory managers. The sponsors claim that the new French campaign will save France 1 per cent on its oil import bill in 1980. The idea is typical of the intensive consciousness-raising campaign under way in Europe on the need to save energy—or more precisely, the need to become more energy efficient.

"We got off on the wrong foot in 1974 and again in 1979 talking about 'energy conservation,'" a Whitehall research scientist says in London. "We picked the wrong image, talking about targets and ceilings, and letting the exercise smack of sacrifice and deprivation." He concludes: "We should have said, 'Insulate, and you'll save money.' It's the only language to motivate millions of people to make a million separate decisions."

By making consumers more conscious of the energy economy around them, the new European campaigns are expected to have a lasting impact. In contrast to the drastic temporary measures like nondriving Sundays or the unpopular policy of steadily raising oil product prices, the stress on energy efficiency does not involve any threat to life styles.

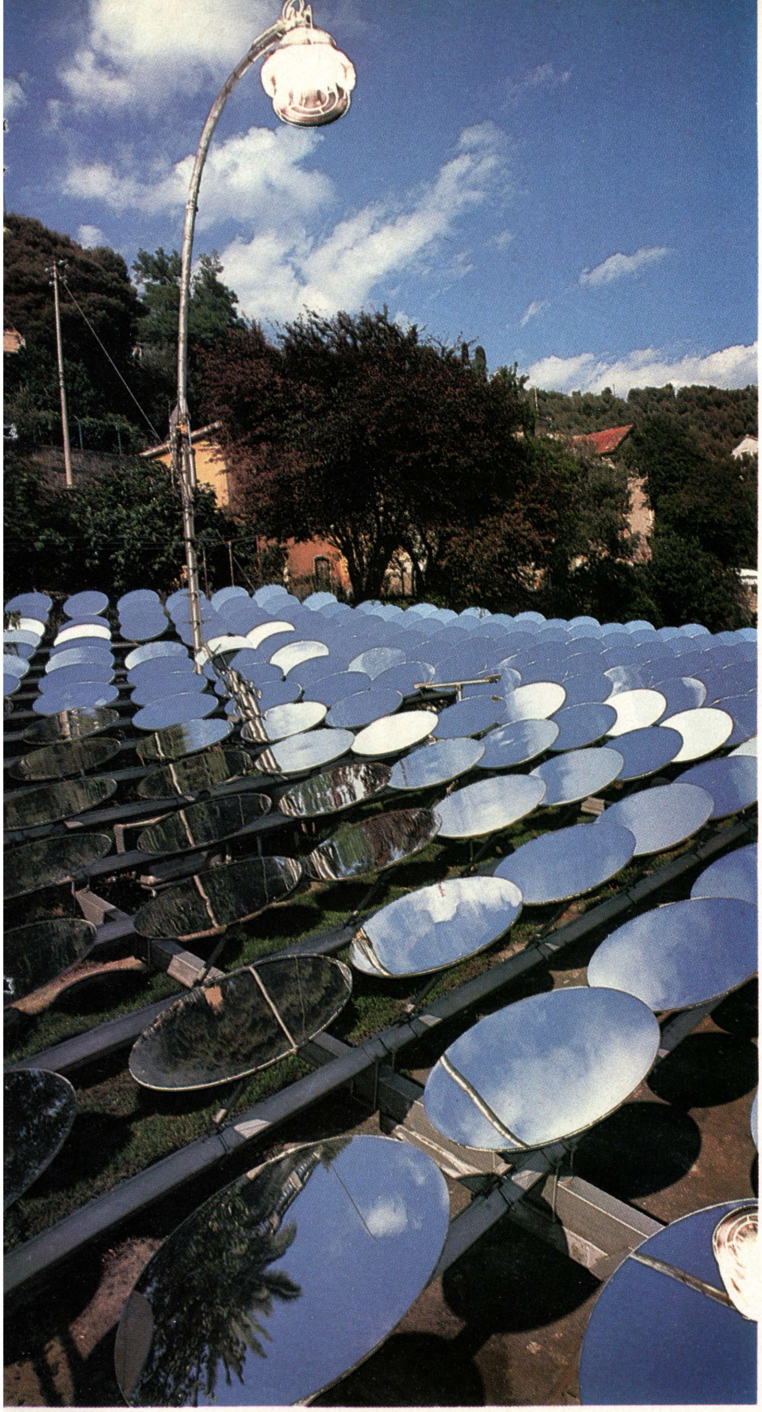
Most analysts believe that overall energy demand in the West can be reduced by 20 per cent in the mid-1980's. European experts say unless the industrial countries reach this target, there is no hope of balancing oil demand and supply in the next few years. Eliminating energy waste to this extent would still leave the West vulnerable in the event of supply disruptions due to political upheavals or sabotage in producing countries like Iran. But saving energy could enable the West to balance its accounts.

After a shaky start and frequent backsliding, the energy-efficiency campaign is gathering irreversible momentum, energy officials say. By 1977, the European Community countries were using 7-to-8 per cent less energy than originally expected, according to Riccardo Perissich, head of energy saving and forecasts for the EC Commission in Brussels. These figures tally with those of the Paris-based International Energy Agency (IEA), which covers the 20 leading industrial countries except France. The IEA conservation chief, Peter Kelly, says that IEA countries have eliminated 6.7 per cent of waste in their energy consumption since 1974. And the rate of saving, he says, is rising.

Both these experts grapple with a procedural issue: How much of a country's energy saving is due to improved efficiency and how much is due to reduced energy use because of recession? A methodological problem, it has dire human consequences. Perrisich observes: "Luxembourg scored impressive savings in industry last year, but it is a one-industry country and steel is in the throes of a recession—so it doesn't use much energy." This form of energy saving, by recession, is the most costly of all: EC and IEA specialists estimate that it costs about $250 a barrel to save oil by this method.

EUROPEAN PUBLIC OPINION HAS BEEN told repeatedly that gluttonous US consumption of oil is the main culprit for the world's energy woes. Not only does the United States consume one-third of the world's oil, but Americans make no effort to restrain their wasteful habits, the refrain goes.

How are Western countries doing on this important issue? "The Europeans aren't doing badly, but they could and must do better," says IEA Executive Director Ulf Lantzke, adding: "The United States is doing better than most people realize, but it started with a lot of waste, so it needs to redouble its efforts."



Energy conservation is not the only answer. There are also alternative energy sources, such as this solar boiler suspended over mirror field generating steam for electricity near Genoa, Italy. © Paolo Koch, Photo Researchers, Inc.

To get an overall idea of where energy is being used heavily and where it could be saved, this table offers a comparison between EC countries and the United States.

	EC Use	EC saving potential	US Use	US saving potential
Housing	35%	most	40%	some
Industry	40%	some	30%	little
Transport	25%	little	30%	most

For European experts the indispensable key to saving energy is a government's political commitment to pass along the full cost of rising energy prices to consumers. Then consumers' behavior will change, they say. This idea is only winning political ground slowly in the United States, where public opinion has been skeptical about the existence of an energy crisis and where domestic energy prices have been artificially held down. President Carter's decision to free gasoline and oil prices so that US consumers pay the world price has been welcomed in Europe—and should quickly defuse the earlier resentment against US consumers, who burn half the world's energy and had little incentive to curb their driving and use of appliances.

The emphasis on price leads to another crucial difference between the US and EC approaches. Most European governments are reluctant to impose norms of any kind, whereas US authorities often resort to them. Although Europeans often legislate building codes, they generally hesitate in other areas because of the complexities of administering European-wide codes. An EC official adds: "We think a code usually turns out to be the lowest common denominator, and then people will settle for it—when they would do better if there was an incentive."

The economics are increasingly promising, Perissich explains. In European industry, an average investment of $500 in energy saving is now needed to save a ton of oil. At this rate, the pay-back period is less than three years. In housing improvements, a $1,200 investment will produce annual savings equivalent to a ton of oil—itself roughly 7 barrels.

To stimulate energy-conscious manufacturing and purchasing, energy labeling is spreading through the Community. The EC Commission has just issued a proposed directive on ovens, for instance, that would make it mandatory for every kitchen oven to show clearly how much energy it consumes. Directives for other appliances are to follow. In contrast, the United States tends to set minimum standards as a way of protecting the public interest. On both sides of the Atlantic, however, there is agreement that government intervention is needed in the form of investment incentives and research subsidies.

A GOOD EXAMPLE IS HOUSING, which holds out the promise of the most savings in Europe. A current EC Commission study says that 50 per cent of the energy consumed for heating and appliances could be saved if the best, most cost-effective technology were widely adopted. The Netherlands, for instance, has embarked on an ambitious program of retrofitting nearly 4 million poorly insulated dwellings by 1990. For 80 per cent of all Dutch housing, it involves insulating and double-glazing the picture windows that are a ubiquitous, but often drafty, cultural device for allowing neighbors to see clearly into homeowners' immaculate interiors. The Government subsidizes one-third of the cost: With gas prices at their current levels, the pay-back period will be 10 years.

Per capita consumption of primary energy (in tons of oil equivalent)

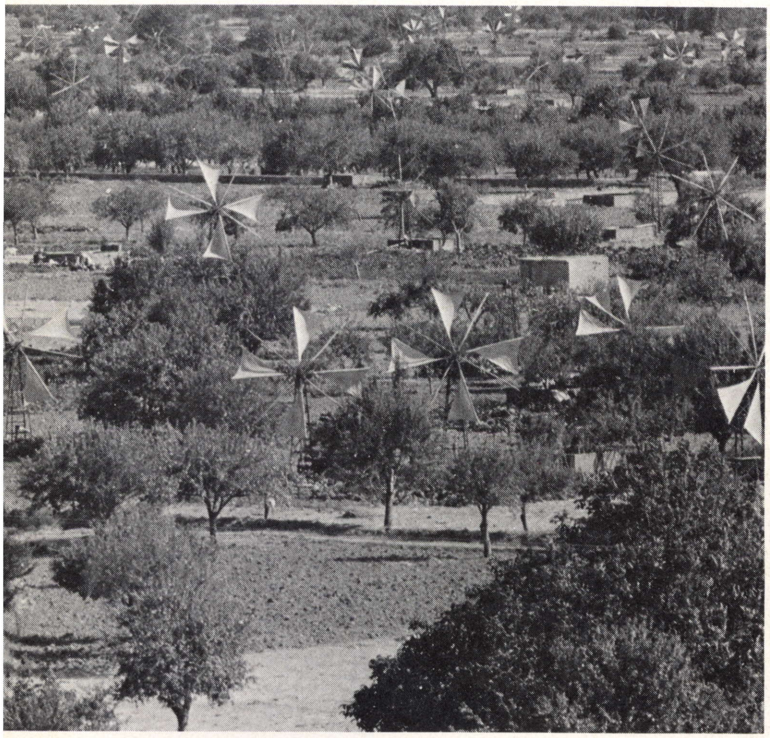
	1973	*1977*	*1977/1973*
France	3.50	3.35	−4.3%
Germany	4.37	4.20	−3.9
Italy	2.40	2.40	—
Belgium	4.81	4.61	−4.2
Netherlands	4.61	4.55	−1.3
UK	4.00	3.74	−6.5
US	8.27	8.28	+0.1
Japan	3.15	3.08	−2.2

Source: OECD

Consumption of primary energy per unit of gross national product (in tons of oil equivalent per thousand 1970 dollars)

	1973	*1977*	*1977/1973*
France	1.09	0.96	−11.9%
Germany	1.27	1.17	− 7.9
Italy	1.27	1.20	− 5.5
Belgium	1.55	1.37	−11.6
Netherlands	1.70	1.55	− 7.6
UK	1.67	1.54	− 7.8
US	1.54	1.47	− 4.5
Japan	1.33	1.19	−10.5

Source: EC Commission



Windmills used for pumping water on the island of Crete. © *Georg Gerster, Photo Researchers, Inc.*

Similar strong housing programs exist in Germany and Denmark. The Danes also have started a district heating system in Heerning, a town of 50,000 people, to study the techniques of using waste heat more efficiently. It is being studied regularly for two years by teams from other European countries and from the United States.

The most exciting initiatives in the United States have come from cities. For example, Seattle's plan to save nearly 20 per cent of planned electrical consumption by 1990 is being studied with interest by Europeans. But most Europeans say that their energy programs must operate at a national level.

Manufacturing is the easiest sector to approach, because fewer decision-makers are involved. But it is difficult to influence, because energy is often a small production factor in a company's costs. To improve industry's performance, European governments are counting on a combination of price increases, information campaigns, and government subsidies.

In Britain—the European leader in researching ways to save energy in industry—J. E. Jones, second in command at Anglesy Aluminum, told a recent IEA conference that British managers are "turning on" their workers to "turning off" energy. Motivation is the key, he said, and the profit motive is a strong one. To convince executives how much they can save, Britain and other European countries are starting small energy-saving industries. The pioneers are consultants, but now bigger companies are offering to design and maintain new installations, taking their profits out of the energy savings.

EC and IEA experts say that much more investment is needed to create a full-fledged energy-saving industry. Most European governments provide some form of subsidy to encourage energy-efficient modernization. Germany, although reluctant to intervene in private business, has a heavy investment of government funds in research and development in new energy-saving technology.

With its reliance on norms, the United States has set targets in 17 industries aimed at reducing their average energy consumption 40 per cent by 1985. But IEA officials say that the ambitious sounding program lacks teeth: US factory owners are not yet subjected to systematic reporting on their energy use. Energy auditing for factories is already a rule in Japan and spreading in Britain and other European countries.

These variations from country to country—not only in housing and industry but also in transport (see *Europe*, No. 215 & 216)—have reinforced the tendency in both the Community and the International Energy Agency to move away from macroeconomic generalities, like per capita consumption of energy, and to concentrate instead on specifics within each country. The ensuing exchange of information is more realistic—and more rewarding as lessons of success and failure.

Energy-Saving in the "Nine"

The International Energy Agency (IEA) warns that oil consumption must be cut by 10-15 per cent by 1985 to avoid supply shortages. In order to bring the message home to the public, the IEA is organizing an International Energy Conservation Campaign in schools, press, radio, and television. The aim is to convince people not only of the need to use energy more carefully, but also to adapt to a new lifestyle based on the idea that energy is scarce and expensive.

Here are some of the EC Nine's energy-saving measures:

Netherlands: With natural gas supplies fast running out, the Government has been trying to diversify energy sources. Memories of the Arab oil embargo after the last Arab/Israeli war have also helped make the Dutch conservation program one of the strongest, which includes:

- National Insulation Program. This is the keystone of the Dutch conservation effort. All Dutch homes will be reinsulated over a 12-year period.
- Transport. Public transport has been made highly efficient as well as cheaper. Cycling—the national hobby—has also been encouraged.
- Industry. Aids for introducing energy-saving techniques.

Earlier this year the Dutch introduced a "Special Voluntary Energy Savings Action Program." A major publicity campaign was launched on ways of saving energy at work and at home and on the road.

Denmark: With no coal and little oil or gas so far discovered in its area of the North Sea, Denmark is in a difficult position. Nor has it any nuclear power stations. It is the most dependent among the Nine on energy imports.

Denmark has therefore been obliged to introduce mandatory saving measures which were to have cut oil consumption by 4 per cent last year. Other voluntary measures should mean that the 5 per cent target was met. Mandatory installation standards for heating systems have also been introduced.

The Danish highway speed limit of 100 kilometres per hour is, along with the Dutch, the lowest in the Community. The Government is also considering banning motoring one day per week; car owners would put a sign on their windscreen indicating the day chosen. Outdoor illuminations and electric advertising signs are to be switched off at night. There are also heating and insulation measures and aids for industry.

France: Since 1974 the French have cut oil consumption by a total of 8 per cent—that is 25 million tons of oil. This year the Government is planning to cut oil imports by 8.4 million tons, mainly by using more coal and nuclear power.

"Gaspi," a cartoon hero, has been the main element in a massive publicity drive directed at private car owners, transport firms, industry, and all heat and light consumers.

Among the transport measures is a super-tax on vehicles with high fuel consumption. A prototype has also been developed which consumes 25 per cent less fuel. Domestic fuel oil deliveries will be controlled and heating bills in blocks of flats will be separated to encourage savings.

Germany: Growing opposition to the construction of nuclear power stations has hindered German attempts to become more energy self-sufficient. Germany imports half of its energy needs. In May last year new energy measures were adopted. They included:

- Greater use of indigenous coal instead of imported coal.
- Development of nuclear power subject to strict safety criteria.
- New energy-saving technology: for instance, use of a fuel mixture containing 6 per cent methanol.
- Greater use of electric heating pumps.
- District heating systems.

United Kingdom: It is in the lucky position of shortly becoming a net energy exporter due to its North Sea oil and gas. By the end of 1978 only 106 million tons of oil out of estimated reserves of up to 4.4 billion tons had been recovered.

The United Kingdom has enough coal to last 300 years. Its 19 nuclear power stations supply 15 per cent of electricity needs, and this is planned to rise to 50 per cent by the end of the century.

The aim of Britain's 10-year energy conservation program is to save 11 million tons of oil equivalent per year. Its main features are:

- Improvement of public-sector building and private home heating control and insulation; subsidies for private housing insulation.
- Mandatory standards for installing heating systems.
- Industry advisory centers and grants for developing energy-saving equipment.
- Standard mileage fuel tests for vehicles.
- 'Save it' public information campaign.

Ireland: Importing 80 per cent of its energy needs, Ireland is one of the Community's least energy self-sufficient members. Moreover, its vigorous industrial development program means that energy consumption will nearly double between 1977 and 1985.

Peat, given escalating oil prices, has become an increasingly economic fuel for electricity power stations. With nearly 2 million acres of peat bog, Ireland is able to produce about 1 million tons of oil equivalent annually. It also produces the same amount of natural gas. However, it has no nuclear power stations and there have been vociferous protests from many quarters about plans to build one.

The Government is relying mainly on price mechanisms and voluntary measures. These cover better home insulation, heat pumps, district heating, and use of waste heat.

Italy: Like Ireland, Italy is highly vulnerable—importing over 80 per cent of its energy needs. The national energy plan adopted in 1977 has been hampered by public opposition to the construction of nuclear power plants. A new energy-saving plan was proposed in April 1979, putting greater emphasis on coal. Two types of measures were envisaged:

- Immediate: Apart from standard measures such as stricter speed limits, the introduction of "summer time" from March 15 to October 31 will yield major savings. Petrol and diesel prices have again been raised so that they are now about the highest in the Community. There are plans for shops to close earlier.
- Medium term: There are plans for switching the Mezzogiorno from electricity to methane gas, for the construction of four coal-fire power stations, for a five-day week in schools and offices, and for the suspension of the cheap petrol coupon system for tourists.

Belgium: Importing 85 per cent of its energy needs, including all its oil and gas, Belgium is highly vulnerable to supply shortages. Energy consumption per head is much higher than in Britain, Germany, and France.

The Government presented its energy program to parliament while a first set of energy-saving measures was implemented last fall. The measures cover homes, industry, and transport and are similar to those in other member states. In the transport sector the Government wants to develop the use of electric cars.

Luxembourg: Its unenviable position as the greatest energy consumer per head in the Community is due to its fuel intensive steel industry, the backbone of the economy. The Government's main energy-saving effort is therefore concentrated on developing alternative energy sources for the steel industry, such as coal gasification, and more energy-efficient production techniques. Intense lobbying by ecologists has blocked plans to build a nuclear power plant on the Moselle River.

The Government also has plans to improve heating insulation and controls, district heating, use of waste heat, and grants to industry for switching from oil to other energy sources.

The US, EC, and IEA

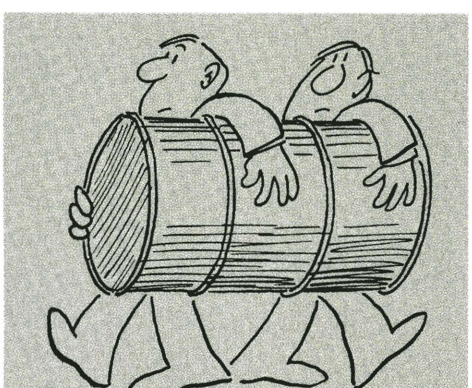
Energy conservation has brought closer together the European Community and the International Energy Agency (IEA)—a Paris-based organization grouping the United States, Japan, and 18 European and other leading industrial nations. The EC Commission has permanent observer status, and EC Energy Commissioner Guido Brunner attends IEA ministerial meetings.

Set up on US initiative in 1974 after the Arab oil embargo, IEA was designed to handle emergencies. It devised an oil-sharing plan to reallocate oil among member countries that is triggered automatically if a 7 per cent shortfall appears in world supply. Regular computer simulations are held in the closely guarded IEA headquarters overlooking Paris's Bois de Boulogne.

Alone of all EC countries, France refused to join IEA—because it considered the US-dominated agency a kind of "buyers' cartel" that wanted to confront the Organization of Petroleum Exporting Countries (OPEC) instead of seeking a dialogue with the oil-producing states. In the ensuing five years, that has not happened. "We have had to come to grips with the long-term structural energy crisis," says IEA Executive Director Ulf idarity. After last year's Tokyo summit, the Lantzke, a German with 20 years' experience on energy problems in the Bonn Government.

In effect, IEA has become the interface for energy cooperation between the United States and its European allies. The debate has become highly politicized, and the agency has been an effective forum for defusing initial US-EC European rivalries, gradually rallying the consuming nations around an agreed analysis, shared policies, and mutually supporting conservation programs.

Since energy saving requires some controversial measures, democratic leaders find it easier to push these policies domestically as part of a commitment to international sol-participating countries assigned the follow-up responsibility for their energy decisions to the Organization for Economic Cooperation and Development's (OECD's) specialized offspring, the International Energy Agency.



"EC-US" © *Bas,* Tachydromos, *Greece*

While it cooperates closely with the Community — particularly since France still has not joined — the IEA secretariat of 200 specialists, with their network of contacts throughout the industry, monitors each government's performance. In addition, the IEA, again with EC cooperation, has set up a registry of world oil transactions to record each country's imports. The objective is to identify offending countries that consume more than their self-imposed ceilings.

Besides encouraging consumer restraint, the register is meant as a first step toward controlling transactions and prices on the Rotterdam spot market, where oil is auctioned to the highest bidder instead of being sold under long-term contract at OPEC prices. Since spot market prices often rise to double the official OPEC price, European experts see the uncontrolled spot market dragging up OPEC prices in its wake. Conversely, a controlled spot market, if the Community and IEA one day can agree on effective procedures, would relieve the pressure on oil prices.

—**Joseph Fitchett**

MEMBER STATE REPORT

DENMARK

Welfare state reappraisal

LEIF BECK FALLESEN

economic editor of Radio Denmark in Copenhagen

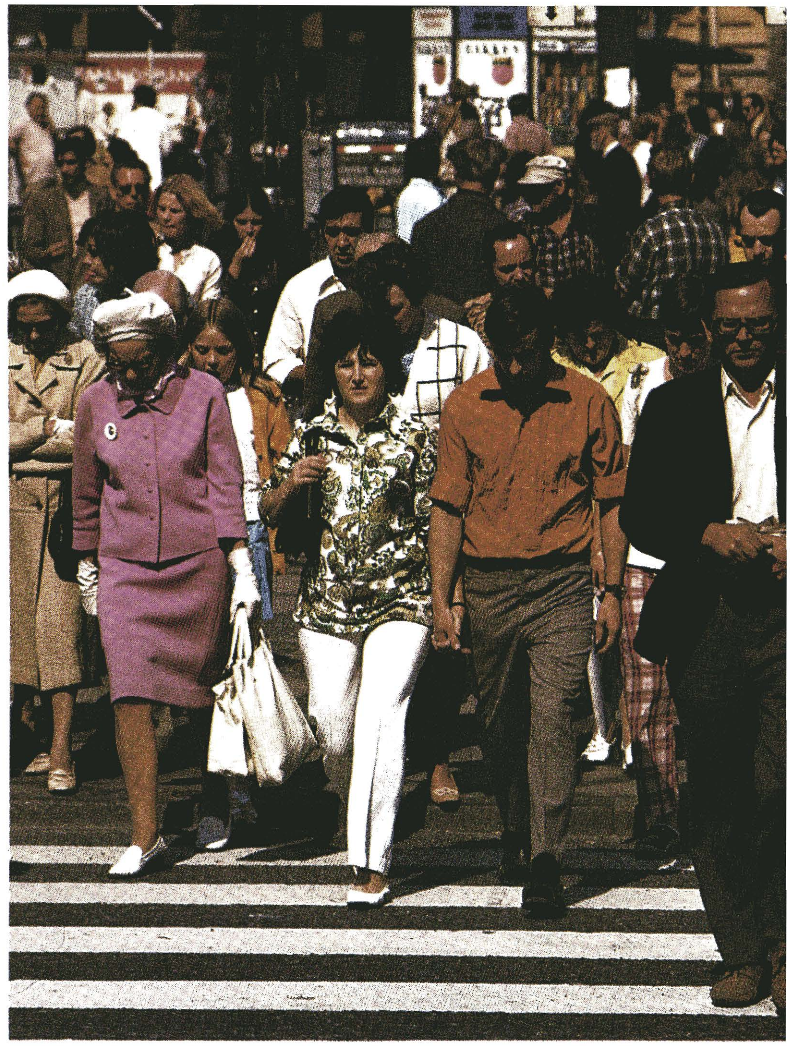
DENMARK HAS FOR MORE THAN THREE DECADES BEEN A byword for the welfare state in Europe. Not by chance, the Social Democratic Party—in government for most of this period as it is today—has proudly and not unjustly claimed responsibility. To this day the party has never wavered in its commitment to create an ever more comprehensive and egalitarian welfare state.

But even the most dedicated Social Democrats now recognize the need for a reappraisal of the welfare state, a reappraisal that—however agonizing—must include the economics, the mechanics, and perhaps even the future quality of the welfare state as the Danes know it today: free education, free health services, and an economic safety net assuring that the standards of living can be maintained at the level the individual is accustomed to (even in case of unemployment or sickness) for a period of several years—just to mention the more salient features.

ECONOMICS FIRST. Although the statistics show that the Danes are still the richest people in the Community and among the richest in the world—in 1978 the per capita gross national product (GNP) was $10,682, versus $10,342 in Germany and $9,584 in the United States—the same EC statistics show that this state of affairs may soon be history. In the growth league, Denmark is the rear guard of the Community, adding only 1 per cent to GNP in real terms from 1977 to 1978, versus an EC average of 2.7 per cent, 3 per cent in Germany, and 3.8 per cent in the United States. Neither 1978 nor 1979 promise any improvement in the relative position of Denmark.

Much of this can be attributed to events outside Danish control, such as the oil crises of 1973-74 and 1979. Certainly, no one can dispute the fact that the Danish economy has been relatively harder hit by rocketing energy prices than any other country in the Community—reflecting the fact that Denmark has virtually no indigenous sources of energy.

The Danish energy bill was expected to be at least 50 per cent higher in 1979 than in 1978, and the full blast of this has hit the balance of payments—almost doubling the deficit to 14 billion kroner ($2.8 billion) in 1979, or a hefty $500 per capita. Not surprisingly, the Danish Government is giving energy savings a high priority, and the first reliable EC statistics do give the Danes high ratings in this respect.



"More than every fourth Dane of working age is now employed in the public sector." A street scene in Copenhagen. © *Elisabeth Weiland, Photo Researchers, Inc.*

But the Danish economy may have been in deep trouble before the oil crises: Oil just made things worse. Even economists with impeccable Social Democratic credentials are grudgingly subscribing to the consensus nonpartisan view of Liberal and Conservative economists that the structural changes in the economy, brought about primarily by the rapid development and evolution of the welfare state in the 1960's, have had several serious, and mostly unanticipated, effects.

Perhaps the most important of these effects is that the private industrial sector is being crowded out by a large, and still growing, public sector. More than every fourth Dane of working age is now employed in the public sector—outstripping employment in private industry years ago. How is real growth sustained in a society where the industrial sectors of the economy are becoming less and less significant, in employment and in money terms, than the nonindustrial sectors, private and public service?

In the United States this has been discussed recently in the general context of productivity; in Denmark it is seen as a fundamental problem suggesting—to some, proving—that Danish industry is simply too small to produce what is needed to achieve equilibrium on the trade balance, let alone the surplus needed to work off the huge foreign debt of 70 billion kroner ($13.4 billion), the cumulative result of 16 years of deficit in the balance of payments. And whatever the merits of defining services of the public sector as production—from the point of view of quality of life, perhaps just as important as industrial production—it is fairly obvious that neither public nor private services can to any significant extent pay for imports. The production potential of the private industrial sector has thus become a vital constraint on the further development of the welfare state.

A second important effect of the existing welfare state is the tax level. At a conference of tax specialists in late November, there was no opposition to the projection of one of the most prominent participants—that if growth in public consumption continues on the same trend as in the past decade, and is to be financed by taxes, then there will an *endlösung,* shortly after the year 2000, when all private income will be taxed away. An academic proposition? Certainly, but the participants in the conference were in general agreement that both the wisdom of macroeconomics and electoral politics serve notice that there is little, if any, scope for tax increases to finance a further improvement of the welfare state.

The third important effect of the welfare state is that the economy has simply become more unmanageable. Textbook assumptions about the reactions of the economy are no longer valid; unemployment, for example, does not automatically mean that effective demand in the economy is reduced. The unions have calculated that unemployment benefits on the average equal about 80 per cent of the salary of the employed workers, unskilled and skilled. But in many cases the real disposable income of workers is not reduced at all; the unemployed can claim various cash benefits—the criteria being that all temporary reductions in income must be compensated by the government so that the standard of living for the individual is maintained. This includes the payment of mortgages, installments on furniture, television sets; and the definition of "temporary" is flexible.

In times of full employment, the cost of this fine-meshed safety net would be acceptable, but now it is a very heavy burden indeed on the budget. In 1980 government economists expect the total cost of unemployment benefits, cash grants to the unemployed, and sickness pay to be almost 18 billion kroners ($3.5 billion), or more than education and defense put together.

It is, however, not only a question of cost. The maintenance of the standard of living of the individual, where he lives, reduces the mobility of Danish industry labor to almost nil. And thus almost a third of Danish industry

An excursion barge in the sailor's district in Copenhagen. © *Susan McCartney, Photo Researchers, Inc.*

Tivoli Park in Copenhagen. © *Jack Fields, Photo Researchers, Inc.*

claim they cannot hire the labor they need, at the same time that 150,000 Danes claim they cannot find a job. The easy solution, to order people to move to where the jobs are, is not so easy. Quite apart from the political difficulty of devising sanctions that are strong enough, the fact is that most Danish women work, and a husband's moving may cost a job at the same time that it provided one—leaving the family in a dubious position.

THE REPERCUSSIONS OF THE RAPID DEVELOPMENT of the welfare state, and especially the rise in the tax level, are also obvious in the political system. The anti-tax party of Mogens Glistrup sprang to life in the elections of 1973, becoming the second largest party in parliament. Analyses show that the party has not simply attracted tax dodgers and the well-to-do, however prominent they are among the party's members of parliament. Many workers, both white and blue collar, have voted for the party, and the party could, at least until the October elections, claim to be the second largest workers' party. The party leader is on trial for tax fraud, and this combined with seven years of ostracism in Danish politics had its effect at the last elections. But the presence of the party is still strongly felt in Danish politics, and the Conservatives were able to mop up most of the voters Glistrup lost, significantly on a platform that in substance, if not in political phraseology, differed little from Glistrup on the tax issue.

Some believe that there are other factors at work. A former Liberal foreign minister, Ove Guldberg, published a book called *The Ungovernable Denmark* a few weeks before the October election. The main theme of his book is that Danish political parties have succumbed to the influence of interest groups and the government's own bureaucracy—leaving Denmark ungovernable. The demands of the various interest groups, expressing the egoism of their members, are incompatible, and the government bureaucracy works so closely with the interest groups that the politicians are ill-served.

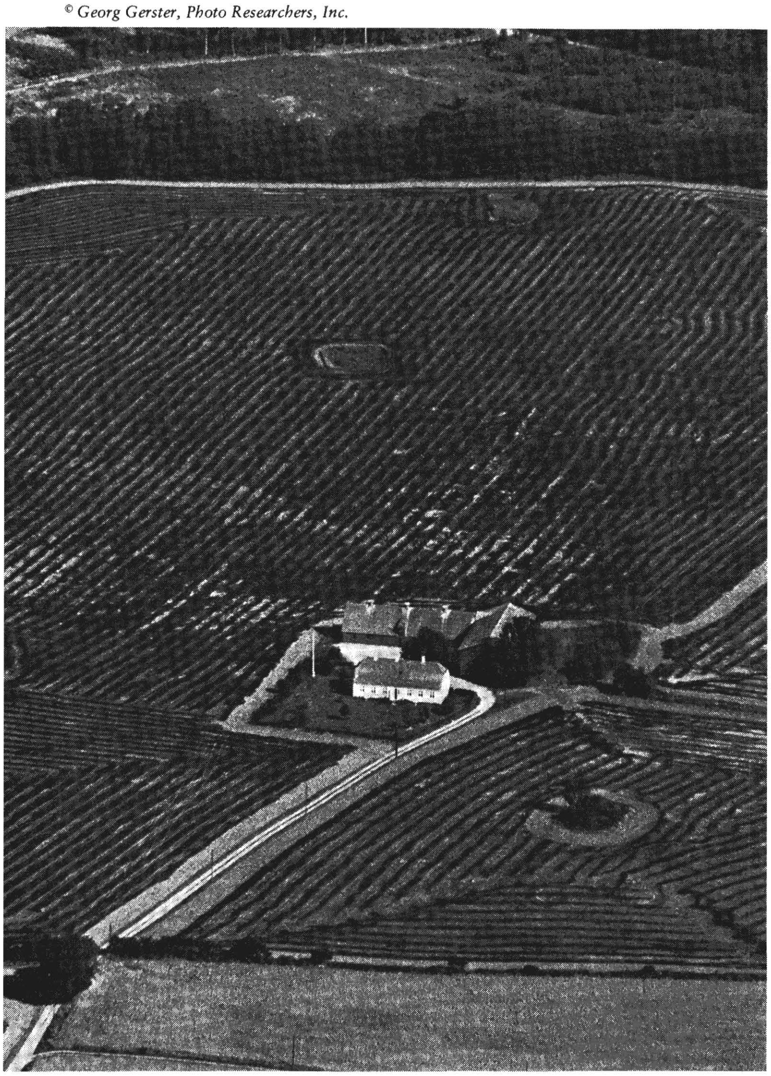
The Liberals and Conservatives regard the October election as the best example to date of abuse by an interest group. The coalition Government of Social Democrats and Liberals, formed 14 months earlier as a nonideological marriage of convenience with the explicit task of setting the Danish economy on a sound basis, collapsed when the most powerful interest group in the country, the trade unions confederation, refused to accept further economic austerity measures without compensation in the form of "economic democracy"—requiring not only obligatory profit-sharing but also a pooling of the funds in financial entities under union control. The unions argue that in the short run, wage earners have a legitimate demand for a share of the profits created by falling or stagnant real wages; in the long run, a strong, union-led, economic presence is the only way to make sure the economy will work.

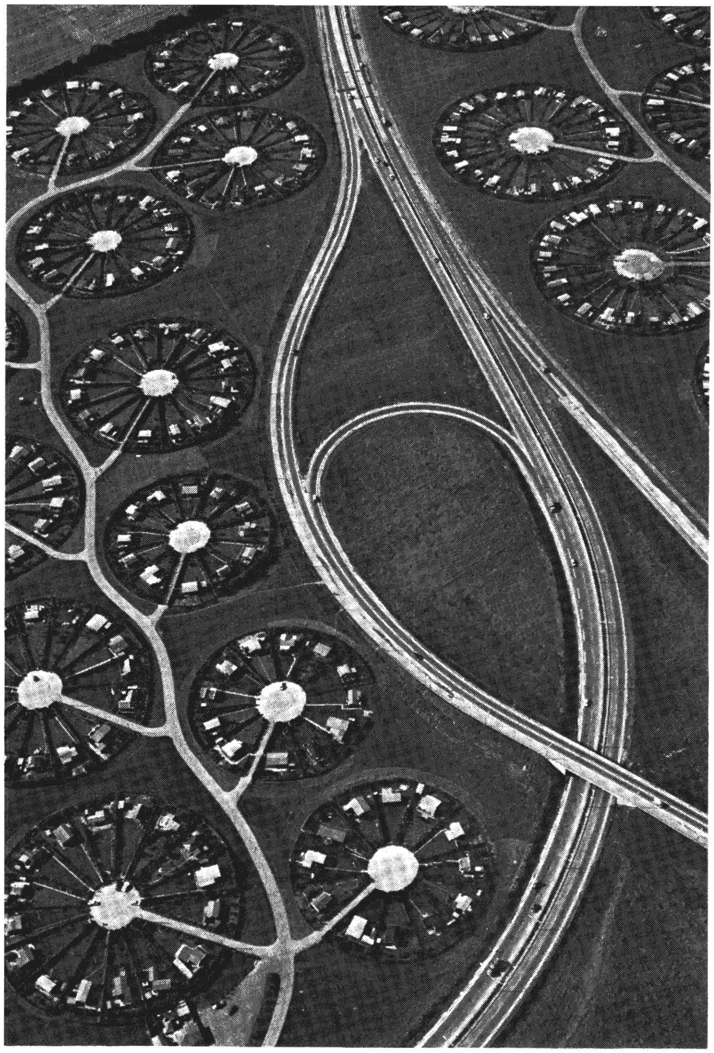
Modern apartment buildings near Copenhagen. © *Paolo Koch, Photo Researchers, Inc.*

All nonsocialist parties refuse to accept these arguments. In the short run, these parties say, the wage restraint carries its own reward in the shape of a more competitive Danish industry, and thus more jobs. In the long run, union-led economic empires will turn Denmark into a stagnant society.

The present Social Democratic Government still insists on a trade-off between economic austerity and economic democracy. Opinion polls show that the rank and file of the unions do not regard this trade-off as vital, and it is still uncertain whether the Government can or will be able to get the necessary majority in parliament for anything but a watered-down version of economic democracy. The nonsocialist parties have threatened to call for a referendum if the Government insists, and this may still pave the way for a compromise between at least the two parties in Government until October, the governing Social Democrats and the Liberals. The Liberals are prepared to accept some sort of profit-sharing in return for a strongly deflationary package of government economic measures.

About 70 per cent of the land in Denmark is devoted to agriculture. Most farms are small and medium-sized holdings of between 25 and 150 acres. © *Georg Gerster, Photo Researchers, Inc.*





Allotment housing near Copenhagen. © *Georg Gerster, Photo Researchers, Inc.*

But whatever these measures are, it is certain that a reappraisal of the welfare state will continue. Former Finance Minister Knud Heinesen, regarded by friend and foe as the most gifted of the Social Democratic economists and now the party majority leader in parliament, said just after the elections that Denmark is heading straight toward an economic abyss and that, if nothing is done, it will only be a matter of a few years before the abyss is reached.

He also insisted that it is time for industrial production to become a key goal of economic policy—implying that at least in the next few years there will not be money for new welfare projects. The question is whether there will be money for the welfare Denmark already has. Employers now have the courage to demand the freezing of unemployment benefits, and the Government itself has started a critical evaluation of how wage earners react when they are offered a job and how the various welfare payments interact—in an attempt to find formulas not biased in such a way that it pays not to work.

Denmark is not dismantling the welfare state but, rather, stopping the clock for the time being and allowing appraisal and the passage of time to lower the economic safety net from the very generous to the merely but sufficiently adequate level. And there are perhaps some lessons for other Western industrialized democracies.

around THE capitals

Bonn

Four deputies in jeans and sweaters marched into Bremen's city parliament one after the other, their arms filled with bouquets of flowers, their hands grasping stuffed toy animals representing Bremen's fabled town musicians. For the better part of a stormy first session of that august body following recent elections, the four refused to take the seats assigned them, protested their exclusion on a technicality from parliamentary committees and offices, and then abruptly marched out much as they had entered.

The "Greens" had elbowed their way into their first state parliament in Germany, in the tiny northern city-state of Bremen, and they were letting the world know it. Who are the Greens? They belong to a gathering of environmentalist and other groups who have had surprise success in local elections here, and may wind up determining Germany's national elections next November, should their luck hold out.

Environmentalist groups have populated the German political landscape for some time now, but only the last year's electoral battles have put the Greens into the headlines and made their leaders' names household words. Granted, they stumbled over the 5 per cent hurdle—an electoral clause stipulating that parties must win more than 5 per cent of the vote to seat deputies—in Hamburg and Lower Saxony earlier this year. But they also blocked the entry of the small Free Democratic Party, the junior partner in Bonn's coalition Government, by siphoning off protest votes.

And the Greens didn't give up. Encouraged by the 3.2 per cent of the vote to the European Parliament they received, they landed 5.1 per cent in Bremen, or four parliamentary deputies. In recent local elections they have done even better. During elections in the state of Baden-Württemberg a local slate in the town of Tübingen grabbed 11.7 per cent of the vote. Election analysts say the majority of the Green voters are middle-class Germans, with few of their supporters coming from the working class. And, as

The "Greens" demonstrated at the first session of the directly elected European Parliament last July.

might be expected in what seems to be largely a protest vote, they are young—with estimates putting two out of three of their voters under 30 years of age.

The Greens fit well into the German landscape, where highlands, forests, and heaths have long been targets of the national wanderlust. Germany brought forth the first, and perhaps the most vigorous, antinuclear movement long before Three Mile Island. Opposition to nuclear power has imposed a virtual moratorium on expansion of the country's nuclear power plant construction. In recent months environmentalists have not even hesitated to take on NATO forces stationed on German soil, when they felt the well-being of the land was at stake — as in West Berlin, recently where hundreds of Greens battled police in an unsuccessful attempt to halt the felling of 30,000 trees that British military authorities claimed blocked the approach to Gatow airport.

The Greens' next tests will be in key state elections next spring in Baden-Württemberg and North Rhine-Westphalia. To close ranks for these electoral battles and others to follow, 1,000 Greens gathered in early November in Offenbach, near Frankfurt, to lay the groundwork for a national party.

The Offenbach meeting brought out a mixed bag of activists, ranging from vegetarian naturalists in their quaint homespuns to hardened opponents of nuclear power. And the group was more than a gathering of environmental lobbyists. Spokesmen declared the movement to be against, among other things, violence and the established parties, and for, among other things, peace, grassroots democracy, Christianity, and the rights of workers, women, and the Third World. A motion to exclude extreme left-wing splinter groups from participation was voted down by a healthy majority. One delegate expressed his enthusiasm for the diversity by quoting Nietzsche: "There must be chaos for a star to be born." Representatives were to meet again in January to frame bylaws for a national party.

For the moment, the major parties must reckon with the Greens. Remarked the Free Democratic Party national director, Günter Verheugen, recently, "They are a symptom of something deeper, of a far-reaching criticism of the political situation." For however long they remain a force to be reckoned with, it may be just long enough to spoil things for the governing coalition of the Free Democratic Party (FDP) and the Social Democratic Party (SPD). Until now, Green successes at the local polls have been at the expense of these two parties. And party leaders have begun hinting that a vote cast for the Greens in 1980 just may be a vote for Franz Josef Strauss, Chancellor candidate of the opposition Christian Democratic Union, and its sister party, the Christian Social Union.

In 1976 the Christian Democrats and Christian Socialists won the largest single block of votes, and only the combined forces of the Social Democrats, with 42.6 per cent, and the Free Democrats, with 7.9 per cent, brought the SPD-FDP coalition to power. But observers say that, should the Greens succeed in garnering 3 per cent of the vote, they would draw off enough strength from the coalition to tip the outcome in favor of the Christian Democrats. The irony of it is that, in a recent poll, 70 per cent of Green supporters voiced a preference for Chancellor Helmut Schmidt over his challenger Strauss. Should the Greens get their expected share of the 1980 vote, they just might end by giving the election to the man they say they least want. —JOHN TAGLIABUE

London

The British Broadcasting Corporation (BBC) World Service has survived a Government attempt to cut some of its overseas radio broadcasts. It was a victory that preserves the programming in seven threatened languages — French, Italian, Greek, Turkish, Maltese, Burmese, and Spanish. But it came at the expense of the World Service's drive to improve its audibility.

To avert an embarrassing setback in Parliament, the Government switched a proposed cut of $5.6 million in the overseas vernacular service to projects for making the BBC better heard in places where it is today almost unlistenable. The juggling of priorities led one opposition Labor parliamentarian to grumble that the BBC was in danger of bearing the motto, "Nation shall murmer unto nation."

Increasing transmitter power has become critical for the World Service, because other countries, including the Soviet Union and the United States, have begun surpassing some of their overseas broadcast competitors with superior technical means. The BBC estimates that 100 million people worldwide hear its external broadcasts in 39 languages. Although it gets its yearly operating money — $92 million at present — from the Foreign Office, programs firmly assert their independence from official British Government policies.

The World Service's reputation for impartiality and balanced reportage has become something of a British institution—a reminder that the British still can do some things better than anyone else. So it was that when Prime Minister Margaret Thatcher tried to apply her public spending hatchet to world service programs, Parliament rose to its defense. Thatcher, dubbed "Attila the Hen" by one press pundit for her vigorous cutback offensive, apparently badly misread the mood of her own party. More than 100 Conservative backbenchers joined opposition Laborites in voicing opposition to any reduction in broadcasts—forcing the Government to rapidly retrench.

The hasty compromise did not please everyone. Thatcher's critics said, among other unkind things, that keeping the language services intact while leaving transmitters feeble was not just absurd but also profoundly absurd. Anyhow, the BBC can chuckle over a farsighted pronouncement by *The Times* of London. Having the typographical shakes upon returning after a 347-day absence, *The Times* said in its report of the parliamentary debate: "The eternal services were one of a shrinking number of Britain's lines of defense. . . ."

London's red doubledeck buses have been officially reprimanded for poor service. When approval-seeking London Transport officials submitted to the Greater London Council their $1.2 billion budget and plans for 1980, the Council promptly bounced them back. The Council said London Transport's whole approach to complaints of badly deteriorating bus service was unac-

ceptable. A redraft was ordered.

To be fair, the problem is complex. With the underground, or subway, plus 5,500 red buses on 300 routes, London Transport is one of the world's biggest public transport organizations. The underground is not the whiz it once was, but the bus service pales by comparison. Busmen cite traffic congestion, with some justification, as one of their biggest problems. Another is a shortage of more than 3,000 drivers and conductors. The jobs go begging. But a third woe is less arguable: Up to 1,000 buses can be off the streets on a given day because of breakdowns.

The bus plight has resurrected talk of a jitney service for London. A borough of Westminster engineer suggests a stretched version of the famous London taxi that could carry up to 12 passengers. The cabs presently have a capacity of five. The maxi-taxi would, says engineer Alan Cryer, provide a service between "the space-squandering bus and the exclusivity of the unshared cab." The jitneys could have a flat fare structure, Cryer says. The first passenger would tell the driver his destination. A lighted board would then display the destination area, so others bound that way could hail the jitneys en route. It's a nice thought for those freezing mornings at the bus queues when the doubledecker finally looms into view — and sweeps past fully loaded. —PETER J. SHAW

Dublin

Roy Jenkins was in Dublin the day the Fianna Fail Party elected Charles Haughey to succeed former Prime Minister Jack Lynch. The President of the EC Commission had a lengthy meeting with Lynch, but there was no time to meet the Prime Minister designate. So Jenkins left Dublin, still having never met Haughey, ever. In Brussels Haughey is little known. As minister for health and social services, he was not a frequent visitor. He attended two Councils of Ministers in 1977, only one in 1978, and none at all in 1979. He was not directly involved in Dublin policy towards Europe.

But if Brussels does not know Haughey, he certainly knows Brussels and the European Community. In the late 1960's he was minister for finance and a strong advocate of Irish membership in the Community. He was one of the key negotiators of the Anglo-Irish free trade area agreement, a vitally important treaty leading over a five-year period to the elimination of trade barriers between Britain and Ireland, and clearly seen then as a forerunner to both British and Irish membership in the Community.

When the Hague EC "summit" of December 1969 opened the way for movement on the British and Irish applications for membership, there was a distinct possibility that the task of negotiating Irish membership would be coordinated by the Department of Finance, not Foreign Affairs. If that had happened, then Haughey, not Dr. Patrick Hillery, would have been the central figure in taking Ireland into the Community.

New Irish Prime Minister Charles Haughey. © UPI

Would have been, that is, if other events had not intervened. For just a month before the Irish negotiation opened in June 1970, Haughey was dismissed from Government by Lynch, because, said the Prime Minister, the security forces had information involving Haughey and another minister, Neil Blaney, in the illegal importation of arms. Haughey was put on trial later that year, and acquitted. But his political career was in ruins.

He remained a member of the Fianna Fail and a backbench member of the Dail. And he retained his interest in Europe. In December 1970, while still very much in disgrace, he went on a one-man, self-financed information visit to the EC headquarters in Brussels. He was received by two vice presidents of the Commission, Dr. Sicco Mansholt and Raymond Barre, now Prime Minister of France. The following year, still in the political wilderness at home, he went on an information visit to the United States. Among those he met there was Senator Edward Kennedy, with whom he discussed Northern Ireland. Haughey claimed that the Senator would swing the Democratic Party behind support for the peaceful unification of Ireland.

At that time Haughey was an advocate of a United Nations force in Northern Ireland as an alternative peace-keeping element to the British Army, which he regarded as unacceptable. From 1970 through 1972, as Ireland negotiated its terms of entry into the Community—and had those terms overwhelmingly endorsed in a referendum—Haughey remained on the political sidelines. In 1972 a parliamentary committee reported on the public finance aspect of the alleged arms importation conspiracy. Some 100,000 pounds sterling of government money was unaccounted for, and the committee's report was critical by implication of Haughey. There were calls for his withdrawal from public life.

But a year later it was the European Community that, indirectly, gave him his first real chance to begin a political comeback. In July 1973 a joint parliamentary committee was established with the task of examining all aspects of EC legislation. It was a new type of committee, with power to question civil servants and to hear deputations from outside parliament. And it sat in public. The coalition Government agreed that the chairman of the committee would go to an opposition nominee. The opposition nominated Charles J. Haughey.

He served as chairman for four years, working hard both in his public role and in the sub-committees that tackled the fine print. It was the sort of work that fitted his taste for technical detail, and in the process it made him one of the best informed deputies on all aspects of European Community affairs. Even political opponents who felt there were indelible question marks over his name from 1970 conceded that he made an excellent chairman of the EC committee.

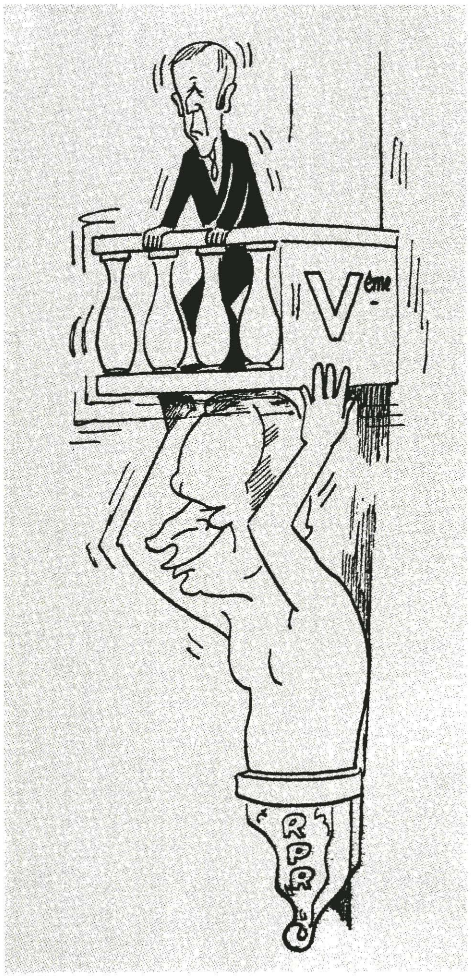
In 1977 Fianna Fail came back to power, and a rehabilitated Haughey came back to Government as minister for health and social services. Now he is Prime Minister, and thus during the last weeks of 1979 was President of the European Council. Whatever the fears and apprehensions about Haughey's rise from the political ashes, it means that at European summits in the future Ireland will be represented by a tough negotiator who really knows the European Community. —DENNIS KENNEDY

Paris

The autumn season was a mélange of nostalgic reminders of the past and disquieting signposts to the future. On the ninth anniversary of Charles de Gaulle's death, the Government prepared to open to the public, La Boisserie, the modest country home bought by the general before World War II. De Gaulle deliberately chose the location in eastern France where he assumed, in the logic of the period, he would be frequently assigned. La Boisserie has 19 low-ceilinged rooms furnished with unpretentious bourgeois furniture and the mementos of de Gaulle's years of public service—photographs and simple *bibelots* from his travels and state visits. The gifts of any worth that he received as President of France were turned over directly to the state.

The question of gifts came up to trouble President Valéry Giscard d'Estaing late last year, but with the 1981 presidential campaign already underway, Giscard had reportedly warned his entourage to expect an increase in personal attacks as far back as last spring. Nonetheless, there seemed to be a *malaise* in France last fall that could not be entirely blamed on these unproven allegations. It stemmed from shifts in the political order. The old majority coalition is breaking up, and the fractious performance of the two ruling parties in the fall session of the National Assembly was reminiscent of the Fourth Republic and what de Gaulle called the *régime des partis*.

For the first time since the Fifth Republic began, the Government could not muster enough support to pass the revenue portion of the budget on the first reading. The issue was finally forced to a vote of confidence by the Government's own partners, the Gaullist Rassemblement pour la République, which used the debate to criticize the policies of Prime Minister Raymond Barre and to make the party's differences with Giscard and his political formation, the Union pour la Démocratie Française. Relations between the two groups seemed bound to get worse. The Gaullists, led by former Prime Minister Jacques Chirac, who has presidential ambitions of his own, are determined to establish a separate political identity. To do this they will continue to harass Giscard and play



The Caryatid. "I shake a little but I always support it!" © *Padry,* Le Herisson, *Paris*

self-serving politics with the economic crisis.

The upcoming presidential elections are changing the political landscape on the left as well. In a tactical shift, the Communists are behaving as if another term for Giscard would suit them far better than helping to make the Socialists the first party of France. The Socialist Party first secretary has finally heard the message. After months of insisting that renewing the union of the left was the only way to power, he recently made a very public courtesy call on Jacques Chirac and commented that there are obviously areas where the two men's parties could agree. Strange bedfellows indeed, and probably not quite what Giscard meant when he predicted that the left-right polarization of French politics was not a permanent condition.

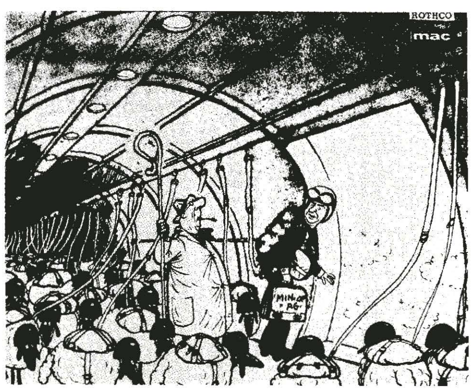
—PATRICIA H. PAINTON

Luxembourg

The delegation of French shepherds waiting outside the EC Council of Ministers meeting on a cold November morning got very cross when told the man they had come to petition—British Agriculture Minister Peter Walker—had already left Luxembourg. "*Anglais—nous vous gigoterons,*" said one of their banners, which seemed to imply they wanted to make minced mutton out of the absent Walker. Their tempers did not improve when a Council official came out and told them they would do better to cross the road and lay their protest at the doorstep of the European Court of Justice, as it was the Court that had touched off their problem by ordering France to drop its restrictions on the import of cheap English lamb.

The "lamb war" ("sheepmeat" is the inelegant official term) is in fact only the latest in a string of cases handled by the European Court which have had resounding political implications. These in turn have led to sharp increase in interest in the Court. What exactly is it? Who sits on it? Can there be appeals against its rulings? How can it enforce compliance?

The ignorance is understandable. Visitors to the European Parliament and Council complex on the Kirschberg Plateau just outside the city of Luxembourg seldom fail to exclaim over the striking modern lines of the rust-colored building across the street, even if to some it looks like an unfinished attempt to make a model of the Lincoln Memorial with an erector set. But once they learn it is the seat of the Court, their interest seems to disappear in a flash. The Court is not deliberately secretive, but lawyers being lawyers,



"I hope you know what you're doing, Mr. Walker. My sheep have never parachuted into France before." © *Mac,* Daily Mail, *London*

they have never felt it necessary to proclaim their work day after day to the world at large.

The Court is nevertheless one of the most authoritative of the EC institutions, and its anonymity may not last much longer. It is, in essence, the legal conscience of the Community. Each of the nine member countries appoints one judge, and there they sit in red-gowned splendor passing the final rulings on the interpretation of EC law. In practice the Court pronounces on disputes between EC member states, between one or more of them and the EC Commission, and between individual citizens or companies and either governments or EC institutions. There is no appeal against its judgments, and while the Court has no specific power to enforce its rulings, any prolonged breach of its orders would call into question the will of the country concerned to remain a member of the Community. For individuals or companies enforcement is a matter for national courts.

This somewhat dry analysis in fact masks very considerable powers as the French, Italian, and British Governments have already discovered, to their cost. Of course, the Court does not give political decisions, but there are some critics who maintain that its rulings have been consistently federalist in character and that it has sometimes gone too far in favoring the Community approach over the national interest.

What is true is that the number of cases brought before this supreme European bench is growing rapidly, and while most are of a technical nature dealing with alleged breaches of the rules of free competition, enough involve fundamental national policy issues to make the Court into a potentially very influential shaper of the course of the Community. The lamb war—and France's decision to ignore the Court ruling on admitting English shipments—is important both in itself and as a possible pointer to significant judgments on Britain's fisheries policy. So far all countries suffering adverse judgments in Luxembourg have eventually complied, however painful for them and even if it took them ages to do so. But some observers wonder how long this will be maintained as the court issues more and more rulings possibly of an increasingly provocative nature. —ALAN OSBORN

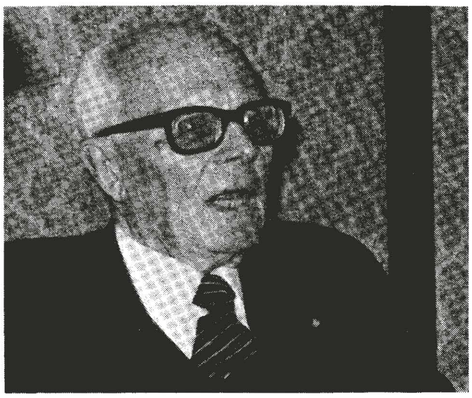
Rome

Sandro Pertini has played a heroic part in the Italian political drama ever since he helped plan Socialist leader Filippo Turati's sensational escape by boat from a Fascist prison in 1926. Now, at 83, this pipe-smoking protagonist of the Italian resistance has stepped into a lead role. In his year-and-a-half as President of the Republic, Pertini has lent new prestige to an office that previously was largely ceremonial. (The Italian president serves as chief of state, while the premier, who heads the Government, normally wields the power.) He has earned more popularity than any of his six predecessors, the last of whom, Giovanni Leone, made an embarrassed exit from office because of his alleged involvement in the Lockheed bribery scandal.

At a time when Italians are suffering from disillusion with politics and politicians—a condition for which they even have a name, *il riflusso* (the ebb or backward flow)—

Pertini can muster a packed piazza filled with cries of "Sandro, Sandro." On a recent visit to Sicily, where victims of a 1968 earthquake still live in shanties while government money for new homes has disappeared into comfortably lined pockets, Pertini was greeted with applause. Local politicians on the same podium were received with whistling, the Italian version of a Bronx cheer.

Like his friend on the other side of the Tiber, Pope John Paul II, Pertini can attribute at least part of his popularity to his informal style. When the two met, in fact, in an historic three-hour encounter between



Italian President Sandro Pertini. © courtesy Italian Embassy

religious leader and avowed nonbeliever, they abandoned all protocol and chatted over a lunch of pizza and fruit. After his election Pertini refused to move to the presidential residence in the baroque Quirinal Palace atop one of Rome's seven hills. Instead, he maintains his apartment near the Trevi fountain, from which he makes the 10-minute walk up the steep slope to his office every morning. His 57-year-old wife Clara leads her own life as a psychologist, refusing to play the part of the nation's first lady.

Pertini's wit provides another source of endearment to his countrymen. When 87-year-old Marshal Tito of Yugoslavia greeted him with the quip, "We are two old youngsters," the Italian president replied, "No, we are two elderly old men." Pertini failed to mention that age had not prevented a summer vacation in the Dolomites, where, dressed in Alpine knickers, he hiked six miles daily, walking stick in hand.

The President's popularity has as much to do with substance as with style, however. In a threatened walkout by air traffic controllers, an action which would have paralyzed Italian air transportation, Pertini used his mediation powers to force a last-minute settlement. Some Christian Democrats objected that he had exceeded the bounds of his constitutional mandate, but all agreed that the planes would have remained grounded indefinitely without his intervention. "Thanks to Pertini, they're flying," Rome's respected *La Repubblica* noted in a lead, front-page headline which echoed the sentiments of most other Italian newspapers. In a country where emergency legislation has become the norm and the word "ungovernability" an accepted noun, Italians are looking to Pertini increasingly as the man who speaks frankly and gets things done.

This new assertion of presidential power has raised some concern, however, among Italians who recall the not-so-distant experience of Mussolini's dictatorship and thus warn against a powerful executive. Leftists criticized his public praise of the magistrate responsible for the controversial arrests of intellectuals allegedly involved with the Red Brigades. More than one editorial advised Pertini not to make comments which could influence political decisions, after he expressed his esteem for the German constitution during a time when politicians were proposing broad constitutional reform in Italy.

Few seriously fear Pertini as an individual, but the enhancing of presidential power, however, is another story. "Suppose, as we suspect, that Pertini is not eternal?" wrote columnist Aniello Coppola, an admirer of the President. "The support for the man passes, but the power of the presidency remains. This is the problem." And, as the constitutional expert and parliamentary representative Oscar Mammi noted, "the grand old men of the Pertini stamp" are hard to find. —PAMELA MENDELS

The Hague

The Netherlands has run into trouble with two of its Community partners—over pollution of the Rhine River with France and over air pollution with Luxembourg commercial television.

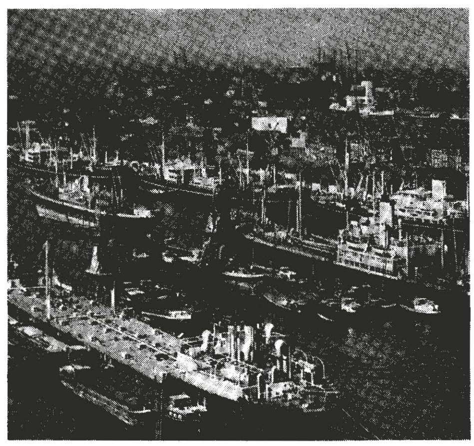
In 1976 the Rhine countries—France, the Netherlands, Germany, Switzerland, and Luxembourg—signed a treaty providing for gradual "de-pollution" of Europe's powerful artery that plunges into the North Sea at Rotterdam. The Rhine provides the drinking water of 2 million Dutchmen, while the Dutch horticulture industry also depends on its waters for irrigation.

The 1976 treaty provides mainly for regulating two main sources of pollution in the Rhine—salt from French state-owned potash mines in Alsace and chemicals from Germany's industrial giants. The French potash mines are responsible for dumping 40,000 tons daily of salt into the river. Dutch gardeners who have hothouses in the Rotterdam region have started a suit before Rotterdam Court on the matter. They claim the heavy salt content spoils their vegetables.

Under the treaty, the Rhine countries started to share costs for storing the salt in France, and Holland paid up 43 million French francs ($10.8 million) for the purpose. But France, in early December, let it be known that although it signed the treaty, it would not submit the document to its parliament for ratification. This so shook the Dutch Government that it hastily recalled its ambassador from Paris, Jonkheer Jan de Ranitz—an unusual gesture between two friendly nations and the first time the Netherlands has withdrawn an ambassador from an EC country. The Rhine countries were to meet in mid-December in Brussels to decide what to do next.

Meanwhile, a Dutch cable company's wish to transmit Luxembourg commercial television brought this response from Dutch Culture and Recreation Minister Til Gardeniers: "I view this as an attack on our broadcasting and television system."

Dr. Tony Dake, director of Deltakabel, who hoped to conclude negotiations with the Dutch Post, Telephone, and Telegraph (PTT) and Radio-Television Luxembourg (RTL), within the next few months, criticized



Ship traffic in the Port of Rotterdam at the mouth of the Rhine.

the parliament's attempts to prohibit the arrangement: "That new legislation is needed to safeguard the Government's say in the matter proves that it is not possible under the present law."

Under the present Dutch system a maximum of 15 minutes of advertising time is allowed each channel everyday—in contrast to what the cable would bring. Many feel, however, that what with satellites in the future, the Government will be unable to control advertising anyway. Meanwhile, some fear that Radio-Television Luxembourg will send out commercial programs in the Dutch language — competing with Dutch programs and Dutch advertisers. —NEL SLIS

Brussels

I'd been trying to think of a good excuse to write about eating in Brussels when one Sunday in the late autumn there occurred one of those implausible, totally memorable events that the Belgians now and again astonish you with. It was a dinner. No, it wasn't *a* dinner—it was the dinner to end all dinners, a gastronomic marvel, an Encyclopaedia Britannica of *haute cuisine* come joyously to life.

The occasion was the Millenium, Brussels's one thousandth birthday; the hosts were the city's top chefs; the guests were about 1,000 of their counterparts from the rest of Europe. The Grand Place, the great baroque square in the city center, was thick with chefs' hats. Champagne corks popped all night, the beer flowed endlessly, and the eating went on for six hours.

It was a lot of fun, but it also served as a serious reminder to the rest of the world that Belgian cuisine is a lot more than French cooking married to German appetites, as some would have it. I've eaten better tempura, goulash, and paella in Brussels than in any of the countries that originated those dishes, and I know an American diplomat who once considered resisting a posting from Brussels to Paris because, he said, he could not exist with a regular intake of *anguille au vert* as prepared by Pierre Wynants at the Comme Chez Soi.

The big feast in the Grand Place amply illustrated the versatility of Belgian cooking—the exotic Spanish and Italian dishes were a great hit, and even the lordly Parisian chefs were compelled to admit that their northern neighbors had admirably captured the elusive flavor of some lesser known French provincial dishes. It's true that Belgian cuisine is largely French in character and in many cases shows the pupil to have outstripped the master. Brussels, for instance, is second only to Paris in the number of stars awarded its restaurants by the *Michelin Guide,* and for many years the Villa Lorraine was the only Michelin three-star restaurant outside France. But there is a more robust, muscular if you like, side to Belgian eating that owes something perhaps to the Flemish influence.

This is particularly true of the meat dishes based on locally caught game: *boeuf belgica* and *carbonnades flamandes* (meat cooked in beer), *civet de lièvre à la flamande* (hare with onions and prunes), *waterzooi de volaille* (chicken in cream sauce), and stuffed pigeon and pheasant, for instance. Just as notable is the characteristic preparation of vegetables: Malines asparagus, sautéed Brussels sprouts, and red cabbage *à la flamande.* I doubt if many American visitors would be tempted by *filet américain,* which looks like uncooked hamburger, but don't disregard the much-derided mussels! A bag of *moules et frites* eaten in the street might seem a bit *infra-dig,* but it's surprising how good it can be accompanied by native *bruxellois* beer and followed by 50 cents worth of handmade fresh cream chocolates from Léonidas.

The truth is that Belgians attach more importance to eating well than any other people I know. There can't be many others who will buy Easter eggs at $100 each, run up a bill of $2,000 to $3,000 a month at a specialized food store, or bombard the newspapers with letters when a favorite chef is sacked. How fitting that one of the most successful celebrations of the city's thousandth year should have been a meal!

—ALAN OSBORN

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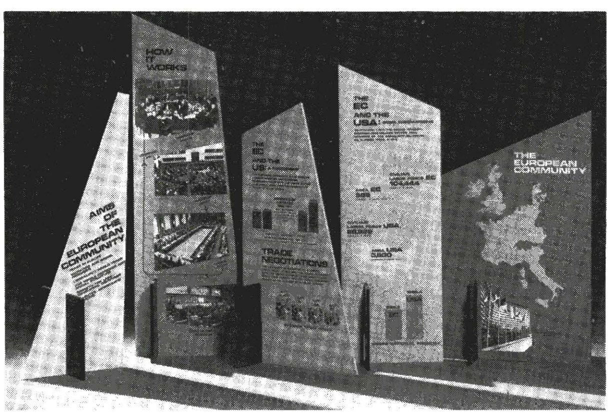


Free exhibits on the European Community are available on loan to universities, schools, libraries, civic organizations, and other interested groups. Shown here is the mobile exhibit, 10-by-3 feet with headboard and lights; shown below is the tabletop exhibit.

Both exhibits can be ordered from the European Community Information Service, 2100 M Street, NW, Suite 707, Washington, DC 20037.

Foreign Language Ignorance

US business and security hurt

INA LEE SELDON, *freelance writer based in Washington who formerly reported from Europe*

American ignorance of foreign languages and foreign cultures is jeopardizing national security and hurting US trade. These are some of the conclusions of the US President's Commission on Foreign Language and International Studies, which issued its report, "Strength Through Wisdom," in Washington in November.

"A lot of people have always felt that we didn't need to learn foreign languages because we were the leaders in commerce and industry," says Democratic Congressman Paul Simon of Illinois, a member of the blue-ribbon commission. "But now we're finding that others can compete with us right on a par—the Japanese, the Germans, and the French are no laggards either. In this kind of competition, you need all the cards you can get and language is one of them. Everyone has known this for a long time except us."

In their report, Simon and the other commission members called "scandalous" and "alarming" their findings that:

- Only 8 percent of American colleges and universities now require a foreign language for admission, compared with 34 per cent in 1966 — and 85 per cent in 1915.
- Only 15 per cent of American high school students study a foreign language, and barely a handful of these students pursue these studies for more than two years. Experts consider two years of a language in high school as nothing more than an introduction.
- Private and federal money for international studies has reached rock bottom. The Ford Foundation, for example, now gives only $4 million for advanced training in international affairs; from 1960 to 1967, Ford gave $27 million annually.
- Federal support for international study centers at universities and for the Fulbright student exchange program has effectively been cut in half by inflation. Ten years ago, there were about 2,500 fellowships for international studies; in 1978, there were about 800.

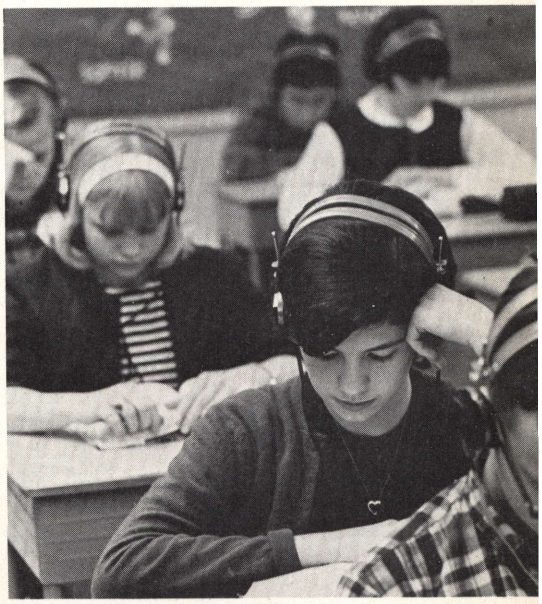
"Our linguistic and cultural myopia is losing us friends, business, and respect in the world," says former Senator J. William Fulbright, who served as chairman of the Senate Foreign Relations Committee for 15 years. "The old argument that language studies are frivolous is just not true. Already one out of every eight jobs in industry and one out of five in agriculture depend on international trade."

Americans have almost always been afflicted with linguistic short-sightedness. During World War I local school boards all but eliminated the study of German in the nation's high schools. What courses survived were for the most part eliminated in World War II. Americans went massively into the war in Vietnam with only five American-born experts on the region. It is only when national prestige or the trade balance is affected that any cure of the affliction is attempted.

In 1957, when the Russians shocked the United States by being the first to launch a satellite into orbit around the earth, the US Congress responded by voting millions for language and science programs. The National Defense Education Act provided low-interest loans to students of foreign languages and even canceled half the debts of students who went on to teach languages. By the mid-Sixties, language learning and the study of international affairs reached a peak — albeit low — in the United States.

The student movement in the late Sixties, however, rebelled in part against required courses, and language courses were among the first to go. "French, German, and Russian suffered the most because they were seen as part of an elitist education," says Peter A. Eddy, director of foreign language education at the Center for Applied Linguistics in Arlington, Virginia. "Students felt one didn't need a European veneer for living one's life out in the United States." Later, budget restraints and dwindling federal monies finished what the students had started.

TODAY, IN A SURVEY OF 76 EMBASSIES in Washington, the United States was the only country which did not require a foreign language to graduate from high school. There are



"Only 15 per cent of American high school students study a foreign language." Photos by Joe Di Dio for the National Education Association

Courses in foreign affairs and languages will help "promote international understanding and reduce the threat of war."

fewer than 900 American business representatives in Japan, with few of them speaking Japanese, while Japan has 10,000 English-speaking counterparts in the United States. Seventy-five per cent of all business doctorate recipients have taken no courses in international studies.

The lack of language training in America's high schools and universities has forced the Foreign Service to drop its requirement that recruits speak a foreign language. In such hot spots as Somalia, no Foreign Service officer is required to speak the local language. And in Iran, only a handful of diplomats at the embassy spoke Farsi.

American business, to compensate for the lack of foreign language training among its executives, rely heavily on crash courses in schools like Berlitz. While these schools do a good job teaching everyday speech, they do not usually prepare executives for the fast-paced contract negotiations conducted in foreign tongues.

To cure America's short-sightedness, the President's commission proposes a $178 million program. The commission urges that foreign language requirements be reinstituted for both university admission and graduation. The commission also urges that 20 international high schools be set up to supplement regular high school curricula with courses on foreign affairs and languages. To meet American business needs, schools of business administration should require similar courses, the report says.

This, say commission members, will help sell American products abroad, but it will also help promote international understanding and reduce the threat of war. "The more communication there is, the better we will understand each other. And the less likely someone is to push the button and let fall the nuclear threat that hangs over all of us," says Simon.

More Classroom Classics

"The Common Market is a market of a bigly size."

KEN WILSON, *an elementary school teacher in Missouri*

A year ago Europe *published "Classics from the Classroom," a glimpse into American children's views of Europe (January-February 1979, No. 211). Reader response led* Europe*'s editors to seek a second installment from the author, an elementary school teacher in Missouri. A 21-year veteran of the classroom, Ken Wilson here shares more innocent, and ironic, examples from test papers on Europe.*

"Fellow citizens," Abraham Lincoln said, "we cannot escape history." Maybe not, Mr. Lincoln, but here are some kids who led it a merry chase:

"Europe was all united under a man named Charlemagne until he died in 843. But I forget whether this was in AC or DC times."

"When they were first starting the Common Market, the men who started had to work around the clock, 12 days a week."

"The Common Market started in the pre-me times."

"They have had the Common Market for as long as I can think to remember."

During the 21 years that I've taught elementary school youngsters, I've found that they can come up with some unique ideas. Each year we study a unit on the Common Market. Here are five quotes, fresh from the minds of nine- and ten-year-olds:

"The Common Market is a market of a bigly size."

"The Common Market is even more important than its name sounds."

"I read an article about the Common Market last March the somethingth."

"Libraries are good places to get advice questions answered about the Common Market."

"Did I pass that test about the Common Market and why not?"

Here's one blockbuster of an idea—lost forever: "One way we could be sure that the Common Market countries would always be happy and never poor is oh I forgot what I started to say."

Truth-telling, complete candor, and awful sincerity are to be found in both the talk and the scribblings of children. This seems to be especially true when they comment on their own personal experiences. Three examples:

"My brother teased me that I was interested to read about the Common Market and other things that cause trading to happen."

"My dad is one of the starchest supporters of the Common Market."

"Zzzzz. You would be sleepy too if you stayed up and read as much as I did last night about the Common Market."

This next one is from a girl who is obviously a born writer of mystery stories: "Tell everyone to get quiet and I will tell you a mystery about the Common Market. One night I was asleep. Eek, what was that? I heard this person talking about the Common Market but could not see him anywhere. I finally solved the mystery by forgetting to turn off my radio."

One chap had the right information but the wrong answer: "When you are in too big a hurry to say European Economic Community, you can say eec."

It must run in the family. Two years later, his younger sister reported: "One of the most important jobs of the European Economic Community is to try to find out what is meant by the secret letters E and E and C."

There are times when even the truth sounds unbelievable to a child. When he doesn't even believe them himself, he has to be especially adamant in presenting the facts to his teacher. "At one time back in the past Europe was all one big country. Yes it was. I can show where it says."

Children, like mountain climbers, must always make sure that their grasp on a fact is firm, even though they want to leap far beyond. "Jean Monnet was one of the four fathers of the Common Market."

"Both sides of Jean Monnet were well educated."

"This story I read was about a Mr. Schumann who helped start the Common Market. Another Mr. Schumann was a famous composer, but I do not know whether it was he or him or who."

I couldn't argue with these observations about Europe:

"Europeans are rather continental in their customs."

"Our vacation in Europe gave me joy feels all over."

Here's a quote that has devastating logic: "It is always a few hours later in Europe than it is here in America because people have not lived here as long."

If the realization that they don't know everything is the first step toward learning, these next students are well on the road to knowledge:

"France has pyrites. Pyrites are something only encyclopedias know for sure."

"Pyrites are one of two things. One, they are minerals. Or two, I don't know."

Much of the juvenilia that I've collected through the years has been devoted to the evidently mysterious country of Belgium:

"Belgium also grows hops. Hops can't really do what their name says they do."

"I read some where that Belgium is the most densely populated country in Europe. But just because Belgium's population is dense does not mean its people are."

"One thing I don't know about Belgium's industries is plenty."

"I was thinking Belgium was north of the Netherlands. When I learned different, all the thoughts I was going to say went in a swallow down my throat."

A study of the Netherlands elicited the following information:

"They have found a lot of petroleum under this country. So far, petroleum is the most valuable thing on which the hand of man has ever set foot."

"Boo! I did not mean to scare you so bad but that is how I feel every time I think about so many people living below sea level."

One girl was playing it safe all the way when she reported: "Most of the Netherlands is definitely more or less above sea level except for the northern nine tenths."

The small country of Luxembourg has stumped more than one eager young scholar. Here are three of my favorite comments:

"Luxembourg could just as well be called something else if they could only think of a simpler name for it."

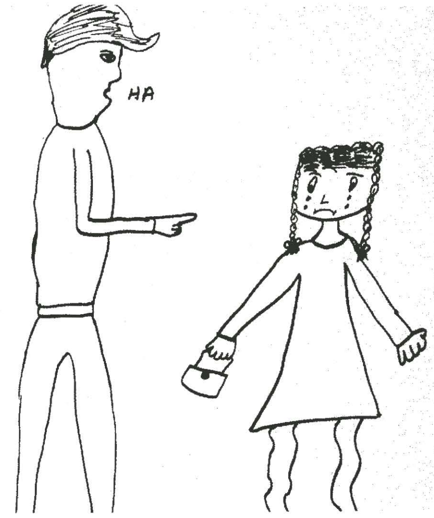
"Luxembourg is not as big as its name sounds."

"That country will be completely under water in a few hundred years. Just wait and see."

After observing how tiny Luxembourg appears on a world map, one lass concluded: "More people live there than is possible."

Last year, a bright-eyed little authority came up with this one: "There is a lot of farming done in Denmark. Another name for farming is agriculture, but I think I will just stick with the first name and learn it good."

"Zzzzz. You would be sleepy too if you stayed up and read as much as I did last night about the Common Market."



"My brother teased me that I was interested to read about the Common Market and other things that cause trading to happen."

"Tell everyone to get quiet and I will tell you a mystery about the Common Market. One night I was asleep. Eek what was that! I heard this person talking about the Common Market but could not see him anywhere. I finally solved the mystery by forgetting to turn off my radio."

There is usually at least an element of truth in the most absurd answer. Sometimes they aren't wrong at all; it's just the way they put it that makes their teacher smile. This seems to be especially true when they turn their attention to the subject of Germany: "Because of the glacial period, the soil in Germany is not fertile. The main value of the glacial period in Germany is yet to be discovered."

Question: "Why is much of the soil in Germany not naturally fertile?" Answer: "Because you say so."

"Germany's chickens have a plural known as poultry."

One tyke, with that genius for phrases of the very young, confided: "Hybred poultry people there have learned not to cross their chickens until they are hatched."

Youngsters certainly have their own opinions—and are not hesitant to express them.

"Once we went on a vacation to Italy. If anybody ever said they do not have pretty scenery in Italy, boy would that ever boil my temper."

"Italy's marble should not be taken for granite."

"Someone in here once said they have a lot of volcanos in Italy. Is that so? I think it is because I believe I was the one that said it."

"When I learned we were going to watch a movie about Mount Vesuvius erupting, I told my feet to quiet down but they felt too Saturday to listen."

Another boy wrote (with the aid of a bright purple crayon): "Volcanos give us hot java."

If you're at all hazy about volcanos in Italy, hang on. These next thoughts will leave you only slightly worse off than before:

"The Apennines mountains have been there forever and maybe even longer."

"When people first came there, trying to cross over those mountains was a very exciting way of getting killed."

"Mountains hump their way all up and down Italy."

Question: "The highest peak in the Apennines is 9,560 feet. In a free fall, how long would it take to reach the ground from a height of 9,560 feet?" Answer: "I have never performed this experiment."

Sometimes information is turned upside down in a child's mind and comes out like this: "Apennines is the name of a monster in Italy that has 9,560 feet."

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Europe's Gypsies

Will the Community recognize their plight?

PAUL ROHRLICH, New York-based freelance writer recently returned from Europe

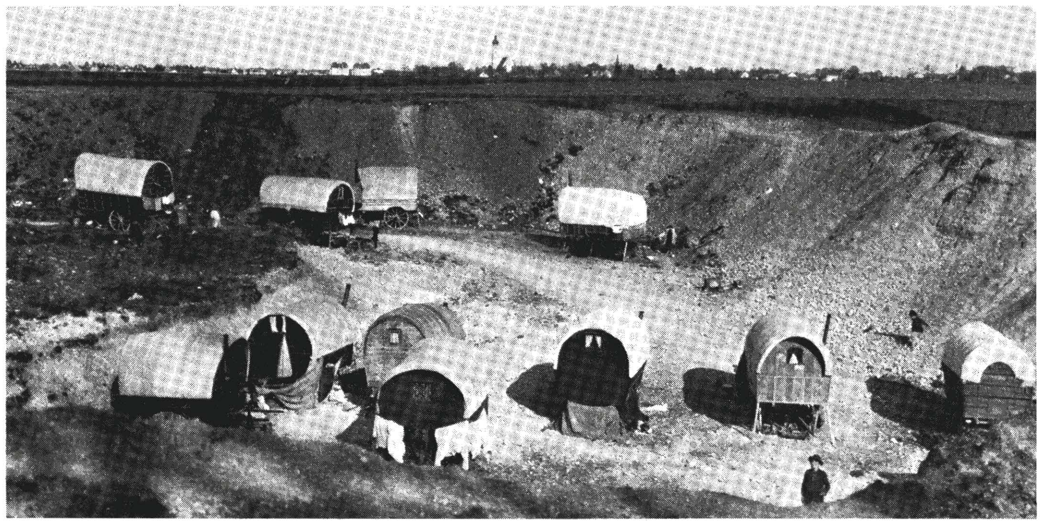
". . . . They have remained as separate groups which have been unable to find their niche and have simply ended up in a blind alley, doing the lowest kind of work, receiving the lowest wages, and suffering the most miserable living conditions."

EC Commission Vice President Hans Vredeling, responsible for social affairs, made this statement last spring regarding foreign workers living in the nine member nations. It describes equally well the situation of Europe's Gypsies, a group as foreign to the European mainstream as the Algerian, Yugoslav, or Turkish migrants.

The Gypsies — also called Gitanes, Tziganes, Zigeuner, or, as they prefer, Roms — have lived in Europe for 500 years. During the Fourteenth and early Fifteenth Centuries, several waves of Gypsies migrated through the Balkan peninsula to Western Europe. Early Roms then claimed to be Christian refugees from Egypt, possibly knowing the generosity this would evoke from a late medieval Europe. Modern linguistic research has traced their roots with more certainty to western India; the words of their language, Romani, are nearly a third of Sanskritic origin.

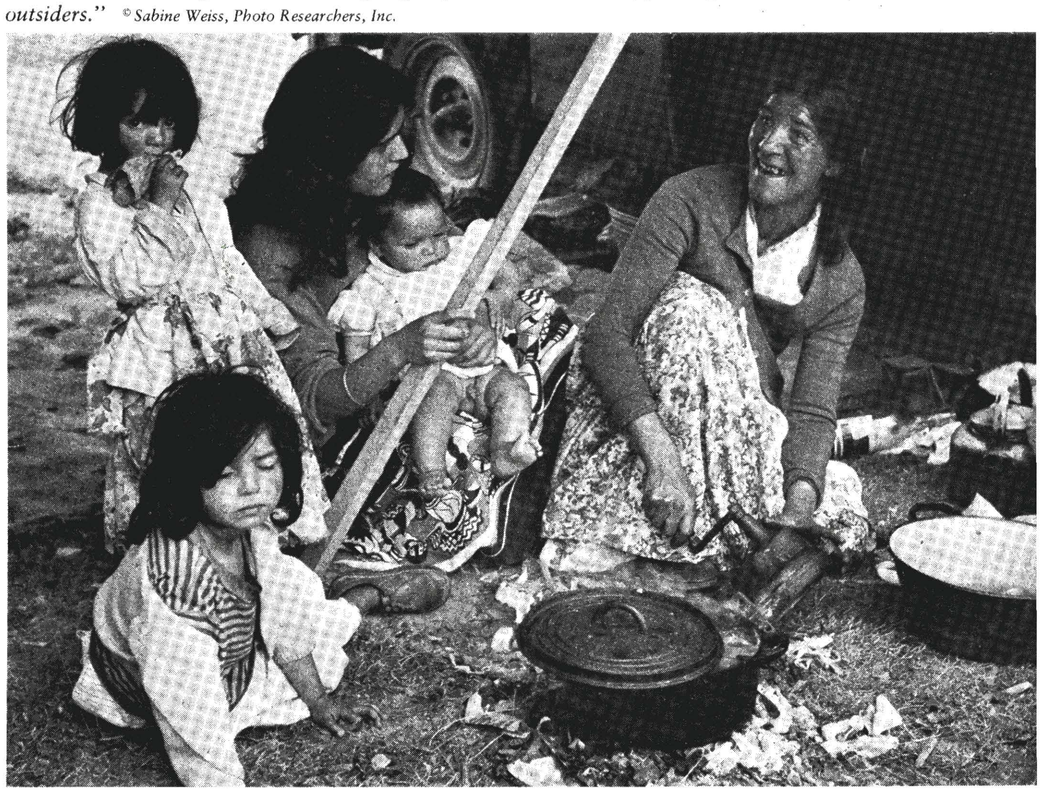
Throughout their European history the Roms have faced discrimination. They have been chased from campsites by local residents fearing permanent settlement. Governments and guilds have limited them to a few undesirable occupations, such as tinsmithing and leatherworking. Laws were enacted against them in most countries; 148 such regulations passed in Germany alone between 1416 and 1774. Undoubtedly the most concerted persecution was during World War II when a quarter of a million Roms died in concentration camps.

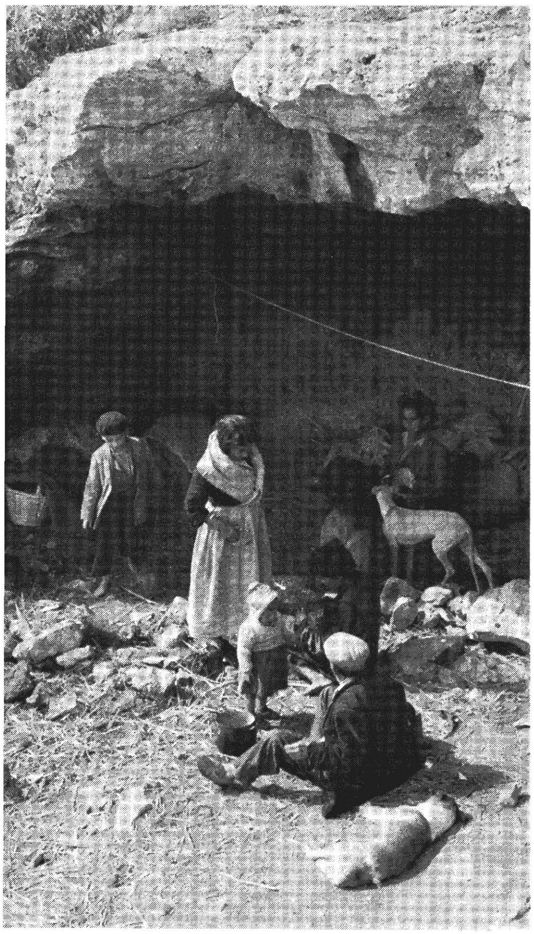
The Roms remain—John Spivak of *The Wall Street Journal* reported 5 million in Europe—mostly in Eastern bloc nations. Although an accurate census is difficult because of migration and fear of official persecution, the private Minority Rights Group of the United Kingdom placed almost 500,000 Roms in the European Community in 1970,



The Roms, or Gypsies, "continue to live on the fringes of society." This campsite is located in a sandpit near Munich. © The Bettmann Archive

"Social isolation has given Roms strong in-group ties and a dislike of prolonged contact with outsiders." © Sabine Weiss, Photo Researchers, Inc.





Gitanes in Spain find a natural shelter. © H.W. Silvester, Photo Researchers, Inc.

A young Gitane in France. © H.W. Silvester, Photo Researchers, Inc.

or over 1 million of the Roms of Portugal, Spain, and Greece—three future EC members—are included.

They continue to live on the fringes of society, both economically and physically. When employed, they are in the poorest paying occupations, due to lack of training, education, and language proficiency. Sociologist Marlene Sway notes that past social isolation has given Roms strong in-group ties and a dislike of prolonged or subordinate contact with outsiders — an attitude that further reduces the number of employed and settled Gypsies. Europe's general lack of inexpensive housing and legal migrant encampment sites is acutely felt by this low-income population.

Vredeling's statement characterizes the Romani people incompletely, because they lack the legal status of "third country" migrants and are classified as stateless persons. An action group of the Belgian Human Rights League considers legal residence and citizenship the crucial issues; with a defined nationality the health, education, and employment social services become available through extensive Community provisions for member country and third country nationals. Yet Roms often have no address with which to register and qualify for government aid. In light of this, the League is working toward acquiring a permanent campsite, as are the governments of some EC countries.

Other attempts are being made to improve the situation by groups both inside and outside the Romani community. Based in Salonika, Greece, the World Romani Congress works specifically toward the harmonization of European national laws to the benefit of the Roms. Freedom of international movement is of particular importance; without defined nationality, Gypsies have no passports.

The EC Commission has taken no action aimed specifically at solving Romani problems, yet the migrant worker social welfare laws apply in some cases to stateless persons as well. In the Netherlands a settlement program with housing, jobs, and schools was tried for several thousand of "the travelers," while in France Romani children are now encouraged to attend the state schools during the winter months when families often stay in encampments for long periods. In Britain the 1968 Caravan Sites Act has produced a third of the needed sites according to the Romani Congress; however, *The Economist* reported in 1977 that 6,000 families remain illegally camped. The Council of Europe has even recognized the problem, and recommended action in September 1969 to ameliorate the social conditions and legal inequities.

The Council of Europe, however, lacks the implementive power held by the European Community. After hundreds of years of ostracism, the Roms are looking to the European Community, particularly the new directly elected Parliament, "to secure for the Romani people the basic rights of any citizen of a democratic state," as the Association of Gypsy Organizations writes. The Community could thus steer a new course for the history of Europe's multinational minority.

European Gypsies are looking toward the Community to help them secure basic rights. These Gitanes are camped in Ireland. © H.W. Silvester, Photo Researchers, Inc.

MARE NOSTRUM OR SEWER NOSTRUM?

More Mediterranean anti-pollution controls to be signed in the spring

JOHN CARR, *freelance writer based in Athens*

THE MEDITERRANEAN SEA HAS NURTURED HUMAN civilization perhaps more than any other body of water. From the time of the seafaring Phoenicians (who invented what later became the alphabet in response to their trading demands) to today's web of multinational tankers and tourists, the Mediterranean has identified itself with history. It gave life to the civilization of ancient Greece, tied together the Roman Empire, nourished the Italian commercial city-states enough for them to bring forth the Renaissance. Today its importance is undiminished: It's the world's biggest tourist magnet and a shipping superhighway.

To the ancient Romans, the Mediterranean was *mare nostrum,* of which they had a right to be proud. Today, to judge from the industrial zones that have encrusted its history-steeped shores, it could be called *sewer nostrum.* On the coastline are 120 major cities, all of whose sewage systems empty into the Mediterranean.

Industries spew out a great deal more. What Homer called the "wine-dark sea" now has ugly red blotches where titanium oxide from paint factories has found its way down the rivers. The worst offenders from shore industries are cadmium, lead, arsenic, and DDT, deadly to fish and other marine life. The DDT, in fact, is just one noxious fraction of the more than 252,000 tons of insecticides and fungicides used in the Mediterranean countries (the term including only those parts of the larger countries that drain into the Mediterranean).

The biggest single industrial pollutant is zinc, of which 21,000 tons a year ooze into the sea from inland mines close to rivers. Rivaling this source are passenger and cargo ships that discharge hundreds of tons of varied waste—including oil—into the sea everyday. Neither is nuclear industry blameless: European reactors located near rivers account for an estimated 800 curies a year of radioactive tritium, joining other pollutants in the sea.

The Mediterranean is not a big sea. It has only one outlet of its own, and that is the Strait of Gibralter. Its average depth is just 1,500 metres. Its waters need about 80 years to be completely renewed.

What does all this mean for the approximately 100 million people who live on or near its shore? (This figure is expected to double by the year 2000.) And for the 100 million tourists who swell the population each summer? It can mean viral hepatitis, dysentery, typhoid, and polio. It could mean, in the future, the dreaded Minamata disease that has struck in Japan; caused by mercury deposits in fish and other seafoods, it irreparably harms the nervous system.

It means a reduced food supply. More and more of the approximately 800,000 tons of fish caught in the Mediterranean each year are found to be unfit to eat. The fish themselves could face a food problem in the lack of vital algae and other microorganisms.

It can mean less of a holiday for many people. The Greek Government, for example, has been designating stretches of the coast near Athens as unfit for bathing; some Greek medical experts are saying the number of polluted beaches is even greater than the Government wants to admit. In such circumstances it becomes obvious that 80 years is too long to wait for nature to do the cleaning up.

In January 1975 representatives of 16 Mediterranean countries met in Barcelona to give the first green light—and a 10-year time limit—for the big clean up. (Or, where cleaning would prove impossible, for effective pollution control.) A year later, again at Barcelona, a conference of plenipotentiaries forged a three-pronged agreement — a trident in the hands of a new Poseidon: a convention for the protection of the Mediterranean against pollution; a protocol to prevent dumping from ships and aircraft; and an agreement to cooperate in fighting emergencies such as spills from damaged oil tankers. The Barcelona Convention and accompanying protocol were acceded to by the European Community as such in 1977. Only Britain, politically questioning the extension of the Community's competence in another field of external relations, expressed reservations.

Under the resulting action plan, designated "Med Pol," samples of sea water are being analyzed for pollutants, and marine life from striped mullet to pink shrimp are being dissected for traces of toxic petroleum hydrocarbons and DDT, two of the worst chemical hazards.

Under Med Pol's "Blue Plan," governments have access to one another's technical information on their respective stretches of coastline. Out of all this, a "Priority Actions Program" has distilled six urgent tasks, including the development of tourism without ecological danger. In addition, a Regional Oil Center has been set up in Malta. Its main task is to clean up oil slicks and other results of damage or negligence in shipping.

OF THE INDIVIDUAL COUNTRIES, France has perhaps the most comprehensive policy: Since 1964 strict rules have been enforced on what kind of waste can flow into the seas. Monaco, the most sought-after piece of the Riviera, has similar legislation. Spain has specific laws that compel any municipality or industry discharging wastes into the sea to obtain a special permit; the difficulty is in the application of the laws, since many government agencies have their slice of authority on the matter, and agreement is sometimes difficult.

In Italy pollution laws were few and ineffective until 1976, when the water quality control was passed, but that country's successive government crises have hindered more work. Tiny Malta is much more resolute, having very comprehensive clean water codes in force since 1977. In Yugloslavia a Hydrometeorological Institute monitors all the nation's waters.

The Greeks received a jolt about three years ago, when a series of television documentaries woke them up to how much Homer's wine-dark Aegean was being poisoned. Since then the Ministry of Merchant Marine has clamped down hard on discharges from both ships and shore installations. Stiff fines are levied on skippers who are careless about leaving their waste oil on the water. Cyprus has a similar arrangement. Neither Turkey, Syria, nor Lebanon have effective anti-pollution drives underway; largely because of political instability, there are not enough laws, and those that exist are rarely enforced.

Israel is pressing on with its national clean-water effort, which gives the Department of Agriculture wide enforcement powers. Some Israeli officials foresee a time in the near future when all effluents will be directed inland for irrigation, thus leaving the Mediterranean as blue as it was in Solomon's day.

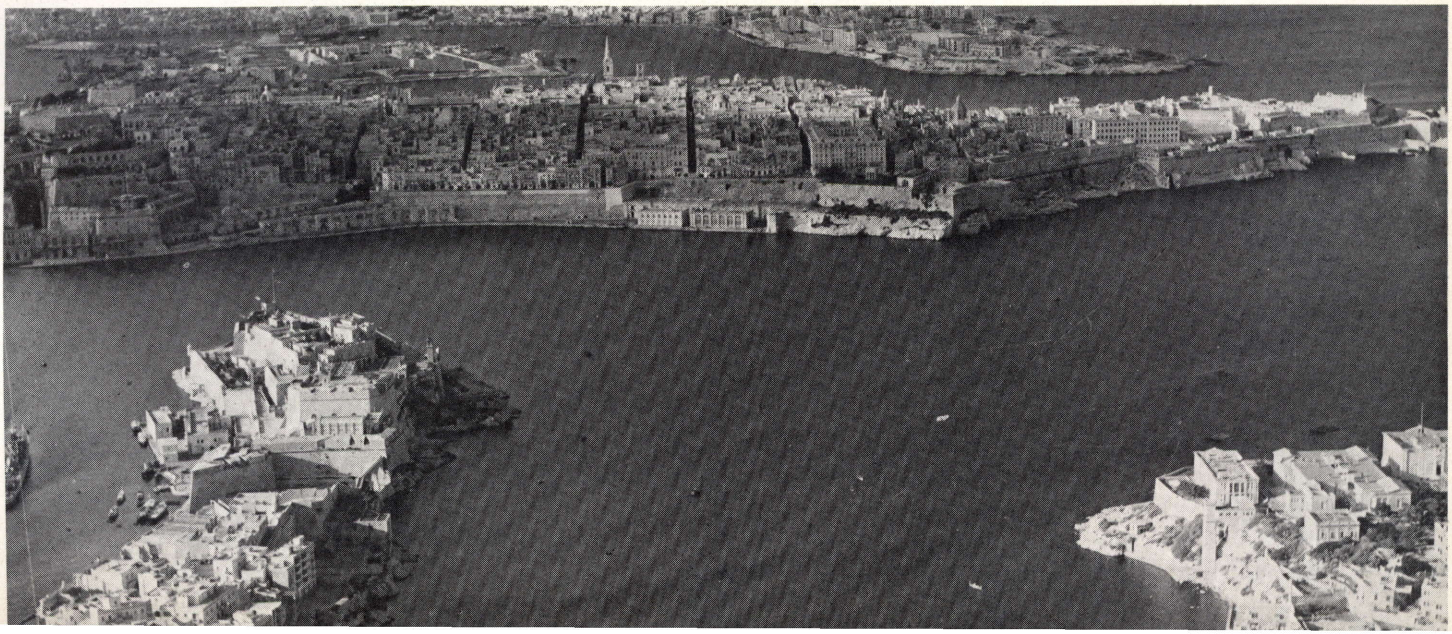
Of the North African states, Egypt has an advanced anti-pollution program that has cleaned up much of the sea off the Nile Delta. Tunisia and Algeria have enacted laws on water control, including a limitation on the use of chemical pesticides. Only Libya and Morocco have no reported program underway; oil pollution off the Libyan coast is a growing menace.

The case of Libya, in fact, points up a conflict between the northern and southern shores of the Mediterranean on just how far industries should be compelled to clean up their own mess. Industry in France and Italy, for example, can hardly ignore the universal public concern in those countries. But developing countries in a hurry, such as Libya, are tending to avoid limiting their industrial output for the sake of the environment, at a time when they see their economic growth as paramount.

The split does not seem to be widening into a feud. Thanks to intergovernmental talks held in 1977, the way is now clear for a final protocol for the control of land-based pollution, to be signed in Athens this spring. The EC Commission was authorized by the member states to represent the Community.

Jacques Cousteau, the French pioneer underwater explorer, has said that the intensity of sea life around the world has diminished by between 30 per cent and 50 per cent over the past 20 years. In the Mediterranean, that unceasing basin of human activity, his calculation has proved to be sadly correct. The eyes of a concerned world will be on Athens next spring, to see if Europe's leaders can get up the will to make *mare nostrum* again the most hospitable sea in the world.

Malta, pictured here, has had "very comprehensive clean water codes in force since 1977."



NEWS OF THE COMMUNITY

EXTERNAL

US-EC High Level Talks

Both the Community and the United States face a difficult year on the trade front, said Sir Roy Denman, EC Commission director-general for external relations, at a joint press conference following the US-EC high-level consultations in late November in Washington.

"The implementation of the Multilateral Trade Negotiations Agreement will require a deal of ingenuity and hard work to get going," he added.

Asked about the possibility of energy sharing, both sides agreed on the need for much greater surveillance of the spot market. US Under Secretary for Economic Affairs Richard Cooper represented the American side.

Veil, Jenkins Visit US

European Parliament President Simone Veil and EC Commission President Roy Jenkins were both scheduled to visit the United States in late January.

Veil heads the parliamentary delegation on its sixteenth meeting with the US Congress. Interparliamentary exchanges between the Euroepan Parliament and Congress have taken place twice yearly since 1972.

While in Washington Veil was to meet with both President Jimmy Carter and Vice President Walter Mondale. Meetings in New York were also scheduled.

Jenkins comes to Washington and New York on a round of private visits with officials in the US Government and the United Nations, and speaking engagements.

EC-ASEAN Talks Begin

Negotiations for an economic cooperation agreement between the Community and the Association of Southeast Asian Nations (ASEAN) began in early November.

The ASEAN group, composed of Indonesia, Malaysia, the Philippines, Singapore, and Thailand, has a population nearly the same size as the Community's and is rich in natural resources. The negotiations are an attempt to reach accord following a 1978 ministerial proposal on the subject.

A Community spokesman said that the session was characterized by a good working atmosphere and that the participants hoped an accord could be signed before the end of 1979. It would be the first time a cooperation agreement between the Community and an international regional group not associated with it was signed.

Canadian, EC Officials Talk

When Canadian and EC Commission officials met for talks in Ottawa last fall, economic developments, international trade, and energy policies dominated the agenda. Both delegations emphasized the importance of rapid implementation of the recently concluded Multilateral Trade Negotiations.

Discussions stressed the rational use of energy through energy conservation, rapid application of new technology, and the commercialization of alternative energy sources. Canadian and EC cooperation, particularly in such fields as thermal coal and Arctic gas, was explored.

The industrial subcommittee applauded growing interest in trade and industrial cooperation with Canada by European industrialists, exemplified by the joint research project on greater energy efficiency in blast furnaces used in steel production and the possible use in Europe of the Canadian "energy bus" to evaluate fuel efficiency.

Both delegations emphasized the importance of the European mission to Canada in November on telecommunication data processing.

EC, Comecon Proceed Slowly

Council for Mutual Economic Assistance (Comecon) and European Community officials met in Moscow in late November to continue slow moving talks on a cooperation agreement.

A new draft for an agreement was presented by the EC delegation. This document goes further than earlier EC texts in meeting Comecon demands and gives greater detail on how trade matters should be handled between the Community and interested Comecon countries. The draft suggests that future bilateral agreements might cover, among other things, import arrangements, most-favored-nation treatment, safeguard provisions, removal of trade barriers, and trade promotion.

The new draft lays down principles on which relations between the two groups would be based, notably respect for each other's rules and practices.

Several contacts have taken place since 1976 aimed at developing cooperation between the Community and Comecon. The talks have proceeded slowly because of the different aims and structures of the organizations. A stalemate resulted from the desire of both to participate in trade agreements while expressing reluctance to recognize the other's authority.

Tackling the Japanese Market

As part of continuing efforts to reduce the Community's trade deficit with Japan, the EC Council of Ministers approved last fall 1.5 million European units of account for a program to improve trade with Japan.

The two-part program includes study grants and a trade promotion campaign. The study grants are to enable young European managers 18 months of study and work in Japan. Twenty-two young businessmen left for Japanese language training in September under the 1979 program.

Pierre Martin Co. Ltd., a European consulting firm based in Tokyo, was chosen to run the trade promotion activities. These include establishing an information center, organizing seminars in Europe, and scheduling sales missions to Japan. The first activities were to concentrate on the agri-food and machinery industries.

Tokyo Round Approved

The EC Council of Ministers announced its approval of the Tokyo Round Multilateral Trade Agreement at its late November meeting in Brussels.

The Community was to sign the agreement on behalf of its nine member states, while the codes on aeronautics and standards and the tariffs on coal and steel required signatures by both the Community and the member states.

The European Community and the US Administration initialed the Tokyo Round Agreement in Geneva in April, following the conclusion of the negotiations. The agreement was ratified by the US Congress during the summer.

Watches and Clocks Meeting

Commercial policy problems facing clock and watchmaking industries were discussed during an autumn meeting in Brussels of the joint committee created by the 1967 EC-Switzerland Clock and Watch Agreement. Questions arising from the 1967 and 1972 agreements were also covered.

The wide-ranging exchange of views included efforts to restructure the customs tariff, pertinent results of the Multilaterial Trade Negotiations, and the possibility of increased cooperation to combat counterfeiting of timepieces.

EC, Andean Pact Open Talks

Exploratory talks for a cooperation agreement between the European Community and the Andean Pact opened in Brussels in early November. Representatives of both groups met following a July visit to Brussels by Columbian President Turbay Ayala.

EC Commission Vice President Wilhelm Haferkamp, responsible for external relations, commented on the talks: "We follow with great interest the progress made towards democracy in Latin America. We hope that recent events in Bolivia are merely transitory, and that peace and respect for constitutional rights will soon be reestablished there."

Members of the Andean group are Bolivia, Colombia, Ecuador, Peru, and Venezuela.

Haferkamp Visits Mexico

At the invitation of the Mexican Government, EC Commission Vice President Wilhelm Haferkamp, responsible for external relations, visited Mexico in mid-November.

Haferkamp met with Mexican President José Lopez Portillo and other senior Government officials to discuss areas of mutual concern and interest. He also took part in the inaugural meeting of the third session of the joint committee on EC-Mexican relations, established under the 1976 Cooperation Agreement.

Haferkamp and Mexican officials discussed generalized systems of preference and tariff arrangements, commercial promotion, industrial development programs, and scientific and technological cooperation.

The Community attaches great importance to its relations with Mexico and desires to strengthen their ties of cooperation, Haferkamp said.

Austrian Visit by Jenkins

Relations with Austria and the other six members of the European Free Trade Association (EFTA) were subjects of discussion when EC Commission President Roy Jenkins visited Austria in October.

Jenkins met with Austrian Prime Minister Bruno Kreisky and other officials to seek ways of improving relations between the Community and Austria. Jenkins indicated that the Community would probably participate in the financing of a major Austrian road construction project, as it would promote commercial traffic between the EC Nine and that country.

The Community and the seven EFTA member countries have been considering ways to strengthen their relationship. Cooperation already includes an industrial free trade zone among the 16 countries.

ECONOMY

Employment, Labor Discussed

The EC Council of Minister's Standing Committee on Employment met in Brussels in October to discuss the mismatches in European labor supply and demand.

Analysis revealed that while some employers have difficulty finding qualified workers, geographical mismatches and mismatches in training and working conditions contribute to unemployment, and the problem is likely to worsen with restructuring in some sectors.

Guidelines put forth by the committee concentrated on modifying and strengthening labor market policies and improving working conditions. Vocational guidance for the young and occupational guidance for adults to take into account changing labor conditions was emphasized. Public employment agencies should also improve their services, the committee concluded.

As regards improvement of working conditions, workers should have greater responsibility for their own tasks and more participation in decisions affecting their working conditions, said the committee.

Union representatives submitted 12 suggestions to the committee, including compulsory notification of job vacancies; right of workers to discuss working conditions during working hours; part-time work on a voluntary basis with no change in the structure of full-time jobs; prohibition of the lending out of labor; cover of all expenses in the event of the movement of workers.

1979 Steel Output

According to the forecast released in October by the EC Commission, steel production in the Community was to reach a five-year high in the last quarter of 1979.

The Commission predicted that steel production would total 35.6 million tons for the last three months of the year, an increase of 8.8 per cent over the same period in 1978. This level was surpassed in recent "crisis" years only by the figures for 1974.

While the study showed that steel consumption is still not satisfactory and that plants were operating at 70 per cent capacity, the increase reflects an improved situation in some sectors that are heavy consumers of steel, such as automobiles and capital goods.

The steel industry is being closely watched by the Commission in the aftermath of a Community plan that established minimum prices, production limits, and a restructuring of the industry and its work force.

Arms Industry Discussed

Arms production clearly remains within the responsibility of national governments, said EC Commissioner Etienne Davignon, in charge of industry, in a recent speech in Brussels to a symposium organized by the Western European Union.

The Commission is examining the role of public purchasing policy in the field of armaments, Davignon reported, but it does not have the power to organize a link between defense industries and governments. The Community can assist the industry by continuing to remove trade barriers to ensure an open market.

Davignon noted that in the United States and Japan there is much closer cooperation between governmental authorities and industries that facilitate better development of new technologies and allow industry to take advantage of a unified market.

Ship Repair Sector Ailing

The ship repairing industry in the Community must become more productive in order to be competitive with repair yards in the Far East and Spain and Portugal, the EC Commission reported last November.

Poor dock occupancy rates, together with a 7 per cent drop in employment between 1975 and 1977 and a drop in turnover in real terms, are particularly serious problems in some member states.

Ship repairing is a labor-intensive industry, and Third World countries with low labor costs can offer shipowners lower repair rates, the report pointed out. In addition, Spanish and Portuguese yards can exploit the repair market for tankers and other large vessels because of their deep harbors. A reduction in size of the world fleet, technological advances in ship design and maintenance, and the post-1973 world shipping recession have also contributed to the reduced demand for ship repairing facilities.

The Commission suggested a general strategy for the industry, noting that measures would differ from case to case in view of market diversity. The industry can increase competitiveness by retaining those areas where Community yards are already competitive, as with small and medium vessel facilities. Means of promoting productivity to counteract low-wage competition from yards outside the Community should be sought, and in some cases, company structures could be strengthened by greater financial integration with other lines of business, the Commission recommended.

Job Remedies Discussed

Efforts to reduce high youth unemployment and promote work-sharing highlighted EC Commission activity in early November.

The EC Commission released a proposal to encourage training programs to better prepare young people for employment. The proposal sets Community guidelines for work and vocational training, such as apprenticeships. Persons under 25 years of age now represent 40 per cent of the total number of unemployed in the Community.

At the same time, representatives of Community employers and trade union associations began consideration of Community measures to reduce working hours and encourage work sharing.

The aim of the proposed reductions in working time is to create more job openings. Other plans to create jobs include the elimination of systematic overtime; early retirement; and the promotion of part-time work.

The refusal of employers' representatives to discuss work sharing during an earlier meeting of the EC Permanent Committee on Employment prompted a walkout by union participants. The November meeting between the Commission, the European Trade Union Confederation, and the Union of European Industries was the first contact aimed at preparing a thorough joint session on the issue.

Future of Transport Seminar

The future of transport infrastructure is the topic of a seminar proposed for mid-1980 by the EC Commission.

The Commission has pointed out that traffic between the member states is increasing rapidly, communication networks are growing more interdependent, and financing of transportation systems by national governments is becoming more difficult. Action programs must be carried out on a Community level because of the relationship between transport and other economic sectors where EC action programs are already being carried out, according to the Commission.

To increase the amount of data available on transport infrastructures, the Commission has recommended that traffic studies be continued with more emphasis not only on cost effectiveness but on economic and social objectives as well. The Committee on Transport Infrastructures, set up under a 1978 directive, should identify investment measures needed to improve Community-wide communications networks.

The financial instruments already available to the Community must be backed up by a system of financial support adapted to the specific characteristics of the action taken in transport infrastructure, according to the Commission.

AID

Jenkins Goes to Cairo

At the conclusion of talks with Egyptian President Anwar Sadat during a visit to Egypt in late October, EC President Roy Jenkins emphasized the EC aid to Egypt envisaged as part of the Mideast peace process.

Jenkins said he was struck by Sadat's optimism about the development of Egypt following the Israeli-Egyptian peace treaty. He also said that discussions about the Community's food aid program had been a major topic and indicated that shipments of wheat to Egypt could be increased to 100,000 tons per year.

Jenkins detailed recent EC loans to Egypt of $230 million for enlargement of the Suez Canal, housing and sewer construction, and installation of a power station outside Cairo.

Aid to Cambodians

The first flight in the international emergency airlift to Cambodia took off from Luxembourg airport in early October.

At its weekly meeting the day before, the EC Commission had agreed to seek some 5 million European units of account (EUA) worth of emergency aid. International relief agencies indicated recently that as many as 3 million Cambodians might die as a result of fighting, hunger, and disease.

The EC Council of Ministers agreed at the end of October to a further grant of $35 million in emergency aid to be delivered through the international relief organizations. The Commission also decided to immediately send an additional 5,000 tons of rice worth $1.5 million. Skimmed milk powder in the amount of $1.4 million was also to be sent if needed.

These grants bring total Community contributions to the relief effort to $55.5 million.

Loans to African Nations

Under the terms of the Lomé Convention, the European Investment Bank (EIB) has made recent loans to four African nations.

Funds totaling 7.6 million European units of account (EUA) were loaned to Cameroon for expanding and modernizing an aluminum plant. The project should create about 150 new jobs.

An EUA 1 million loan was granted to Djibouti to help finance a power station. The power station is necessary for a mineral water factory to be constructed; the factory is the first industrial development outside the town of Djibouti itself. The power station will also help improve electricity supplies for the rural population of the area.

EUA 500,000 was lent to the Banque Nationale de Développement Economique in Burundi to assist small and medium-sized ventures. The projects are primarily preparatory studies for industrial, agro-industrial, mining, and tourism investment, and possibly the acquisition of minority shareholdings.

EUA 4.5 million was loaned to help finance construction of the 250-room "Hotel Le Gaweye" in Niamey, the capital of the Republic of Niger.

Refugee Relief Aid Program

The Community now stands second to the United States as a contributor to Southeast Asian refugee relief. EC aid to several refugee groups worldwide totaled $12.25 million at the end of July.

Those benefiting from EC help are about 200,000 persons from Vietnam now living in other parts of Southeast Asia; an equal number of Laotian and Cambodian citizens settled mostly in Thailand; and about 30,000 Cambodian nationals who took refuge in Vietnam.

Food allocated by the Community for Southeast Asia amounted to a total value of $12.72 million for the first seven months of 1979. Supplies were of rice and vitaminized milk powder.

Aid to Southeast Asian refugees is part of a broader EC commitment to help all refugees and displaced persons. The Community also conducts aid programs for refugees in the Middle East and Africa. Since 1976, the Nine has spent a total of $42 million in aid for refugees throughout the world.

Stabex Transfer to Liberia

The EC Commission decided in early November to transfer nearly 7.6 million European units of account (EUA) to Liberia to compensate for the shortfall in export earnings incurred in 1978 for iron ore pellets.

Iron ore pellets are not included on the list of products covered by the current Stabex arrangement, but the Council of Ministers agreed on an exceptional measure in the case of Liberia. The transfer brings Liberia's Stabex payments for 1978 to EUA 136.7 million.

Development Funds Awarded

The EC Commission approved financing 18 development projects late last year—bringing total commitments under the fourth European Development Fund to over 2 billion European units of account (EUA).

Ethiopia was to receive EUA 22 million to construct a service road linking the towns of Dembidollo and Shebel with Ghimbi. A grant of EUA 1 million and a special loan of EUA 900,000 will help finance drainage and earthworks on a 26 kilometre stretch of road in New Caledonia.

Zambia and Zaire were awarded a special loan of EUA 8 million to repair the Lobito railway. Renovation of the national telecommunications network in the Comoros Islands will benefit from a grant of over EUA 2 million. Mauritania was to receive nearly EUA 2 million to refurbish and expand the Kaédi hospital.

The Commission granted nearly EUA 8 million to Senegal to build two technical lycées, and EUA 1.25 million to establish junior secondary schools in Bélize. A project to create a system of cultivation in the Savannah region in northern Togo was granted EUA 5 million.

A special Community loan of nearly EUA 2 million will finance drainage of a state-owned oil palm plantation in Ghana. A grant of EUA 5.5 million will cover construction of the physical plant of a rural development project in the Nuba mountains of the Sudan.

A rice-growing project in Mali receives over EUA 2 million, and the Association for the Development of Rice-growing in West Africa was awarded EUA 1 million. The Trinidad-based Caribbean Aviation Training Institute receives EUA 2 million to provide aviation training in 14 English- and Dutch-speaking states.

In the aftermath of Hurricane David, Dominica was accorded exceptional aid of EUA 3 million for the purchase of food and medicine. Trade promotion operations in Jamaica and the Bahamas were to receive, respectively, grants of more than EUA 1 million and EUA 200,000.

EUA 400,000 goes to Malawi to build extra housing at the Mpemba Staff Training College. A grant of nearly EUA 1 million was awarded to improve postal and telecommunication services in Botswana, Lesotho, Malawi, and Swaziland.

The Commission also set aside EUA 500,000 to cover the cost of organizing the Fourth Investors Forum at the Dakar International Fair in December of 1980.

Emergency Aid Granted

Emergency aid amounting to 300,000 European units of account for the purchase of supplies was granted the Central African Republic in mid-November.

Supplies of medicine, sugar, insecticides, and other items were urgently needed in the aftermath of the recently ousted dictatorship. The country was visited by a special EC mission in an effort to ascertain the immediate needs.

African Development Seminars

Two regional seminars were held in Africa in late November by the Center for Industrial Development (CID), a Community-sponsored institution designed to promote the development of industrial cooperation among the Lomé Convention countries and the member states.

The first seminar was held in Douala, Cameroon, and the second in Addis Ababa, Ethiopia. Increasing the African countries' awareness of specific opportunities and the role of the CID were the main objectives of the seminars. Discussion focused on industrial services and training, production difficulties, investment opportunities for small factories, and the use of adapted technologies.

The seminars were opened by senior government officials, and papers were presented by the EC Commission, European Investment Bank, European Patent Office, and the Economic Commission for Africa. The CID is wholly funded by the European Development Fund within the framework of the Lomé Convention.

Lomé Grants Approved

EC Cooperation and Development Ministers, meeting in Luxembourg in late October, approved grants for 1979 totaling 110 million European units of account to Third World countries not participating with the Community in the Lomé Convention.

Three-quarters of the aid was destined for Asia, particularly India and Bangladesh. Latin America received 20 per cent and Angola and Mozambique, 7 per cent, of total funds.

The ministers discussed the 1980 budget request for nonassociated countries, which the EC Council of Ministers had reduced to 1979 levels after the Commission's proposal to increase.

The meeting also touched on possible reconvening of the North/South Dialogue, increased Community aid to Cambodian refugees, and food aid.

AGRICULTURE

Gundelach Defends CAP

Changes in the dairy sector of the Community's common agricultural policy (CAP) must be made in order to avoid any major budgetary problems, EC Commissioner Finn Olav Gundelach, in charge of agriculture, said last fall.

The Community's existing system of budget financing was inadequate to meet the demands of the growing dairy surpluses, he said. Since the dairy sector had already absorbed 40 per cent of the agricultural budget, Gundelach announced that the Commission was preparing to submit new proposals to reduce milk surpluses.

The farm policy is the cornerstone of the Community's free trade system, Gundelach said, and its collapse would jeopardize the Community itself. Consumers in the member states have benefited from a dependable supply of products at only moderately increased prices in recent years, he explained.

Lamb War Discussed

The "lamb war" between Britain and France dominated discussion at the Council of Agriculture Ministers meeting in Brussels in mid-November.

The possibility of organizing a Community support system for domestic lamb producers was the core of the controversy over restrictions of lamb imports into France from Britain. France claimed that British exports were threatening its farmers because of lower prices made possible, in part, by cheap imports to Britain from New Zealand.

The ministers considered possible negotiations with New Zealand to reduce its exports to the Community. The reluctance of a number of Community countries to undertake new farm expenditures, given agriculture's large share of the Community budget, further complicated the quarrel.

1979 Budget Supplement

A third supplementary budget to increase 1979 Community expenditure in the agricultural sector was submitted in October to the European Parliament by the EC Commission.

Additional requirements for the European Agricultural Guidance and Guarantee Fund (EAGGF) were an estimated 800 million European units of account (EUA). However, taking into consideration an increase in customs revenues of about EUA 300 million, the overall effect on the budget was an increase of around EUA 500 million.

Large increases in the export of milk products, deterioration of the beef and veal market, and increased intervention in the fruit and vegetable markets prompted the Commission to increase expenditures.

The Commission also proposed that a new heading be created in the EAGGF Guidance Section for emergency action designed to restore the agricultural areas of France's overseas departments devastated by hurricanes. EUA 12 million in appropriations for commitment and EUA 9.6 million in appropriations for payment were proposed under this new heading.

1980 Fishing Prices Proposed

The EC Commission proposed in mid-November new fish prices for 1980. The proposal reflected the Commission's aim to hold down agricultural and food prices by either maintaining current levels or recommending small increases.

The proposal forwarded to the Council of Ministers recommended an extension of existing prices for herring, sardine from the Mediterranean, and mackerel, and slight increases of 1 to 6 per cent for most other fish. A reduction of 4 per cent on Atlantic sardine was also recommended.

Noting that market conditions had been somewhat uncertain in recent months, the Commission indicated that the proposed prices reflect trends over several seasons. It added that the proposals should not have a real impact on actual market prices.

Spending Report Released

Allocation of resources and action taken against fraud were covered in the EC Commission's annual report on agricultural spending.

Total expenditures of 8.6 billion European units of account (EUA) in 1978, increased from EUA 6.8 billion spent the previous year, did not consume the whole EUA 8.7 billion allocated in the budget.

The largest increase in funding, amounting to nearly half the total, went to the milk and dairy sector, where mounting surpluses pushed up the cost of Community support. Cereals, sugar, beef, and fats also increased, while spending on fruits, vegetables, wine, and monetary compensatory amounts declined.

The figures revealed that Germany was the largest recipient of funds from the agricultural guarantee program, with 26 per cent of the total; followed by France with 16.7 per cent; Italy with 13.4 per cent; Britain with 13.2 per cent; and the Netherlands with 12.6 per cent.

Community and national inspectors discovered over 160 irregularities in the operation of the system and recovered

over EUA 1 million from fraudulent operators, the report said.

1979 Story on Wine

Wine production in the European Community was down in 1979, while quality went up, the EC Commission's mid-October report on the wine industry revealed.

Although a large number of vineyards producing ordinary wines ceased production, output of better wines increased slightly.

Despite Community prohibition on new vineyards since 1976 and a reduction in wine growing, total production has stabilized or even risen slightly. Consumption, however, has been declining, particularly in wine-producing countries, and exports did not make up the difference, the report said.

Fish Stocks Study Planned

EC Fisheries Ministers, meeting in Luxembourg last fall, circumvented a quarrel between Britain and France over fishing policy and jurisdiction by setting up a study of fish stocks in Community waters.

The study, to be conducted by working groups set up by the EC Commission with national representatives, will not only study the statistics on the size and location of fish but will also take into account social and economic factors involved in the situation.

The move defused the dispute over British interception of French fishing vessels in national waters in order to enforce a British regulation on the size of nets used to capture prawn. Brittany fishermen have complained that looser netting would cause them to lose 30-to-40 per cent of their catch.

British conservation measures have also aroused concern in Denmark, which is suffering from the loss of industrial fisheries off the Scottish coast.

Move to Cut Sugar Output

Continuing its drive to reduce the costly agricultural surpluses in the Community, the EC Commission approved in early November the outline of a five-year program to curtail excess sugar output.

Commissioners in the past have pointed to the growing risks represented by the Community commitment to import cane sugar added to domestic overproduction of sugar beets. The problem has become more acute as a result of the strain imposed on the Community budget by these and other surpluses.

Plans to slash sugar and milk surpluses were expected to be presented soon.

Legal Action on Milk

The EC Commission announced in early November the beginning of infraction proceedings against the United Kingdom for barring Community milk imports because of British health standards.

Britain requires imported milk to be treated in authorized British plants despite previous processing in the exporting country. Shippers must also conform to special packaging regulations.

The case had already been studied by the European Court of Justice in Luxembourg, which temporarily allowed the packaging requirements but did not rule on the validity of the health requirements. The Commission requested that Britain explain its actions. Should the justification not be satisfactory, the case would again be referred to the Court of Justice.

Simultaneously, the Commission disclosed that a similar proceeding had begun concerning unilateral British controls on herring fishing around the Isle of Man. In the past the British Government claimed the right to impose national restrictions on fishing, since there was no approved Community policy in the field.

Problems for Dutch Pigs

Controversy flared in the Community last fall when German authorities at the border halted shipments of Dutch pig meat.

Fearing that the pork imports was contaminated by trichinosis, Germany applied restrictions. The EC Commission acknowledged that while the Community agricultural policy is aimed at assuring the free flow of products throughout the member states, national authorities are responsible for protecting the health and safety of their populations.

Technical experts from both sides were invited to Brussels to discuss the problem. After the meetings, the Commission announced it was considering infraction proceedings against Germany for violating the ban on import prohibition.

COMPETITION

Store Associations Examined

Examination of the articles of three international associations of department stores with regard to Community rules on competition was completed by the Commission last fall.

During the proceedings these associations dropped, either on their own initiative or in response to Commission presentations, restrictive clauses limiting admission to one member per country, subjecting admission of new members to a unanimous vote, and prohibiting members from doing business in the country of another member. The three associations are the Réunion Internationale des Magasins Populaires et Utilitaires, the Intercontinental Group of Department Stores, and the International Merchandizing Association, whose members include the Community's largest stores.

The EC Commission concluded that the actual forms of business cooperation between the stores were limited, and that the volume of joint buying was negligible to the point of having no effect on trade within the Community.

Air Fares to Come Down?

Sir Freddie Laker, whose Skytrain service revolutionized transatlantic air fares, obtained support recently from the EC Commission for a similar scheme of low-fare flights in Europe.

European air travelers have traditionally had to pay disproportionately high fares, an average of 20 per cent more compared to Americans. Following the EC Commission's recommendation last June for cheaper and more flexible fares, Laker sought its support before applying to the British Civil Aviation Authority (CAA) to introduce cheap flights between London's Gatwick airport and 35 European cities.

Laker hoped to receive approval from the CAA by early 1980. Even if successful, stiff opposition was expected from national airlines, though British Airways and Air France had already cut fares on 26 Paris-London flights.

Subsequently, British Caledonian Airways unveiled in Brussels a bid, also under review by the CAA, for a "Mini-Prix" network of low-fare air services within Europe, with existing tariffs cut up to 81 per cent, targeted for April.

Competition Policy Outlined

The EC competition policy is gradually building a code of conduct for companies and governments to help ensure that the Common Market remains open and fair, according to EC Commissioner Raymond Vouel, in charge of competition activities.

Speaking to an autumn session of the European Parliament's economic and monetary commission in Brussels, Vouel admitted that such policies could not provide solutions to all economic problems. He explained that a balance between the realities of the existing economic crisis and concern over the development of noncompetitive conditions was sought.

The Commission was especially anxious to establish clear and fair conditions for various forms of government aids and subsidies, and protectionism as well, he said. The Commission had been active in monitoring such aids and policies in especially hard hit industries, including textiles, steel, and shipbuilding.

Vouel pointed out that the policy aimed not only at restraining the power of dominant companies in certain industries, but also at aiding the competitiveness of small and medium-sized firms. While the Commission had been active in combatting price discrimination by business, he said, it was unrealistic to expect a uniform price for products and services throughout the Community, because of legitimate differences in conditions.

Export Restrictions Ended

The EC Commission ruled in late October that export restrictions on books within the European Community violate EC rules on competition.

Following Commission action, a British publisher, Ernest Benn Ltd., withdrew its restriction on the export of a trilingual hotel guide to Germany.

Although the book is published separately by a German firm, the Commission decided that any partitioning of the Community by means of copyright license would have to be justified under the EC treaty. Its view was that once a book had been sold by the copyright owner, it must be free to move throughout the member states.

FINANCE

VAT Rules Extended

The EC Council of Finance Ministers has approved two directives extending mutual cooperation among national tax authorities in regard to value-added tax (VAT). These directives fortify previous measures to combat tax fraud and evasion on a Community scale.

Tax authorities of member states are already empowered to cooperate in the field of direct taxation. The first new directive extends the mutual assistance to the assessment of VAT. The aim of the second directive is to extend the terms of a previous directive on mutual assistance for the recovery of other levies and customs claims to include the recovery of VAT.

The Council also recorded its agreement on the refund of VAT to taxable foreigners. It thereby eliminated national discrepancies that distorted competition.

Banking Group Meets

"The Committee of Credit Associations of the EC," the Community's special banking advisory committee, held its inaugural meeting in Brussels in mid-October.

Top European banking officials gathered for the meeting and welcomed the new forum for comment on the EC's banking policies. Discussions touched on the Commission's new work program for the coordination of banking legislation, credit information exchange, and data processing.

New Community Instrument

A contract was signed between the Community and a syndicate of German Banks in Frankfurt in late October for an issue of 225 million Deutsche-marks on the international capital market, in the name of the European Economic Community.

This issue, the first under the "Ortoli facility," bearing the name of EC Vice President François-Xavier Ortoli, in charge of financing, will last 15 years.

The proceeds will go to loans by the European Investment Bank for investments in the infrastructure and energy sectors of the member states.

ENERGY

Special Task Group Meets

The group of independent energy experts created by the EC Commission following the accident at the Three Mile Island nuclear power station held its first meeting in early October.

The task of the advisory group is to examine the current state of nuclear safety in the European Community, particularly radiological protection, and the work of pertinent Community institutions.

Its recommendations could form the basis for future specific Commission measures.

Nuclear Safeguards

Negotiations for one nuclear agreement ended in late October, while talks for another began.

The first international convention on the protection of nuclear plants and materials from theft and terrorism was concluded in Vienna with the Community as a full partner, together with the EC member states, and more than 40 other countries having taken part.

Concurrently, Australia—with the world's second largest uranium resources after the United States—and the European Community began talks in Brussels on a nuclear safeguards agreement to serve as a basis for future Australian uranium supplies. Australia possesses about 20 per cent of the known reserves in the Western world.

Radioprotection Conference

A seminar on radioprotection was held in Luxembourg in mid-November as part of the EC Commission campaign to inform both workers and the public about working with radioactive materials.

European trade union representatives in attendance were told about the risks and safety precautions for working in the nuclear energy sector, developments in the field, and the consequences of the Three Mile Island accident in Harrisburg, Pennsylvania.

The Commission considers the development of nuclear energy essential to reduce dependence on foreign oil. The meeting was part of a Commission program to inform the public about the facts of nuclear energy.

Coal Future Optimistic

Oil prices and supply conditions will demand the gradual substitution of coal for petroleum products, EC Commissioner Guido Brunner, responsible for energy, said in a recent speech. He forecast that in five years coal would be used to produce oil, gasoline, and gas.

Brunner pointed to the European Community's $4.3 billion now being invested yearly in coal mining, a budget increase of 30 per cent, even as allocations for the oil-processing industry were cut by a quarter. He said job security in the coal-mining industry was greater than at any other time during the past 20 years. Yet, he added, imported coal would be essential to help cover the considerable future consumption of coal.

Brunner also stressed the importance of developing new coal technology. The Community will contribute about $433 million over the next four years toward putting new coal technology on the market.

EC Energy Program Published

The EC Commission published in early October its energy program for the Community. The document details excessive dependence on foreign suppliers and lays out a strategy for overcoming this by 1990.

With imports presently accounting for 55 per cent of energy needs, the program for the 1980's accentuates build-up of coal resources and nuclear power; energy conservation; the search for new energy sources; and policy coordination among major oil-consuming and oil-producing nations and the Third World.

EC Oil Bulletin

The Community's average increase in free-on-board prices of crude oil between the end of 1978 and late November 1979 was 65 per cent, as a result of decisions taken by the oil-exporting countries.

The pre-tax prices of the principal oil products (crude oil and imported finished products) increased by an average of about 60 per cent over the same period. If these prices had been in line with the Rotterdam spot prices, the figure would have been 120 per cent rather than 60 per cent.

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

INSTITUTIONS

Council Meets in Dublin

The European Council meeting in Dublin in late November was dominated by British budgetary complaints (see page 00). EC Commission President Roy Jenkins said it was the "most difficult" summit he had attended. But the Commission's proposals to resolve the difficulties were given a general welcome "as a framework for the possibility of amending the financial mechanism and providing further receipts to the United Kingdom."

Questions at a joint press conference of Jenkins with Irish Prime Minister and Council President Jack Lynch were almost entirely on the British budgetary complaints. Jenkins said there was no question of linkage between fisheries, energy, and sheep meat and the budgetary problems.

The Council also recognized that despite progress made since the European Council in Bremen, objectives of maintaining growth and combatting inflation had not been achieved. It was agreed that priority must be given to fighting inflation in order to solve problems of growth, structural change, and employment.

Also discussed was the need to develop data technologies in Europe and the importance of a more effective energy policy. The Council confirmed its resolve to develop indigenous energy resources and to promote research and development of renewable energy sources.

Parliament, Council to Clash?

The European Parliament set the stage for a test of strength between itself and the EC Council of Ministers during a special session on the 1980 Community budget in early November.

The Parliament majority, with French members voting mostly against, decided to reduce proposed agricultural spending in the budget and to increase other programs beyond the amounts foreseen by the Council of Ministers. The floor leader of the budget debate declared that the Community would run out of funds by 1981 if spending on the common agricultural policy were not cut.

In addition, for the first time, the Parliament decided to ask the European Court of Justice to overturn a Council decision protecting Community sugar beet production against competition from artificial sugar products.

Strategy Session Held

The EC Commission met informally at a Belgian retreat in October to discuss long-term strategies ranging from internal reform to Community adjustment to the computer revolution.

Discussions centered on the Commission reforms proposed by a group of independent experts that recently examined the Commission with a view to enlargement. Recommendations included reduction in the number of Commissioners, realignment of Commission departments, and the fostering of a true European civil service.

EC Commission President Roy Jenkins told the press later that the Commission agreed with the broad aims of the report and had appointed a task force to consider gradual implementation of the recommendations.

Following a mandate from the European Council, the need for a common policy to enhance the Community's competitive stance worldwide, and, in particular, vis-à-vis the United States and Japan in the burgeoning computer field, also preoccupied the Commission.

In addition, discussion briefly touched on the new European Monetary System, the Community budget and the common agricultural policy.

Minority Groups Voted Rights

Minority and nonaffiliated political groups in the European Parliament were given the power to form their own party organizations and staff, following a lengthy debate and vote in mid-November.

In another major action, Parliament voted to support modifications in the financing of the Community budget to reduce expenditure on agricultural support programs, as well as the amounts paid by some member countries. During the debate, EC Commission President Roy Jenkins commented that failure to achieve greater balance in future Community budgets, coupled with the internal and external strains which the 1980's would bring, could gravely threaten Community cohesion.

The Parliament also considered programs to assist displaced workers in the steel industry and Community energy cooperation.

1980 ECSC Budget Proposal

The proposed 1980 budget for the European Coal and Steel Community will increase to 211 million European units of account (EUA), 17 per cent over 1979. The EC Commission said in releasing the budget that it rejected nearly half of the requests for funds and programs, but the budget will nevertheless be in deficit.

The additional expenses incur in programs granting interest rate subsidies for steel industry reconversion programs and a new policy encouraging coal industry investment.

The proposed budget will surpass by EUA 70 million revenues from special coal and steel levies that normally finance the budget.

Third Chamber for Court

The Council of Ministers has approved amendments to EC rules of procedure that will enable the European Court of Justice to establish a third chamber to hear cases in addition to the existing two. It is hoped that this will help the Court to cope with a rapidly increasing work load, which grew from 158 cases in 1977 to 268 cases in 1978.

In the past the full Court has heard most cases and has entrusted the two chambers only with cases of an essentially technical nature, such as tariff classifications, or with matters for which there is already an established body of case law, such as minor social security matters. The amendments empower the Court to assign to each chamber a specific category of cases. The full bench will, as a rule, hear only those cases that carry legal connotations beyond the individual case.

TECHNOLOGY

EC Spends the Most

The Community is currently spending more on research and development than the United States, and almost twice as much as Japan, according to EC Commissioner Guido Brunner, in charge of energy research.

In 1978 the Community spent nearly 11.2 billion European units of account (EUA) on research and development, as compared to EUA 10.66 billion for the United States and Japan's EUA 6 billion. Since 1977 the Community's research and development activities have been aimed at four main objectives: improving long-term security of supplies in energy, agriculture, and primary products; developing economic competitiveness; improving living and working conditions; and protecting the environment.

Most of the funds have been devoted to supply security, mainly in the energy field. Between 1979-83 the EC Commission proposes to spend about 66 per cent (EUA 1.26 billion) of the total research and development budget on energy, and a large part of that on nuclear energy research.

Research Projects Discussed

Community research projects dominated discussion at the Council of Ministers meeting in Luxembourg in late October.

The Council recorded its agreement on a Community research and development program on the recycling of urban and industrial waste. Grants will total 9 million European units of account. The project will study sorting of household waste, thermal treatment of waste and fermentation, hydrolysis, and recuperation of rubber waste.

The Council adopted a decision for a research project into the effects on the quality and nutritional value of food of thermal processing and distribution.

A growing consensus emerged on a program on the management and storage of radioactive wastes to cover the years 1980-84. The Council also discussed problems arising out of the Joint Research Center program for 1980-83.

New Publishing Technologies

The impact of new technologies on the publishing industry and its workers was examined during an EC Commission symposium in Luxembourg in November.

The latest developments in printing, processing, and distribution techniques, as well as their effects on writers, publishers, booksellers, and workers was studied by more than 250 experts. New techniques such as the visual display screens used by Euronet were presented.

The Commission hoped the symposium would indicate appropriate Community policies for capitalizing on new technologies while avoiding such technology/labor standoffs as the one that led to the temporary closing of *The Times* of London.

REGIONS

Special Regional Fund Aid

The EC Commission has decided to propose a first series of special measures to be funded by the "quota-free" section of the European Regional Development Fund. The grants would amount to 220 million European units of account (EUA) for the period 1980-84.

These limited-term programs would benefit troubled regions in Belgium, France, Ireland, Italy, and the United Kingdom.

A major expenditure of EUA 120 million would aid development of small firms and tourism in the Mezzogiorno and rural Southern France, those regions most immediately affected by the Community's enlargement.

Grants of EUA 43 million to revitalize abandoned industrial sites and encourage small businesses and industrial innovation would help localities in the United Kingdom, Italy, and Belgium most vulnerable to current hardships in the steel industry. Similar programs totaling EUA 17 million would aid counties in the United Kingdom threatened by the shipbuilding crisis.

EUA 16 million would be allocated to the installation and promotion of new techniques in hydroelectricity in the Mezzogiorno.

The Commission also proposed to spend EUA 24 million on tourism and craft industry development in Ireland and Northern Ireland.

The "quota-free" section of the Regional Fund, established by the European Council in early 1979, encompasses a broad range of special programs, including technical and market research. Grants may total up to 70 per cent of operations cost.

EDUCATION

Young Diplomats in Training

Young diplomats from seven EC countries, Spain, and Greece participated in a week of discussions on Community and international relations in Brussels in late October.

Part of an EC Commission program to train young diplomats, the meetings focused on relations with oil-producing nations, the Lomé Convention's new mineral policy, investments in developing countries, and relations with Israel following the Community's enlargement.

Study Grants Inside the EC

The EC Commission announced in mid-October 74 new grants to Community institutions of higher learning for development of joint study programs with institutions in other member states.

The Commission is nurturing inter-institutional cooperation with yearly grants of 300,000 European units of account (EUA), supporting 121 programs in over 200 institutions.

At the same time grants to individuals for study visits to other member states are running over EUA 400,000. These visits foster curriculum, teaching, and administrative innovations. They include 90 grants to educational personnel for four-week visits, 158 grants to administrators for one-week visits, and 150 grants to vocational education counselors for two-week study visits.

SCHOLARSHIPS, GRANTS, CONFERENCES

Engineering Seminars

The George Washington University School of Engineering and Applied Science, in cooperation with AMK Berlin, has established a program of advanced engineering non-credit seminars to be conducted at the new International Congress Center in Berlin.

The 45 seminars, offered during the first half of 1980, cover advanced technology areas such as electronics, computers, and communications. Topics include US patent law, computer cryptography, solar heating and cooling, and satellite transmission. Practical application is stressed with the seminars being designed to update the knowledge of working engineers and scientists.

For further information, write: German Convention Service, Congress Organization, Joachimstaler Str. 19, D-1000 Berlin 15.

Journalists in Europe

The seventh "Journalists in Europe" course will begin in November 1980. Applications are due February 1.

"Journalists in Europe" is a training program designed to teach journalists about Europe and its common institutions. Students are based in Paris; attend seminars in Brussels, Strasbourg, and Luxembourg; and carry out research. Resulting articles are published in the monthly *Europ*.

Candidates must be journalists, between 25 and 35 years old, and have a working knowledge of French.

All necessary information is available from Professor Donald Shanor, Columbia University, Graduate School of Journalism, New York, NY 10027.

InterFuture Scholars

The InterFuture scholars program will send a group of undergraduates to conduct their own intercultural study projects in Belgium, Germany, the United Kingdom, Ireland, the Netherlands, and Poland in 1981.

Students will take special seminars at their own universities in the fall before traveling to their selected country. The 1980 themes include: individual and society, habitat, internationalism.

Applicants must be nominated by their colleges in the spring of 1980. For further information, write: InterFuture, 420 Lexington Avenue, Suite 354, New York, NY 10017.

Second SEPERI Assembly

The second general assembly of the Société européenne pour l'étude des relations internationales (SEPERI) will be held in Venice in March 1980.

The Society publishes a bulletin on research in and teaching of international relations from the European perspective. For more information, write: SEPERI, 1, place Montesquieu, 1348 Louvain-la-Neuve, Belgium.

European Studies Travel

The Council for European Studies announces an intra-American travel subsidy of up to $200 for European scholars invited for brief visits or lectures at member institutions.

Letters of application and résumés should be sent to Marion A. Kaplan, Council for European Studies, 1403 International Affairs Building, Columbia University, 420 West 118th Street, New York, NY 10027.

Jean Monnet Archives

The Jean Monnet Archives located at the University of Lausanne are open and available for research and conferences.

The Jean Monnet Foundation for Europe, set up in 1978 by the university, seeks to use the archives to aid in European construction. For information, write: Jean Monnet Foundation, University of Lausanne, Lausanne, Switzerland.

In-service Training

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

The purpose of this program is to expose trainees to issues in European integration and to further knowledge of administration in the Commission.

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

The Community Bookshelf

To order the publications listed below, please check the desired items and fill out the order blank. Mail to the European Community Information Service, 2100 M Street, NW, Suite 707, Washington, DC 20037, (202) 862-9540. In the New York area copies can be ordered from the European Community Information Service, 245 East 47th Street, New York, NY 10017, (212) 971-3804. Telephone orders are also welcome.

☐ **The Community's Relations With Spain.** Economic and Social Committee, Brussels, 1979, 118 pages . . . . free
Study prepared by Claude Evain on the economic impact of enlargement on the Spanish and Community economies, and the views of various interest groups in Spain and the nine member states.

☐ **Memorandum on the Accession of the European Communities to the Convention for the Protection of Human Rights and Fundamental Freedoms.** *Bulletin of the European Communities, Supplement No. 2/79,* Commission, Brussels, 1979, 21 pages . . . . free
Memorandum of the Commission, adopted April 4, 1979, on EC accession to the Council of Europe's Convention on Human Rights.

☐ **Directory of the Commission of the European Communities.** Commission, Brussels, September 1979, 108 pages . . . . free
Organigram of the directorates and services of the Commission and their principal officers.

☐ **The European Community and Education.** *European File No. 18/79,* Commission, Brussels, October 1979, 7 pages . . . . free
Brief history of Community cooperation in the education field.

☐ **Solar Energy: A New Area of ACP-EEC Cooperation.** *Europe Information: Development,* Commission, Brussels, 1979, 15 pages . . . . free
Describes technological developments in solar energy, EC solar energy research, and European Development Fund projects in the African, Caribbean, and Pacific (ACP) countries.

☐ **Ivory Coast and the Lomé Convention: Tremendous Opportunities.** *Europe Information: Development,* Commission, Brussels, 1978, 23 pages . . . . free
Brief note on the Ivory Coast economy and development plans, principal industrial and agricultural exports, trade with the EC, and European Development Fund projects.

☐ **Sundan-EEC Relations.** *Europe Information: Development,* Commission, Brussels, 1979, 11 pages . . . . free
Brief note on the Sudanese economy and development plans, trade with the EC, and European Development Fund and multilateral aid projects.

☐ **Mauritius and the Lomé Convention.** *Europe Information: Development,* Commission, Brussels, 1979, 13 pages . . . . free
Review of the Mauritian economic situation, development program, trade with the Community, EC sugar guarantees, and development fund assistance.

☐ **Community Aid to the Third World: the Lomé Convention.** *European File No. 17/79,* Commission, Brussels, October 1979, 7 pages . . free
Short outline of EC financial and food aid to nonassociated and associated developing countries.

☐ **Report on Community Participation in Space Research.** *Working Document No. 2/79,* European Parliament, Luxembourg, March 30, 1979, 53 pages . . . . free
By Camillo Ripamonti for the Committee on Energy and Research; reviews the work of the European Space Agency, national space programs, and those of the Community on earth resources and materials science; discusses the financial implications of and political need for Community participation in space research.

☐ **Report on the Communication from the Commission of the European Communities to the Council Concerning Cooperation with Developing Countries in the Field of Energy.** *Working Document No. 74/79,* European Parliament, Luxembourg, April 23, 1979, 30 pages . . . . free
By Gerhard Flamig for the Committee on Development and Cooperation.

☐ **Report on Economic and Trade Relations Between the EEC and New Zealand.** *Working Document No. 107/79,* European Parliament, Luxembourg, May 2, 1979, 34 pages . . . . free
By Lord Castle for the Committee on External Economic Relations; focuses on the problems of EC-New Zealand trade in the dairy and sheepmeat sectors.

☐ **The Solar Energy Programme at the Joint Research Centre-Ispra Establishment.** Joint Research Centre, Ispra, June 1979, 4 pages . . . . free
Synopsis of three solar research projects: the European Solar Test Installation, Project Habitat and Thermal Conversion, and Orientative Studies.

☐ **A New Cooperation Contract: The Second Lomé Convention Between the African, Caribbean and Pacific States and the European Economic Community.** *Information Memo P-92/79,* Commission, Brussels, October 1979, 34 pages . . . . free
Detailed description of the terms of the Lomé II convention signed in Lomé, Togo, October 31, 1979; outlines the changes from the first to the second convention; statistical annex gives macroeconomic and trade data for the 58 signatories.

☐ **Report on the Promotion of Efficient Air Traffic Management and Control.** *Working Document No. 106/79,* European Parliament, Luxembourg, May 2, 1979, 17 pages . . . . free
By Luigi Noè for the Committee on Regional Policy, Regional Planning, and Transport.

☐ **Annual Report on the Development Cooperation Policies of the Community and Its Member States 1977-1978.** Commission, Brussels, January 1979, 67 pages $3.50
Examines the scope of EC policy and action in the North/South Dialogue, in contractual relations with African, Caribbean, and Pacific and Mediterranean partners, and nonassociated developing countries; describes EC instruments for trade promotion and financial assistance for developing countries; contains a succinct presentation of member states' bilateral development aid.

☐ **Consumer Protection and Information Policy: Second Report.** Commission, Brussels, 1979, 59 pages . . $1.50
Second report on EC and member state activities on the protection of consumer health and safety and economic and legal interests, consumer information and education, and consumer representation.

☐ **Reliefs from Taxes Granted to Imports Made by Private Persons.** Commission, Brussels, 1979, 28 pages $1.30
Texts of the Council of Ministers directives relating to tax reliefs for international travelers and to tax reliefs for small consignments of a noncommercial character.

☐ **Twenty-sixth Review of the Council's Work 1 January-31 December 1978.** Council, Brussels, 1979, 279 pages $9.00
Examines the subjects discussed by the Council and actions taken; includes an index.

☐ **Twentieth Report on the Activities of the Monetary Committee.** *Official Journal of the European Communities,* Vol. 22, C 240, September 25, 1979, Luxembourg, 22 pages $1.00
Brief account of the activities of the Monetary Committee in 1978; includes its final reports to the Council of Ministers and Commission on the European Monetary System and on improving coordination of national economic policies.

☐ **Basic Statistics of the Community 1979.** Statistical Office, Luxembourg, 1979, 197 pages $5.00
Seventeenth edition of the statistical compendium on the Community and its member states; comparison with nine other European countries, plus the United States, Japan, and the Soviet Union.

☐ **University Studies on European Integration No. 10-1978.** Office for Official Publications of the European Communities, Luxembourg, 1979, 359 pages $24.50
Register of doctorate theses and other university studies completed since 1973, and not mentioned in the survey No. 9-1977, as well as studies in progress during the 1977-78 academic year.

☐ **The Cost of Hospitalization: Micro-economic Approach to the Problems Involved.** *Social Policy Series No. 39,* Commission, Brussels, 1979, 68 pages $9.00
Examination of factors affecting hospital costs in Belgium, France, the United Kingdom, the Netherlands, and Germany.

☐ **Acts Published in the Official Journal of the European Communities Concerning Community Scientific and Technical Research.** *EUR 6362 EN,* Commission, Luxembourg, 1979, 194 pages $40.70
Incorporates all decisions, communications, or resolutions of the Community authorities relating to scientific research and technological development published in the Official Journal since January 1, 1974.

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☐ **Second Community Programme for Consumers.** *Bulletin of the European Communities, Supplement No. 4/79,* Commission, Brussels, 1979, 20 pages ....free
Commission communication presented to the Council of Ministers on June 27, 1979, for a second, five-year program on behalf of consumers.

☐ **Forestry Policy in the European Community.** *Bulletin of the European Communities, Supplement No. 3/79,* Commission, Brussels, 1979, 46 pages $3.00
Communication from the Commission to the Council of Ministers of December 6, 1978; opinion of the European Parliament of May 11, 1979; and opinion of the Economic and Social Committee of May 22, 1979; includes a description of forestry policies of each member state and the national institutions involved.

☐ **Higher Education in the European Community—A Handbook for Students—1979 Edition.** Commission, Brussels, 1979, 251 pages $6.15
General information on the structure of the higher education system in each member state, its institutions, degrees conferred, admission requirements, and application procedures; lists addresses for further information, table of subjects taught at each institution, and separate entries for the College of Europe at Bruges and the European University Institute at Florence.

☐ **Operation of Nuclear Power Stations During 1978.** Statistical Office, Luxembourg, 1979, 129 pages. $13.60
Yearbook 1979, outlining the structure of the nuclear plant situation, with units on line and under construction, and annual and monthly operating data.

☐ **Energy Statistics Yearbook 1973-1977.** Statistical Office, Luxembourg, 1979, 134 pages plus loose-leaf appendix $27.00
Covers energy economic indicators and overall energy balance sheets for the Community and each member state, balance sheets and other historical series for each energy source, and "energy supplied" balance sheets in specific units and in terajoules.

☐ **EC-Indices of Purchase Prices of the Means of Agricultural Production 1970-1978.** Statistical Office, Luxembourg, 1979, 85 pages $10.00
Yearbook 1979.

☐ **Prices Received by Farmers: Unit Values.** *Agricultural Markets: Special Number,* Commission, Brussels, July 1979, 65 pages..............$4.00
Prices for 1959/60-1977/78 received by farmers, in unit values, for principal agricultural products: cereals, potatoes, sugar beets, beef, pork, milk and eggs in the nine member states, Norway, Greece, Sweden, Switzerland, Austria, and the United States.

☐ **Input-output Tables 1970.** Statistical Office, Luxembourg.
Complete set $71.60
Individual volumes $10.10
Vol. 1-*Methodology 1970-1975,* (published in 1976), 38 pages
Vol. 2-*United Kingdom 1970,* (1976), 121 pages
Vol. 3-*Nederland 1970,* (1976), 119 pages
Vol. 4-*Italia 1970,* (1977), 119 pages
Vol. 5-*Belgique 1970,* (1977), 120 pages
Vol. 6-*BR Deutschland 1970,* (1978), 124 pages
Vol. 7-*France 1970,* (1978), 124 pages
Vol. 8-*The Nine and the Community, 1970,* (1978), 174 pages
Vol. 9-*The Nine and the Community 1970—Coefficients,* (1978), 104 pages
Vol. 1 describes the methodology for input-output tables calculated from 1970 on; Vols. 2 to 7 each deals with the input-output table of one country, covering methodological problems, input-output tables in units of account, tables of direct coefficients, and several of indirect coefficients; Vol. 8 puts together tables for each of the countries and one for the Community; Vol. 9 presents the corresponding coefficient tables and a comparative analysis of the economic structure of the various countries.

☐ **Permanent Inventory of Agricultural Research Projects in the European Communities (AGREP).** Commission, Luxembourg, 1979, 2 volumes, 809 pages and 253 pages ....$32.50 set
Volume 1 lists, by subject, over 20,000 agricultural research projects in the member states; Volume 2 contains indexes organized by subject, country, and scientist.

☐ **Information and Training on Radiation Protection for Trade Union Representatives from the Nine Member States of the European Communities.** *EUR 6264 , Radioprotection No. 16,* Commission, Luxembourg, 1979, 119 pages. $10.50
Papers presented at the third and fourth seminars on October 10-11, 1977, and October 12-13, 1978.

☐ **Coke Oven Techniques.** *EUR 6306 DE/EN/FR.* Commission, Luxembourg, 1979, 298 pages $32.00
Papers and proceedings of a round table meeting, Luxembourg, October 2-3, 1978.

Studies on Concentration Trends in Industry

Series of studies done for the Commission, according to a standard methodological framework, on the structure of concentration trends and pricing practices in industrial sectors. The data covers the years 1973-78. Each study examines the organizational structure of each industry, with descriptions of major firms, their subsidiaries, takeovers, mergers, and acquisitions. The studies analyze the market, distribution systems, and demand for products. Rankings and concentration ratios are based on turnover, employment, wage costs, net profits, cash flows, gross investment, equity, exports, net assets, and net cash flow. Only the studies published in English are listed. A complete list is available on request.

☐ **A Study of the Evolution of Concentration in the Sector of Hoists, Lifts and Conveyers and in the Sector of Office Machinery for Belgium.** *Evolution of concentration and competition series No. 6,* Commission, Brussels, 1978, 164 pages $5.60
By Herman Daems and Marc De Geyndt.

☐ **Evolution of Concentration in the Soap and Detergents Industry for the United Kingdom.** *Evolution of concentration and competition series No. 9,* Commission, Brussels, 1978, 84 pages $3.10
By R. W. Evely.

☐ **Evolution of Concentration and Competition in the Danish Newspaper and Magazine Sector.** *Evolution of concentration and competition series No. 10,* Commission, Brussels, 1978, 196 pages $5.60
By Aage Erhardtsen.

☐ **A Study of the Evolution of Concentration in the Irish Publishing Industry.** *Evolution of concentration and competition series No. 14,* Commission, Brussels, 1978, 68 pages $3.25
By MLH Consultants Ltd., Dublin.

☐ **A Study of the Evolution of Concentration and Prices in the Food and Beverages Industries for Denmark: Food Product Market Analyses, Beverages Industry, Price Surveys.** *Evolution of concentration and competition series No. 15,* Commission, Brussels, 1978, 270 pages $11.00

☐ **A Study of the Evolution of Concentration in the Dutch Press, Magazines and Schoolbooks Publishing Industries.** *Evolution of concentration and competition series No. 16,* Commission, Brussels, 1978, 140 pages $5.80
By Maria Brouwer and H.W. de Jong.

☐ **A Study of the Evolution of Concentration in the Danish Cement Industry.** *Evolution of concentration and competition series No. 17,* Commission, Brussels, 1978, 100 pages $5.80
By the Institute for Futures Studies.

☐ **Evolution of Concentration in the United Kingdom Cement Industry: Structure, Conduct and Performance.** *Evolution of concentration and competition series No. 20,* Commission, Brussels, 1978, 208 pages $9.00
By Charles K. Rowley and George K. Yarrow.

☐ **A Study of the Evolution of Concentration in the Irish Classical Records Industry.** *Evolution of concentration and competition series No. 25,* Commission, Brussels, 1979, 112 pages $6.00
MLH Consultants Ltd., Dublin.

☐ **A Study of the Evolution of Concentration in the Beverages Industry for the United Kingdom: Part One: Industry Structure and Concentration, 1969-1974.** Commission, Brussels, 1977, 263 pages $7.35
By Development Analysts Ltd.

☐ **A Study of the Concentration, Prices and Mark-ups in the Distribution of Food Products: Volume 1: General Approach and Methodology for the Analysis of Price Structures.** *Evolution of concentration and competition series No. A24,* Commission, Brussels, 1978, 283 pages $9.20
By Remo Linda.

☐ **A Study of the Concentration, Prices and Mark-ups in the Distribution of Food Products: Volume 2: Retail Food Prices in the United Kingdom—An Empirical Study.** *Evolution of concentration and competition series No. B 24,* Commission, Brussels, 1978, 346 pages $11.00
Development Analysts Ltd.

☐ **A Study of the Evolution of Concentration in the Beverages Industry for the United Kingdom: Part Two: The Distribution of Alcoholic and Soft Drinks.** *Evolution of concentration and competition series No. 21,* Commission, Brussels, 1978, 246 pages $8.90
By Development Analysts Ltd.

☐ **A Study on Classical Records Prices and Mark-ups in the United Kingdom.** *Evolution of concentration and competition series No. A/B 27,* Commission, Brussels, 1979, 904 pages ....$30.00 set
By Gordon D. Thomas and Francis Fishwick.

☐ **A Study on Prices and Features of the Markets of Domestic Appliances, Radio and Television Sets and Records (Classical Repertoire) for the Netherlands.** *Evolution of concentration and competition series* No. 31, Commission, Brussels, 1979, 100 pages $6.10
By C.P.J.N. Broekhof.

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.

Agriculture in Denmark. Edited by P.H. Knudsen. Agricultural Council of Denmark, Axelborg, Axeltorv 3, Copenhagen, 1977. 227 pages.

A collection of essays on various facets of the Danish agricultural sector; covers production, marketing, financing, labor organization, research, education, and other facets.

Wealth of Nations in Crisis. By Ronald C. Nairn. Bayland Publishing, Houston, 1979. 289 pages including index. $12.95.

Examines the political, social, and economic factors that inhibit the development of national prosperity in different countries; emphasizes the need to encourage development in the areas of agriculture and human productivity.

US-European Monetary Relations. Edited by Samuel I. Katz. American Enterprise Institute for Public Policy Research, Washington, DC, 1979. 282 pages. $5.75.

A collection of papers and proceedings of a conference on monetary integration; examines global and regional prospects, emphasizing the necessity to halt or reverse trends toward disunity in this area.

Foreign Direct Investment in the Southeast: West Germany, the United Kingdom, and Japan. Edited by Cedric L. Suzman. Papers on International Issues, No. 1, August 1979. The Southern Center for International Studies, Atlanta. 88 pages. $4.00.

A collection of papers examining the origins, motivations, and scope of foreign investment in the United States, particularly in the Southeast; emphasizes German, British, and Japanese investments.

Multinationals in the 1980's: Trends in European Regulation and International Control. By John Robinson. European News Agency, Brussels, 1979. 191 pages plus annexes. $370.00.

Studies the increasingly intertwined relationship of international business and politics; analyzes the implications for multinational corporations; examines multinational corporation control in the 1980's within the framework of the European Community, the Organization for Economic Cooperation and Development, and the United Nations.

European Bulletin. The Retail Consortium, 19 Buckingham Gate, London SW1E 6LB. (Periodical.)

A monthly journal addressing problems and prospects in the field of retailing in the European Community; covers EC proposals and legislation affecting retailing.

International Reorganizations—The New Rules. Edited by Robert Feinschreiber. Panel Publishers, Greenvale, NY, 1979. 163 pages including index. $35.00.

Complete description of provisions in the 1976 US Tax Reform Act concerning transfers of property to or from foreign corporations, emphasizing the introduction of new rules of reorganization that became effective in January 1978.

Europe? Yes, Europe! European League for Economic Cooperation, Brussels, 1979. 29 pages.

Prepared as a guide for candidates in the first European Parliament elections; outlines agricultural, economic, energy, social, and external trade aspects of European integration, reviewing accomplishments and presenting suggestions for future action.

The Soviet Merchant Marine: Economic and Strategic Challenge to the West. Reported by David W. Lee. The Atlantic Council of the United States, Washington, DC, 1979. 38 pages. $6.00.

Explains the growth of the Soviet merchant marine and its significance to the world trading community and to the Atlantic alliance; discusses political, economic, strategic, legal, and commercial aspects; offers conclusions and recommendations for action to monitor this growth.

The Countries of Community Europe. By Geoffrey Parker. St. Martin's Press, New York, 1979. 211 pages including index. $15.50.

Surveys from a geographical viewpoint the issues that affect the EC member states; deals with energy supply, agricultural and industrial modernization, balanced regional development, and environmental problems.

Computer Networks and Data Protection Law. Edited by Dr. Frits Hondius and Paul Sieghart. Computer Networks, Vol. 3, No. 3, North-Holland Publishing Company, Amsterdam, June 1979. (Special issue) $29.27.

Provides international overview of progress in the data protection field, addressing social, political, legal as well as technical problems encountered in this area; emphasizes importance of international law in data protection; pays special attention to the work of the Community and other organizations.

The European Alternatives. Edited by Ghita Ionescu. Sijthoff & Noordhoff, Alphen aan den Rijn, 1979. 522 pages.

A collection of essays studying the character and feasibility of various policies, specifically questioning the validity of these policies as alternatives to national policies.

World Military and Social Expenditures—1979. By Ruth Leger Sivard. WMSE Publications, Box 1003, Leesburg, VA 22075, 1979. 36 pages. $3.50.

A report on the allocation of world resources for military and social purposes, providing an objective basis for assessing relative priorities.

British Economic Policy 1960-74: Demand Management. Edited by F.T. Blackby. Cambridge University Press, NY, 1979. 454 pages including index.

Studies British economic policy between 1960 and 1974, specifically directing attention to policies involved in the stimulation or restraint of demand; covers public expenditure as well as budgetary, monetary, balance of payments, and incomes policies.

Die Europäische Gemeinschaft. By Walter Hallstein. Econ Verlag, Dusseldorf, 1979. 500 pages including index.

A study of the European Community from its beginnings; summarizes power and scope of its institutions; examines EC policies; presents prospects for the future. Text in German.

Israel's Integration in the Economic Structure of the European Community. By Dr. Yaacov Cohen. Ministry of Industry, Trade, Tourism, Jerusalem, 1979. 57 pages.

Studies Israel's economic relationship with the Community, emphasizing the EC-Israeli Agreement and its effect on trade with other industrialized countries; discusses effects of EC enlargement on its relationship with Israel.

Greece and the European Community. Edited by Loukas Tsoukalis. Saxon House, Westmead, Farnborough, Hants, 1979. Available from Renouf USA, Inc., Brookfield, VT 05036. 172 pages. $22.25.

Gives historical background of EC-Greece relations, examing the political and economic implications of Greek membership in the European Community; discusses the attitudes of member states to the Greek application.

Intergovernmental Relations in the European Community. By C. Hull and R.A.W. Rhodes. Saxon House, Westmead, Farnborough, Hants, 1977. Available from Renouf USA, Inc., Brookfield, VT 05036. 110 pages. $23.00.

An Analysis of relationships between the Community decision-making process and the administrative structure of individual member states; specifically discusses internal structures of Britain and Germany.

The Future of the European Parliament. By David Coombes. Policy Studies Institute, 1-2 Castle Lane, London SW1E 6DR, 1979. 136 pages.

Discusses the political significance of the European Parliament, examining reasons for its necessary strengthening for the sake of parliamentary democracy and more effective democratic institutions in general; proposes ways of accomplishing this.

Europe and Africa: from Association to Partnership. By Carol Cosgrove Twitchett. Saxon House, Westmead, Farnborough, Hants, 1978. Available from Renouf USA, Inc., Brookfield, VT 05036. 212 pages. $25.50.

Traces the history of Africa's relationship with the Community; analyzes development of association from a colonial system into an open multilateral aid relationship.

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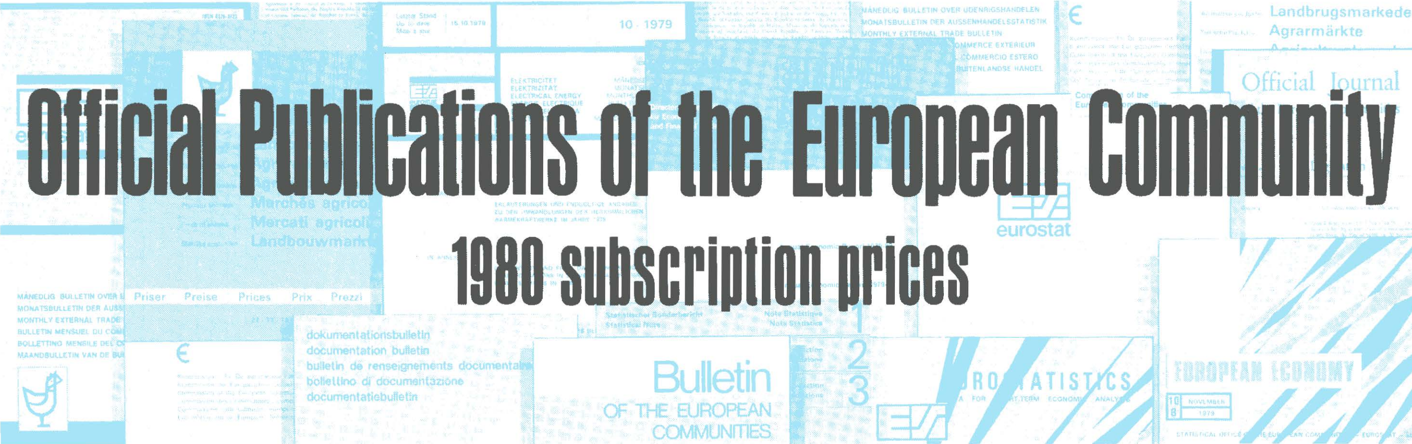

EUROPE. Magazine of the European Community. Bimonthly. $6.00.

OFFICIAL JOURNAL OF THE EUROPEAN COMMUNITIES. Daily. Publishes all Community legislation and many communications. Surface mail: $137.00. Air mail: $365.00 additional. **Index To The Official Journal.** Monthly. Surface mail: $33.00. Air mail: $16.00 additional. Microfiche Edition. Surface mail: $137.00. Air mail: $12.50 additional.

BULLETIN OF THE EUROPEAN COMMUNITIES. 11 issues and Index. Surface mail: $37.60. Air mail: $18.40 additional. **Supplements to the Bulletin.** Standing order available. Invoiced quarterly according to the number of pages in supplement.

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