SEPTEMBER-OCTOBER 1980 NO. 221

$1.50

EUROPE

Magazine of the European Community

Vikings: The First Atlanticists

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Publisher Andrew A. Mulligan
Associate Publisher David Haworth

Editor-in-Chief Walter Nicklin
Assistant Editor Candace Denning
Advertising Webster Martin
Circulation/Production Sarah Trott
Art Director Leckie/Lehmann

Sales Rep. Ronald Schacht, Intermarket Media Consultants, Inc.
50 Rockefeller Plaza, Suite 1208, New York, New York 10020

Contents

Cover (front): From "The Vikings" exhibition, detail of a horse collar found at Mammen in Jutland. See page 27. © British Museum Publications Limited

Cover (back): Wooden reliquary, of Irish origin, shaped as a chest with gabled roof, its exterior clad in gilded and silver-plated bronze plates. © Danish Journal

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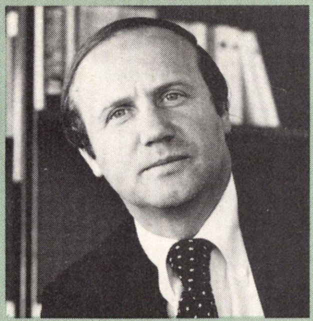
Editorial, permissions, advertising, and circulation offices: 2100 M Street, NW, Suite 707, Washington, DC 20037; telephone (202) 862-9500; telex 248455 COME UR.



Publisher's Letter

There are only infrequent opportunities to present a cultural subject in our magazine, but in this issue it's a change and a pleasure to do so in writing about an exhibition, "The Vikings," which is at the Metropolitan Museum of Art in New York from October 4, 1980, to January 4, 1981.

Those hairy buccaneers, whose paths I followed on a trip sponsored by the Nordic Council, would doubtless be astonished at our contemporary evaluation of their contribution to Europe's culture; their blood-thirsty treks left evidence of great beauty which anyone with an historical turn of mind cannot fail to appreciate.

Speaking of history, I suppose this continues to be painfully made in the twin—and to some extent related—issues of the energy crisis and the Middle East. At the time of writing it's too early to assess whether or not the European Community's "initiative" in exploring possible solutions, parallel to the Camp David process, to the multiple difficulties in the Middle East will be successful. But this process has begun and is being pursued with a remarkable unanimity of purpose by the nine EC nations. Interesting comment on this diplomatic development is made by Michael Mosettig.

In this issue we also ask if the West can be similarly united in the need to reduce oil imports through the International Energy Agency and come to the gloomy conclusion that if EC cooperation in this area fails, the political and economic consequences could be disastrous.

In this full issue, environmental problems on both sides of the Atlantic and how they are being tackled, are examined as are regional development in Scotland and the growing controversy about the increasing number of European takeovers of American banking interests.

Finally, a member of the European Parliament, Sir David Nicolson, essays a comprehensive look at the Community's industrial policy and spells out what this might mean for the United States. And talking of the European Parliament, it gives me pleasure to introduce in this issue the first of what will be a regular feature in the magazine from now on—namely a notebook on the Parliament's activities by that veteran authority of The Times of London, *David Wood. For sharpness of eye and political savvy, he's an unmatched correspondent, and I'm delighted to welcome him to* Europe.

Andrew A. Mulligan

Andrew A. Mulligan

EUROPE'S MIDEAST "INITIATIVE"

But What's Next?

MICHAEL D. MOSETTIG, *a New York-based freelance writer reporting from the Middle East and Europe*

THE EUROPEAN "INITIATIVE" IN THE MIDDLE EAST STILL faces an uncertain operational future and probably more controversy. In other words, its future will likely resemble its brief past—an initiative born in London and Paris amid fanfare and contention last spring, only to be shot down in Washington, and then to reemerge from the canals of Venice in June as a declaration of policy still dripping in controversy. Even now, diplomats in Europe are unsure whether to call their Venice effort an initiative with a capital "I" or a small "i" or merely a statement of policy.

Yet, for all the disagreement that the initiative provoked, first in the United States and then in Israel and among the Arabs, it has drawn the nine Community member states into tighter cooperation on issues in the Middle East, a region vital to their economic and energy security. It has created a new European position out of nine separate ones and has restored a European voice in Middle Eastern diplomacy. But the question still remains where this cooperation will lead.

What separated the Venice declaration from previous Community statements on the Middle East since 1973 was its operational component. It included a directive to the EC Council of Ministers President to make contacts among the parties and an agreement to follow up on the results of those meetings.

A mission headed by Luxembourg Foreign Minister Gaston Thorn, who took over the Council presidency a few weeks after Venice, has come and gone in the Middle East. The most optimistic appraisal from foreign ministries in Bonn, Paris, and London was that Thorn might find some private flexibility in the Palestinian position. At the Al-Fatah Congress in Damascus, two weeks before Venice, the Palestinians reiterated their pledge to "liquidate the Zionist entity." Any new hints of moderation to Thorn could be passed to Washington and Jerusalem.

The follow-up phase is now upon the Europeans. The most likely move is in the United Nations (UN) this fall, either a European resolution advancing the points of the Venice declaration or efforts to stitch together a compromise of European and Third World views. But the problems in this approach were demonstrated at the UN summer session. Thorn and the Europeans insisted on language recognizing Israel's right to a secure existence, while many Arab and Third World nations pushed a

Israeli Prime Minister Menachem Begin and Egyptian President Anwar Sadat sign the Camp David agreements with President Carter at the White House. © J.P. Owen, Black Star

General Assembly resolution that did not even mention Israel. And the actual vote saw the EC Nine and the United States split: the Europeans abstained, and the Americans voted their opposition.

It was the prospect of the Europeans going through the United Nations that created the initial controversy last spring. At that time the French and British expected a collapse of the Camp David autonomy negotiations for the West Bank (between Israel, Egypt, and the United States). They said they wanted to keep some diplomacy going after the May 26 deadline and especially through the American Presidential election period during which they felt the Carter Administration was incapable of putting pressure on Israel. They suggested supplementing Security Council Resolution 242 and elevating the Palestinians from refugees to participants in a comprehensive Middle East peace settlement.

For the Carter Administration, struggling to keep the autonomy talks alive, that idea represented meddling in the Camp David process. The President publicly threatened a US veto if such a resolution were introduced in the Security Council.

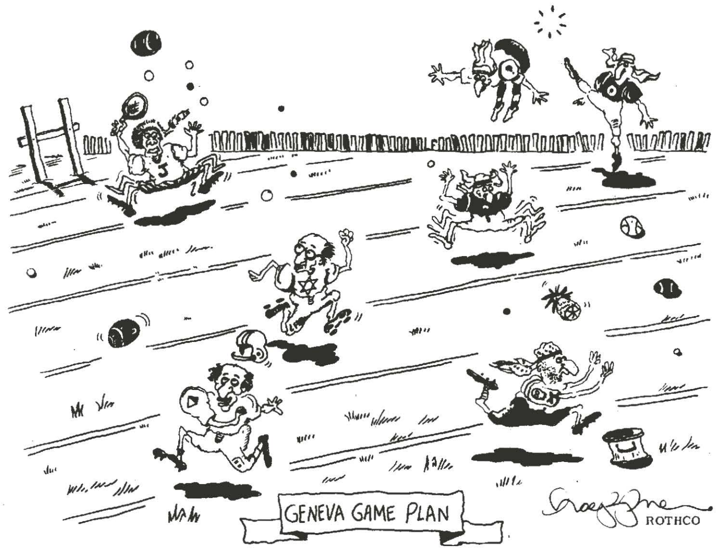
The Europeans backed off, asserting that they never wanted to interfere with Camp David diplomacy. What eventually appeared was the Venice statement, which the French were quick to label as "balanced." While recognizing the right to existence and security for all countries, including Israel, it was sharply critical of Israeli occupation and settlements on the West Bank and unilateral moves to strengthen its grip on all Jerusalem.

The paragraphs requiring the most extensive and elaborate draftsmanship, in a series of meetings of foreign office officials, pledged a European commitment to help guarantee a comprehensive peace "on the ground." They also urged self-determination for the Palestinian people and said the Palestine Liberation Organization (PLO) would have to be "associated" with the negotiations.

With such ambiguous language, the Europeans created an opening for the PLO but without the explicit recognition or definitive call for statehood that would upset Washington and even Cairo, which has so far helped isolate the PLO from the peace process.

Many European diplomats are quick to say the language means "all options are open." A few of the more cautious among them acknowledge they have not yet fully measured all the possible implications, especially of an independent PLO state.

The French particularly regard the Venice statement as a triumph, a demonstration that their previously reluctant partners are following their active diplomacy in the region. For the British it was another sign of assertive diplomacy, now unshackled from the 15-year burden of Rhodesia. For Germany it was another step toward more active involvement in the Middle East, though still



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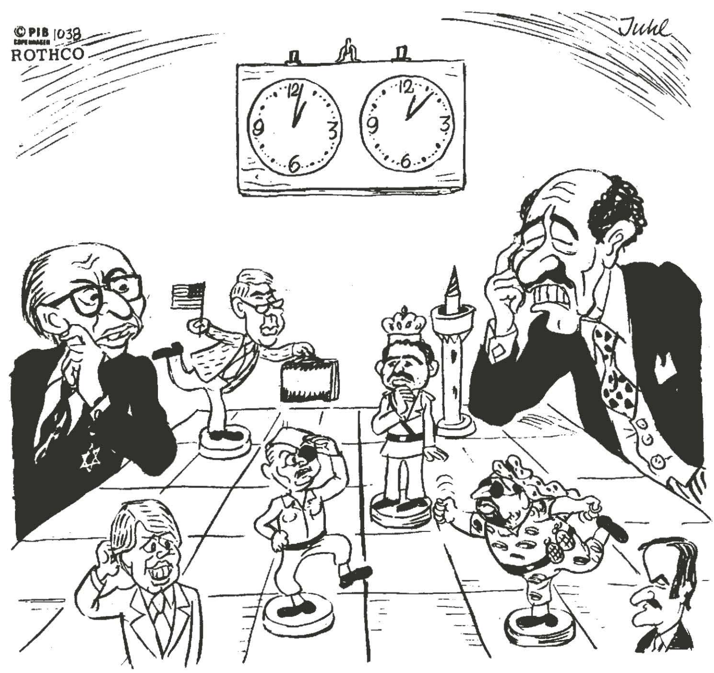


"Chess Game" © Juhl, *PIB*, Copenhagen

under French colors.

The Europeans have also taken comfort from the reactions to Venice. As British officials often point out, a declaration criticized by the Israelis for going too far and by the PLO for not going far enough must have some merit. From Washington, the public response was muted and conciliatory. Privately, US officials say the Europeans can play a helpful role in the Middle East as long as they do not upset Camp David.

THIS DOES NOT REPRESENT AS SHARP a reversal of Washington's attitude as it appears at first glance. When British Foreign Secretary Lord Carrington was in Washington last spring, he heard tough talk in the Oval Office about a European initiative. But according to British officials, he was picking up other signals in Washington that a European effort in the Middle East would not be totally unwelcome. That blinking light was encouragement enough for the British and French to change course slightly and to rally the other Europeans behind a unified statement of policy.

The declaration did draw some criticism in European capitals. Several Bundestag members of the German Social Democratic Party, traditionally friendly to Israel, complained privately that the statement had gone too far. And in a heated debate in the British House of Commons, Labor opposition leader James Callaghan accused Prime Minister Margaret Thatcher of supporting an independent Palestinian state, "creating another powder keg in the Middle East," and of embarrassing the United States. "If that is the kind of initiative the statesmen of Europe are committing themselves to, it would be far better if they kept quiet," Callaghan said.

In Beirut, the PLO voiced disappointment that the Venice statement had not accorded them full recognition and described it as "the same old slogans." The Egyptians and Jordanians said they welcomed it.

What few people were prepared for, even in Israel, was the virulence of the Israeli Government's opposition. It demonstrated a further deterioration of Israeli-European relations. An Israeli Cabinet statement, much of it drafted personally by Prime Minister Menachem Begin and only slightly toned down by his foreign minister, labeled the PLO as an "Arab SS." It accused the Europeans of another "Munich-like surrender, the second in our generation, to tyrannic extortion and an encouragement to all the elements which are undermining the Camp David accords and which aspire to defeat the peace process in the Middle East." Two weeks earlier Begin had made a fiery speech in the Knesset (parliament) accusing all the Europeans, except the Danes, of collaborating in the Nazi annihilation of the Jews.

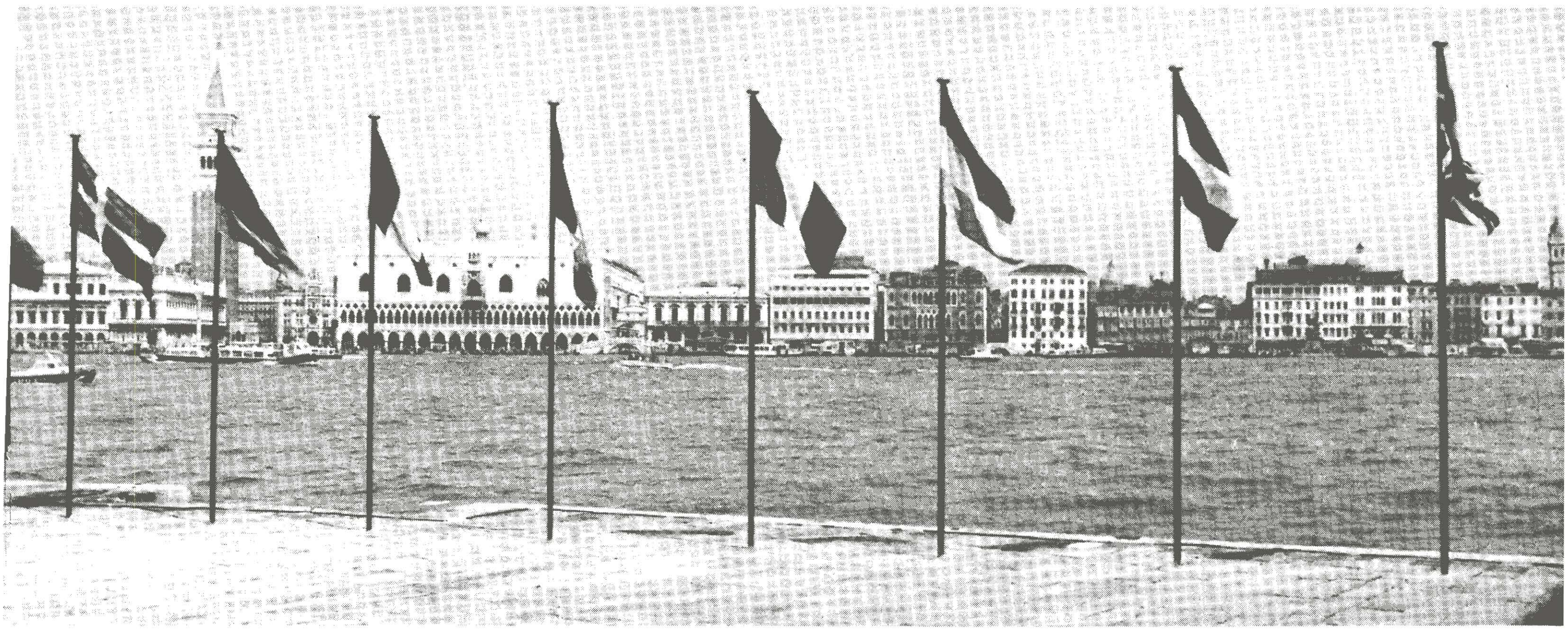
That speech had already set British and Dutch teeth on edge, and the Cabinet statement drew further European criticism. British Ambassador John Robinson, recently arrived in Tel Aviv from stints in Brussels and Washington, even went on Israeli radio and said he had "found some of the reactions to what Europe has been doing . . . and to the Venice statement itself somewhat strident and emotional." A top-ranking Community official in Brussels was even more blunt, privately asserting, "this is not the language of rational discussion."

Brussels officials said it was the policies and declarations of the Begin Government—on autonomy, settlements, and Jerusalem—that had helped push European governments previously most friendly to Israel into cooperation and agreement on the Venice statement.

While deploring Begin's language and style, Israeli moderates and members of the opposition Labor Alignment also criticized the Venice declaration. Unlike Begin's Likud bloc, Labor is publicly committed to a territorial compromise on the West Bank. But Labor leaders complained the Venice statement bolstered extremists both in Israel and among the Arab rejections and weakened the chances for an Israeli deal with Egypt and Jordan on the Gaza and West Bank. Their most pointed complaint was that the Europeans offered the PLO significant diplomatic concessions without extracting any concessions in return.

Abba Eban, the former foreign minister, voiced another common Israeli attitude that "having placed a parochial and mercantile approach above Israel's sur-

An Israeli Army half-track carrying armed troops in the Negev Desert in May 1967. © UPI



A new European voice in Middle Eastern diplomacy rose from the canals of Venice during the June summit.

vival and Western solidarity, Europe could not expect to be taken seriously as a disinterested conciliator in later months."

Eban's statement raises directly the question of where all this European activity will lead and the extent to which Europe can play a mediator's role, alongside or in front of the United States. Europe is more dependent than the United States on Arab oil and has far less leverage on Israel.

But for the Europeans, Venice is a starting point and certainly represents a deepening of political cooperation within the Community on a critical diplomatic issue. As one Commission official explained, "once political cooperation moves into a sector, it doesn't go back. Instead, it widens and deepens."

The Venice statement did represent a blending of European positions, which previously ranged from Ireland's outright support of a Palestinian state all the way to the strong pro-Israeli sympathies in the Netherlands and Denmark. Closer to the Irish end and far more active are the French, their support for Palestinian self-determination voiced in Kuwait by President Valéry Giscard d'Estaing and out of sorts with Israel since the 1967 Middle East war. With them are the Italians, increasingly sympathetic to the Palestinian position. Moving that way is the British Conservative Government, edging back from the previous Labor Government's strong support for Israel and toward a more flexible policy on the Palestinians. Square in the middle has been Germany with Chancellor Helmut Schmidt growing more alarmed about the risks of war in the Middle East but constrained by German history and a delicate relationship with Israel from moving too far too fast and certainly from being out in front.

The European position is further complicated in the mix of its political and economic relationships in the region. Despite the growing political rift between Europe and Israel, trade has reached the $4 billion level. Israeli exports are expanding within its preferential agreement with the Community. But the plan to establish a Community office in Israel has been deadlocked with the Israelis insisting it be located in Jerusalem and the Europeans adamant it go to Tel Aviv, where the Nine, except for the Dutch, maintain their national embassies.

European relationships with the Arabs are even more skewed. The multi-billion dollar swaps of oil for trade, aid, and technology are handled bilaterally and are highly competitive. As with Israel, the Community has trade preference agreements with Egypt, the Maghred (North African) and Mashrek (Syria, Lebanon, and Jordan) nations. German Foreign Minister Hans-Dietrich Genscher made a highly publicized proposal earlier this year for a similar arrangement with the Gulf states. But such an accord would pose the serious, if not impossible, problem of opening Europe eventually to even more imports of petrochemicals, steel, and aluminum, already in surplus.

Efforts to unblock the Euro-Arab dialogue, commenced after the 1973 Middle East war, are even more complicated. Cairo has been expelled from the Arab League, whose headquarters was moved to Tunis as a protest against the Egyptian peace with Israel. Up to now, oil and politics have been excluded from that dialogue, which leaves little of real importance to talk about. After Venice, the Europeans are trying to resume the dialogue in Tunis, but Brussels officials acknowledge it will take a long time.

European officials and diplomats frequently refer to their Venice statement as a "bridging" operation to maintain active diplomacy in the Middle East, at least through the US elections and the deadlock in the Camp David autonomy talks. At Venice they constructed the first part of the bridge. But as they know from their own history in the area and from the endeavors of others, half-built bridges are fragile structures, especially in a volatile region composed largely of sand.

FOREIGN BANKS IN THE U.S.

The domestic debate heats up

JAMES L. SRODES, *US financial correspondent for the* Daily Telegraph *and the* Sunday Telegraph *of London*

EUROPEAN AND ASIAN BANKERS HAVE HAD SOME CAUSE, until lately, to consider themselves partly shielded from the tide of protectionism that has made foreign investments in the United States an increasingly controversial trend. After all, the run of mergers and takeovers of US banks generally has had the enthusiastic endorsement of both major American bankers and such powerful government regulators as Federal Reserve Board Chairman Paul Volcker and US Comptroller of the Currency John Heimann. Who could ask for anything more?

That immunity from controversy is suddenly ending. The Congress, the bank regulatory agencies, the White House, and foreign and domestic banks alike are getting embroiled in a debate with a ripple-effect impact that will widen from the isolated questions of whether Midland Bank of the United Kingdom should be allowed to take over Crocker National Bank of California to the broad and complex question of restructuring the American national banking system.

The question of the relationship between US banks, their foreign suitors, and the climate that the banking industry in general will face in the United States in the coming decade is important to the nonbank business executive, whatever his nationality. For the pattern Washington sets in setting up this new relationship will be both precedent and template for the Government when it considers other dimensions of the foreign capital flow into the United States, from farmland sales to straight takeovers to transnational manufacturing partnerships and technology swaps. There is a lot at stake and the opening rounds are just coming up. Consider:

- Hearings on foreign bank purchases of US banks will get underway in the week of September 22 at the House Banking Committee's Subcommittee on Financial Institutions Supervision, Regulation, and Insurance.

- At that hearing congressmen will consider not only specific foreign bank purchases, such as the Midland-Crocker deal, but also a General Accounting Office report due out in a few weeks that reportedly urges an indefinite moratorium on all foreign bank takeovers.

- Also due out at the same time is a White House study on the national banking system that was mandated by Congress in 1978 and is overdue from last year. This report is expected to offer specific legislative recommendations to the Congress on changing the rules of the national banking system that currently forbid banks from operating their retail services in more than one state while allowing foreign banks to operate anywhere. The White House study will also be included in the House panel's agenda.

- In the meantime, a new bank takeover moratorium could be imposed whenever the Senate votes on HR 2255, the Bank Holding Company and Insurance Act, despite the fact that the Senate Banking Committee refused to do so. A number of senators feel Midland Bank took advantage of a lapse in the previous embargo and want to remedy matters on the floor of the Senate.

The ill feeling in the Congress over the Midland Bank offer of $850 million for Crocker National Bank illustrates a point. The issue of foreign bank investment in the United States is not solely a banking controversy limited to whether one bank should own another. Wrapped around the debate is the broader issue of whether or not to restructure the entire US banking system. And it all takes place against the broader context of serious public resentment (reflected in the Congress) about the nature, size, and flow of foreign capital into American properties of all kinds.

In this light foreign bankers have some serious problems because they are in many cases committing many of the same errors that have aroused the citizenry (and their ever-alert representatives in state legislatures and the Congress) over German land sales in Kansas, Japanese factory purchases in California, and, of course, British bank tender offers.

It can be argued that if the American Government ends up imposing prohibitive restrictions on purchases or investments in US bank properties, foreign bankers may have themselves partly to blame.

For one thing, unlike other kinds of foreign capital inflows, foreign banks have had a historical presence in the United States that dates back nearly 150 years. One has to recall that today's giant Morgan Guaranty Bank is the offspring of an 1840's bank founded by Junius Spencer Morgan to funnel British investments into America. The 1849 California Gold Rush attracted a branch of Rothschilds Bank and even the Yokahama Specie Bank (a forerunner of the Bank of Tokyo) had a presence in California by 1880. Foreign banks can thus lay claim to an early contribution to the development and growth of the American nation and its economy.

Nor have foreign banks ever threatened to dominate the American financial scene. Prior to 1973, the date most historians mark as the beginning of the Foreign Bank Rush, there were only 34 foreign-owned banks in the United States, and the $4.65 million in assets they controlled accounted for just .62 per cent of the industry's total domestic assets.


Midland Bank's head office in London. courtesy Midland Bank

By the latest count of the Federal Reserve and the US Comptroller of the Currency, there are 109 banks in the United States in which 10 percent or more of the shares (the accepted limit of significant influence if not outright control) are owned by a foreign bank or individual. These 109 banks have $76.9 billion in assets or about 4.5 per cent of all insured US commercial bank assets. Most of the banks taken over have been in the medium range of institutions—$100 to $500 million. Of the 11 known bank takeovers pending at the moment, 10 of them have total assets of $845 million. The other is the $16 billion Crocker National Bank targeted by Midland.

When one considers that American banks in the intervening eight years have pushed their loans to, deposits from, and other shares of the non-US banking market to more than $300 billion, the foreign wedge seems like small potatoes indeed.

But not to belabor the point, perceptions count as much as reality in this case. The public perception is that there is a rush of ill-intentioned foreign money into their communities to grab off the most valuable of their assets. This perception began with the ill-fated takeover of the Franklin National Bank of New York in 1974 by the Italian wizard Michele Sindona. Franklin National went bankrupt and Sindona is in jail because of it. Despite the assertions of major bank regulators such as the Fed's Volcker that most US banks benefit from being taken over by foreign owners, the Franklin case was a poor beginning.

Then too, the trend of foreign bank purchases has accelerated in the last few years. Although the majority of takeovers in the last decade have involved banks with $50 million or less in assets, foreign banks are taking over bigger US banks. The Marine Midland banks of New York acquired by Hongkong & Shanghai Banking Corporation earlier this year and the pending Crocker takeover by the United Kingdom's Midland Bank involved domestic assets of more than $30 billion—roughly one-third of all the assets such foreign banks currently control in America.

To the point, after Sindona's takeover of the $3.5 billion Franklin bank, foreign banks did not acquire control of that large a slice of US bank assets in any year until last year when the "Big Three" takeovers were announced—Standard & Chartered's purchase of Union Bank ($5.2 billion in assets), National Westminster's purchase of National Bank of North America ($4.3 billion), and Hongkong & Shanghai's controversy-laden investment in Marine Midland ($15.7 billion).

But while foreigners in general have not taken over a larger number of large US banks, their purchases have been highly visible nonetheless because of their concentration in just a few areas of the United States. Of the 92 bank acquisitions made by foreigners since 1970, fully 27 have been in California, another 26 in Florida where takeover laws are fairly liberal, and 11 more in New York where state laws were tough but generally winked at until Bank Supervisor Muriel Siebert seized on the Marine Midland case last year.

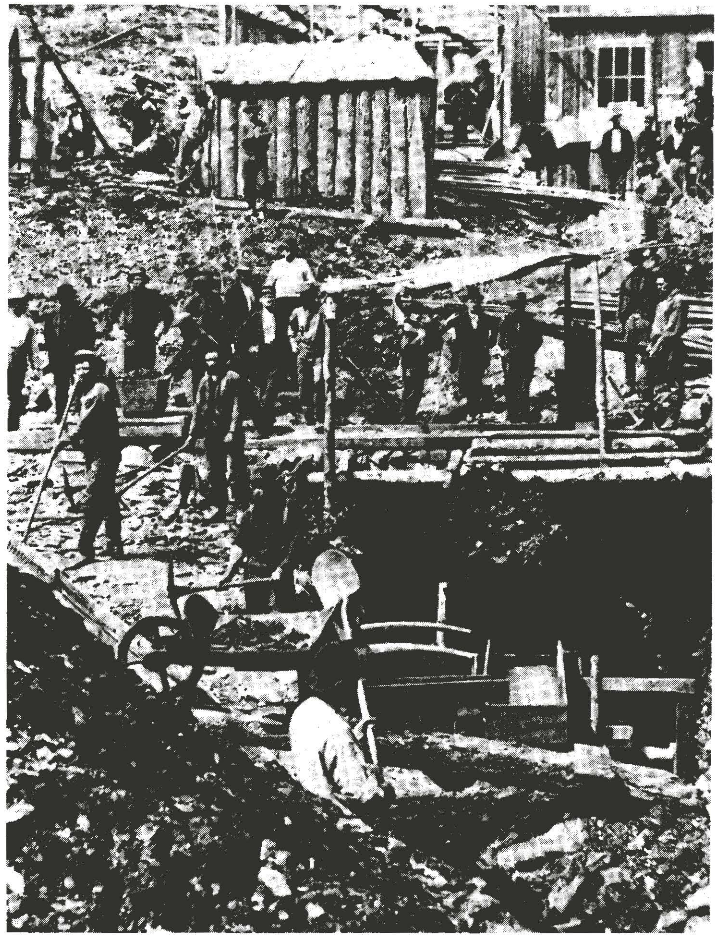
WHILE IT IS TRUE that classic know-nothing protectionism of the "No foreigners here no-how" variety will play a large part in the coming debate, it is interesting to look more closely at the statements of some of the leading principals in the drama.

Take Muriel Siebert whose adamant opposition to the Marine Midland takeover forced that bank to opt out of state regulation and apply for a national charter so that the more enthusiastic Comptroller John Heimann could approve it. Most newspaper coverage focused on Siebert's accusation that the governments of most foreign takeover banks would never allow American bank purchases in their country the way Americans do. But listen to her statement to Senator William Proxmire (D-WI) of the Senate Banking Committee at the time of the controversy: "At present our US banks do not have similar reciprocity in purchasing banks. With respect to bank acquisitions, the absence of any clear, carefully thought out policy in the United States has meant, in terms of its practical effect, that foreign banks have a clear advantage over domestic banks. If a major foreign bank can enhance its asset base and competitive capabilities by acquiring a US bank of substantial size, while a domestic bank would not be permitted a similar size acquisition in the United States or in the home country of that foreign bank, fairness and reciprocity are absent and domestic banks are disadvantaged in the world financial marketplace where foreign banks and US banks compete with each other.

"In order to avoid excessive concentrations of financial resources on a national scale, we have forbidden interstate acquisitions by domestic banks. This rule, however, is no longer preventing banks from being acquired by out-of-state interests or preventing enormous concentrations of financial resources. It is simply ensuring that the out-of-state acquirer is a non-US bank and that the world's increasingly large financial organizations are being controlled by non-US hands."

It is unlikely that many foreign bankers around the world have heard of the McFadden Act of 1927. But it is this piece of pre-Depression regulation that is at the heart of the bank takeover controversy. And while Seibert would be among the last to urge the unrestrained spread of domestic and foreign-owned banks across the United States, it is on this point that the battle is likely to be fought and, for good or ill, it is on that point that the fate of future foreign bank ventures in the United States is likely to rest.

The McFadden Act, briefly, sought among other things to limit the right of commercial banks to operate outside the state in which they are chartered. This act reflects the traditional American distrust of banks in general and big banks in particular. Bank "branching" even in the 1980's is a super-controversial issue that arouses the fears of small-town bankers (and their politically potent business communities) that big-city banks are about to swoop down, grab their deposits, and deny them access



A crew of gold miners at Deadwood, Dakota Territory. By S.J. Morrow, circa 1876. © The Bettmann Archive, Inc.

to the credit they need to grow and thrive. To the point, nearly a dozen states forbid banks there to operate out of more than the one building that houses them, and many restrict "branches" to the home county or surrounding economic region.

One unintended side effect of the McFadden Act is that when one of these local banks gets into trouble, there is no legally available rescuer that can pour in new capital and management talent unless it is a foreign investor.

Or, as Chase Manhattan's chairman David Rockefeller explained to a group of lawyers recently, "Federal regulators have authorized a foreign bank to acquire control of the Marine Midland Bank. While Marine Midland might be a very good acquisition for some large New York bank seeking to complement its capabilities, no such acquisition would conceivably be approved by the Fed today. Moreover, statutes prohibit an out-of-state bank from acquiring Marine Midland. Result: Another competitive edge for foreign banks and further competitive inequity for American banks in their own country.

"Or take Wachovia Bank, a major regional bank, which was required to divest itself of the American Credit Corporation on the grounds that ownership of American Credit resulted in unfair competition. Yet, Barclays Bank, a British firm with about 10 times the assets of Wachovia, with branches and agencies in six US states—and

"You can put your money back in the bank. The government isn't going to nationalize them after all!" © Waite, *Daily Mirror*, London

US subsidiaries with assets about equivalent to Wachovia's—was permitted to purchase American Credit. Result: inequity," Rockefeller stated.

In short, the big American banks and many of their regulators are arguing not that foreign banks should be required to play by existing US laws, but that the rules should be changed so that everyone can play the same game. Or as Robert Brannon, a Citibank vice president phrases it, "We believe the more the merrier. Our bank doesn't believe that we should force those (McFadden) restraints on them; we want to be freed from those restraints as well."

Yet a truly national banking system is such a controversial public issue in America that just the reverse could happen. By far and away the vast majority of the 14,639 commercial banks in America are small-town banks, there are thousands more of the savings and loans that exist on savings deposits and home mortgage loans and thousands more still of the credit union institutions that combine into an incredibly powerful vested lobby against any kind of banking system that would pit them against the giant national banks or, worse, the assets and skills of foreign-owned financial institutions.

Even the government regulatory agencies are of two minds about building a national system while Washington has such trouble keeping control over the system it already supervises. One stalling tactic adopted by the Fed and Comptroller's office to forestall any legislation of any kind involving foreign bank activities in the United States is to call for increased reporting of foreign investors and where to put their money.

Neither Congress nor the American banking industry will be able to ignore the General Accounting Office's indefinite moratorium demand of the White House's recommendations on the banking system. And once the battle is joined, foreign bankers who are caught still looking for bargains among target US banks will find themselves right in the middle of it.

The Federal Reserve Board: (left to right) Lyle Gramley, Emmett Rice, Nancy Teeters, Frederick Schultz, Paul Volcker (chairman), Henry Wallich, and Charles Partee. © Bruce Hoertel, Washington

EUROPEAN INDUSTRIAL POLICY?

The catalyst may be Parliament

SIR DAVID NICOLSON

The following article is taken from an address given by Sir David Nicolson to the US-British Chamber of Commerce in New York on June 25. A member of the European Parliament, Sir David Nicolson is a prominent British businessman and industrialist.

THE RECENT SETTLEMENT OF THE QUESTION OF THE British net contribution to the EC budget, coupled with the fact that the Community will soon run out of money, has focused attention on the need to look ahead at the whole future structure of the budget and its revenue and expenditure, as well as the balance between agricultural and other spending.

At present the central budget takes only .8 per cent of the combined gross domestic product (GDP) of the nine member states, and of this no less than 70 per cent is devoted to agriculture. In fact, the Community really only has one major policy, the common agricultural policy. This policy is of little benefit to Britain, which still imports half its food, much of it from outside the Community; and now that Germany has assumed the major financing role following the British settlement, Britain is also questioning the cost and some of the waste involved in the production and storage of surplus farm produce. It seems impossible to contain, let alone cut back, farm spending to the point where large sums would be available for other policies.

Yet if the objectives of the Treaty of Rome of economic convergence and monetary union are ever to be met, a more balanced budget with more spending on regional and social and industrial policies is inevitable. The major needs of the Community are to combat recession and unemployment and to stimulate trade and industry in a rapidly changing world. It was because the Council of Minister's 1980 budget ignored these priorities that the European Parliament originally rejected it last November. For all these reasons—plus the fact that the sources of EC revenue, which are limited in the case of value-added-tax (VAT) to a ceiling of 1 per cent, will shortly be exceeded by expenditure, largely due to increased farm spending—a fundamental review has become unavoidable.

A new budget structure, therefore, with new own resources, will have to come, despite the suspicion and resistance of national governments that do not like transferring any authority to the center. Yet even if the new EC budget amounted to 2 per cent or even 3 per cent of combined GDP's, they could hardly claim that this was erosion of national sovereignty.

Within such a framework important steps could be taken, such as the development of a common energy policy and a common industrial policy, but what is lacking currently is any forward plan for the shape of the Community in the future. So far as the United Kingdom is concerned, this must be decided in the next two years, before the next election and before the current temporary budgetary settlement mechanism expires. And the new structure must be such that the United Kingdom is really going to benefit from membership in the long term.

The new European Parliament has a role to play in debating the options that are open and hopefully in stimulating the leadership that the Community needs, and that has been lacking from the Council of Ministers in the past few years. In this respect a new relationship between the Council and Parliament, based on consultation rather than conciliation, has been initiated by the Italian presidency and may well be the beginning of a new period of Community progress.

The external pressures of Soviet expansionism and the need for a coordinated European voice in the Western alliance on the one hand, and unemployment and vulnerability in changing world markets on the other, should push this evolution along, provided that the evils of protectionism are resisted. Internal protectionism could destroy the common market and the Community, and external protectionism could destroy the Atlantic alliance. Change is ceaseless in technology, products, markets, and competition, and the Community is becoming increasingly aware that it must adapt to it and manage it, but not resist or ignore it. It cannot afford to slip behind the United States, Japan, or the newly industrialized countries, and it must find means of initiating more rather than just reacting. It is in the interest of the West that the Community should do so.

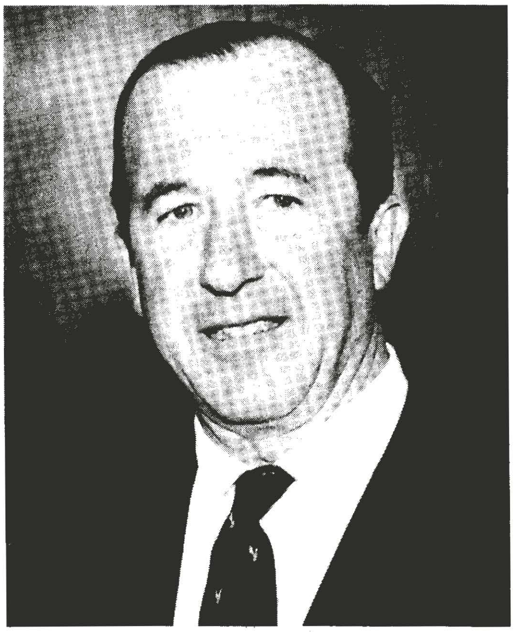
So growth in new industries has become a high priority, making use of Europe's undoubted skills and technology, with the base of a large home market. This is why consideration of industry policy assumes such importance, together with the need to restructure old industries and redeploy labor as painlessly as possible with the minimum resource to protectionism. This is why a new style EC budget and a new style Community must emerge. More than any other country the United Kingdom needs such a policy to give help with the achievement of structural change in industry, of higher productivity, and of a new initiative in industrial relations.

NATURALLY, A STRONGER, BETTER ORGANIZED Community in economic and industrial terms implies more competition for its trading partners. Of which Dr. Henry Kissinger was well aware. But the United States has been built on competition, and will not fear this, although a trade war must be avoided. There have been some danger signals recently, and steel is a case in point. Unbridled growth in this industry worldwide after the war, particularly in Japan, to a capacity six times as great as before, inevitably led to painful retrenchment in the end.

In the Community an emergency plan to limit output and control prices has been introduced, together with special aid for the stricken workers and towns. Against such a background, and with a bigger European fall in market share than the United States', the accusations of dumping by US Steel and counter accusations of inefficiency by the Europeans are like sparks that could start a conflagration. Synthetic fibers and footwear are only two other examples. When times are hard and Western balances of payments are falling is the time to guard against slipping back into protectionism.

We now have new trading rules agreed by the world's major trading countries after years of negotiation, and this is a great achievement. These rules deal with subsidies, countervailing duties, antidumping regulations, product standards, government procurement, and uniform customs valuation systems. The General Agreement on Tariffs and Trade (GATT) has reduced tariff barriers by 35 per cent, and a further reduction of 33 per cent in industrial tariffs is planned in the 1980's.

The United States and the Community are not challenging each other's regulations, and they know how important it is to make the new GATT work. Whatever may occur in steel or synthetic fibers can be handled within these regulations, and they must be, for this is our very trade foundation. In 1930, the West tore itself apart by protectionism, and we must never let it happen again. The distortion of market forces and the curtailment of free trade and competition must be avoided, and this is also relevant to industrial policy. It is a delicate matter to maintain an open competitive trading system in a period of high inflation, rising unemployment, and low growth. But the Community's economy is far more dependent on external trade than that of the United States, both for supplies and markets, and we depend on each other for our future prosperity and survival.



Sir David Nicolson, member of European Parliament.

The world has become much more dangerous in the past 10 years, and the power of control held by the West is relatively less. Europe can now speak with one voice in the field of trade, and there is no clear line between the economic and political aspects of foreign policy. It cannot exercise economic power without political responsibility, and the world is now waiting for it to contribute to Western leadership. Recognition of this should help remove the confusion that exists in EC-US relationships and confirm that they have no alternative to that of working closely together.

The Community, of course, must evolve politically as a properly coordinated partner for the United States, and it looks as though this may happen if only because of the pressure of external events. I have suggested that part of the new EC structure should be a common industrial policy, and this requires further definition. The Community is fortunately dedicated by the Treaty of Rome to democracy and free enterprise. It recognizes that the enterprise sector is the prime mover in the economy and that this in turn depends on market forces and entrepreneurship. This is the greatest stimulus for growth and for raising the living standards of all that is known. Therefore an EC industry policy will not be interventionist. In theory, companies that expand capacity in good times should be able in bad times to meet change, to restructure themselves without assistance; in practice, change always brings casualties and aid may be unavoidable to prevent social or political disaster. Steel is an example in Europe.

Care must be taken to define what should be done at the European as distinct from national level in such cases, and generally it should be the latter, but in a harmonized and transparent way. Nevertheless natural market forces can be complemented at the European level in a number of important areas without direct intervention, including industrial development policy, competition policy, trade policy, industrial relations and social policy, and industrial education policy.

Industrial development policy included loans or grants for infrastructure development or research and development contracts, or financial assistance to national agencies for new industry development or small business assistance. Competition policy is a complex subject covering antitrust law, equity of competition between the public and private sectors, the harmonization of grants and subsidies, and transnational mergers, to name but a few.

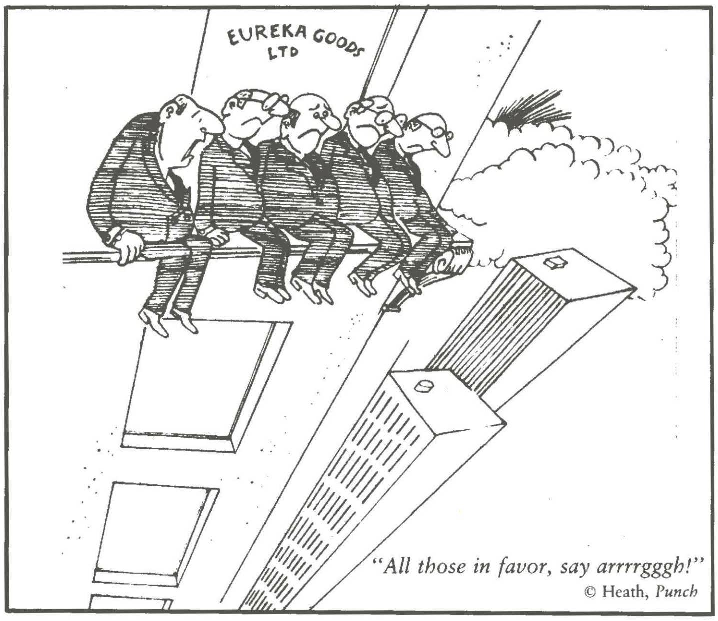
Trade policy needs urgent attention. Intra-Community trade increased 20 per cent in 1979 to an average of over 50 per cent for the member states, but nontariff barriers still proliferate and a strong EC standards institute is required. The role of chambers of commerce needs study, and the mockery of a common market with internal border customs maintained largely because of different state VAT rates must be stopped.

Industrial relations and social policy is of extreme importance. It is not possible for management to restructure industry and redeploy workers without having a dynamic social program in parallel for the creation of new jobs and the retraining and relocation of individuals. Furthermore, Europe needs an industrial relations charter based on the human rights of the individual, including voluntary union membership, flexibility in training, secret ballots, and proper communications and participation. In other words, true industrial democracy. Schemes for equity participation and profit-sharing should also be included, and labor contracts between employers and unions.

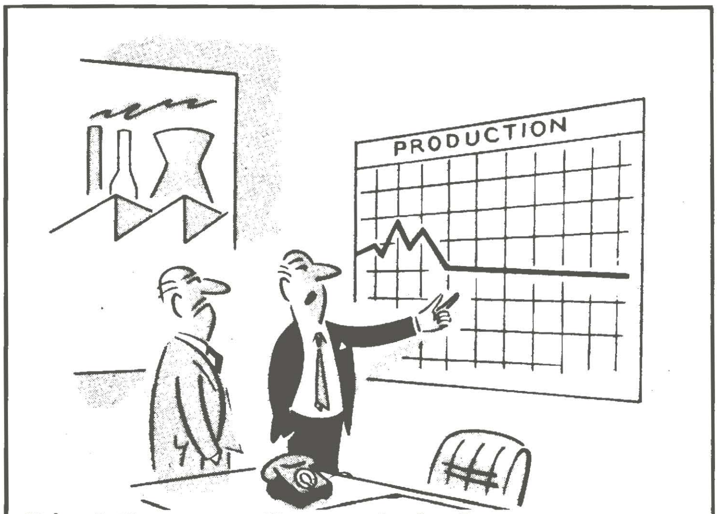
Finally, industrial education policy should stimulate more transnational cooperation and exchanges between universities, technical colleges, and industry, including joint research projects. An immense effort is needed in the training of men and women, which is a critical bottleneck. Despite the heaviest unemployment for 40 years, there is an acute shortage of skills at every level.

An emergency plan to limit output, control prices, and aid stricken workers and towns was introduced after the steel crisis hit. courtesy British Steel Corporation

MANY OF THE INSTRUMENTS NECESSARY for the operation of a common industrial policy already exist in the Community. The regional, social, energy, and research funds provide grants under the budget. The European Coal and Steel Community provides grants and loans. Loan finance is available from the new Community instru-



"All those in favor, say arrrrgggh!"
© Heath, *Punch*



"And that was the period when we were all preoccupied with productivity deals."

© Langdon, *Punch*

ment, or "Ortoli facility," a major Commission borrowing and lending operation with a limit approved up to $1.5 billion, which may be used for recycling surplus OPEC funds to industrial development or infrastructure projects.

Loan finance is also available from the European Investment Bank whose capital was doubled recently and which increased its financing by 40 per cent in 1979 and to $4 billion of commercial loans from borrowings made on the capital markets. This was nearly double the 1977 figure, and the United Kingdom was the biggest recipient with 33 per cent of the total. Two-thirds went to investment in regions that are economically less-developed, or are confronted with industrial conversion problems and high unemployment. They included industrial, infrastructure, and energy projects, as well as those to achieve industrial cooperation between enterprises from different member countries, including high technology and to agencies making sub-loans to small industry.

But having said this, there is much left to be done. The existing EC funds need to be enlarged, and an extensive program of economic research contracts should be launched. Fiscal policies should be adjusted for the development of important products. The United States has an active Small Business Administration, and 20 percent of US Government contracts are channeled to small businesses. There are proportionately four times as many small businesses in the United States as the Community, and in the past seven years over 60 per cent of all new jobs created in the United States were by the start-up of small businesses employing less than 20 people. The Community should note this.

In telematics (telecommunication, data processing, and integrated circuits), the United States is the main supplier to the world market, largely due to massive orders from the federal government and the NASA space program. The Community only supplies about 10 per cent of its own telematics. It cannot afford to stay so far behind, and it must coordinate national development programs and eliminate duplication and ruinous rivalries. There are also major EC programs that could be implemented, such as the development of a major integrated data network linking its institutions and governments, or a program for the use of satellites that knows no frontiers.

A common defense procurement policy would have a major effect on EC industry, particularly in the high skill, high technology, high added value areas. It is not possible to differentiate between civil and military industry, and although the Community is an "economic" community and looks to NATO for its defense, industry is very much part of economics. In any case the Community should bear a fair share of the cost and produce a fair share of the quantity of NATO equipment.

All these things should be part of a dynamic, coordinated industrial policy framework so that the economic resources and talents of the Community can be properly marshaled. This is the only way it can become a proper ally for the United States while giving Europeans a voice in their own destiny, which I believe they are going to demand.

So a common industry policy for the Community is much more than its name implies. Unfortunately the different member states have different performances and abilities to adapt to change, thus policies are not always acceptable to all, and the basic consensus is hard to achieve. This is no different, however, from the problem of how to achieve economic convergence, which is an accepted objective of the Treaty of Rome, or how to eliminate internal nontariff barriers and achieve a true common market. It can be done, but it demands genuine political will and leadership. This has not been forthcoming from the Council of Ministers in recent years, so let us hope that the new European Parliament can become the catalyst of change.

SCOTTISH DEVELOPMENT

A new "silicon valley"?

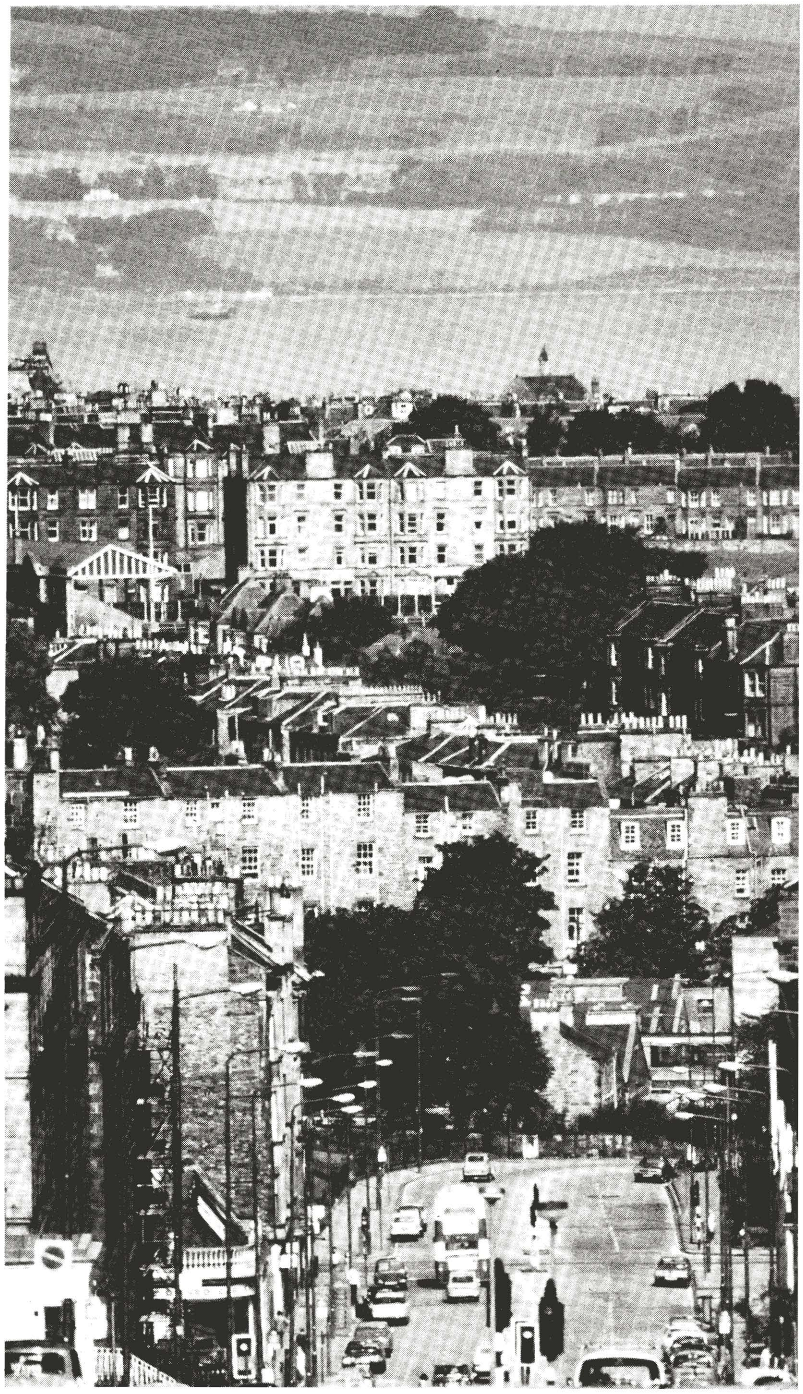
DAVID BELL, *news editor of the international edition of the London* Financial Times

BRITAIN IN RECESSION IS LIKE A HUMAN HAND THAT develops frostbite. The tips of the fingers freeze first. Thus a Scottish writer recently described the current state of Scotland, which, after 30 years of industrial decline on the northern fringes of the United Kingdom, now faces a period when the rate of decline could be steeper still.

Scotland is not the only "finger" in Europe to be affected in this way. The south of Italy, to take another example, is always the first part of that country to feel the onset of a recession. Regional problems—the growing imbalance between rich and poor areas—now preoccupy most governments in the Community. But Scotland's problems are particularly acute. The area around the river Clyde, once one of the great workshops of Europe, is a world away from the North Sea oil fields and enchanting scenery that are so often associated with Scotland. The great industries—shipbuilding, heavy engineering, steel, coal—have declined, leaving behind in some parts of the country an industrial wasteland, high unemployment, and bleak prospects for the future. The proud city of Glasgow now shares with Naples the unenviable distinction of having the worst slums in Europe.

But there is another, much more hopeful side to this picture. Scotland has been working hard to attract new industries to replace the old, and a whole range of companies, most of them American, have been investing in Scotland in the past 10 years. Central Scotland now has hopes of becoming the "silicon valley" of northern Europe. Output of the Scottish electronics industry has jumped 70 per cent since 1970, and the list of US firms now established in Scotland reads like a "Who's Who" of the American computer industry. Almost unnoticed, in fact, electronics has become the largest employer in the country.

The reasons for this burst of US interest in Scotland are varied. The very attractive government grants and other regional aids play a part. But most companies deny that this is the clinching factor. They point, rather, to a sophisticated labor force, low wage costs, high edu-



Edinburgh, the capital of Scotland. © Adam Woolfitt, Woodfin Camp cational standards, a common language, and an attractive environment in which to build new plants.

And the expansion appears to be continuing. Nine out of 10 US companies now operating in Scotland have active expansion plans. In 1977, the last year for which the full figures are available, US investment in Scotland was running at the rate of $248 per head. Only Ireland was ahead with $277, and, by contrast, the figure for Germany was only $114.

Motorola, General Instrument Microelectronics, and National Semiconductor already have, or are building, new semiconductor facilities in Scotland. Rockwell International has also been investigating a possible Scottish site. Nor is it only the electronics sector that shows signs of life. Automotive engineering, food processing, and chemicals have also attracted interest, and more than 40 US companies visited Scotland last year to discuss possible new ventures.

American firms already operating in Scotland report remarkably few problems. A survey conducted last fall, on behalf of the Scottish Development Agency, which now has two offices in the United States, disclosed that almost all American firms in Scotland had reached productivity levels as good as, or better, than at home. Labor relations proved to be a problem with only a tiny minority of the 85 companies surveyed. Eighty per cent of the plants studied had had no work stoppages in the previous 18 months, and 62 per cent had experienced no strikes at all in the previous five years.

Sir William Gray, chairman of the development agency, believes that this report is a valuable antidote to the popular image in the United States that Britain is permanently hampered by strikes. "Britain's industrial relations record abroad is painted very black. But the facts show that most plants are totally strike free, and where stoppages do occur, the effect on production is generally minimal," he says.

"The high-technology industries have an excellent record, particularly in electronics, instrument engineering, and metal manufacture which have been completely strike free," says Gray. But competition to attract new electronics firms is fierce. Ireland is bidding hard, and many American states now have their own aggressive promotion programs to try to keep US firms at home. The Scottish Development Agency is thus having to fight hard and has a continuous promotion program under way not only in the United States but also in Japan. Mitsubishi and Daiwa are already operating in Scotland, but the Scottish Development Agency believes that the region should be an ideal base for other Japanese firms that want to attack the huge EC market from within.

ONE PARTICULAR ADVANTAGE OF SCOTLAND, paradoxically, is its long engineering tradition that, at first sight, seems to have little to offer the new electronic revolution. A work force trained in precision engineering has proved surprisingly adept at electronics, and Scottish universities are now turning out highly skilled electronics graduates. "Scotland is an excellent source of the ideas that make the hardware work, and many of them are incorporated back home," says the manager of one US firm in Scotland.

Even so, this has not been enough to prevent Ireland from winning two valuable new electronics plants in the past few months. The Irish victory, which has been followed by Irish attempts to recruit Scottish workers to work in Ireland, owed a lot to the fact that Ireland has one centralized, flexible development agency with which firms can deal. By contrast, Scotland has a profusion of development bodies—nine regional development agencies, five new towns, the Scottish Development Agency itself, and several other agencies. The Scottish Devel-

A shipbuilding yard in Glasgow. © Leonard Freed, *Magnum*

opment Agency has now moved to coordinate this effort with some success, but its critics argue that it is not streamlined enough to compete successfully as it might for new investment.

Management consultants Booz, Allen, and Hamilton, in another recent report, underlined the fact that Scotland is going to have to work hard just to stand still. The region needs at least seven new electronics plants by the end of 1981, it said and identified data processing, word processing, and instrument controls as the most likely areas for expansion. By the end of the 1980's, the advanced electronics market in Europe may be worth, by consultants' reckoning, as much as $400 billion a year. Scotland, they say, faces a tough challenge not only from Ireland but also from Germany.

But Scotland's biggest problems may well be of its own making. The country has been suffering from a crisis of confidence for more than 30 years as the pace of industrial decline has accelerated. Even as IBM announces new expansion at its huge Greenock plant, another American firm, Singer, is bringing to an end more than 100 years of involvement in Scotland. Its 84-acre plant on the Clyde, which 25 years ago had a work force of 14,000, will close in the middle of this year. The company that was once Scotland's largest single employer will, by then, have laid off its last 3,000 workers. They will find themselves out of work in an area where all of Scotland's problems are highlighted. The great shipyards on the Clyde are short of work and only a shadow of what they once were. Two steelworks have closed, more are threatened. The Scottish coal fields are contracting. And the old, established heavy engineering firms are short of orders.

For a while it seemed that the oil industry might at least halt this decline, but it employs only 3 per cent of the region's work force, and much of its equipment has come from outside Scotland. And politically Scotland has been thrown back on its own resources. In the mid-1970's the tide of Scottish nationalism appeared to be flowing so strongly that it seemed to be only a matter of time before Scotland had at least limited independence from its larger neighbor. But the nationalist movement ran out of steam. The referendum on devolution revealed that the Scots were not sure that they wanted independence and did grave damage to the nationalist cause. In the general election that followed soon after, the nationalists lost most of their seats, and a Conservative Government came to power.

This, too, was scarcely good news for Scotland, where a clear majority of the population voted Labour. The Labour Party had reaffirmed its commitment to regional policy and to the need to treat Scotlant's declining industrial areas as a special case. It set up the Scottish Development Agency to act as a catalyst, not only to attract new industry from outside the country but also to provide help to new businesses within Scotland as they struggled to get off the ground. The agency has since taken a stake in several local high-technology firms with this aim in mind.

In a whiskey factory near Aberdeen. © Bruno Barbey, *Magnum*

The Conservatives are publicly skeptical about the value of this approach and have said that they believe all that Government can do is create the conditions in which companies will expand. They argue that the vast range of regional aid over the past 10 years has made little or no difference to Scotland.

In fact, however, there is evidence that the industrial promotion activities, at least, have paid off. It takes a long time to convince companies to invest in any particular location, and work done in one year may not bear fruit for five years. Any industrial development campaign must be a long-term operation if it is to succeed.

Scotland will certainly need all the success it can get in the years ahead. Some analysts believe that as the unemployment rate moves ever higher—it is now about 8 per cent in Scotland or some 2.5 per cent higher than in England—the nationalist movement will get a new lease on life. They argue that the claim "Scotland's oil" for Scotland will then have a new force and a new attraction even for those who, until now, have doubted Scotland's ability to go it alone.

A more likely scenario, however, is that Scotland will, instead, try to get more assistance from the central Government in London. Here it may be disappointed: The Thatcher Government believes in a "sink or swim" policy even for those regions of the country which, like Scotland, have had to pay a disproportionate share of the price for being old and out of date. In the face of this, Scotland has only its own wits to rely on, and much will depend on its skill in attracting new investment from outside and to stimulate expansion inside. If the Scottish finger is ever to experience a lasting thaw, it can only come, in the final analysis, from this source.

WYE CONFERENCE

Fifth Annual US-EC Media Seminar

DAVID HAWORTH

The delicate health of the Atlantic relationship in all its aspects—political, trade, monetary—was the subject of a two-day media seminar in early July when 24 leading US and European journalists debated these issues with experts from the US Administration and the European Community. It was the fifth such annual event and was jointly sponsored by the EC Delegation in Washington and the US Mission to the Community in Brussels in collaboration with the Aspen Institute.

Held at the institute's new conference center, the Wye Plantation on Maryland's Eastern Shore, in conditions of fitting summer warmth and conviviality, the inevitable points of mutual criticism provided stimulation for the meeting. Under the skilled chairmanship of George McGhee, former US Ambassador in Bonn, the issues emerged with clarity, and while consensus was neither sought nor achieved, a better undestanding of the respective viewpoints was reached, which was the occasion's objective.

The seminar was kicked off by an after-dinner speech on arrival day from David Aaron, Deputy Assistant to the President for National Security Affairs, who spoke, among other things of the Administration's difficulties in consulting with the Europeans. He said this was an increasingly serious problem because outside of NATO there was no strict institutional relationship between the US and the Community. Moreover, there was a tendency for both sides to trade off issues which have no relationship to one another. Aaron also expressed the view that there was a strong need for Europeans to assume greater strategic responsibilities because the Soviet threat is even more directly aimed at Western Europe than it is at the United States.

Some of these points were echoed in a speech the following day by Matthew Nimetz, Under Secretary of State for Security Affairs, who concentrated many of his comments on the Afghanistan crisis. He predicted that the Soviets will eventually passify Afghanistan, turning it into another Mongolia—which isn't costing the Soviet Union very much. Though the Soviets have lost some points in the Third World and among Islamic nations, Moscow is also gaining in that people are still more impressed with force than with words.

On the Atlantic relationship, Nimetz said there was a good deal of rhetoric on both sides. "We live in different political environments and we have to learn to understand that. We do have different rhetoric in the United States from Europe, and we use certain metaphors that you may find simplistic." He added in response to a suggestion that sometimes Americans seemed naive in foreign policy: "I don't think we are particularly naive, our analyses, our foreign policy, is based on real analysis—maybe sometimes wrong—but I don't think it is naive."

In another keynote speech, Congressman Robert E. Bauman (R-MD) began by expressing his intention to give a frankly Republican view of the world. But he

R.W. Apple of The New York Times *(left) and Reginald Dale of the* Financial Times.

The fifth annual US-EC media seminar in session at Wye Plantation. photos by Morton Broffman, Washington

went on to say that he regretted the tendency among Americans to overlook how much they and the European nations have in common. Nonetheless, he said it must be recognized that there are fundamental differences in the "European-American family." These differences are most striking in relations, first, to the So-

Congressman Robert Bauman (R-MD), a keynote speaker.

Crispin Tickell (left), cabinet chief to EC Commission President; Tom Enders, US ambassador to the Community; and George McGhee, moderator.

Dr. Horst Schulmann, German assistant secretary for economic and financial affairs; Alice Rivlin, director of the US Congressional Budget Office; and George McGhee.

viet Union and, second, to the rest of the world.

"But Europe should and must remain in my view, as the center of American foreign policy. And it is in Europe, ultimately, that the effects of any shift of power from Washington to Moscow will be felt the most. Because even though the United States is separated by an expansive ocean, the Europeans are on the firing line, so to speak, if anything should actually start in that area, and will feel the effects first."

A member of the European Parliament quite naturally concentrated his comments on the burgeoning role of that institution in European affairs. Sir David Nicolson said the Parliament "is the only place where a voice for Europe can be developed, where a philosophy to Europe can emerge, and where perhaps we shall see it act as a catalyst of change and, therefore, we have got to make it work."

But Sir David was critical of what he saw as a lack of coordination in EC policy-making and he questioned how the Community could centralize its authority more. He added that this was an urgent consideration because of the growing tendency towards internal protectionism within the Nine nation grouping—a trend which, if unchecked, could eventually destroy the Community's common market.

Among the other speakers at the seminar were Sir Roy Denman, the EC Commission's Director General for External Affairs, who concentrated most of his remarks on current trade problems between the United States, the Community, and Japan; and Dr. Horst Schulmann, Economic Adviser to Chancellor Helmut Schmidt, who dealt with changes in European and US economic policies. Also Crispin Tickell, Chef de Cabinet of Roy Jenkins, Commission President, spoke in tandem with the US Ambassador to the Community, Thomas Enders on current political problems which trouble the Atlantic relationship.

As always on these occasions there seem to be more problems than solutions, but the way in which controversy was joined during the seminar pointed to a conclusion of guarded optimism that, while there will always be strains between Washington and Brussels, these will be manageable despite the recession that has settled so grimly on the industrialized world. Whatever difficulties exist, or might yet come, no one at the seminar challenged the view that the endurance of the Atlantic relationship—imperfect though it might be in some respects—was fundamental to the West's future.

The European Court of Justice

An American jurist's view

VINCENT L. McKUSICK, *chief justice of the Supreme Judicial Court of Maine*

"Make no mistake! The European Communities are a political union." Thus did Ambassador Fernand Spaak commence his Washington briefing of nine American judges and court administrators in preparation for our visit last December to the European Court of Justice. The court at Luxembourg has proved a strong force advancing unity among the six nations that originally adhered to the European Community treaties plus the three that joined in 1973. At the suggestion of Chief Justice Warren Burger, the German Marshall Fund of the United States sent our delegation from the American courts to view the European judicial experiment from a transatlantic perspective. We also visited the highest courts of three of the member states—Belgium, the Netherlands, and Germany.

The European Court of Justice is the only judicial institution in the governmental framework of the European Coal and Steel Community created by the Treaty of Paris of 1951 and the European Economic Community (Common Market) and the European Atomic Energy Community (Euratom) created by the Treaties of Rome of 1957. As its source of controlling law, the Court of Justice looks first to the Community treaties among the member states. The court interprets those treaties in the aggregate as the constitution of the Community. There is "secondary" written law—the legislation, regulations, and decisions of the Council of Ministers and of the Commission. The European Parliament, first directly elected in 1979, still has little more than a consultative function, whatever its great potential. In addition, as pointed out by Lord MacKenzie Stuart, the Court of Justice judge from the United Kingdom, unwritten Community law is evolving in the Court's decisions through its borrowing of legal principles from the domestic law of one or more of the member states. He warns, however, that classic international law is for the Court a doubtful source of unwritten law, because European law has the unique feature of being both an autonomous legal order and a part of the body of legal rules enforceable in the courts of each member state.

Excerpted with permission from a longer version of this article in the April, 1980, American Bar Association Journal.

The new Court of Justice Building in Luxembourg.

We American visitors were urged to be distrustful of classifying the legal system of the European Community as federal. We were told that Community law falls somewhere between national or federal law and international law. Nonetheless, Americans are inevitably struck by parallels between European law, within those areas of competence assigned by the treaties to the Communities and federal law in the United States. In those parallels we see confirmation of Ambassador Spaak's introductory dictum that a political union has been formed in Western Europe, not merely an international organization of independent nations.

In the first place, the European Court has interpreted the treaties to establish Community law directly applicable to persons within the member states. In a now famous 1962 case bearing the name of a Dutch company, *Van Gend en Loos,* the Court rejected the notion that the Treaties of Paris and Rome are nothing more than international treaties binding only the signatory nations and held that, although the provisions of the EEC Treaty were literally addressed to the member states, they also "produce direct effects and create individual rights which national courts must protect." The Court announced that "the Community constitutes a new legal order . . . for the benefit of which the [member] states have limited their sovereign rights, albeit within limited fields, and the subjects of which comprise not only member states but also their nationals." The Court—with accelerating frequency in the most recent half dozen years—has found that treaty provisions whose terms merely impose obligations on member states are nonetheless self-executing to give to individuals rights, or to impose on them liabilities, that are enforceable in the national courts.

Second, in this "new legal order" the European Court has in a series of cases declared the judicial equivalent of the supremacy clause of the United States Constitution: Community law takes primacy over conflicting national laws, even if those laws are of later date or "constitutional" in nature. As a consequence of that primacy, national courts necessarily have become involved in judicial review of the validity under European law of member states' legislative or other governmental action. The courts of those states also are relied on to enforce the judgments of the European Court, since it does not have enforcement mechanisms of its own.

REMINISCENT OF THE US Supreme Court's expansive use of the commerce and due process clauses has been the European Court's construction and application of general "constitutional" language and objectives of the treaties. For example, terms such as "measures having an effect equivalent to quantitative restrictions on imports" (EEC Treaty, Article 30), and "restrictions on freedom to provide services within the Community" (Article 59), and "abuse of a dominant position" (Article 86) are constructed liberally in light of the economic and social purposes of the Common Market. In a political structure where the requirement for unanimity makes amendment of the treaties difficult, where some member states may be laggard in implementing their treaty obligations, and the legislative process within Community institutions is slow, the court has moved front and center to fill the void. Sympathetic observers are ready to compare the present European Court with our Supreme Court under Chief Justice Marshall.

The treaties represent political compromises by which the member states have released portions of their sovereignty in specified areas and for specified purposes, and the Court of Justice was created for the purpose of judicial review: "The Court shall ensure that in the interpretation and application of this treaty the law is observed." The jurisdiction vested in the Court by the treaties is commensurate with that broad task. Any matter heard is either (1) a direct or original action, which commences and ends before the Court, or (2) a request for a preliminary ruling on a question of European law addressed to the Court by a court of a member state. The court exercises no appellate jurisdiction.

Direct actions range from a suit brought by a member state (or for diplomatic reasons almost exclusively by the EC Commission) against another member state for failure to fulfill an obligation, down to a suit brought by a Community employee for his pay or other benefits. The Council of Ministers and the Commission (which with some oversimplification can be said to exercise, respectively, legislative and administrative powers in the Community) are subject to suit before the Court for annulment of illegal action by them or for a declaration of their illegal failure to act. The suit may be brought by a member state or by the other Community institution, but natural or legal persons also may sue if the action or inaction is addressed to them personally or is of direct and individual concern to them. We Americans noted the "standing" requirement for the private plaintiff. In the field of antitrust or competition law—a subject of much legislative and administrative activity within the Community—regulations adopted by the Council empower the Court of Justice to set aside or to modify (including, to increase) fines imposed by the Commission on business enterprises for violation of the rules of competition. Finally, the court has exclusive jurisdiction to adjudicate noncontractual damage claims against the Community as recognized by the treaties: The Community shall, in accordance with the general principles common to the laws of the member states, make good any damages caused by its institutions or by its servants in the performance of their duties." (EEC Treaty, Article 215).


"The Advocate" by Honoré Daumier. courtesy National Gallery of Art, Washington

The other great branch of the Court's caseload—preliminary rulings given on request of national courts—has, after a slow start, become the major part of its work. In 1978, 62 (or nearly two-thirds) of the 97 decisions rendered involved questions of European law referred by courts of member states. Although the Court of Justice is the only Community court, courts of the member states also are bound to apply European law, just as state courts in the United States must apply the supreme federal law. Indeed, an estimated 90 per cent of all adjudications involving European law occur in national courts. Any national court may, and the highest court of any member state must, refer an unsettled question of European law to the European Court for a binding ruling. In view of the direct effect and primacy of European law, the Court's decisions on referred questions undoubtedly play a significant role in incorporating European law into the national legal systems and ensuring the uniform interpretation of that law.

Here we American observers immediately recognized similarities to the certification by federal courts of questions of state law to state supreme courts, a voluntary form of interjurisdictional cooperation that an increasing number of states have made available since Justice Felix Frankfurter in the 1960 *Sun Insurance* case called Florida's then unused statute to the attention of the profession. At the same time, we noted two significant differences in the procedure followed by the European Court in considering the referred questions.

From a perhaps oversensitive reluctance to appear to intrude on the prerogatives of the national court—which include the right to apply to the facts the European law as declared by the Court at Luxembourg—the Court has in the past encouraged the national court to state the referred question in the abstract, with little elaboration of the facts or of the other issues of the pending litigation, and the Court's answer is similarly stated in the abstract. The procedure in referred matters also has a nonadversary air. The parties to the litigation before the national court—along with the Council (as appropriate), the Commission, and all member states—are merely invited, not required, to file written "observations" and to participate in effect as *amici curiae* in an oral hearing before the Court. From our experience on this side of the Atlantic, a court needs the help of full adversary presentations on certified questions, quite as much as in any other cases, and only by relating its ruling to the facts and to the other issues of the principal litigation can the court be sure to decide the right question and the certifying court be sure to understand and

by Honoré Daumier

apply that decision correctly.

The subject matter of the cases coming before the European Court is as broad as the treaties and the action of the institutions created thereby. The Community's economic laws create a customs union and a single market, a common agricultural policy, uniform rules on transport and free competition, and protections for the free establishment and provision of services. The Community is also a "social union" guaranteeing free movement and equal treatment of workers and professionals and equal rights in the field of social security.

THE COURT HAS NINE JUDGES, named by common accord of the member states for six-year terms with right of reappointment. By unwritten rule, each of the nine member states has one of its nationals on the court. We Americans were suitably impressed with the judges' after-tax salary of about $10,000 a month. The Court elects its own president for three-year terms. It is divided into three chambers or divisions, each consisting of three judges. The chambers make preparatory investigations, including taking evidence in direct actions, in advance of the oral argument before the full Court, and they also hear and decide lesser cases. Of the 97 judgments issued for the Court in 1978, chambers rendered all 15 judgments in actions brought by Community employees and also 11 of the 62 judgments answering referred questions. Chambers hear the latter cases when the referred questions "are of an essentially technical nature or concern matters for which there is already an established body of case law."

The direct action, which is a full adversary proceeding, is commenced by an "application" filed with the Court's registrar by the lawyer for the plaintiff or applicant. The registrar then takes responsibility for service of the application by registered mail. The defendant has 30 days to file a written statement of defense; then the plaintiff has 30 days to file a reply; and, finally, the defendant, 30 days for a rejoinder. These time limits may be and often are extended.

Immediately on the filing of the application, the president assigns the case to one of the chambers and designates one judge of the chamber to act as rapporteur. The judge-rapporteur investigates the case and makes a recommendation to the chamber or the Court on whether a preparatory inquiry is needed. That inquiry may involve the personal appearance of the parties, a request for information or documents, the taking of oral testimony, the appointment of experts, or a view. The preparatory inquiry may be conducted by the chamber or by the judge-rapporteur alone.

After the written submissions and any preparatory inquiry, the president sets the date for oral argument by the agents or lawyers for the parties. This hearing is typically not longer than one and a half hours; it usually is not marked by as lively an exchange between bench and counsel as is common in American courts. In this multilingual court, the written procedures are relatively more important than the oral.

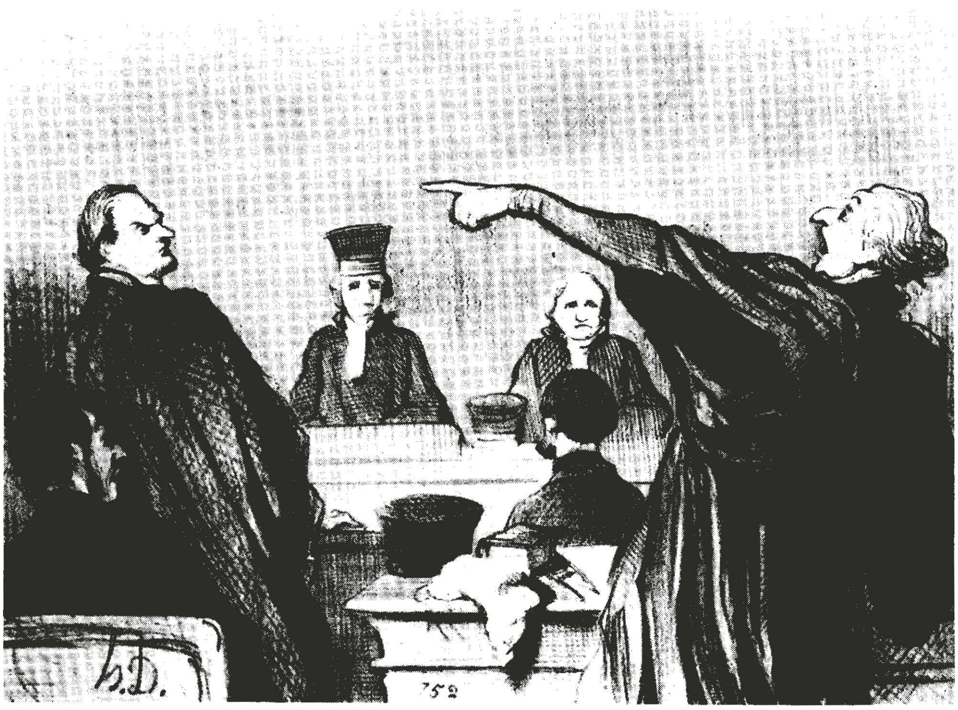
Before submission of the case to the Court for decision, there comes a final step entirely unfamiliar to American visitors—the oral presentation by the advocate general of his suggestion for decision. The Court has attached to it four advocates general, appointed in the same manner as the judges, with one coming by tradition from each of the four big member states. Their function, which is modeled on that of a similar official connected with the French Conseil d'Etat, is to represent the general public interest. The advocates general enjoy the same terms of office, salary, and prestige as the judges of the Court. Although they do not participate in the secret case deliberations of the judges, they do join the judges and vote in parity with them on matters of administration of the Court.

One advocate general is assigned to a case at the same time as the judge-rapporteur, and he participates in any initial inquiry. At oral argument he sits on the bench, at the right end, from which point he questions counsel in the same manner as one of the judges. About 30 days after the oral argument, the advocate general in open court reads his opinion. He fully analyzes the facts and points of law involved and assembles aid from pertinent legislation, case law, comparative precedents in national legal systems, and legal commentators, and he then proposes to the court a legal solution to the dispute. Following the advocate general's oral opinion, the case is ready for decision by the judges.

Although we Americans could appreciate the value of a "public voice"—an *amicus curiae* function at times performed by the solicitor general in cases before the US Supreme Court—our background made us surprised at the absence of any organized or accepted way for counsel for the litigants to comment on the advocate general's proposal. American lawyers would not find a sufficient answer in the fear expressed by our hosts that introduction of that adversary feature would unduly delay the Court's decision.

The judge-rapporteur prepares a draft ruling for his colleagues to consider in their private conference. Decisions of the Court are valid only when an uneven number of judges—either nine or seven—participates in the deliberations. If one judge is unable to participate, the junior member steps aside. The Court decides all cases by majority vote; however, the votes are not publicly announced. The Court issues only one judgment, signed by the registrar and by all the judges, whether they agree or not. Individual judges do not file concurring or dissenting opinions. The chambers operate in the same way with three judges.

THE MONOLITHIC FRONT that the European Court thus presents to the public serves to protect individual judges with only six-year terms from nationalistic pressures and may in a fledgling legal system give added authority to the Court's pronouncements. On the other hand, with the single Court of Justice declaring European law and speaking in public through a single voice, the law of the European Community will develop without the creative ferment that multiple courts and dissenting judges have contributed to the development of American federal law, particularly in this century. Nonetheless, the European Court has displayed remarkable


by Honoré Daumier

creativity, moving from case to case under the imperative of defining a completely new legal order.

There is no way of knowing to what extent the European Court is in fact unanimous in its decisions. The publication of dissenting votes and views can provide an incentive for American appellate courts to seek a consensus, a true unanimity. That is, in my opinion, a desirable goal for any collegial institution, and one can be confident that the European Court in fact pursues that goal for its own sake, even without the publication of separate opinions or the announcement of votes.

The Court's procedure on a reference for a preliminary ruling is more expeditious than on a direct action. The question is referred by a formal order of the national court. On receiving the reference, the registrar of the European Court invites the parties to the original national litigation, as well as the Council (as appropriate), the Commission, and member states, to file written comments within two months and to attend an oral argument soon thereafter. After hearing the advocate general's opinion, the European Court makes and announces its decision.

The registrar combines the major responsibilities that would be separately borne by an American chief clerk of courts and court administrator. Since the Court was first set up for the European Coal and Steel Community in 1952, this high office has been held by Albert Van Houtte. One of his heaviest and costliest tasks, which his American counterparts do not have, is providing translation facilities to permit proceedings to be conducted in any of the Community's seven official languages. In general, the choice of the language lies with the applicant, subject to the rules that if the defendant is a member state or has the nationality of a member state, the language of the case is the official language of that member state; and that the Court may grant the request of one of the parties (other than a Community institution) to authorize use of another official language for all or part of the proceedings. The Court staff provides simultaneous interpretation at the oral hearings and translates the written submissions into the other official languages. Judgments of the Court, together with the opinions delivered by the advocates general, are published in the Court's official Reports in each of the Community languages.

Any lawyer entitled to practice before a court of a member state (which includes a university professor in Germany) has the right to represent parties before the European Court. The member states and the Community institutions can be represented by specially appointed agents. Lawyers appear in their national garb; for example, the English barrister representing the plaintiff in the case we heard, *Richard Pool* (a farmer of Devon) *v. Council of the European Communities,* appeared in gown and wig. The Court has made arrangements for legal aid for needy litigants but has had few requests.

The president of the Court, in addition to performing the usual functions of a chief justice in presiding over full court sessions and deliberations and assigning cases to judge-rapporteurs and chambers, has the responsibility for ordering "interim measures." For example he may order, as may also the full Court, that the effectiveness of contested decisions or regulations be suspended pending the Court's judgment in the main action or that enforcement of pecuniary obligations imposed on persons other than states by the Council or the Commission be stayed. Orders for interim measures were entered in seven instances in 1978.

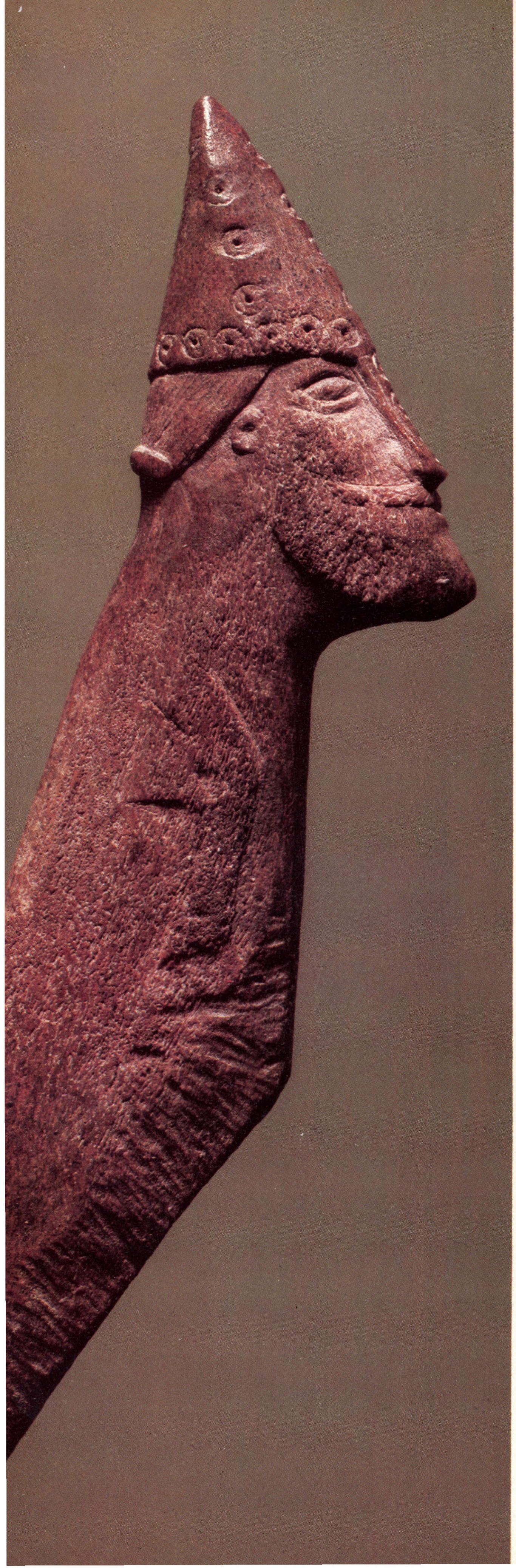
We returned home deeply impressed with the role of the Court of Justice in a growing European unity. There were inherent limitations on what we could absorb in our brief visit, limitations referred to by A. H. Hermann, the distinguished legal correspondent for the London *Financial Times,* in writing of our visit: "The American judges were not made fully aware of the problems of a multilingual community consisting of countries, each with a long tradition of statehood and separate legal development. They were not told that President Giscard d'Estaing of France had urged the Dublin Summit 'to do something about the European Court and its illegal decisions.' . . . They did not know about decisions of the German and Italian constitutional courts which circumscribed the powers of the European Court. Their impression was that the rulings of the European Court are gladly and willingly observed by the national courts and that, in this respect, everything in the garden is rosy." But even taking account of those less than rosy things in the garden, the past accomplishments and the future potential of the European Court will draw applause and encouragement from all who see political union as the best hope for a peaceful and prosperous Western Europe.

CASE LOAD

The European Court's caseload is substantial. The statistics of cases filed in the past two years is as follows:

	1978	*1979*
1. Direct Actions		
(a) Actions against member states for failure to fulfill obligation	16	18
(b) Actions by one member state against Commission	1	3
(c) Actions by persons against Commission or Council or both	104	28
(d) Actions by employees of Community	22	1,167*
2. References from national courts	123	106

*The radical increase in cases brought by Community employees resulted from a proposed unfavorable change in exchange rates.



Viking Times

ANDREW A. MULLIGAN

Photographs courtesy of the British Museum and the *Danish Journal.*

During 1980, both London and New York will have seen the first major Pan-Scandinavian exhibition of Viking culture. Museums throughout Scandinavia, as well as museums in Britain and Ireland, have lent some of their most important Viking objects, to be exhibited from September at the Metropolitan Museum of Art in New York. Sponsored by Times Newspapers Ltd. and SAS, *the exhibition is designed to bring Viking culture before an international public.*

It is unlikely that such an exhibition will ever again be mounted, and the long waiting lines in London were eloquent witness to this unique cultural event. On show are the imports of traders, the everyday tools of the craftsman, and the art—the magical, ostentatious ornaments of the era. The wealth of the Vikings and the originality of their taste will delight the eye of all who visit the exhibition.

In the Tenth Century, Sven "Forkbeard," son of Harald "Bluetooth," would set off from his ring fortress at Fyrkat in Jutland to collect the annual contribution of Danegeld from the wretched English King Ethelred II "the Unready." "Danegeld" was a form of political payment, paid by the English, to buy off the annual visit of the Viking armies of Denmark. It took Margaret Thatcher a thousand years to recoup through the European Community some of Ethelred's exorbi-

Carved helmeted head of a warrior, found at Sigtuna, Sweden.

Silver cup, found at Jelling.

Gold brooche and pendant found at Hedeby.

tant payments! In the context of history, Thatcher's "billion" may only be the latest chapter in the unfolding European saga.

The Viking Age (800 to 1050 AD), during which the Vikings emerged as one of the most powerful empires of the world, is both misunderstood and underrated by historians. The Vikings, through the accidental visit by the Norwegian Icelander Bjarni Herjúlfsson in 985, can lay claim to the discovery of North America—the colonization of all the islands and land masses of the North Atlantic—while to the east the Vikings penetrated the great river systems of Eastern Europe. Thus their maurauding, trading, and cultural influence stretched from the North Atlantic to the Caspian, from Arctic Norway to the Volga, and from Spain to Baghdad.

The Vikings gave us words and concepts like "law and husband" and, of course, democracy still enshrined today in Scandinavia's strong democratic tradition which originated in the Viking Age. The Vikings governed themselves through the *Ting* (in Danish-Norwegian, *Folketing*), the Assembly of Freemen (the highest decision-making authority), and kings, who were both the descendant of and heir to the gods as well as the chosen commander of the warriors—a feature characteristic of elective monarchy. There was also the right to depose the king. In religion, their pagan face had a rich mythology—Valhalla, Odin, and Thor lasted long after the rest of Europe was Christianized.

In art, they were highly skilled in handicrafts and metalworking, being greatly influenced by the decorative Irish art in manuscript and metal work.

The Viking Age can now be seen in a new light in exhibition at the Metropolitan Museum, New York. It follows in the tradition of the King Tut, the Chinese, and Irish treasures exhibited (see *European Community,* No. 204). Much of the credit for this exhibit is due to Dr. David Wilson, Director of the British Museum, who wrote "The Viking people who burst upon the 'civilized' European scene in the late Eighth Century, came as raiders out of the sea to surprise the Christian world, attacked isolated monasteries around the coast of Britain, or up the rivers of France, looting and pillaging and carrying off locals into slavery." And when the Vikings came, they came in boats of breathtaking beauty and craftsmanship—efficient boats with shallow drafts, high-prowed and seaworthy—the perfect landing craft of a thousand years ago. The originals can still be seen in the great cruciform Viking Ship Museums in Oslo, Norway, or Roskilde in Denmark.

The Viking boat technique, sailing by means of a single sail, rowing when in narrow waters, and steer-

A merchant shi

ing by means of a side rudder with a knowledge of celestial navigation, gave them a sophisticated means of travel. But Vikings had other assets; their ships named with fearful names like *Long Serpent* carried vicious warriors armed with efficient swords, iron-headed spears of ash, and huge, round shields which lined the gunnels of their ships in harbor. As warriors in a brutal age, the Vikings had no peers. When raiding, they carried their livestock and women with them. Some scholars maintain that they also took small horses in their Viking ships, having learned about cavalry during their Eastern European incursions.

It was perhaps the mercantile role of the Vikings, the trading rather than the raiding, that left the most long-lasting mark on the history of Europe. Viking economics flourished, their armies grew, so that by the Ninth Century the character of their incursions had changed. They settled the land and brought more areas under their political control. In the course of the Ninth Century, most of northern and eastern England, the northern and western islands of Scotland were all under Scandinavian control. The early raids for Danegeld were replaced by the emergence of political union between Denmark and England when the Danish King Knut Sveinsson "the Great" sat on the throne, reigning over the powerful empire which included Norway and part of Sweden.

The entrepreneurial flair of the Scandinavians is well-recorded. In 789 Norwegian merchants were trading in Dorset, England. Eastwards the quest for trading took the Vikings down the great rivers of Poland and Russia where they established or controlled towns like Novgerod and Kiev. There, they were in contact with the silk route of China and the riches of central Europe. Back in their homelands they founded towns that became the focal point for merchants from all over Europe.

Gold brooches from a treasure found at Hornelund in West Jutland. Deta

lded, trefoil bronze brooch (center) from a burial site at Ladby in Funen.

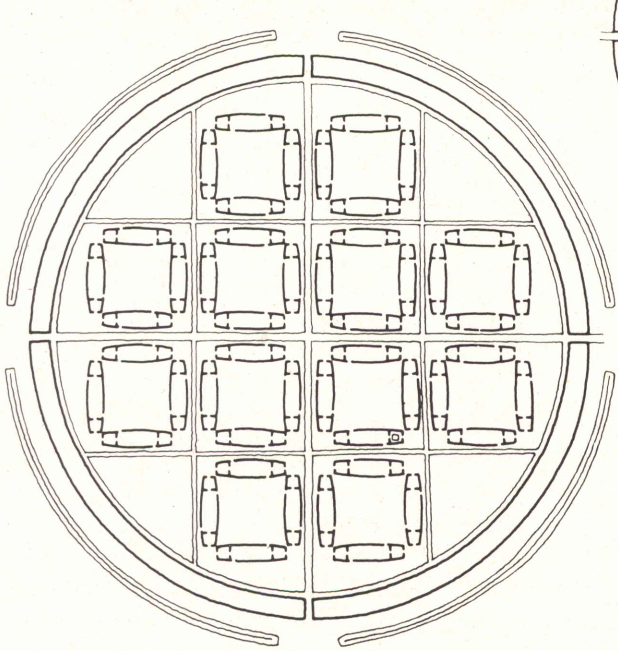
The well-earned barbaric reputation of the Vikings for plunder and pillage abroad belies a more peaceful, well-organized society at home. While there was a more or less permanent state of war between the increasingly weak Frankish Empire and England, a strong Scandinavian Empire was developing and with it a social structure based on peaceful work on the farms and the first concentrations of population in built-up areas or town-like communities. The traces of this structural build-up are being slowly revealed by archeologists excavating vast areas such as Birka, Hedeby, Ribe, Århus, Kaupang, and Paviken.

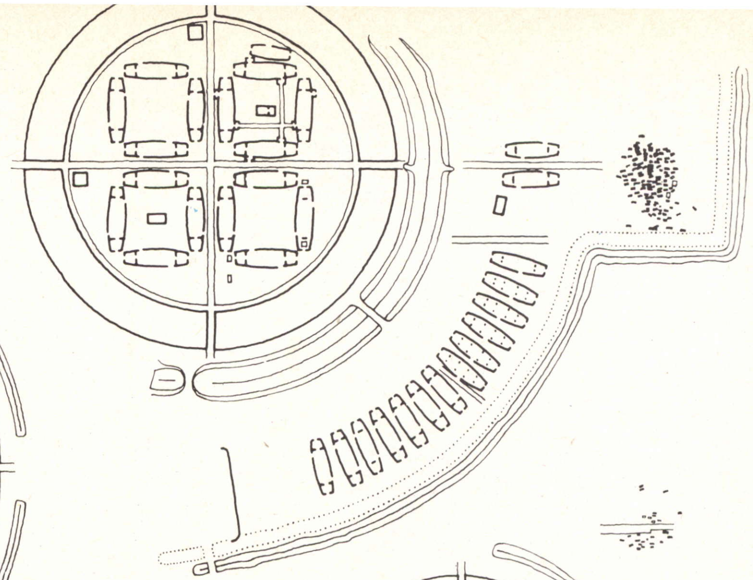
Not far from Stockholm, an hour or two by boat across the shimmering waters of Mälaren Lake is Birka—a great Viking trading center. Today it is a grassy bank covered with junipers and saplings, but once it teemed with men and women who spoke many tongues, trappers from the northern forests with skins, merchants with silk and spices from China. The first recorded Christian missionary to Sweden, Ansgar, preached in Birka in the early Ninth Century. Slave traders brought back the spoils from their raids, while Frisian merchants brought high-quality woolens.

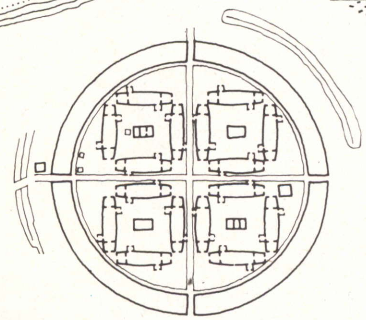
Over all this activity the local king presided from his seat at Uppsala.

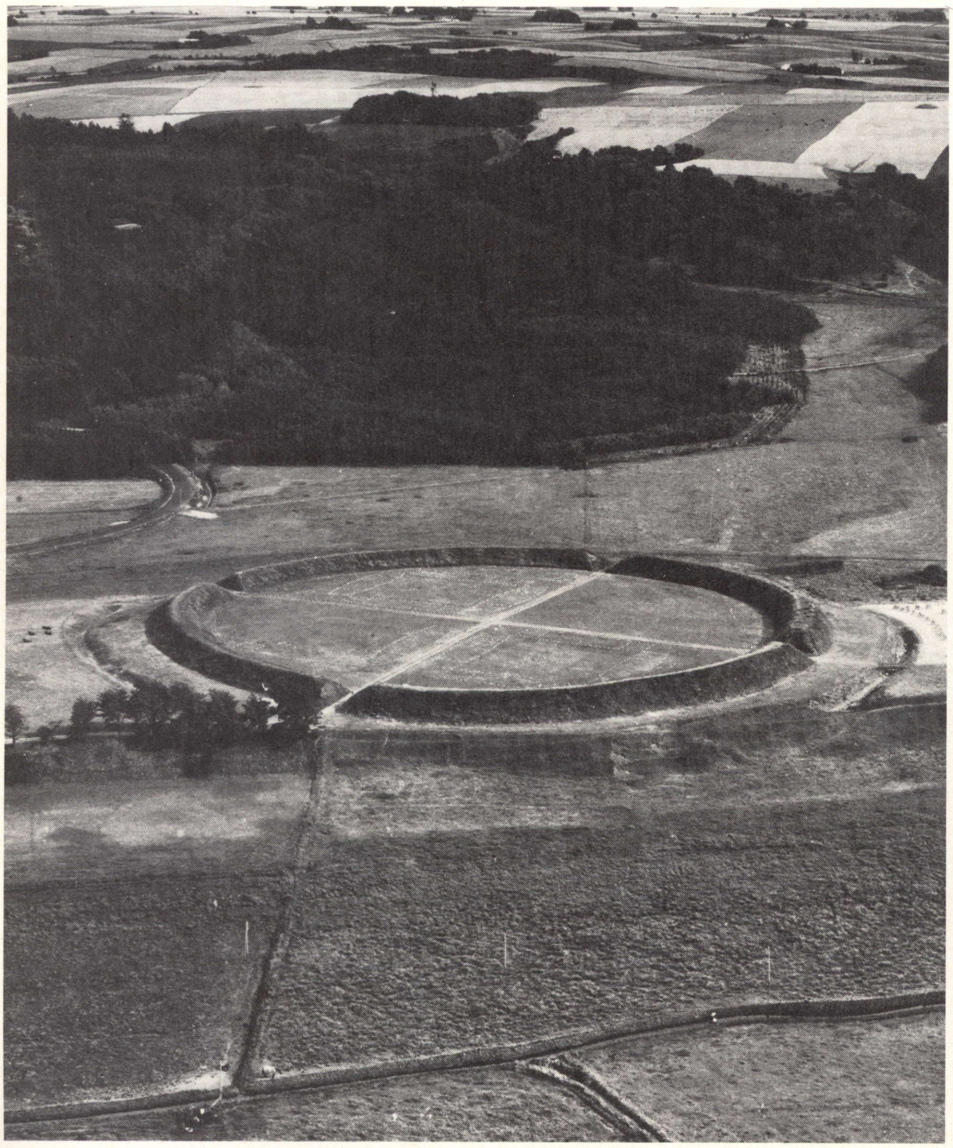
Hedeby, formerly part of southern Denmark but now a part of Germany, was another trading center. Today it lies a great earthen fortress ring in the muted northern light on the shores of the Baltic and covered with gnarled trees. Excavations at Hedeby have produced evidence that reveals the phenomenal international contact of the merchants who used such centers as well as the evidence of goods and wares in which they traded.

IF VIKING BOAT TECHNOLOGY IS JUSTLY FAMOUS, they were also skilled craftsmen—blacksmiths, tinkers, locksmiths, and carpenters. The tools of the Viking Age survived intact and were in everyday use until the









Experimental reconstruction of the Fyrkat rampart (left) and aerial view of Trelleborg (right). Above are sketched the plans of Aggersborg, Fyrkat, and Trelleborg. The rigorously geometric design is broken only at Trelleborg, where the outer rampart and moat are sharply deflected in order to enclose the burial site of the camp. At Fyrkat the burial site lies unprotected.

Gilded bronze fitting from a horse collar found at Sollested in Funen.

beginning of this century when the Machine Age took over. As mass producers of ornaments, Viking bronze-smiths invented a clever technique of using different molds. The lingering pagan habits in burial of their dead, especially of chieftains and kings in "barrows," have provided archeologists with an endless source of material. Thus at Jelling in Denmark, overshadowing a little Twelfth Century whitewashed country church, are two vast mounds, 30 to 40 feet high and 200 to 250 feet in diameter. The Jelling mounds were the work of Harald Bluetooth, Denmark's first Christian king and the direct ascendant of the present Queen of Denmark. The vast runestone, the largest and most impressive in the world, is thus inscribed "King Harald ordered these monuments to be made in memory of his father Gorm and his mother Thyra: that Harald who won the whole of Denmark for himself and Norway and who made the Danes Christian."

But Christianity must have rested lightly on a pagan base. Harald buried his parents along with numerous gravegoods in the traditional pagan manner. Standing stones set typically in the shape of a ship in the true Viking fashion were associated with these mounds. Excavations of the burial chamber yielded the silver Jelling cup and other objects. Later excavations beneath the Jelling church revealed the skeletons of a man and a woman and fragments of valuable textiles as well as two silver-mounted animal heads, indicating that Harald wished to mark the conversion of his people to Christianity by reburying his parents Christian-style. Yet, on the three-sided runestone he still kept his options open. On one face was the figure of Christ, the second an aggressive animal, and on the third the inscription.

The actual meaning of the word "Viking" is still debated. It can designate either a warrior who goes o sea or the very act of waging war at sea. In Nordic the expression is only found on a few runestones from the Eleventh Century, but it crops up frequently in skaldic poetry and the Icelandic sagas of the Middle Ages. Nothing so dramatically displays the great outgoing activity of the Viking Age as the great black oaken ships at the Viking Ship Museum in Oslo. Three major discoveries—the Tune ship in 1867, the Gokstad ship in 1880, and the Oseberg ship in 1904 all amazingly preserved in the humid blue clay—threw a completely new light on the construction and building of Viking ships, hitherto often mentioned in the Icelandic sagas or depicted as in the famous Bayeux tapestry, but up to then hardly seen.

For 50 years the three great Norwegian finds were the only tangible examples of the Viking shipwrights' craft. Then in the summer of 1962, five more ships were uncovered underwater under Skuldelev in the Roskilde Fjord in Denmark, and in 1970 a ship was discovered on the eastern shore of Norway, bringing

Part of the large runic stone from the royal cemetery at Jelling bearing the earliest representation in Scandinavia of the Crucifixion. It was raised by Harald Bluetooth in honor of his parents.

to nine the number of great Viking ship finds.

Of all the ship finds the greatest was the Oseberg ship. This great Viking ship, 68 feet long, 20 feet broad in the beam, and drawing a mere three feet, was preserved in a burial mound of turf sods but filled with artifacts and "grave furniture." "Great folk are known by their riding equipment," said Ibsen's Peer Gynt. In this case the driving equipment, a cart and three sleighs richly decorated with woodcarving, indicated the importance of dignitaries for whom they were made. But popular theory is that it was Queen Åsa, grandmother of Norwegian Harald "Finehair." Serious scholars dispute this. A number of bronze objects and ornaments are clearly of foreign origin, and there is no doubt that they are spoils of West European origin. Quite a lot of Anglo-Irish metalwork ornaments in the same style as the Oseberg ship have been found in other Viking graves of the same period. The famous "Buddha Bucket" with its fine brass and enamel work indicate that it came from Britain, where a rich tradition in enamel technique thrived.

In some senses the Vikings were the first Atlanticists. Just as the Mediterranean afforded an easy means of communication to those who lived on its shores, so the Baltic and the Atlantic in the north and west provided the Viking seafarers with an easy means of travel. Surfsailing the waves under a stiff breeze, the Norwegian Vikings could make Iceland in three days, and on average it took no longer than a week. So they colonized Britain and Ireland, Orkney, the Shetlands where the boats are still rigged in much the same way, the Faeroes, Iceland, Greenland and Newfoundland. Leif "the Lucky" Eiriksson gave Norse names to Helluland, Markland, and Vinland in the New World. The Scandinavian claim not only to have discovered, but to have settled North America is now supported by scientific evidence dating to the Viking Age of Norse settlement at L'Anse-aux-Meadows in northern Newfoundland (see *European Community* No. 192). Eastwards, the shallow draft of Viking ships enabled them to penetrate the great central European rivers and even to haul their boats over land where necessary:

"In a word, although there were a hundred hard-steeled heads on one neck; and a hundred, sharp, ready, cool, never-rusting, brazen-tongues in each head; and a hundred garrulous, loud, unceasing voices from each tongue; they could not recount or narrate, enumerate or tell what all the Irish suffered in common, both men and women, laity and clergy, old and young, noble and ignoble, all hardships and injuring, and all oppression in every house, from those valiant, wrathful, purely pagan people."

As British Museum Director David Wilson says, the Irish were always given to exaggeration, but the sentiments of the above-quoted Twelfth Century Irish writer resound with a ring of the true horror caused by the Viking incursions into Europe many centuries before.

The exhibition at the Metropolitan Museum not only places the foreign adventures of the Vikings against the background of their culture. It also tells the story of how they tried and largely succeeded in changing the face of Europe, and through the export of European culture, the Atlantic world as well.

around the capitals

London

A 320-year-old Post Office monopoly on carrying the mail in Britain is soon to end. So will the Government's sole right to provide telephone equipment and telecommunications services. They are the latest state monopolies to feel the sting of the Conservative Government's policy favoring free enterprise. As Prime Minister Margaret Thatcher's transport minister put it: "We are introducing private capital to state-owned industries when in the industry's interest and the general public's interest."

Britain's state-owned Post Office deals with about 37 million letters and 600,000 parcels a day. But its efficiency is questioned and postal charges seem to rise without a corresponding improvement in service. "The Post Office is good—but not good enough," one cabinet minister said. Legislation on the mail envisages allowing delivery of Christmas cards by charities, bulk mail transportation by businesses, and the carrying by private operators of what is defined as time-sensitive, valuable mail for a minimum fee.

Thatcher says she intends to separate the Post Office's postal and telecommunications operations. The postal sector is now in the red after a profitable 1979. The side supplying telephones and communications services continues to thrive. Its profits last year were close to $900 million, so private capital should not hesitate to storm into an open market for telephone sets and communications gear. By making parts of the postal system open to competition, the Government hopes the state-run service will better itself. Not surprisingly, Labour opposition has branded the plan a "pirate's charter."

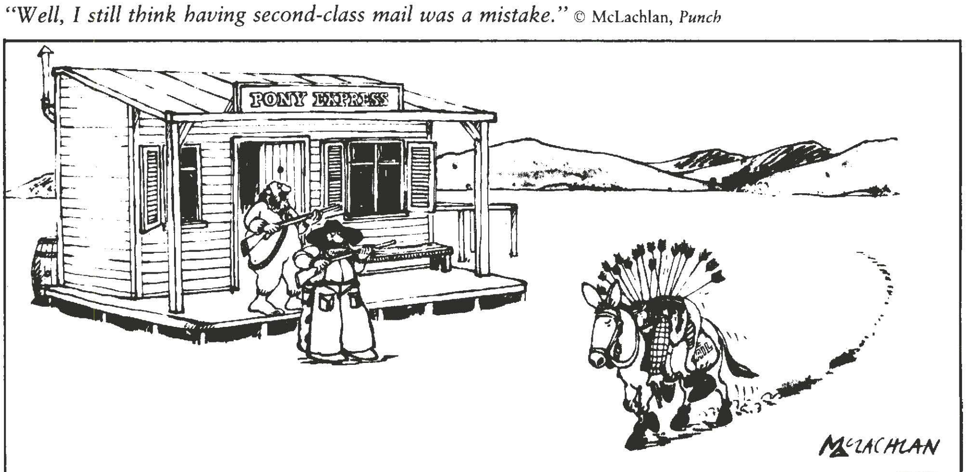
London's famous Picadilly Circus may at last get its much needed spruce-up. After decades of wrangling over how to renovate the hub of theaterland, the Greater London Council has approved final plans for a $14 million facelift commencing in 1982. The scheme abandons earlier grant notions of skyscrapers and walkways along the traffic circle. It concentrates instead on renewing existing roads and sidewalks, moving the statue of Eros 10 yards to a new pedestrian piazza, and building a subway lined with shops that will lead to an underground shopping mall.

It might be a record year for tourism in Britain with a 6 per cent increase in foreign visitors reported during the first five months of 1980. There were 5 per cent more tourists from North America despite the ailing dollar. The Arabs, though, are going elsewhere—mostly to the United States where prices are lower. Arab visitors have been declining since 1978, the peak of the Arab boom in Britain when they enriched the coffers of the tourist trade by $1 billion. The British Tourist Authority says 638,000 Arab tourists came to Britain that year. It expects only 480,000 by the end of 1980.

Inflation in Britain, higher sales taxes and a sturdy pound sterling have discouraged many Arabs. So does the mistaken assumption by many British business persons that all Arabs are oil-rich and will pay whatever inflated price is demanded.

Luxury hotels in London have especially felt the recession pinch. With rooms often costing twice or thrice their American equivalents, vacancies abound. So the venerable Savoy has a contingency plan. It is requesting planning permission to convert 84 of its 314 rooms into offices and private apartments. —PETER J. SHAW

"Well, I still think having second-class mail was a mistake." © McLachlan, *Punch*



Paris

Each year in July the French press sweats out the publication of an independent study that maps the relative strengths and weaknesses of the country's newspapers and magazines. This year the results suggest that the French news-reading public, like the electorate, is opting for more realism and less polemics. They are also heartening to supporters of a lively, free press.

While older names in French journalism stagnate or decline, two fairly recent publishing ventures of high quality and modest, for France, bias continue to gain strength. One is the weekly *Le Point* that was established eight years ago by disaffected journalists from *L'Express,* the first *Time*-like newsweekly run then by the erratic Jean-Jacques Servan-Schreiber. The other is *Le Matin* that began three years ago before the French legislative elections as a daily with a Socialist Party viewpoint. *Le Matin*'s readership (the study is based on numbers of readers, not newsstand sales or subscriptions) is up 12 per cent; *Le Point*'s is up 7 per cent.

In a country where everything but food is given an ideological label, *Le Point* is regarded as occupying a position at the center, vaguely to the right of *L'Express.* While *Le Matin* remains firmly left of center, its editorial slant, since the legislative elections, has become more Social Democratic. As for reporting, *Le Matin* has developed a distinctly American style. Both publications seem to be benefiting from an independent image and a reputation for objectivity.

Papers with sharply partisan political views are in dramatic decline. On the right

Le Figaro, France-Soir, and *L'Aurore,* now owned by the arch-conservative Robert Hersant, are all losing readership and money. *France-Soir,* once France's biggest daily, has dropped to second place, substantially behind *Le Monde. Le Figaro* is down to 10 per cent and *L'Aurore,* 29 per cent. When Hersant, who was accused of wartime collaboration, took over, he lost some of his stable of luminaries, like the respected pundit Raymond Aron, who moved to freer air elsewhere. On the left, the Communist daily *L'Humanité*'s losses, with a 28 per cent drop, are second only to *L'Aurore*'s, clear proof of reader discontent with the party leadership's unquestioning support for the Russian moves in Afghanistan.

As for *Le Monde,* it is securely ensconced as France's first paper and one of the best in the world. But its readership has been stagnating for three years despite an effort to liven up its pages with human interest features and more investigative reporting. In terms of domestic politics, it maintains vaguely left sympathies and is steadily critical of the Government. In foreign policy, however, criticism of Giscard's neo-Gaullist stances is rare. The attitude occasionally leads to distortions in reporting and editorials nuanced to the point of obscurantism. The study results suggest that *Le Monde* may be paying a price for a certain overconfidence in its own excellence and the impression it gives that its views are the correct ones.

It's debatable whether newspapers make public opinion or whether public opinion makes newspapers. In his two-volume history of France between 1848 and 1945, the British historian Theodore Zeldin states that "the press has had the effect much more of reinforcing opinions than changing them. People expose themselves selectively choosing papers that are in accord with their existing views."

In France these views are evolving. One indication was last year's European election result in which voters massively rejected extremes at either end of the political spectrum. More recently, labor court election results supported unions whose stands had been historically apolitical and whose record at the bargaining table had been built on conciliation rather than confrontation. Polls over the past two years show the French to be increasingly disenchanted with ideological posturing and ready for moderation in politics. These changes in the public at large may mean that, to attract and hold a more skeptical, less politicized readership, newspapers will respond with less bias and more objectivity.

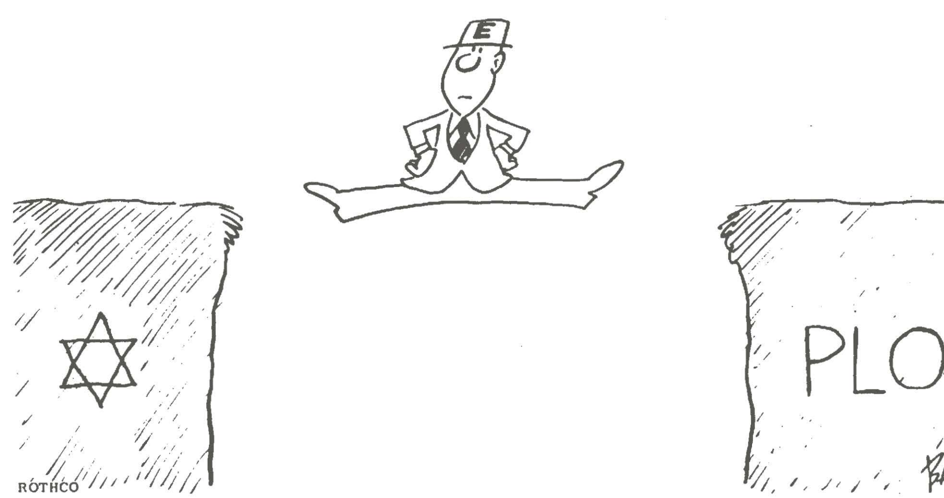
—PATRICIA H. PAINTON

Dublin

Public controversy over foreign policy issues in Ireland is almost unknown, but the row over what was seen as a strong switch to a pro-Palestinian position in the Middle East was an exception. Dublin's small but much respected Jewish community is the most vocal in criticism of the Government line, but opposition politicians and others have joined in.

Traditionally, foreign policy is not argued about, though set-pieces like the decision to join the European Community clearly break that rule. On world issues not touching Ireland directly, Irish policy could be discerned only by an examination of voting patterns at the United Nations (UN). As UN votes are largely unreported and certainly unexamined, it was easy for general assumptions over Irish policy to be somewhat out of line with reality.

Now, since the growth of European political cooperation among the EC countries, the Irish Government is more openly identified with policy statements on the Middle East, Afghanistan, Iran, and so forth. And because its voice is one of nine making up those common stances, it has to be more explicit about its own policy.



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The Middle East is the most sensitive case in point. Until fairly recently, Irish public opinion, and media opinion, seemed pro-Israel. Government policy was to defend Israel's right to existence, and to stand behind UN resolutions, particularly 242 of the Security Council. Within the Nine, it would have been assumed that Ireland was one of those nations somewhat sympathetic to Israel.

But there were indications to the contrary. In 1974 Ireland was among a minority of EC nations to vote at the United Nations *for* permission for Yasser Arafat to address the Assembly. In the mid-1970's Ireland's extension of her diplomatic contacts included ambassadors residing in Beirut, then Jeddah and also Cairo, with accreditations in a range of the smaller Arab states.

Irish business, private and state-sponsored—the Electricity Supply Board for instance—found lucrative contracts and consultancies in places like Saudi Arabia and Bahrain. And of course the oil crises since 1973 have brought relations with the Arab states of the Middle East to the forefront of all West European Governments' priorities. In the past year the Irish Government negotiated directly with Iraq to ensure continuity of oil supplies to Ireland.

And now Ireland has emerged as one of the nine EC countries in favor of an opening towards the Palestinians, and even the Palestinian Liberation Organization (PLO). Last year the Irish foreign minister, then Michael O'Kennedy, spoke at the UN General Assembly on behalf of the Nine, and in a statement drafted under the Irish presidency of the Community, made specific reference to the PLO as one of the parties involved.

In February his successor as foreign minister, Brian Lenihan, went with President Patrick Hillery on a state visit to Bahrain and signed a joint communique that acknowledged the right of the Palestinian people to an independent state, and that also "recognized the role of the PLO in representing the Palestinian people." This took Ireland well ahead of the common position of the Nine at that time, and caused heated argument in Dublin.

But it was another and distinct Irish link with the Middle East that turned the argument into uproar. Ireland has 700 troops serving with UNIFIL, the United Nations force in southern Lebanon. There they have been in regular conflict with Major Haddad's Christian militia, a force openly backed by the Israelis.

Irish journalists reporting from southern Lebanon reflected Irish army views that the main trouble in the area came, not from the PLO, but from Major Haddad. Then, in April, two Irish soldiers were seized and murdered by, it was assumed, Christian militia. Public opinion in Ireland was outraged, and anger was directed against Israel, as being ultimately responsible for Major Haddad. Then in May a conference of the 11 nations helping supply the troops to UNIFIL met in Dublin Castle at the initiative of the Irish Government to consider the situation. Again Israel was identified as the villain. In diplomatic language the conference said UNIFIL was in difficulties primarily because it was not allowed to control all its mandated territory, and that it could not do this because Israel was supporting Haddad.

Back came criticism of the Irish Government. Why had it moved closer to the PLO in the Bahrain communique, when the same PLO was one of the antagonists in Lebanon, an area where Irish troops were part of an impartial peace force? Opposition spokesmen alleged that business contacts of government supporters had more to do with Ireland's Middle East policy than detached analysis. Foreign affairs officials still insisted that Ireland's position was a logical extension of past positions, based on UN votes and resolutions.

The trouble is that not too many people read about those votes, or understood their implications. Politicians in Dublin are now finding out what those in Washington have long known—that foreign policy is not all high theory and prestige visits. It can cause awful complications at home, too.

—DENNIS KENNEDY

Brussels

King Baudouin's sudden illness in July touched off a twinge of unease among many Belgians over the future of the Monarchy. It is a measure of the King's calm, self-effacing authority that such doubts have been kept well below the surface for the past 30 years.

The casual visitor to Brussels often assumes, wrongly but understandably, that the Belgian Royal Family has always commanded the total loyalty of its subjects. The serious, youthful figure of the King and the Spanish-born Queen Fabiola are

King Baudouin's visit to the Commission in April 1977 on the twentieth anniversary of the Treaty of Rome.

indeed widely loved and admired, but this may be as much due to their personal attributes as to the institution of the Monarchy itself.

This is commonplace to any Belgian whose memory reaches back to the postwar years, but it is worth recalling at a time when Belgium seems to be moving increasingly towards a federal state of separate regional communities. Contrary to the popular impression, this historic change is evolving relatively peacefully and at a measured pace and King Baudouin's scrupulously impartial stewardship can certainly claim a measure of the credit for this.

But it would have taken a brave man to predict this when the King stepped up to the throne in 1951. The newspaper photographs of the day show him as a gawky, bespectacled student looking even younger than his 21 years. Shy, visibly upset by the glare of publicity, the Prince seemed singularly unfitted to restore to the Monarchy the respect and affection that his father had forfeited during the war, all but plunging Belgium into the worst civil crisis of its history.

The controversy began with the occupation of Belgium by Germany in 1940 and King Leopold III's decision to remain in the country after the formation of a Belgian government of exile in Britain. A meeting with Hitler and a second marriage, in 1941, stirred up popular resentment against the King, who found it impossible to return home from Germany after the war when the throne was occupied by a regent, his younger brother Charles.

The "Royal Question" dominated Belgian public life until 1950 when the public was, unpredecentedly, asked to vote in a referendum. By a relatively narrow margin, 57.7 per cent, King Leopold was invited to return. But his reentry touched off strikes, demonstrations, and street fighting—particularly in Wallonia where left-wing political attitudes were uppermost—and so almost exactly 30 years ago his son Baudouin was obliged to assume the royal prerogatives prior to becoming King on his majority in 1951.

The 29 years of his reign have witnessed striking changes in the political and economic configuration of Belgium, the most significant being the rise in prosperity and power of Flanders, the Dutch-speaking half of the country, and the relative and absolute decline of Wallonia. This in turn has nourished the linguistic and cultural confrontations that have made constant newspaper reading for Belgians throughout the past generation and have led to the present planned constitutional changes paving the way for the growth of regional government. In such circumstances King Baudouin has chosen to subjugate his personality—at least in public—and play an essentially passive role as a kind of supreme and impartial arbiter of Belgian matters.

The image that does come through is of a scholarly man whose passion for astronomy harks back to the insatiable scientific curiosity of Leopold II, no matter how different their personalities otherwise. In keeping with the popular mood of the late Twentieth Century, King Baudouin has stripped the Monarchy of some of its grandiosity while maintaining an essential dignity. Yet at almost 50 he is often seen holding hands with his wife in public.

The irregularities in the King's heartbeat are not regarded as a cause for concern about his health. But speculation about his successor, and whether he can sustain the respect and trust engendered by King Baudouin, seems bound to increase in coming years. Technically the heir to the throne is the King's brother, Prince Albert, but the expectation is that the next Monarch will in fact be Prince Albert's son Phillip, 20, with whom King Baudouin appears to enjoy the kind of relationship he might have shared with the son or daughter he never had. —ALAN OSBORN

Bonn

While Germany never knew the influx of former colonial subjects that flooded countries like Britain or the Netherlands, after their former empires were dismantled, it is now being flooded by swelling waves of Third World refugees seeking asylum in well-to-do Germany. The upheaval is sparking conflict between cities and regions and adding fuel to the campaign for next October's federal elections.

Germany's harsh experience with refugees during and after the Hitler regime led the framers of its 1949 constitution to guarantee political asylum to anyone seeking refuge from political persecution. But German officials point out that the majority of today's refugees simply use political persecution as a pretense to escape from poverty stricken countries, such as Bangladesh or Pakistan, to the jobs and prosperity of Germany.

In some regions the numbers are reaching crisis proportions. In the first six months of the year, more than 70,000 foreigners have petitioned asylum, compared with less than 53,000 in all of last year. Frankfurt, where the flow of refugees has been particularly strong due to the city's major airport, in July began denying refugees entry and for lack of facilities had to ship large numbers of them to neighboring Bavaria for processing. West Berlin in recent months has been handling about 10,000 refugees per month who enter the city through poorly controlled crossing points from East Berlin.

Pressured by the cities and local governments, the Federal Government of Helmut Schmidt, wary of prompting the accusation that is was callous or insensitive to the refugees' needs, decided it had to act. In July the Bonn parliament passed legislation aimed at stemming the flow. Entry visas were introduced for travelers from six of the major refugee countries, and a seventh country will join the list in October. Refugees were also barred from working during their first year in Germany, to discourage those who sought asylum to gain employment.

Migrant workers in the Frankfurt train station.

Despite government action, the problem is adding fuel to an already heated election campaign. The opposition Christian Democrats are accusing the Bonn coalition Government of inefficiency and excess leniency in dealing with the problem. Opposition candidate Franz Josef Strauss is able to speak from a position of experience. As minister president, or governor, of Bavaria, he proposed posting special officials at Germany's borders to judge immediately on the merits of refugee applications. His proposals have been rejected by government officials as callous and unworkable.

—JOHN TAGLIABUE

Copenhagen

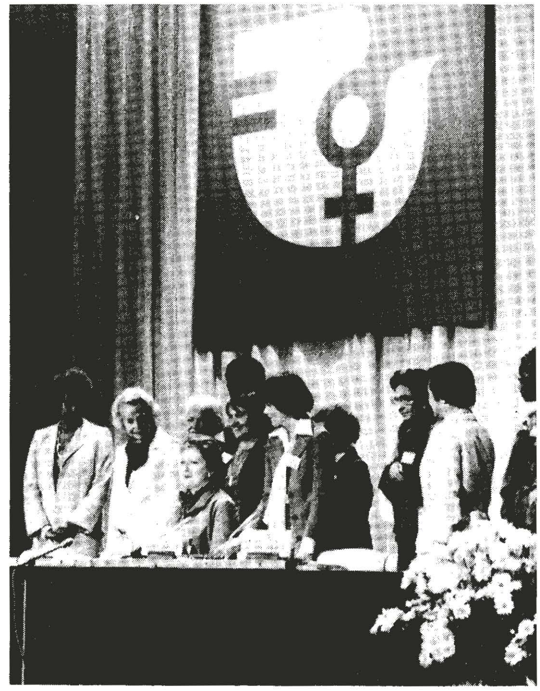
The weather was the worst in man's and woman's memory—incessant rains—but the tourists did not abandon Copenhagen this summer. And several thousand women of all races and nationalities added a special flavor, as the city fulfilled its duties as host to the United Nations women's conference in late July and the alternative conference.

The Danish presidency of the conference had no problems coping with the minor diplomatic incidents—such as the arrival of Laila Khaled, a known Palestinian Liberation Organization hijacker, though a possible candidate for extradition to Israel—and receiving fugitive feminists from the Soviet Union. The only regrettable incident was sparked by the coup d'état in Bolivia, after which nervous Danish police literally manhandled Bolivian women demonstrators. The Prime Minister publicly rebuked the police.

But the conference as such was a defeat, not only for the Danish presidency, but for the moderate Western countries as a whole, as it proved impossible to maintain consensus when voting for the action program for the rest of the decade. Though hardly surprising to outside observers, the Danish conference president, Lise Oestergaard, professor of psychology, minister of culture, and former deputy foreign minister, seemed genuinely surprised and disappointed that the socialists, Arab, and developing countries insisted on political riders denouncing Zionism. Denmark is still considered one of Israel's best friends in Europe, though Denmark now accepts EC positions formerly incompatible with Danish views.

Perhaps the most important reason that many Danish delegates hoped to avoid a strong politicization of the conference is that Danish women have themselves managed to work together on a fairly apolitical basis. Women do seem to have obtained the highest posts in the political parties to the left in the 1970's, but the chairman of the National Womens' Council is a conservative member of Parliament.

And Danish women have more rapidly



A convention forbidding discrimination of women being signed at the UN women's conference. © UPI

than in any other country of the world established themselves as an economic factor. From 1960 to 1979 the number of women in the work force doubled, in 1979 women made up almost 44 per cent of the total work force. The number of married women working tripled, with a work frequency of almost 100 per cent among the newly married women. Women are still predominantly in lower paid jobs, but there are very strong indications that daughters of working mothers are becoming just as job conscious as the sons of working fathers.

—LEIF BECK FALLESEN

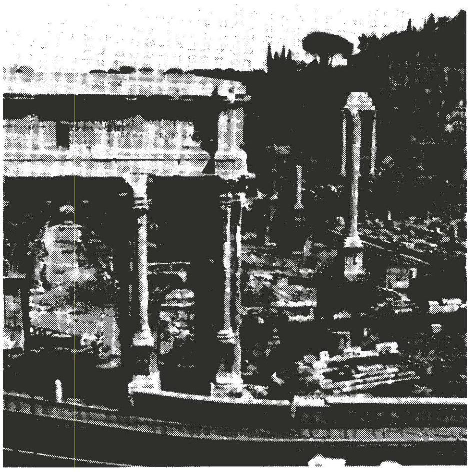
Rome

All the great names are there—Vuitton, Gucci, Cartier, Parker, St.-Laurent, and a dozen others. Sales are up to unprecedented highs, but each of the items sold to an incautious public is as phony as a five-cent cigar.

Italy has the distinction of being the undisputed leader in the most bizarre of economic sectors—the manufacture and marketing of counterfeit big-name products. In mid-July newspapers reported the arrest of one Antonio Esposito, nabbed while driving a huge truck loaded to the gunwales with Mickey Mouse merchandise. He was headed for the east coast, planning to peddle his wares along the tourist-crowded Adriatic beaches. Instead, he is spending the summer in jail, but he has thousands of colleagues still at liberty who serve as the final link in what has become a con game on an industrial scale.

The figure for annual sales, tax-free, of course, cannot be exactly judged, but agents of the Italian Ministry of Finance estimate them to be in the trillions of lire (billions of dollars). The modern era of this nefarious trade began in the first liberated areas during World War II. As the allies moved in with their PX's and NAAFI's, alert entrepreneurs became familiar with new and exciting allied goods, and it was not long before neat, convincingly packaged and cellophaned packets of *sigarette americane* were being hawked to Italian customers by Neapolitan urchins and sidewalk vendors. Nicotine content was low, only because the tabacco content was low, eked out by such additives as dry grass, saw dust, and even manure.

Headquarters for the industry was—and still is—Naples. Expanding catalogues of luxury goods are closely paralleled by expansion in the funny field, and counterfeiters who started out with cigarettes and



Zippo lighters soon branched out into "Parker" pens, cameras, watches, and fairly satisfactory (except to connoisseurs) pirated editions of music cassettes and feature films.

Cassettes can be copied for little more than 50 cents. They are wholesaled for nearly a dollar and retailed for 1,500 to 2,000 lire ($1.80 to $2.40) each, a highly competitive price compared to the 5,000 to 6,000 lire charged for genuine cassettes. Techniques for copying are highly efficient, normally using records feeding into a battery of tape recorders. Labels are accurately duplicated on offset presses in clandestine print shops. Last year agents sent out by the Italian Society of Authors and Publishers seized nearly a half million counterfeit cassettes. Films are copied from prints borrowed from theater projectionists.

In June a raid was carried out in Milan at a warehouse where agents found four stories equipped for manufacturing, exposition, and storage of nearly complete lines of up-to-date counterfeits labeled Dior, Cartier, Gucci, Fendi, Vuitton, Valentino, Céline, Marlboro, and Muratti. Booty seized by finance agents filled six large trucks. Documents found in the factory showed that the counterfeiters had branched out from the Italian market to set up a thriving export trade to several other European countries. Director of the enterprise was Giancarlo Chic, a Milanese of Chinese parentage. He told the judge, "My ruin has been women. Is it my fault if they aren't satisfied with simply a well-made product but insist on its having an internationally advertised label?"

A variation on simple falsification thrives among operators who buy authentic stainless-steel brand-name watches and replace the steel casings with cheap gold-plated ones. A leading Swiss watch manufacturer is said to have bought off the most successful of these entrepreneurs.

Ever up-to-date, the counterfeiters have not been unaware of the energy crisis. Revenue agents recently reported that purchasers of high-test gasoline in Naples may be putting more of a tiger in their tank than they bargain for. The gimmick here is genuine fuel diluted with one of the heavier alcohols, producing a mixture that ruins the engine. —DALE McADOO

The Hague

Rotterdam port authorities shivered when the 215,000-ton, Hong Kong-owned *Energy Concentration* supertanker broke its back as the crew unloaded the giant in the early morning of July 22. During the discharge the *Energy Concentration* suddenly sank low at the stern, thrust its bow into the air, and cracked amidship. The accident, with 110,000 tons of crude oil still on board the tanker, threatened a major disaster in the world's busiest port. Globally it was the fifth supertanker to be lost this year and the eleventh in the last 19 months.

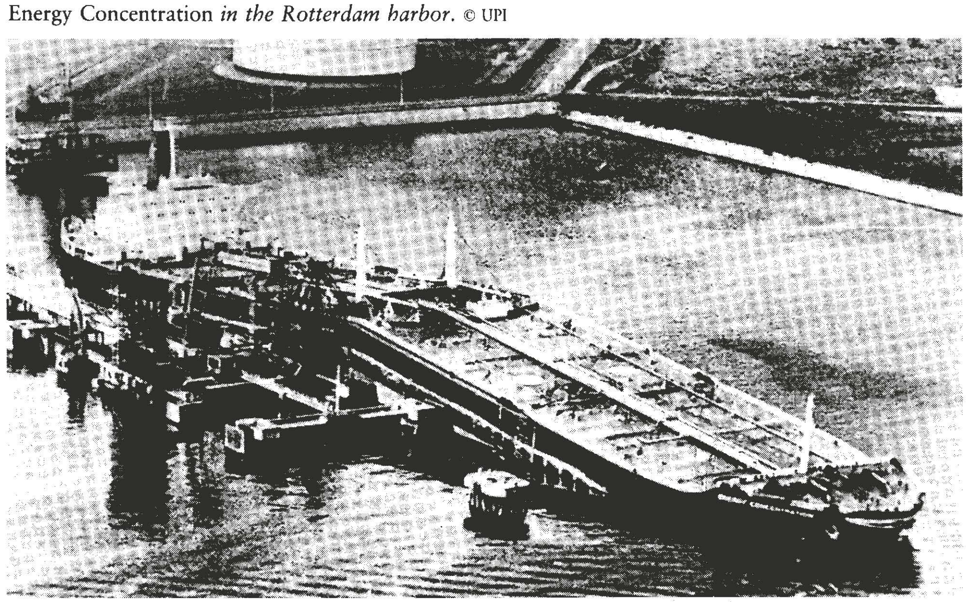
The 43 Hong Kong and Chinese crew members escaped uninjured, and there was no explosion or fire at the oil terminal in the congested refinery harbor basin. Officials said that no more than 10 tons of crude oil spilled from unloading pipes. Salvage crews began to unload the 110,000 tons of crude from the undamaged fore and aft tanks onto a smaller tanker brought alongside. The operation was predicted to take weeks after which the 10-year-old tanker was to be towed to a shipyard. Meanwhile the two top officers, who were arrested two days after the accident, admitted they had failed to shift the cargo into emptied tanks to balance the ship. Both men were charged with bringing the vessel in danger while underway. Maximum punishment, if convicted, would be six months in jail and a $300 fine.

The captain and first mate told a Rotterdam court that they had only a hand calculator instead of a computer to determine how to shift the crude oil cargo into the empty center tanks to relieve stress on the hull. The calculator's instruction book was in Norwegian, the language of the ship's previous owner. The first mate said that at the time of the accident, he had worked without a rest for 41 hours.

Police said the Hong Kong owners had rerouted the tanker while it sailed from the Persian Gulf to Europe. It was to have called first at Rotterdam, then Britain, and finally Le Havre. But the tanker was ordered to go to Le Havre first, which required complex cargo-shifting.

Rotterdam acted swiftly. A central command post is manned 24 hours a day to re-

Energy Concentration *in the Rotterdam harbor.* © UPI



spond to accidents, and the river police, the fire brigade, and the port authority coordinate action. The port authority is under strong pressure to maintain high safety standards because of the 2 million people in Rotterdam and nearby communities. Rotterdam port handles over 300 million tons of cargo annually with almost two-thirds of it crude and oil products.

Christ van Krimpen, deputy director of the maritime section of Rotterdam port, said he did not think that Rotterdam port will wait for the final text of an EC draft directive banning substandard ships from European ports and calling for other harmonized regulations. Van Krimpen said more stringent rules will be necessary for loading and discharging. "We do not want to bypass the ship's crews," he said, "but we want more control from the oil terminal and the port authority." —NEL SLIS

Luxembourg

He did it in the end. For a time it looked as though Gaston Thorn's meteoric political career had peaked. Ousted a year ago as Luxembourg Prime Minister when the Liberal-Socialist coalition lost the general election, defeated in his bid to win the presidency of the European Parliament a month or so later, Thorn then ran up against French opposition in his campaign to be the next president of the EC Commission. But by a characteristic mixture of tenacity and political shrewdness, Thorn turned the tables on France, making its veto look like an act of petty spite. The French caved in, and Thorn has now been accepted as the successor to Roy Jenkins as Commission President from next January.

A man who has already participated in numerous EC summit meetings, United Nations general assemblies, and a whole string of international conferences at the topmost level is hardly likely to be awed by Brussels. Thorn has little to learn about Community procedures and even less about the problems facing the Community today. A veteran of Community politics, he already knows practically all of the people he will be dealing with officially in the next few years. The news of Thorn's Brussels appointment caused little excitement in Luxembourg—most people seemed to think it was inevitable.

None of that means that he will necessarily be an effective Commission President nor that his departure from Luxembourg politics will pass unnoticed. The fact that France did not want him in the Brussels job can hardly enhance his authority there. And coming from a tiny country he could be easier to bully than Jenkins. Yet he does not seem ready to yield to his critics. Suggestions that he could not be the President-elect of the Commission at the same time as President of the EC Council and should therefore relinquish one or the other appear to have been totally ignored.

The character of the Thorn Commission cannot be fully gauged until all 14 commissioners have been named, but given that Thorn himself will have some part in choosing them, we can probably assume that it will be efficient, activist, and broadly supranational. But what of Luxembourg politics in the meantime?

The most striking result of Thorn's move is likely to be the advance of Colette Flesch both within the Liberal Party and the Government. As mayor of Luxembourg and member of the European Parliament, Flesch is already well-known in European circles, though less so internationally. She is now likely to be brought into the Government, and there are suggestions she may, as senior liberal, take over the foreign ministry when Thorn finally departs for Brussels. Speculation seems likely to center on her as a possible Prime Minister in time, though it is worth remembering that Thorn is only 10 years her senior and will be ending his term as President in Brussels at the beginning of 1985.

More immediately the big question is whether Thorn will want to step down in practice, if not in name, from the foreign ministry, and therefore the EC Council presidency, once he has completed his Middle East peace mission on behalf of the Nine this autumn. On paper there is no reason for him to do so, since the Brussels job does not start until next January. But if he is to have a real voice in the consultations over the other members of the next Commission team in Brussels, then inevitably he will have to spend some time in the EC capitals interviewing prospects and discussing choices with government leaders. Jenkins, four years ago, had little else to do, but it would be difficult to see even Thorn managing it at the same time as running the Council. This is especially so given the major decisions that are looming for the Community in the next few months about the pace of enlargement, budgetary and agricultural policy reform, and the establishment of an EC fisheries policy.

—ALAN OSBORN

Luxembourg Foreign Minister Gaston Thorn.

CONTRIBUTORS

LEIF BECK FALLESEN is economics editor for Radio Denmark in Copenhagen.

ALAN OSBORN is Benelux correspondent for *The Daily Telegraph*.

DALE McADEE is an editor for the *International Daily News* in Rome.

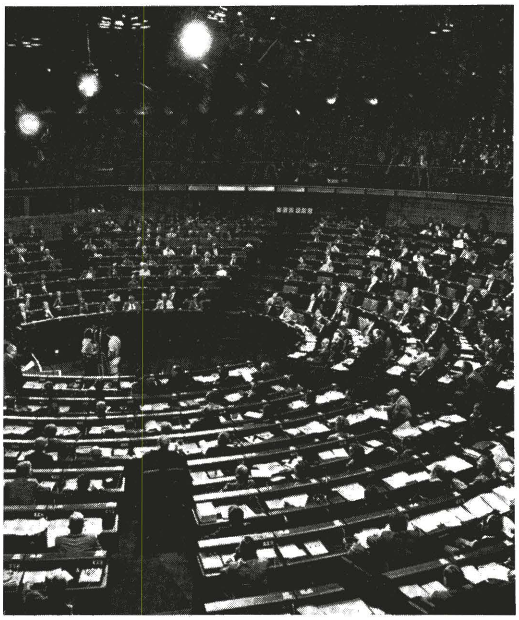
PATRICIA PAINTON is Paris-based correspondent for *Business International.*

PETER SHAW works in London for ABC News.

JOHN TAGLIABUE writes from Bonn for *The New York Times*.

NEL SLIS, a freelance writer based in The Hague, formerly reported for Associated Press.

DENNIS KENNEDY is the European editor of *The Irish Times* in Dublin.



Parliamentary Notebook

DAVID WOOD
columnist for The Times *of London*

Let me introduce myself. Not for egocentric reasons, but rather because the introduction will explain what I am about. I have been reporting United Kingdom politics for nearly 40 years, for more than 30 years as a member of the staff of *The Times* of London. A political Methuselah, then, if you like, who knows every inch of the corridors of Westminster and could find his way blindfolded not only to the Palace's 13 bars but also the disused morgue (nobody is allowed to die nowadays in the United Kingdom Parliament), the Post Office, the dining rooms, the gymnasium, the ministerial and backbench offices, the committee rooms, and whatever else you care to mention. Nobody could have asked for a better place to live and have his being. Nevertheless, a few years ago I absented myself from all Westminster's felicity. I went European. Strasbourg, here I come.

Why? The short answer is that having spent a working lifetime in an old parliament (Iceland claims to have the only older one), I wanted to see a new parliament form and evolve, almost to see the history of Westminster repeated. As European political editor of *The Times*, then, I brought a clear historical perspective to observing the European Parliament, both when it consisted of 198 delegates nominated by the sovereign national parliaments of the Six and then the Nine, and when in June 1979, its 410 members were directly elected. In Westminster terms, to go Strasbourgeois offered the prospect of going back to Tudor or Stuart times in English history, and thereby living through Parliament's challenge to the Monarchy (that is, the Council of Ministers representing the sovereign national governments) or the EC Commission (representing the courtiers and functionaries).

Let me intervene with a comment that the European Parliament's transition from delegations nominated by sovereign national parliaments to direct elections of members of parliament has not produced the democratic virtues that were theoretically claimed for it. On the mainland Continent direct elections merely meant in most instances the party list system, where electors voted for the party and the party decided who should be on or off the list. It amounts to a system of party managers' patronage that is profoundly repugnant to British democratic ideas. And in Britain the mergers of seven or eight Westminster constituencies into one European constituency, on a simple majority system of election, loaded the dice in favor of the Conservative Party (so there shall be no misunderstanding, let me say I am a Conservative journalist).

Moreover, the nominated delegations from sovereign national parliaments meant that in the United Kingdom, European parliamentarians provided a necessary link with Westminster that has now virtually disappeared. There is often hostility or a sense of bitter rivalry between Westminster and European members of parliament on the Conservative side; and on the Labour side, where the United Kingdom's membership in the Community is increasingly being challenged, there are no useful contacts at all. Yet the United Kingdom's Accession Act gave the Community law-making powers overriding Westminster.

On the mainland Continent affairs have been better managed, apart from the questionable list system (more later about that). Your French politician, for example, is in politics up to the hilt. He will cut a considerable figure in his party, often be mayor of his town or city, sit in the national assembly, and also be a European parliamentarian: All the reins of political power or influence finish in his hands. Much the same is true of the German, Dutch, Belgian, Italian, and Luxembourg politicians. They are politicians for all seasons, as British parliamentarians are not.

It happens that the leaders of the European Parliament are now trying to make up their minds about how the next direct elections, due in mid-summer 1984, should be decided. In 1979 only Britain (that is, England, Scotland, and Wales) used the simple majority, or first-past-the-post system, apart from 25,000 Danish voters in Greenland. The Treaty of Rome, the Community's Bible, includes an article saying that the European Parliament must have a common system of election; and the United Kingdom Government is going to come under great pressure to adopt the Continental system of proportional representation, which is abhorrent to the leaders of both the main parties in the United Kingdom.

The United Kingdom has a case. By its criteria, the party list is democratically dubious and unhealthy, and before the United Kingdom agrees to abandon its system of clearly mapped constituencies where a simple majority of even one vote is conclusive, they will fight to get rid of the Continental system of party managerial patronage. After all, of the largest countries in the Community, the United Kingdom is the only one where a European parliamentarian has direct accountability to an electorate; and direct accountability seems to be the essence of democracy. In France and Germany what matters is not the extent to which members of the European Parliament (MEP's, as they are called) satisfy the voters, but the extent to which they play ball with the party bosses. On the British view, it is Tammany Hall politics of the worst kind. But on the mainland Continent everybody takes the list system for granted.

For myself, I never expected the directly elected European Parliament to achieve in a twelve-month, or in two or three decades, what long-established Western parliaments have achieved. As Winston Churchill said, Parliaments cannot be designed to a blueprint; they grow like plants. So the European Parliament will grow. Neither MEP's nor European voters must expect too much too soon.

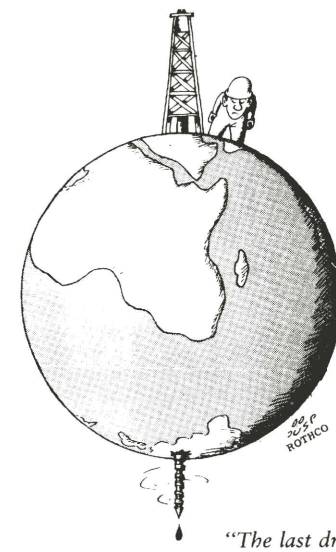
But some essential targets have been set: Powers over the Community budget (the Parliament came a cropper by rejecting the 1980 budget in December 1979, and then surrendering seven months later); a voice in appointing members of the EC Commission, with insistence on at least one woman member; choice of a single site for its working place, instead of being driven from Strasbourg to Luxembourg, and from Luxembourg to Brussels; and, as the years pass, less arbitrary behavior by the Council of Ministers and the most nationalistic European body of all, the so-called summit council of heads of state (which has no validity in the Rome Treaty at all and is no more than an expression of realpolitik).

For a Westminster man, the European Parliament is roughly still back in Stuart times, in the Seventeenth Century, except that there has been no civil war and nobody has lost his head. Take my word for it, as a parliamentary historian, it has made not a bad start at all.

ENERGY

Finally Saying "Enough"

Can the West unite to reduce oil imports?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"The last drop."

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

Of all the political problems caused by the energy crisis, perhaps none makes governments lose more sleep than dependence on imported oil. A sudden cut off of Organiztion of Petroleum Exporting Countries (OPEC) supplies, over which Western nations have no control, can bring immediate economic catastrophe and set off major political shock waves. Since 1973, when this threat was first illustrated, the Western nations have talked incessantly about reducing their oil imports. But until recently their actions were less than their talk. The Europeans and Japanese have lowered their dependence on oil imports significantly since 1973 but still receive over half their energy supplies in the form of imported oil. The United States steadily increased its oil imports after 1973, bringing disaster to the dollar and severe political strains with Europe.

With the 1979 Iranian revolution, however, there was a significant change in the politics of oil imports among Western nations. Western leaders' earlier long-term strategies to reduce demand for imports through higher prices and conservation plans were not enough. Nuclear energy was limping, and other alternative fuels would not come on soon enough. A major shortage was possible at any time, and a more direct approach was needed. During the year the International Energy Agency (IEA), the European Community, and the seven-nation summit at Tokyo took a first major step by setting individual oil import targets for each country for both 1980 and 1985. Although the targets were not true quotas, enforceable by law, they were much better than the previous vague goals that lumped together each country's energy target. Under the new system countries using more than a predetermined share of imports would be singled out for political pressure by the others.

At the start of 1980, the Soviet invasion of Afghanistan had created new jitters about the Persian Gulf region, and some Western countries considered further direct steps to hold down oil imports. President Carter proposed a $4.62 per barrel fee on all oil imports that would have raised US gasoline prices 10 cents per gallon. The EC Comission also began to study a Community-wide oil tax that would not only act to cut consumption, but also help finance new EC initiatives in energy and other fields. The Americans also tried to put some teeth into the IEA targets so that countries importing more than their share would be automatically penalized.

None of these plans and proposals was accepted, however, as the oil supply/demand situation relaxed and governments could once more afford to put off direct action to limit oil supplies. Ominously this improvement did not come because of the promise of more OPEC oil supplies—tension in the oil regions had not diminished, and several OPEC producers were slowly cutting production to keep prices high. Instead, it was due mainly to the economic downturn and the effect on consumers of the 100 per cent oil price rise recorded during 1979 and 1980. By August 1980, oil consumption in most countries was down 8-to-12 per cent compared with mid-1979.

This trend meant that most Western countries would easily meet their IEA and EC oil import targets for 1980. These targets had been adjusted downward in December 1979, but the impact of the high prices and recession had been greater than foreseen. The problem was that most European governments as well as Japan were not sure whether the tendency to consume less oil would reverse in 1981 as new measures to encourage economic growth took effect. Hence they resisted American calls to once more adjust downward the oil import targets, fearing they would get stuck with a ceiling that they would have to break to achieve needed growth.

Hence the target system set up by the Western industrialized countries in 1979 is still being tested and has a long way to go before becoming a reliable policy instrument. At the same time countries have shied away from taking tougher steps to actually block imports with a quota or tax system. Nevertheless, the targets do represent a major step forward from the confusion and backbiting among Western powers that existed before. The countries, in effect, have given themselves a framework in which to carry out their debate and judge each other's energy achievements. They have also provided the needed first step for any future efforts to face OPEC as a united group.

The policy problem presented by foreign oil imports starts from the fact that in today's world, OPEC oil is the "swing fuel." It is usually easy to get, if one pays the price, and easier to transport and use than any other fuel. Therefore, when other energy sources fall short and can't meet demand, the path of least resistence is to buy more imports. If long-term plans to cut oil use fail or demand suddenly jumps, the foreign oil will come in unless the government takes direct action to bar it through a quota system or make it prohibitively expensive through an import tax. Both these measures cause severe economic problems, as the price of oil soars due to the artificial shortage. Analyses of a recently floated US idea of a quota system with an auction to sell import rights showed that the import ticket would command an extremely high premium.

The last Western country to have a true import quota system was the United States, which strictly limited imports between 1957 and 1973. But the motive for the quota was much different than now. Cheap Middle East oil was flooding world markets and threatened to undermine to $3 per barrel the price US producers in Texas were receiving for their crude. As US demand rose in the late 1960's, the system was gradually relaxed and then abandoned altogether when foreign prices rose dramatically. In 1975 US President Gerald Ford tried to institute a $3 per barrel fee on oil imports as a means to stem the growing tide of foreign oil. But the Democratic Congress rejected the plan.

IN EUROPE MOST COUNTRIES WELCOMED the cheap Middle East oil in the 1960's. After

"I shouldn't worry too much, Abdul . . . how many coal burning cars do you see?" © Gurbutt, England

© Bas, *Tachydromos*, Greece

1973 the only country to attempt seriously to control imports was France, which in 1975 established a system limiting annual imports of oil to a fixed monetary target. In the first year the import level was set at 51 billion francs, a figure that was raised slightly year by year to accommodate growth. The quota was enforceable through the regular French system which controls all oil movements in the country, but the Government used it more as a planning target. In 1976, for example, when a drought cut hydroelectric output, the oil import ceiling was raised 2 billion francs to cover the problem. The French system, nevertheless, was far in advance of any other in Europe, and the French never ceased trying to get something similar established for the whole Community.

But the major efforts by Western nations consisted of setting vague import targets and hoping long-term strategies would create the oil savings to make them come true. The first of these "plans" came from the United States, which soon after the October 1973 crisis declared "Project Independence"—a grandiose scheme to phase out oil imports entirely. The plan was soon seen as completely unrealistic.

The European Community took longer to respond but came up with a sounder plan. In February 1975 the nine member states agreed on a set of energy policy targets, including reducing dependence on foreign oil from 63 per cent to 50 per cent of total energy use by 1985. By 1978 the Community had cut dependence down to 55 per cent and had a fair chance of meeting the 1985 target. Although this goal was simply an instrument for planning purposes, it has endured as a sensible, achievable objective in an otherwise topsy-turvy energy world.

Also in 1975 the newly created International Energy Agency took its first steps toward setting import reduction objectives. It called on members to drop imports by 2 million barrels per day during the year and published in November its first annual conservation report in which progress by each member in cutting oil use was spelled out. That report singled out the Americans as the most delinquent on import policy, and subsequently President Ford at the Rambouillet summit made a tentative promise to do better. This type of criticism of the United States, and American counter pledges to do better, would become a standard refrain for the next four years.

During 1976 and early 1977, pressure began to mount again for major oil import reductions, as planners found little real progress was being made on conservation while projections for future OPEC output turned pessimistic. For the first time fears were raised that without a major new reduction of imports, the OPEC supply cushion would give out by the mid-1980's.

The new Carter Administration, with a new energy plan that would bring US prices to world levels through a tax, went on the offensive and called on the IEA to set a specific import target. In June 1977 the 19-member group adopted a goal of holding imports to 26 million barrels per day by 1985—compared to 35 million barrels per day if no conservation occurred. Because of political sensitivities, targets were not set for individual countries; it was understood, however, the United States would carry a large part of the load. The setting of the official target was a major success for the IEA, and gave officials a much stronger tool for pressuring members to take conservation measures.

This didn't work in the case of the United States, however, where Congress refused to approve Carter's tax plan which would have raised oil prices to world levels. The European Community members, as a new means to pressure the Americans, issued a declaration in June 1978, that they would keep their 1985 oil import level equal to what it was in 1978. Using this at the Bonn summit in July, they won a promise from Carter to take some action by year's end to cut US imports 2.5 million barrels per day from projected 1985 import levels. Before this deadline arrived, however, the Iranian crisis arose to add considerable urgency to the oil import problem and inadvertently take the Americans off the hook.

After intermittent cutbacks in November and December 1978, Iranian exports ceased totally on December 27—taking about 5 million barrels per day off the international market until mid-March 1979. By late February IEA officials had begun talks on plans to lower import use on an emergency basis. In March the members agreed that during 1979 they would cut total energy demand 2 million barrels per day oil equivalent, which would allow roughly a 5 per cent cut in imports by each nation. The hurriedly conceived plan soon turned out to be unworkable. Members supplied long lists of crash conservation measures to the IEA, but countries like Japan and Germany clearly were not prepared to carry out programs that would seriously threaten economic growth. Also many countries followed the natural impulse to build up stocks and seek special deals with other oil producers to assure supply. Several OPEC members had temporarily increased output during the Iran shutdown, so the scarcity was not as great as it could have been.

While most countries eventually showed import reductions of 3-to-5 per cent, the United States, shedding its black sheep role, cut oil use a dramatic 8 per cent during 1979. This was due to low stocks and bureaucratic bungling that caused gasoline supplies to run out in many regions in the spring. Nevertheless, the fact the Americans had "cut" oil use gave them a psychological edge vis-à-vis the Europeans that they used effectively during talks later on oil quotas. Also President Carter in April announced a new plan to phase out price controls on domestic oil by September 1981, and thus produce a major import saving. The plan, which was not directly subject to Congressional approval, removed from the table a sore point that had long clouded the transatlantic debate on oil imports.

During March the Community had also revised its energy targets to conform to the IEA pledges. But by late June, at a summit in Strasbourg, the increasingly pessimistic situ-

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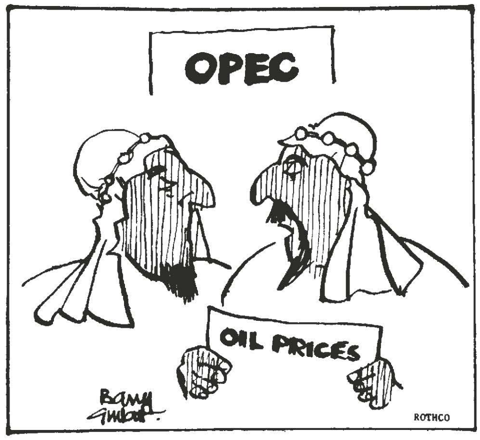
ation had forced the Nine to stiffen their targets by promising that each year between 1980 and 1985, Community oil imports would not exceed the 1978 level of 470 million tons. France had pushed during the meeting for adoption of country-by-country goals, but the others were not quite ready for this step. Theoretically everyone was promising not to exceed specific national import levels, but nothing was spelled out in black and white.

A week later at the seven-nation Tokyo summit, however, the breakthrough came. Under intense pressure from France and the United States, the "Big Seven" agreed to accept country-by-country import targets for 1985. It was understood that based on this foundation, the other IEA and EC countries would be asked to do likewise. The actual targets accepted by each of the Big Seven caused problems, since each wanted to use a base year that best suited its own interests. The United States, therefore, used 1977, when its imports were highest; the European Community used 1978. Japan accepted a range between 6.3 million barrels and 6.9 million barrels per day, depending on economic conditions. But despite the imperfections, a milestone had been reached. During the next six months a major diplomatic effort was undertaken that translated this initial accord into tight import ceilings for each Western country for 1980 through 1985.

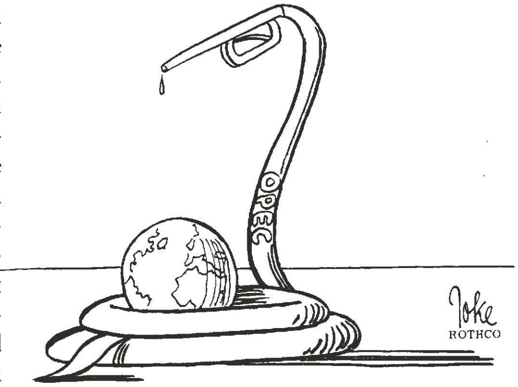
On July 16 President Carter announced that the United States had decided to set its ceiling for 1979 and 1980 at 8.2 million barrels per day. This was not as difficult as it sounded because of the sharp fall in US imports then being recorded, but the Americans used it as a whip to push other countries toward more savings.

The scene then shifted to the European Community in September as the members sought to parcel out portions of their global import ceiling to each member country. A fight immediately developed over treatment of North Sea oil. Britain said other EC countries should count this as an import, but the rest, led by Germany, said North Sea oil should not be part of the quotas, and the British gave in. The Americans, in an unusual letter to the Nine, said they hoped North Sea oil would not be used in the future to cover increased demand and undermine the purpose of the quotas. On October 9 the EC energy ministers agreed to both 1980 and 1985 import ceilings for each member.

Finally in December 1979, the IEA members meeting in Paris agreed to 1980 and 1985 import ceilings for all members. The 1980 total import level was set at 24.5 million barrels per day, and the 1985 target at 24.6 million barrels a day. These targets, which include bunker oil carried by ships, were considerably lower than the previous 1985 target, adopted in 1977. The IEA also agreed to hold reviews every three months to judge whether targets were being met and whether circumstances on the oil markets called for even further tightening. No agreement was reached on measures to penalize countries that did not meet their targets—a step which would turn the ceilings into something approaching real quotas.



"As far as we're concerned, December is a time for taking!" © Gurbutt, England



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"That's the fourth I've seen today."

© Cookson, *Evening News*, London

ONE FACTOR THAT MADE THE IEA TARGETS more credible was the parallel work on a system to monitor world oil flows through both the IEA and European Community. The Community had made efforts before 1979 to get solid information on oil market prices and sales volumes, but with little success. During early 1979, when the spot markets in Rotterdam and elsewhere seemed to be driving up world prices, several countries agreed a fresh approach was needed. Some, like France, wanted to put actual controls on the spot markets, but the compromise was to set up a centralized system for recording sales and prices starting in early 1980. The information will allow the IEA and EC officials to spot new trends in import purchases immediately and judge whether any member is taking unfair advantage of the market to stock up.

This had become a live issue during 1979 and 1980. First the Americans had taken measures to make imports of heating oil into the United States slightly cheaper, drawing heavy fire from the Europeans who said this would force up Rotterdam spot prices. Later, intense US and European pressure was put on the Japanese to refuse Iranian demands for extremely high crude prices.

In March 1980, President Carter launched his ill-fated drive for a special oil import fee. The move came as part of a broad plan to fight down the suddenly high inflation rate. While the 10 cent per gallon jump in gasoline prices would add to inflation, Carter reasoned the drop in imports of 1.5 million barrels per day would drop inflation through long-term effects. Carter used special provisions in the trade laws to enforce the fee and make it harder for Congress to stop the plan, but this hurt him. The dubious mechanism for the fee was declared illegal by a lower court, adding a new argument to opponents in Congress who said the plan would not work and would only enrage American voters. Carter might have saved the plan if he had proposed to channel the $10 billion per year in revenues back to consumers. But he instead wanted the money to help balance the federal budget and went down with his flags flying in May as Congress overwhelmingly rejected the plan.

The American fight over an import tax was watched closely in Brussels, where the EC Commission had been eyeing a similar scheme.

The initial idea was for a 40 cent per barrel tax on oil imports that would be a positive step to cut imports and bring in $1.45 billion annually. The plan had the added feature that since Britain, with its North Sea oil, has little need to import, its tax payment would be very small. Thus a back-door way would be found to reduce Britain's net EC budget payments. This plan got a mixed reception at the end of 1979 and by March, EC Energy Commissioner Guido Brunner came up with a new version that folded the import tax idea into a new overall EC energy policy. Brunner called for new efforts at tax harmonization in the Nine and massive new investments in energy facilities. These could be financed through a new oil tax, either on imports or consumption. A decision to tax consumption would presuppose some general tax harmony and give no special advantage to Britain. The new Commission plan also got a cool reception and after the failure of the American import fee in May, it appeared likely that no major new move would be made to directly reduce imports.

Meanwhile a sort of cold war developed inside the IEA over what to do next with the oil import target system. The Americans urged strict adherence to promises to carry out quarterly reviews and update targets to match new developments. Most other IEA members, however, were not anxious to be pinned down on 1981 ceilings, since the actual demand situation at that time was too difficult to predict. Thus at an IEA board meeting in March, the only agreement was to try and reach 1981 ceilings by fall. A May meeting of the IEA energy ministers appeared to achieve little progress toward setting the 1981 targets. Even less was said about US efforts to find an automatic adjustment system for the targets and a penalty system for members that violated ceilings. One American idea was that any country that violated its ceiling would get proportionately less oil if and when the IEA crisis-sharing system was put into effect. The Americans also pushed at the May ministers' meeting for a downward adjustment of the 1985 import target. On this they achieved a half-hearted statement by the group that the 24.6 million target might be too high by as much as 4 million barrels, given current OPEC policies. Finally the Americans wanted some agreement on instant adjustment of targets in a "mini-crisis" (a shortage less than the 7 per cent needed to trigger IEA oil sharing). But the other members agreed only to call a ministers' meeting if such a problem arose.

The IEA import target system thus remains an agreement reached during a crisis period that has yet to jell into a routine way of doing business. It is nevertheless a significant achievement, considering what preceded it. The essential question is one of discipline. Can 21 countries with widely differing domestic energy policies and needs follow a concerted course in the crucial areas of consumption and import demand? If the IEA and the Community cannot succeed in this, little further in cooperation on energy will be possible.

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EC Energy Policy: Prospects and Achievements

The EC energy balance
EC crude oil imports have dropped from 573 million tons in 1973 to 475 million tons in 1979. Overall oil consumption remained stable over that period while gross national product rose 12 per cent. Overall energy consumption has dropped an average 8 per cent annually since 1973.

Conservation measures
The Council of Ministers approved a 55 million European unit of account (EUA) program for energy conservation projects in 1979. Also, EC directives in industry, buildings, and appliances have been adopted.

Oil imports
The Nine have agreed to hold net oil imports through 1985 to the 1978 import level of 472 million tons. The Commission monitors crude prices and import volumes on a routine basis.

Emergency measures
The Community requires a minimum 90-day's oil stockpile by each member. It also has plans for sharing and joint conservation measures in a crisis.

Oil and gas production
The EC program for aiding exploration for oil and gas has so far covered 1970 projects and involved EUA 185 million. The Commission is also developing guidelines on gas production, trade, and conservation.

Coal production
The Community provides subsidies for coking coal production and financing for mining capital investments. The Commission has also proposed financial aids for coal-burning power plants and intra-Community coal trade.

Nuclear energy
The Commission organized public hearings in 1977 and 1978 on nuclear safety issues. The Community supports reactor safety research, finances loans for construction of new nuclear power plants, and supports uranium prospecting ventures. In February 1980, the Council of Ministers adopted a plan covering cooperation on the nuclear fuel cycle and breeder reactor development.

Alternative fuels
The Community has established an initial joint program to aid alternative fuel research and development, making available EUA 50 million for coal-based synfuels, EUA 22.5 million for geothermal energy, and EUA 22.5 million for solar. A second round of awards is expected shortly.

Prospects
In March 1980 the Commission called on the member states to move toward a common energy policy in the key areas of energy price and taxation and overall financing for energy development. The Commission said consumer oil prices still did not match the need for conservation and import reduction and that major differences still existed between prices in different members. It also said that major new energy investments would be needed in the Community to hold down oil imports and that the Community share of this should be increased above the present small amount. In particular, Community loans should be available for risky new alternative fuel ventures that required substantial backing. These funds could come from the normal EC budget or a special energy tax, either on consumption or imports.

America's Environmental Decade

A view from Europe

STANLEY JOHNSON, *vice chairman of the European Parliament's Committee on Environment, Public Health, and Consumer Affairs*

THE TENTH ANNUAL REPORT OF THE COUNCIL on Environmental Quality has on its cover one of those pictures of the earth as seen from space. Clouds mask some of the land masses, and an empyrean blue pervades. Today, the image is familiar. Ten years ago it was not. Then the sudden revelation, largely associated with the successful mission of Apollo XIII, that Planet Earth was just another space ship and that we were all merely passengers upon it took the world by surprise.

When Senator Gaylord Nelson of Wisconsin first launched Earth Day on April 22, 1970, it was partially in response to this new vision. We had, as it were, a chance to look at the world through the astronauts' eyes. Our pale orb, hurtling through space, seemed increasingly fragile and—at the end of the Sixties—subject to a seemingly unending series of insults. The most memorable disaster of the time was probably the oil spill in the Santa Barbara channel in 1969. But this single horrendous event, whose ecological consequences were profound, took place against a background of mounting concern about what was happening to the environment. The Great Lakes were "dying"; rivers were stuffed full of human and industrial effluent—one, loaded with noxious wastes, even caught fire. The coastline, that precious heritage of all Americans, was being eroded through random and unplanned development. Two million acres of rural land were being lost each year to nonagricultural uses. Toxic chemicals abounded and were found, moreover, to be present at sites and in targets far from the original source. The air of US cities was laden with pollutants and, on bad days in some of the industrial conglomerations, there were positive dangers to health. There was a growing consensus that the life support systems of "spaceship earth" were in danger of collapse or, at least, in urgent need of renewal.

Earth Day 1970 was a reaction to this concern and in turn it generated a new momentum. Theodore White, best known for his successive "Makings of the President," has written that there were two great achievements of the Nixon era. One was the opening-up of relations between the United States and China. The other was the great wave of environmental legislation that marked the early 1970's. Historians may question the degree of Nixon's own commitment to the environmental movement. No doubt he had other things on his mind—Vietnam and Watergate, for example. But the fact is these landmark acts do bear his signature. Many of the institutions with which we are now so familiar, such as the Council on Environmental Quality and the Environmental Protection Agency (EPA), which has grown into the largest regulatory organ in the United States, date from the Nixon era.

The National Environmental Policy Act (NEPA) which came into effect in 1970 under the principal sponsorship of Senator Henry Jackson of Washington, was then, and probably remains today, the legislative centerpiece. NEPA established the principle that all federal agencies and all other agencies at state or local level in receipt of federal funds should be aware of and responsible for the environmental consequences of their actions or inactions. It also established a procedure, known as Environment Impact Assessment (EIA), under which these environmental consequences could be evaluated. Of itself, NEPA and the EIA system cannot force a change in the conception or execution of a project. What it can do is to provide the information under which a challenge can, if necessary, be made through the courts. Obviously the hope is that agencies will on the whole take steps to modify their actions so as to avoid environmental damage as well as the arduous legal processes of challenge and counter-challenge.

Talking to legislators like Paul Rogers who

Earth Day April 22, 1970, on Fifth Avenue. © UPI

chaired the Subcommittee of the House's Commerce Committee in which much of that early legislation was discussed, one has the feeling that those were indeed heady days. The environmentalists were riding the crest of a wave. Spurred on by effective pressure groups such as the National Wildlife Federation, the Audubon Society, the Sierra Club, Friends of the Earth, the Environmental Defense Fund, and the Natural Resources Defense Council, bright young men and women, fresh out of law school, cut their legislative teeth on—in rapid succession—the Clean Air Act amendments; the Federal Insecticide, Fungicide and Rodenticide Act; the Federal Water Pollution Control Act; the Marine Protection, Research, and Sanctuaries Act; and the Marine Mammal Protection Act; the Endangered Species Act; the Safe Water Drinking Act; and the Coastal Zone Management Act. Probably no other country in the world has taken such deliberate and comprehensive steps within so short a period of time to provide itelf with the necessary tools of environmental policy.

The moment was ripe. And the men were ready: Rogers in the House; Muskie in the Senate. Russell Train was brought in by Nixon from the Conservation Foundation to be the first chairman of the Council on Environmental Quality. William Ruckelshaus became the first administrator of EPA and gave to matters of pollution control a visibility and an importance in government circles that they had never achieved before. Establishment of the National Oceanic and Atmospheric Administration (NOAA) increased the range and effectiveness of the instruments available for the pursuit of environmental goals.

Another reason why the "environmentalists" had a field day in those early years of the 1970's was that the opposition had not, as they say, "got its act together." Industry often did not wake up to the full implications of one or other environmental measure until long after the ink was dry on the Presidential signature. The ceremonial act-signing pen would already be gracing the wall of the happy legislator's office before the first corporate lobbyist found his way to Capitol Hill. The courts, moreover, who have in the United States played a crucial role in the interpretation and definition of environmental policy, often sided with the angels. Those were the days when cleanliness was indeed next to godliness.

The world, as we know, changed at the end of 1973 with the Arab-Israeli war. The price of oil, which had been constant in real terms for the last 20 years, suddenly quadrupled. Inflation struck at the economies of the Western world while the signs of recession gathered on the horizon. Train succeeded Ruckelshaus at EPA and then, with the Carter

© John Laundis, Black Star

Administration, Douglas Costle—a man already wise in the counsels of government—succeeded Train. Costle's team at EPA now includes his effective Deputy Administrator, Barbara Blum from Georgia, and men like Steve Jellinek, now running EPA's crucial toxic substances program. For all of them, it is probably harder sledding in 1980 than it was in 1970.

TODAY PEOPLE AROUND WASHINGTON will readily admit that it is no longer sufficient to stick the label "environment" on some legislative proposal to have it approved by Congress. The major pieces of environmental legislation that have been passed since 1974, like the Toxic Substances Control Act (TSCA) have been the subject of long and bitter fights in both chambers and have sometimes risked a Presidential veto. And the difficulties that attend effective implementation of existing legislation are very real. It is not enough for the laws to be on the statute book. If pollution control programs are to be enforced, funds and personnel must be available, and in the changed climate agencies like the EPA must fight hard for their share of the cake.

The real challenge the environmental movement in the United States faces today is to demonstrate its own responsibility. It has come of age. It is no longer a question of kicking the system; environmentalism has become part of the system. Hundreds of thousands of jobs and billions of dollars of expenditure depend on environmental programs of one kind or another. Professional disciplines—law, economics, chemistry, agriculture, toxicology, health, and a host of others—are involved. School and university curricula would be diminished without their "environmental studies" courses. The roots of the movement go deep. And they are spread wide. What began with "conservation" (largely of animals for hunters to shoot) has become "ecology" and has grown to embrace a whole way of life and a whole set of values.

If environmentalism in the United States is to survive and flourish and make the contribution of which it is capable it must be seen to be the ally and not the adversary of sound economic management. Rivers now run cleaner and the skies are bluer than they ever were 10 years ago. A lot of the "nasties" have gone and will hopefully never come back. The Love Canals of this world must be, and are being, dealt with. (The EPA has just promulgated new rules on the disposal of toxic waste.) But environmentalists, like anyone else, must be conscious of the need for a correct allocation of resources. It can cost $100 million to remove 90 percent of the pollution in a river and another $100 million to remove the last 10 percent. Responsible men have to ask themselves whether that money is well spent. What matters in the end is that there should be a steady improvement in the quality of the environment. Over these next 10 years the United States will need to look more at economic incentives and penalties and perhaps less towards the rigorous enforcement of some severe and possibly arbitrary standards. These had their place as action-forcing devices but should not always be pressed to the limit.

For environmentalists, it is not only a question of social responsibility; it is also a matter of self-interest. Nothing will kill the movement stone-cold-deader than a perception that environmentalism is somehow responsible for inflation; that added burdens on industry have led to higher prices for consumers. At a time when it has become increasingly fashionable to make anti-government, anti-regulation noises, nothing will lead quicker to a rolling-back of the achievements of the 1970's than the sense that delays imposed by environmentalists in, say, the planning and construction of power plants, are adding to the already high costs of energy or, worse still, jeopardizing the country's energy security and independence. Concern for the causes and effects of Three Mile Island is one thing. All-out opposition to all aspects of nuclear power is something else again.

The challenge therefore for all those who believe in a brighter, whiter America is to demonstrate that environmentalism in the broadest sense is a key tool of sound resource management. If Detroit had not so vehemently opposed the introduction of small cars in the early 1970's, the United States could be importing up to 3 million barrels of oil per day less than it does (total oil imports are around 6 million barrels a day), and the automobile industry would be in much better shape than it is. If the case for conservation had been successfully made then, it would not have to be made now. Paradoxically, what the environmental movement in the United States desperately needs at the moment is some good economists. People are becoming all too familiar with the costs of environmental programs, but the benefits often remain unstated or undervalued. We need some "number-crunchers" to show a clear and convincing link between energy and resource scarcities and inflationary pressures and to indicate the practical contribution of environmentalist policies towards minimizing waste of all kinds. In the harsh world of the 1980's, the economic imperative will predominate. The only way to maintain and expand the environmental constituency will be to show that economics and environment are (often) sides of the same coin.

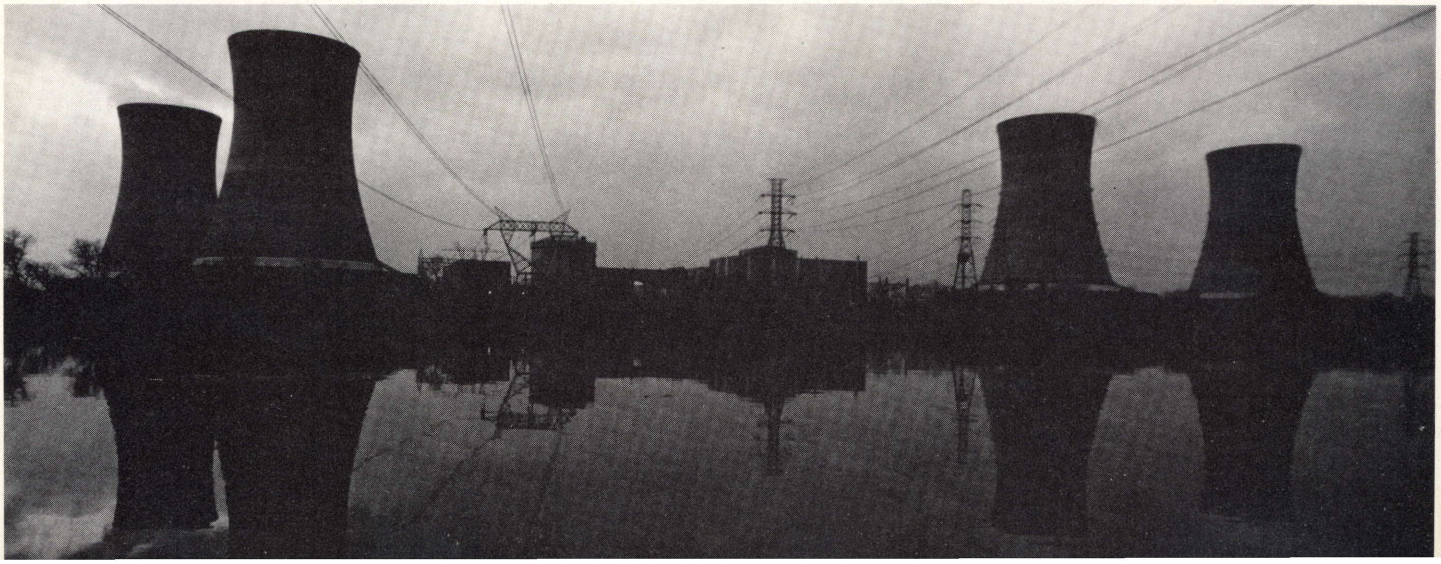
Of course, there will be some superficial conflicts that will need to be resolved. Conversion to coal-fired plants could increase the "acid rain" problem, which is already exciting considerable interest and attention. Power developments in the Four Corners area could, unless care is taken, lead to some environmental degradation. Oil from shale, or synfuel developments, may pose some problems of pollution. There will always be those who believe that too much of Alaska is being set aside as wilderness and others who believe it is too little. But the will to solve such conflicts exists; and, by and large, the technology exists too and at a reasonable cost.

If the decade of the 1970's was the period of growth for the environmental movement in the United States, the decade of the 1980's will be the period of maturity. We should expect those concerned with environmental resources policy, such as the administrator of EPA and the secretaries for energy and interior to move from the wings of US Government on to the center stage.

This will be all the more appropriate since many of the big international questions of the coming years will either be environmental or have an environmental context. We have already seen this in the case of nuclear regulation and the effort with International Nuclear Fuel Cycle Evaluation (INFCE) to provide an acceptable global framework for the development (and control) of nuclear power. (INFCE was very much the personal initiative of President Carter whose heart, as far as the environment is concerned, is certainly in the right place.) Similarly the long-running Law of the Sea Conference where agreement appears at last to be in sight has major environmental aspects. Other issues, such as the protection of Antartica, tropical rain forest, and endangered species of fauna and flora will need to engage the attention of the US Government at the highest level. In all these international environmental questions, the concern and active participation of the United States will remain of paramount importance.

Recently the United Nations Environment Program, itself the child of the Landmark Stockholm Conference of June 1972, decided to set up a World Climate Program to monitor, among other things, the impact of increasing carbon dioxide levels on the global climate. The CO_2 question may turn out to be the most important environmental issue the world has yet to face. It is ironic that the NOAA laboratory in Hawaii that provided some of the crucial measurements was almost shut down a year or two ago in an administration cost-cutting drive and was only kept alive through the last-minute insistence of the then administrator of NOAA, Dr. Robert White.

Three Mile Island plant. © Robin Hoyer, Black Star



European Environmentalism Grows

A View from America

EDWARD FLATTAU, *Washington-based environmental columnist*

Michel Carpentier, head of environment protection in the EC Commission.

Michel Carpentier has almost singlehandedly elevated environmental protection to a topic of major concern within the European Community. Nine years ago, the heavyset, gray-haired Frenchman with a wry but engaging smile became the group's first and so far only chief of its environmental protection office. Carpentier had to start from scratch. There was no "Earth Day" celebrated in Europe to launch a massive environmental movement and duplicate the American experience of the early 1970's.

Environmental matters had not been specifically mentioned in the treaties creating the EC. He was in the employ of political leaders who for the most part had been weaned on the proposition that Europe's postwar economic recovery dwarfed any other issue in importance. Thus, the environmental protection office was widely regarded among diplomats as a minor afterthought in the wake of the ecological furor occurring at the time in the United States.

Carpentier had little more than ceremonial powers and a grand total of five employees to deal with the monumental pollution and natural resource problems of the then-six member states (Britain, Ireland, and Denmark since have joined the original set of France, Germany, Italy, Luxembourg, the Netherlands, and Belgium). By now, the 49-year-old official has escaped much of that early sense of isolation.

Shaken by the oil spills, chemical explosions, and other serious ecologically damaging mishaps that Europe has experienced in the last decade, many politicians in the bureaucracy and member states' governments no longer dismiss Carpentier's concerns so lightly. In fact, environment ministries now exist in many European governments where five years ago there were none.

Carpentier presently oversees a staff of 65, small by US Environmental Protection Agency's standards, but nonetheless, a substantial expansion of his original crew. Furthermore, the Community has promoted him to a rank that gives him the same status as the heads of more traditional departments. Judging by the increasing volume of mail to Carpentier's office, the European public also seems more aware of the broad spectrum of environmental issues (even if the most letters were generated by a regulation to protect endangered species of birds).

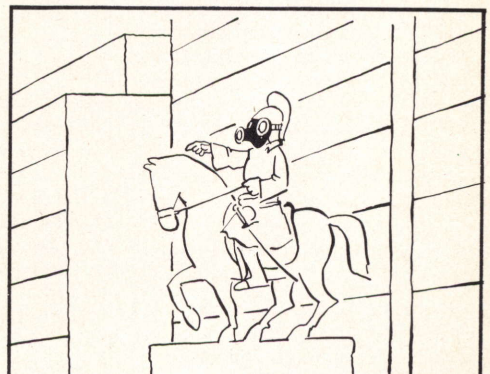
CARPENTIER THINKS THE ENVIRONMENTAL battle in Western Europe is far from won, despite the recent progress. Many EC and member state officials still regard environmental problems as low priority compared to economic and energy development. He said he has concentrated on air and water pollution abatement, especially in situations where success would be most immediate and visible.

Some European environmentalists criticized him for this, complaining that he has neglected such important issues as nuclear power and changes in lifestyle. The Frenchman replied that environmental regulation has only won tenuous acceptance in Europe and that the most dramatic results realizable must be achieved to continue the momentum.

Carpentier operates by obtaining industry consensus on antipollution regulations before promulgating them. He contrasts this to our country, where stringent environmental laws are enacted and thereafter often challenged and modified by litigation. Though his approach makes him more vulnerable to the charge that he is deferring to industry, environmental laws ultimately end up as strong as or stronger than their American counterparts diluted by lawsuits, he said.

Carpentier's main goal is to have American-type environmental impact statements required for projects throughout Europe. A draft proposal requiring environmental impact assessments for certain types of construction projects was approved by the EC Commission in mid-June.

Being a father of four sons, he is especially sensitive to young people's attitudes. That is why a main source of his optimism is recent polls showing that youth in Europe, as in the United States, are the most environmentally concerned segment of the population.



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NEWS OF THE COMMUNITY

US-EC RELATIONS

Synthetic Fiber Accord Set

The Community and the United States reached agreement on a reduction of EC duties in connection with import restrictions on US synthetic fibers, it was announced in mid-July.

The measures will lower the EC tariffs on certain US products ahead of the schedule forecast in the Tokyo Round trade and tariff agreement. The accord must still be approved by the Council of Ministers.

Temporary restrictions on polyester filament and nylon carpet yarn were imposed by the Community earlier this year, because of the increased penetration of the British market which European manufacturers blamed on US price controls on petrochemical raw materials.

Following statements by US Administration officials that the United States should retaliate by raising duties on certain Community textile products if the EC restrictions were maintained past the end of 1980, EC officials emphasized that the quotas were meant to be temporary.

EC-US Discuss Trade Issues

EC Commissioner for Industrial Affairs Etienne Davignon traveled to the United States in late July to discuss trade issues with high-ranking US officials.

Topics reportedly covered icluded synthetic fiber exports to the Community, possible US action against EC steel shipments, and automobile trade with Japan.

US Special Trade Representative Reubin Askew was quoted in Washington as saying that although protectionist pressures on both sides of the Atlantic carried the seeds of bilateral tension, he saw little prospect for a trade war. He also said that he opposed setting up import restrictions against Japanese automobiles and reported that he and Davignon had not engaged in negotiations about steel dumping charges filed by the US Steel Corporation against European steelmakers.

EXTERNAL

Chinese Plan Trade Week

A Chinese delegation arrived in Brussels in late June to plan a major EC-China trade week to be held early next year. It will be the first such meeting of representatives of European and Chinese firms.

The aim of the trade week will be to study means of developing trade between the two and to evaluate possible European investments in China. The meeting was foreseen as part of the economic and trade cooperation agreement signed between the Community and China in 1978.

Earlier in June a Chinese delegation led by the widow of former Premier Zhou Enlai Deng Yingchao visited the Community. During her visit to Strasbourg, Mrs. Deng met with the President of the European Parliament Simone Veil and EC Commission President Roy Jenkins. It was announced that Mrs. Deng had invited President Veil to visit China.

Indian Trade Mission

A high-level trade mission from India visited the EC Commission in early July as part of a tour of several European nations.

The mission's purpose was to inform European business of the large market and industrial potential in India and to dispel the impression that Indian authorities were cool to foreign investment.

Cyprus, Greece, the Netherlands, and the United Kingdom were also stopover points for the mission.

Report on Moscow Visit

A briefing on German Chancellor Helmut Schmidt's recent visit to Moscow was given at a meeting of EC foreign ministers in early July.

The Soviet Union had dropped its preconditions to negotiations on limiting medium-range nuclear missiles in Europe, it was reported. Also discussed during the visit was an economic cooperation agreement between Germany and the Soviet Union, which would involve an increase in deliveries of Soviet natural gas to Germany.

The visit had been tentatively scheduled for some time before the Soviet military intervention in Afghanistan late last year. Schmidt wanted to proceed with the trip as an effort to reduce international tensions.

EC, Rumania Sign Accord

The first trade accord with a member country of the Communist-bloc organization, the Council for Mutual Economic Assistance (Comecon) was signed between Rumania and the Community in late July.

The agreement is a five-year nonpreferential pact that will cover about 85 per cent of the total trade between the two parties. An agreement covering the establishment of a joint commission was also signed.

For its part the Community agreed to liberalize the treatment of Rumanian imports in several areas. The accord follows contacts in the past that led to Rumania's participation in the EC system of generalized preferences for developing countries and to sectorial accords on textiles and steel.

Both sides agreed that trade should not fall below existing levels. Rumania has in the past run a trade deficit with the Community, a situation both parties also agreed should be improved.

Andean Pact Talks Begun

Negotiations for an economic, trade, and development cooperation accord between the Community and the five-nation Andean Pact began in Brussels in mid-June.

The opening session covered each side's position on the possible contents of a framework, nonpreferential accord. The various aspects of development cooperation, problems of shipping competition, and the protection of EC investments in the Andean group nations were discussed.

The five Andean Pact members are Bolivia, Ecuador, Colombia, Peru, and Venezuela.

OAS Leader Visits EC

The secretary general of the Organization of American States (OAS), Alejandro Orfila, visited Brussels in late June to discuss cooperation between his organization, headquartered in Washington, and the Community.

In recent months the Community has become more involved in discussions with Latin American countries and currently has several negotiations underway with regional organizations and individual countries on trade and cooperation agreements.

Customs Evaluation Code

The international code on rules for customs evaluation that was negotiated during the Tokyo Round of trade and tariff talks went into effect in the Community in early July.

Part of the code involves the abolition of "American selling price" method of evaluating customs on certain products, mainly benzenoid chemicals, which had been the target of foreign objections for many years.

In addition, the new code classifies goods and their values in a fair and neutral way, which is considered a major improvement over existing systems dating back 20 years or so. The system was to go into effect on both sides of the Atlantic in early July and later in other signatory countries.

Turkey, EC Agree on Terms

Community and Turkish ministers met until almost dawn in early July to work out an agreement on the terms for renewing and expanding the frozen 17-year association between the two.

The new accord would provide EUA 600 million for aid to Turkey within the next five years, an amount below what the Turkish Government asked. The Community also agreed to gradually dismantle all tariffs on agricultural imports from Turkey by 1987 and to intensify cooperation with Turkey in such fields as industry, agriculture, energy, and education.

One of the most difficult parts of the negotiations dealt with the treatment of Turkish workers in the Community. The original association agreement granted free movement to Turkish workers, a policy the Community now feels is impossible in view of the high unemployment. The Community agreed on concessions for Turkish workers already in the Community, with a review of immigration policy in 1983.

Concern Over Japanese Sales

Concerned by increasing tension in the international automobile markets, EC Commission Vice President Wilhelm Haferkamp, in charge of external relations, talked with the Japanese and American ambassadors to the Community, it was announced in early July.

Haferkamp asked the Japanese ambassador for clarification of the industry's export plans in view of reports that the Japanese car industry may be planning to push for additional exports sales. There had already been complaints from European manufacturers about the sharp increase in the Japanese share of the EC market as well as the large deficit in auto trade with Japan. In some EC countries, Japanese penetration of the market has reached 30 per cent.

Haferkamp emphasized to the American ambassador the direct repercussions that US curbs on imports might have on diverting Japanese shipments from the United States to the Community. Because of slumping US car sales, car industry and trade union sources had urged the US Government to seek remedial action against Japanese imports through self-limitation agreements negotiated with Japan or through unilateral restrictions.

Talks With Comecon Resume

After several months meetings between officials of the Community and the Communist organization, Council for Mutual Economic Assistance (Comecon), resumed in Geneva in mid-July.

The meetings focused on the difference between the two organizations in regard to the cooperation accord they have been negotiating for several years. In the past the two have differed on the scope and formalities of the agreement, with the Comecon negotiators wanting an accord governing trade relations while the Community indicated that such matters should be covered with bilateral agreements. It argued that Comecon did not have such negotiating powers.

After several years substantial progress seemed to have been made in 1979, but a political-level meeting scheduled for April this year was canceled because of lack of progress at the technical level. The cancellation also took place in the midst of the tense aftermath to the Soviet intervention in Afghanistan.

Japan Wants Cooperation

EC Commission Vice President Wilhelm Haferkamp told the press in Brussels in mid-July following his visit to Japan that he believed the Japanese were interested in a broad range of cooperation with the Community.

Haferkamp went to Japan to attend the funeral of the late Premier Masoyoshi Ohira. During his stay, the EC official talked with Japanese authorities. Haferkamp called the talks a preparation for partnership in the 1980's.

He also said he had told the Japanese that there was a risk that the Community's devotion to open trade policies and the achievements in trade liberalization as a result of the Tokyo Round of trade talks could be undermined by the turbulent expansion of Japanese imports into the Community.

Haferkamp explained the recent Commission recommendation that EC external trade relations with Japan be unified within the Community's common commercial policy by abolishing the remaining national trade restrictions and quotas.

ENERGY

Negotiating Mandate Sought

The EC Commission agreed in late June to ask the Council of Ministers for a negotiating mandate for talks with the United States on the supply of nuclear materials and related issues.

The negotiations had been visualized several years ago when Congress adopted new nuclear safeguard requirements, which meant existing accords would have to be adjusted. The actual negotiations, however, were delayed by mutual consent pending the completion of the International Nuclear Fuel Cycle Evaluation of the security of nuclear transfers.

Electricity Rates Proposed

Uniform basic principles for Community-wide electricity rates were proposed by the EC Commission in late June. Such rates would serve as encouragement for more rational use of energy and help in promoting equality in rates for users.

The proposal follows a study of practices throughout the member states and is aimed at assuring fair costs to electricity consumers while covering the costs of production. The principles include the application of two-part rates, the elimination of block rates of a promotional nature, avoidance of rates based on the type of use of electricity, provisions for multiple rates, and the exclusion of outside influences in drawing up rates.

The recommendations also indicate that specific consumer characteristics in each country will probably have to be considered in adopting the guidelines.

Energy Report Projections

A report on Community action in energy since the beginning of 1977 was adopted in early July by the EC Commission. The report estimated that the cost of maintaining oil supplies at current levels and investment in oil substitutes and energy in general will amount to approximately EUA 500 billion for the next 10-year period.

To maintain oil imports at future levels committed by EC countries, the report implied that expansion of alternative sources of energy will be necessary. It also outlined possibilities for additional Community involvement through its various existing financial institutions and through a possible Community tax on energy.

Rising Investment in Coal

Capital investment in coal mining increased in 1979 in every member state but one, according to a study released by the Commission in early July.

The increase in such major investment represented a 25 per cent rise over 1978 and reached the level of EUA 1 billion. The survey also indicated that Germany increased its spending by 31.5 per cent, leading the rest of the Community, and was followed by the United Kingdom by 26.4 per cent and Belgium with 23 per cent.

France was the only member state that reduced its capital expenditure in 1979 over the previous year. The United Kingdom spent by far the largest amount with a total of EUA 825.6 million compared to Germany's EUA 277.3 million.

This level of spending is deemed necessary if the Community coal mining regions are to reach the production target of 270 million tons by 1985, in the face of a leveling off of production potential in all areas except the Yorkshire mines in Britain.

More Aid for Uranium

A doubling of the Community funding for research and development in uranium exploration and extraction was recommended by the EC Commission in early July.

The proposal suggested that research contracts for EUA 8 million, as opposed to EUA 3 million, be awarded over the next four-year program to begin in 1981. The next program includes the evaluation of results from the first industrial pilot plants, as well as the initiation of new projects.

The aim of the uranium program is to increase the self-sufficiency of the Community and to provide valuable know-how to the industry.

ENVIRONMENT

Impact Statement Proposed

A draft proposal for environmental impact assessments of major construction projects was approved by the EC Commission in mid-June.

If adopted, the proposal would standardize requirements for reporting on the environmental impact of certain types of construction projects throughout the Community. Among those listed are energy extracting, chemical, food production, rubber, metal processing, nonferrous metals, and building and civil engineering.

In addition, the proposal further called for national governments to require full or simplified assessment procedures for other projects affecting sensitive environmental regions, such as coasts, mountains, or nature reserves.

Conference on Waste

The waste situation is manageable through market forces, said Michel Carpentier, director-general of EC consumer and environmental affairs, in a special conference on waste in mid-June.

Carpentier also said that in addition to managing waste recycling and disposal, efforts should be made to control output as a means of conserving scarce and costly materials. Structural changes in economic patterns in the Community, which in 1977 generated about 1.8 billion tons of waste, are also needed, he pointed out.

Remedies suggested were: efficiency and reorganizaion, recycling and recovery, financial incentives, and planning for better use of waste products. Carpentier also noted a 1975 EC directive on the elimination and reprocessing of waste oil, which had helped but still did not affect about 50 per cent of waste lubrication oil.

Oil Spill Committee Proposed

The creation of an oil spill committee devoted to the problems and safety of ships using EC ports was proposed by the Commission in late June.

At the same time, the Commission decided to propose a Community system for the prevention of oil spills, which would include data on the means of defense, potential pollutants, and tankers in EC waters. A complementary measure would also call for procedures under which member states would have to identify substandard ships visiting their ports, inspect them, and require deficiencies to be remedied before the ships left port.

Environment Clean-up Rules

Measures to limit levels of sulphur dioxide and suspended particulates in the air and to set quality standards for drinking water were approved by environment mnisters meeting in early July.

After lengthy debate, however, the ministers did not reach agreement on a proposal aimed at preventing industrial pollution accidents, such as the one in Seveso, Italy, in July 1976. While ministers agreed on nearly all points, the French delegation would not agree to an EC accord requiring governments to inform others of potential danger, a practice it said should be the subject of bilateral consultation.

Ministers also reviewed proposals to limit discharges of "drin" chemicals used exclusively in wool processing in the Netherlands and chlorofluorocarbons in aerosols. Also covered were the implementation of the EC environmental action program and the campaign against maritime oil pollution.

AGRICULTURE

Move to Join Sugar Pact

The EC Commission meeting in late July recommended that the Community join the International Sugar Agreement in an effort to stabilize world sugar prices, even in a period of oversupply, as a way of reducing export refunds to EC producers.

The Community is not associated with the current agreement scheduled to expire in 1982 and had withdrawn from talks aimed at stabilizing the world sugar trade.

Also at stake would be the export quota to be negotiated for EC countries, which in the past amounted to about 2.5 million tons. The Community imports about 300,000 tons from producers belonging to the Lomé Convention and produces a large surplus of its own which is available for export sales on the international market.

The move is part of an attempt by the Commission to reorganize the EC sugar market, which has been producing large surpluses in recent years at substantial costs to the agricultural budget.

World Cocoa Talks to Revive

Participation in efforts to revive stalemated talks on a worldwide cocoa accord was agreed by EC foreign ministers meeting in late July.

The Community is the world's largest importer of cocoa and a number of countries belonging to the Lomé Convention make up the biggest block of producers, which gives the Community a major responsibility in this sector, it was emphasized.

Four ministers from Lomé countries—the Cameroons, the Ivory Coast, Ghana, and Nigeria—attended the Brussels meeting to present their case for EC support for a new international agreement. Talks had been suspended a few months earlier.

The main problem leading to a breakdown in the talks had been the price support mechanism for cocoa, which some EC nations felt should be primarily handled through market forces.

EC Farm Policy Criticized

EC Agriculture Commissioner Finn Olav Gundelach went to Australia and New Zealand in mid-July, amidst controversy over the two countries' relations with the Community.

On the eve of Gundelach's trip, Australian Minister for Primary Industry Peter Nixon spoke out strongly against the EC agricultural policy. He said Australia had exhausted its legal recourse in international negotiations and should consider taking "more direct and forceful measures" against the $3.5 billion in Community exports to his country.

Nixon was particularly critical of what he called the dumping of EC products, such as sugar and beef, around the world and he possibility that a similar pattern would develop as a result of the Community's new sheepmeat regime.

Also just prior to Gundelach's arrival in Australia, Prime inister Malcom Fraser discussed pending trade problems between Australia and the Community. These included not only agricultural trade but also negotiations for a uranium supply accord and the possible purchase of Airbus airliners being jeopardized by trade controversies.

The same atmosphere greeted Gundelach when he got to Auckland, New Zealand. Prime Minister robert Muldoon rejected Gundelach's earlier contention that no crisis faced New Zealand meat trade to Britain. "There's certainly a crisis as far as we're concerned," he said. Gundelach had said that the Community did not intend to adopt a lamb meat system that would harm New Zealand's traditional 200,000 tons of export to Britain.

Agricultural Prices Set

Agricultural prices for 1980-81 were set by the Council of Ministers in early July.

The new prices are the result of a compromise between the Commission's price proposals and the positions of the agriculture ministers and the European Parliament.

Still No Fishing Policy

Ministers responsible for fisheries examined proposals in late July for a shareout of fishing quotas, then requested new proposals for their autumn meeting.

The question of fishing rights in Community waters, which are largely British waters, has been debated for two years. In the meantime, the problem has been the subject of a European Court ruling against Britain for unilaterally establishing fishing restrictions in its waters. The issue also became part of the general controversy over the British share of the EC budget. As part 9f the solution to the budget problem, EC countries agreed that the fishing controversy should also be ended this year.

The problem revolves around the share of fishing in British waters that will be allocated to British and other European fishermen, with the hard-pessed fishing industry in Britain originally demanding about 45 per cent of the catch be set aside for them.

Lamb Agreement Blocked

Failure by the agriculture ministers to reach agreement in late July on cuts in import tariffs on New Zealand sheepmeat continued to block a wider accord on lamb and mutton trade for the Community.

The French farm minister said his country was not ready to accept the proposed cuts on import tariffs negotiated earlier in the month as a possible solution to New Zealand imports and the internal Community regime on sheepmeat.

The two sides had agreed on the outlines of a plan to reduce EC import duties in return for voluntary restraint by New Zealand in sheepmeat sales to the Community. France had demanded a cut in the amount of lamb imports from outside the Community and aid to European farmers in this sector. It had also restricted imports of British lamb in a move that was ruled in violation of the EC free trade laws.

New Zealand is the biggest exporter of lamb and mutton to the Community. Discussions on restricting imports has aroused considerable concern there and in Australia.

Butter Limits Suggested

A proposal to limit and gradually reduce butter imports from New Zealand over the coming years was put forth by the EC Commission in late June.

While representing a reduction, the proposal also means an extension of the period during which New Zealand benefits from preferential access to the EC market. New Zealand's preferential treatment status has become increasingly controversial as the surplus of dairy products and lamb has increased in the Community. The butter proposal is expected to form part of an overall package to be discussed soon and will also include a proposal for lamb.

AID

EC Talks With Arab Bankers

In the first meeting of its type, officials of the European Investment Bank and nine Arab, Islamic, or OPEC oil-state funds met with EC Development Commissioner Claude Cheysson in mid-June to discuss efforts to recycle petrodollars to developing countries.

Cooperative efforts undertaken during the Lomé I Convention to co-finance projects in developing countries involved 19 such projects totaling EUA 2.8 billion. The Community or its member states contributed 31 per cent of this financing while Arab funds accounted for more than 36 per cent. Other participants included the World Bank. These projects involved 20 African countries and ranged from dams and roads to factories and telecommunications systems.

Talks on Lomé Entry

A mandate for negotiations with Zimbabwe on joining the Lomé Convention was approved by EC foreign ministers meeting in late July. Two days of talks on the possibility had already been held with Zimbabwe in late June.

At that time, Zimbabwe's concerns and problems were examined, mainly the financial aid to be granted to the country under the Lomé Convention and the regime for its exports of sugar and beef. Further talks were planned for the near future.

Refugee Problem Growing

EC Commissioner Claude Cheysson, in charge of development, said upon returning from a trip to Africa in early July that despite efforts to aid refugees worldwide, the problem was probably increasing.

He noted that refugees now number about 2 million, with about 750,000 alone in Somalia. He said that the refugees there from the Ogaden region of Ethiopia were unlikely to move out of the camps. He also pointed out that refugee problems in some regions were being heightened by droughts and crop disasters. In Uganda civil strife has virtually destroyed the economic infrastructure so that aid shipments cannot reach certain parts of the country.

Cheysson also touched on negotiations now underway to prepare for the resumption of the North/South dialogue in the United Nations and through possible high-level discussions. He noted the controversies over the agenda for such discussions, which include the reluctance of industrialized countries to discuss changes in the operations of such institutions as the International Monetary Fund or of the oil-producing countries to commit themselves to specific long-range oil supply and price policies.

Changes in Food Aid Needed

Changes in the Community's food aid program were recommended in a report adopted by the EC Commission in late July. Among the changes put forth were the extension of the program on a multiannual rather than a yearly basis and the setting up of regional food stocks in specific areas.

A multiannual extension would assure continuity and predictability that would be useful from a management point of view. The recipient countries could also count on regular shipments. In many cases, the countries do not have storage facilities and must process the shipments as soon as they arrive.

Another aim of the reforms would be to encourage the use and development of regional storage facilities. For example, Senegal could receive additional supplies for storage for the Sahel region and Kenya for East Africa.

The report also advocated the extension of the list of food products to respond better to the needs of recipient countries.

Cheysson Discusses More Aid

During a recent trip to Venezuela, Grenada, and Nicaragua, EC Commissioner Claude Cheysson, in charge of aid and development, said the Community was ready to cooperate with the Caribbean region without interfering in the internal affairs of the area.

In Caracas, Cheysson discussed more general North-South relations and during a press conference he pointed out that 10 independent Caribbean countries and nine headed for independence were affected by the aid and trade derived from the Lomé Convention.

Five-year Plan Proposed

A proposal to extend to five years the Community's system of generalized preferences for developing countries, rather than the customary annual extension, was adopted by the Commission in late July and forwarded to the Council of Ministers for approval.

The proposal would also liberalize the system by reducing the number of categories of products subject to control and by increasing the number of products to benefit from concessionary import terms.

The five-year plan is designed to simplify its management and to afford greater continuity for the beneficiary countries. Another aim is to modulate the benefits in proportion to the degree of development of the countries so that the poorest nations would draw the greatest advantage.

COMPETITION

Court Favors Commission

Four cases were decided in favor of the EC Commission in rulings by the European Court of Justice in early July.

The first involved a complaint by the Commission that the Distillers Company Ltd. had violated EC competition rules through price discriminations in some products in the United Kingdom and the rest of the Community. The Court rejected the company's appeal.

A similar decision also rejected the appeals of member states against Commission rulings. In one case, the Commission said the British Government should have obtained approval before imposing certain restrictions and rules against fishing certain species or areas of its territorial waters. This case had been the source of considerable debate and was tied to the absence of an EC fishing policy.

In another case, the Court ruled against the French Government's restrictions on advertising imported alcohol products in France, which the Commission found discriminatory against other EC competitors.

In a second French case, the Commission rejected appeals from several French perfume manufacturers against a Commission ruling that restrictions contained in their sales and distribution contracts were restraints on trade.

Government Aid Visibility

In an historic action to assure fairness between private and state-aided sectors of industry, the EC Commission adopted a directive in late June calling for openness in state financial transactions similar to the requirements made of private businesses.

The new requirements will not mean that governments must furnish reports on such transactions, but that the information be available to the Commission to assure fairness in competition. The measure does not require the approval of the Council of Ministers before it is appled at the end of 1981.

The directive will not only affect direct participation or involvement of state organisms in industrial and other enterprises, but also other forms of aid such as regional assistance. Exemptions include strictly public services such as water and some forms of transport systems.

Surprise Searches Upheld

The European Court of Justice recently upheld the right of the EC Commission to conduct unannounced searches in connection with investigations into possible infractions of EC law.

The ruling in late June rejected an appeal by National Panasonic Ltd., the British subsidiary of a Japanese electronics firm, objecting to Commission investigators gathering evidence in a competition case. The firm had argued that the Commission could only act after an original request for evidence had been rejected.

The Commission maintained that there was no need for such a two-step procedure in cases where evidence might be destroyed or when there was a need to act simultaneously in more than one Community country. The case originated in 1979 when the Commission suspected the British subsidiary had placed restrictions on exports to Germany.

ECONOMY

Textile Trade Evaluated

European domestic textile producers continue to face a crisis situation, the EC Commission reported in mid-July. The crisis exists in spite of the international Multifibre Agreement and other bilateral accords with producer countries that have held down the influx of cheap textile products into the Community.

From 1976 to 1979, imports of products covered by the fiber pact showed an annual average increase of 4 per cent. This was an appreciable slowing down from the average 25 per cent during the first three years of the earlier fiber accord.

Imports covered by bilateral agreements went up by 2.3 per cent and 0.8 per cent for the most sensitive products, reported the Commission. However, the Community clothing and textile industries have continued to suffer, and employment there has dropped about 20 per cent or nearly 1 million workers.

New Steel Crisis Foreseen

The European and international steel industry, already in a lasting crisis during the past few years, may be headed for another significant downturn, according to a review by the EC Commission in mid-July.

Industrial Affairs Commissioner Etienne Davignon said in a press conference that world steel growth had fallen to a rate of .05 per cent and that, for instance, the US steel industry was operating at 50 per cent capacity and consumption was the lowest in 30 years.

In Europe, he added, orders on the books indicated a worsening of the already difficult situation. He also noted that the steel industry's biggest customer, the automobile sector, had slumped anywhere from 7 to 20 per cent in production this year. The costs for coal and other areas of steel production were increasing as well, he said.

Davignon declared that the Community's steel crisis plan would have to remain in place because it was the only alternative available. The plan established a system of internal minimum prices and agreements with foreign suppliers to restrain shipments to the Community.

Temporary Work Policy

Recommendations for a common policy to control temporary work were made by the EC Commission in late June. The Commission said that its other efforts to promote jobs through a reduction in working hours could be undermined if firms regularly resorted to temporary labor.

The recommendations treated the need for flexibility in some firms and industries; social protection of workers; public employment and placement services in temporary labor; and the fact that temporary work should be the exception rather than the rule.

The Commission also said it would follow the examples set by certain public employment services to establish specialized services for temporary labor and contracts.

Help for Microelectronics

Steps to help the European data and microelectronics industries compete with American and Japanese counterparts were recommended by the EC Commission in mid-July.

The measures to help EC manufacturers increase their share of the world market from the current 6 per cent to 12 per cent would include: coordination of national financial aid rather than large Community spending in view of the tight budgetary situation; open competitive bidding and at least a 10 per cent share of the market for other Communty contracts by the national administrations; and coordination of standards and communications devices.

The financial aid needed was estimated at EUA 100 million a year. The trade deficit now stands at EUA 270 million in products not made in Europe which the Community must import. These goods are purchased in spite of high tariffs designed to protect a nonexistant European industrial base.

ENLARGEMENT

Entry Talks to Press on

Entry negotiations with the Lisbon Government will continue, the EC Commission reaffirmed in mid-June, so that Portugal can come into the Community in 1983. The announcement came out of a meeting between Commission members and Portuguese Prime Minister Sa Carneiro.

EC Commissioner Lorenzo Natali, in charge of enlargement negotiations, said substantive talks should begin in the autumn and completion was visualized for sometime in 1981. Specific points covered in the meeting included proposed EC aid for Portuguese small and medium-size firms for adjustment into the Community.

The meeting was held shortly after French President Valéry Giscard d'Estaing suggested a pause in the enlargement negotiations.

HARMONIZATION

Convention Text Agreed

Justice ministers meeting in Rome in mid-June approved the text of a Community convention on the application of private contractual law in the member states. The accord is designed to establish standard legal procedures for laws and tribunals to deal with private contracts in case of litigation involving parties of more than one EC country.

In another meeting outside the Community framework, the ministers discussed the concept of a European legal zone, which has been under study for a number of years, as part of the joint effort to combat terrorism.

Common Drivers' Permit

Transport ministers meeting in late June agreed in principle that all EC member states would accept the driving permits of the other countries and that all would begin issuing permits in the same color, pink.

The decision was a follow-up to consensus reached in 1977 and would be applicable when a national of a member state takes up residence in another Community country.

Report on Failure to Report

The Commission reported in early June on 72 cases in which national governments had failed to inform the Commission whether or not they had adopted the measures necessary to implement an EC directive. The cases involved rules on the internal customs union, employment, environment, transport, and financial institutions.

Such follow-up is necessary, said the Commission, to see that EC rules are evenly applied and fairly carried out throughout the Community. The Commission indicated that it would file infringement proceedings if it found that the directives had not been applied.

In another case the Commission said that Italy and Belgium were still not applying a 1977 directive to encourage the mutual assistance of EC tax authorities to combat international tax fraud and avoidance. After repeatedly notifying the two countries of their noncompliance, the Commission decided to continue infringement proceedings in the European Court of Justice.

Crackdown on Barriers

The EC Commission announced in mid-July that it will again require national administrations to announce any new or contemplated technical stanards for products sold in the individual country. The action is part of a continuing effort to eliminate technical trade barriers between member states.

In explaining the move, EC Commissioner Etienne Davignon, in charge of industrial affairs, said these nontariff barriers were considered the most important obstacles to trade within the Community. In reenforcing its system of notification, the Commission hopes to eliminate technical trade barriers established through new health, consumer, environmental, or other national product norms.

INSTITUTIONS

1980 Budget Approved

Several months of controversy over the 1980 budget ended in early July when the European Parliament gave final approval to EUA 17.3 billion in allocations for the year.

A stalemate between the Council of Ministers and the Parliament had resulted when Parliament insisted that less of the joint budget should go for agricultural spending and more toward social and regional programs.

At the same session, Commissioner Christopher Tugendhat, in charge of the budget, introduced the proposal for the 1981 budget amounting to over

EUA 20 billion, an increase of more than 25 per cent over 1980. He pointed out that the 1981 budget would be the first budget for a Community of 10, after Greek accession, and probably the last in which the Community could operate within its 1 per cent value-added tax limitations for EC financial resources.

The 1981 budget proposal again involves regular agricultural price increases and programs that still represent the largest share of the total budget.

Thorn Tapped for Presidency

Luxembourg's long-time foreign minister, Gaston Thorn, will probably be the next EC Commission President, Community member states agreed in early July.

Thorn, 52 and foreign minister since 1969, had been named as the choice of the Benelux countries, who were given the virtual right to select the successor to President Roy Jenkins when a new Commission is assigned next year.

Thorn has also been Prime Minister of Luxembourg, President of the United Nations General Assembly, and was a candidate for the Presidency of the European Parliament in 1979.

MEMBER STATES

More Concern About War

More concern than in the past about the likelihood of a third world war was registered in an early July public opinion poll in the EC member states.

The latest Eurobarometre poll indicated that 34 per cent of those responding believed there was a big risk of war within the next 10 years, and 51 per cent feared a slight risk. The most optimistic were the British and the French, while the Germans, Danes, Dutch and Luxembourgers were more pessimistic with scores of 60 and 70 per cent. In the fall of 1977, only 14 per cent had considered war probable.

As in earlier polls, people in the small Community nations—particularly the Danes and the Dutch—were more satisfied with life than those in the larger member states. The French and Italians were the least satisfied, according to the poll. In total, 54 per cent said life was going rather well, and 17 per cent thought they were doing badly, with most of the replies being closely related to family income.

Queen Elizabeth to Visit

Queen Elizabeth II will visit the EC Commission November 24, it was announced in late July. She is to be accompanied by Prince Philip, the Duke of Edinburgh, and will visit Belgium for its one-hundred-fiftieth anniversary of independence.

She is visiting the Commission on invitation from Commission President Roy Jenkins.

SOCIAL POLICY

Consumer Committee Meets

The EC Consumer Consultative Committee meeting in mid-June supported a proposed Community measure for improving competition on regional airlines.

The committee said the Commission's proposal would be the first step toward the opening up of European air travel. It also asked that specific attention be given to air transport in the effort to improve energy efficiency and called for other steps to promote a true democratization of European air travel.

Education Ministers Meet

Education ministers of the Community met in Brussels in late June for the first time in years. Such a meeting had been postponed largely because the Danish Government insisted that education was not within the jurisdiction of the Community.

While no specific decisions were taken at the meeting, discussions were held on an education action program for the Community, including training for migrant workers and their children, admission of students from other member states into higher education, promotion of foreign language studies, equality of education for female students, and European studies in schools inside the Community.

The Danish permanent representative to the Community stood in for Denmark's education minister.

Equality Law Proceedings

Infringement proceedings against six member states for failure to implement a 1976 EC directive against discrimination between men and women in employment, training, and working conditions was launched in late July by the EC Commission.

Social Affairs Commissioner Henk Vredeling sent notification to Belgium, Denmark, France, Ireland, Italy, and the United Kingdom. These countries had adopted legislation concerning equal treatment, but certain portions were found not to be in full compliance with Community law.

Similar notification had been sent earlier to Germany, the Netherlands, and Luxembourg. In the meantime, those Governments introduced legislation which was to be reviewed by Commission authorities.

In addition, notification had also been sent to Belgium, Luxembourg, the Netherlands, and the United Kingdom concerning an earlier EC directive seeking to ensure nondiscrimination in pay between men and women workers.

Housing Grants Approved

EUA 30 million was approved by the EC Commission in mid-July for programs for housing construction and improvements for workers in the coal and steel industries throughout the Community.

The grants, which went to steel regions in all EC member states and the four main coal producing countries, were part of the overall program aimed at improving and restructuring the industries affected by the crisis. Of the grants EUA 12 million went to the coal regions and EUA 18 million to steel areas.

Early Retirement Encouraged

The EC Commission recommended in mid-July that member states adopt broad policy guidelines aimed at encouraging early retirement in the work force.

The proposal indicated three main areas of policy. One would seek to assure that workers could begin to choose early retirement prior to normal retirement age and up to another limit without too large a difference in their normal retirement benefits. Another objective would be to make possible a gradual retirement through a progressive reduction in the amount of hours worked so that full retirement is not too sudden and brutal an experience.

The Commission also recommended that such policies be supplemented by a mechanism that would help regulate the flow of retirements, putting the emphasis on early retirement during periods of high unemployment and later departures during full employment. The measures should be accompanied by a maintenance of the jobs involved so that new workers could be hired to replace the retiring ones, said the proposal.

INVESTMENT

New Loan Funds Released

Most of the funds available under the new instrument called the Ortoli Facility were released by EC finance ministers in mid-July for projects in less-developed regions of the Community.

Out of the available EUA 500 million, EUA 400 million was released. The reason for the partial accord was a disagreement over the methods and objectives of the loans. An original EUA 500 million loan program approved earlier was almost completely exhausted by demands for loans to Italy, Britain, and Ireland.

The debate at the July meeting arose when the three recipient countries said they wanted the funds for plants and social housing projects, while other countries said such projects held little interest for the overall Community. As a compromise, most of the funds were released under existing guidelines, with the use of the remaining EUA 100 million to be discussed later.

SCHOLARSHIPS, GRANTS, CONFERENCES

Taxes and Foreign Currency

"Tax aspects of foreign currency fluctuation" is the subject of a seminar to be held November 20-21 at the Grand Hyatt in New York and December 18-19 at the Hyatt Regency in San Francisco.

Topics to be covered include, among others: understanding the tax factors; analysis of the source rules; how to work with foreign tax credit translation rules; how to cope with recent developments in currency accounting; applicability of the fungibility-of-money concept.

For more information and registration, contact Rosemary Greber, Panel Publishers, 14 Plaza Road, Greenvale, NY 11548. Telephone: 516/484-0006.

Maximizing DISC Benefits

"Maximizing DISC benefits" will be treated in a seminar December 1-3 at the Hyatt Regency in Washington, DC, and December 8-10 at the Hyatt Regency in Los Angeles.

DISC services; export property; financial assets; export promotion expenses; and legislative prospects for DISC are among the topics to be discussed.

For further information, contact Rosemary Greber, Panel Publishers, 14 Plaza Road, Greenvale, NY 11548. Telephone: 516/484-0006.

German Marshall Fund

Applications for German Marshall Fund research fellowships should be postmarked no later than November 30. These grants go to established scholars with advanced degrees in the social sciences who can devote full time to project research during the appointment period.

Projects should contribute to understanding in problems common to industrialized societies and should focus on comparative political, economic, and social aspects of domestic and international problems. Each study must include the United States and at least one European country, and other countries if desired.

Research on the following subjects is of particular interest: employment and the nature of jobs; innovations and alternatives in the delivery of social services; public participation in decision-making; foreign workers and migrant populations in industrialized countries; international interdependence.

For applications and additional information, contact: The German Marshall Fund, 11 Dupont Circle, NW, Washington, DC 20036. Telephone: 202/797-6430.

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.

British Political Facts, 1900-1975. By David Butler and Anne Solomon. St. Martin's Press, New York, 1980. 480 pages including index.

A handbook of essential data relating to British domestic politics in this century; includes lists of principal personalities, election results, major legislation, and statistical data revealing social and economic background to political action.

Certain Basic Trade Union Rights in Western European Enterprises. European Trade Union Institute, Brussels, 1980. 159 pages.

Presents an overview of industrial relations in Western Europe emphasizing the right of trade unions to meet within the enterprise and the necessity of information disclosure; highlights existing facilities and standards and points out problems.

The Common Agricultural Policy of the European Community. By Rosemary Fennel. Allanheld Osmun & Co. Publishers, Montclair, NJ, 1980. 243 pages including index.

Provides a comprehensive introduction to the common agricultural policy (CAP) including Community and its institutions, the administrative mechanisms of the CAP, price and market structure, as well as potential impact of enlargement on the CAP.

The New EEC-ACP Convention: From Lomé I to Lomé II. By Jose Alain Fralon, et al. European News Agency, Brussels, 1979. 242 pages plus summary.

Assesses the results of the Lomé II Convention compared with the accomplishments of Lomé I; discusses past progress and future prospects of EC relations with African, Caribbean, and Pacific countries.

Benn's Press Directory. Benn Publications Ltd., London, 1979. 479 pages and 264 pages.

A two-volume directory of newspapers, periodicals, publishing groups, broadcasting, and media organizations; first volume focuses on the United Kingdom while the second contains overseas listings.

Countries of the World and Their Leaders. Gale Research Company, Detroit, 1980. 1,265 pages. $40.00.

A compilation of US State Department and other official reports on contemporary political and economic conditions, governmental personnel and policies, political parties, religions, history, education, media, climate, and other characteristics of 168 countries.

The British People: Their Voice in Europe. The Hansard Society for Parliamentary Government. Saxon House, Westmead, Farnborough, Hants, 1978. Available from Lexington Books, Lexington, MA 207 pages. $21.50.

Examines the role of Great Britain in the European Community as well as the impact of EC membership on that country's institutions and their subsequent response.

A Dictionary of the European Economic Community. By John Paxton. Facts on File, New York, 1978. 287 pages. $20.00

A reference book of terms and abbreviations as well as people and places associated with the European Community, past and present.

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

Listings of the official publications of the Community arranged by publishing institution; includes sections on bibliographic aids and information offices.

The Foreign Policies of West Germany, France, and Britain. By Wolfram F. Hanrieder and Graeme P. Auton. Prentice-Hall, Inc., Englewood Cliffs, NJ, 1980. 314 pages including index. $8.95.

A study of the post World War II foreign policies of three West European countries, examining the relationship of policy goals to the international as well as domestic political environments.

Can the North-South Impasse be Overcome? By Roger D. Hansen. Overseas Development Council, Washington, DC, 1979. 44 pages. $3.00

Examines the present stage of the North-South dialogue, emphasizing issues that remain seriously underexamined by the North, subsequently placing the whole relationship at a stalemate.

The Advanced Developing Countries: Emerging Actors in the World Economy. By John A. Mathieson. Overseas Development Council, Washington, DC, 1979. 67 pages. $3.00.

A study of six countries of Asia and Latin America as they emerge into the world as advanced developing countries; examines their relationship with the industrialized North as well as with the rest of the developing countries.

The Community's 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) 371-3804. Telephone orders are also welcome.

☐ **Directory of the Commission of the European Communities.** Commission, Brussels, February 1980, 102 pages ....free
Organigram of the Commission's services and directorates.

☐ **The European Community and the Energy Problem.** *European Documentation No. 2/80,* Commission, Brussels, 1980, 51 pages ....free
Recaps energy market trends before the 1973 energy crisis and reviews its impact both nationally and internationally; outlines the initial achievements and the need for a common energy policy in the Community.

☐ **The Europeans and Their Children.** Commission, Brussels, 1979, 113 pages ....free
Results of a public opinion survey conducted in April 1979 on European attitudes toward family problems, child care and working, education, and parenthood.

☐ **EEC-Lebanon Cooperation Agreement.** *Europe Information Development,* Commission, Brussels, May 1980, 32 pages ....free
Detailed review of the provisions of the EC-Lebanon agreement on trade and economic and financial cooperation.

☐ **EEC-Algeria Cooperation Agreement.** *Europe Information Development,* Commission, Brussels, June 1980, 45 pages ....free
Detailed review of the provisions of the EC-Algeria agreement on trade and economic and financial cooperation.

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☐ **The European Community and New Zealand.** *Europe Information No. 31/80,* Commission, Brussels, April 1980, 12 pages ....free
Outline of political and economic relations between the Community and New Zealand; includes statistical tables on trade and investment.

☐ **The European Community and Australia.** *Europe Information No. 32/80,* Commission, Brussels, April 1980, 15 pages ....free
Review of EC-Australian relations in the fields of politics, industrial and agricultural trade, minerals and energy, and investment; includes statistical tables on trade.

☐ **European Union: Annual Reports for 1979.** *Bulletin of the European Communities, Supplement No. 9/79,* Commission, Brussels, 1980, 16 pages ....free
Reports to the European Council from the Council of Ministers and the EC Commission concerning the short-term results and achievements during 1979 in promoting European union.

☐ **A Future for Europe's Wine.** *European File No. 12/80,* Commission, Brussels, July 1980, 8 pages ....free
Brief outline of the common market organization for wine.

☐ **Tomorrow's Bio-society.** *European File No. 11/80,* Commission, Brussels, July 1980, 8 pages ....free
Brief survey of the economic and social impact of bio-technology and recent Community policies in the field.

☐ **The European Community and Migrant Workers.** *European File No. 9/80,* Commission, Brussels, June 1980, 8 pages ....free
Summary of Community policy for the free movement of Community nationals and the treatment of workers from third countries.

☐ **The European Community and Waste Recycling.** *European File No. 10/80,* Commission, Brussels, June 1980, 8 pages ....free
Outline of the Community's legislation and research program for the disposal and recycling of waste.

☐ **Financing Outside the Community: Mediterranean Countries.** European Investment Bank, Luxembourg, 1978, 12 pages ....free
Pamphlet on the terms and conditions of EIB loans in the Mediterranean under the provisions of the various agreements concluded by the Community.

☐ **European Investment Bank Annual Report 1979.** European Investment Bank, Luxembourg, 1980, 92 pages ....free
Report on the borrowing and lending operations of the bank in 1979.

☐ **Common Agricultural Prices for 1980/81: The Conclusions.** *Green Europe Newsletter in Brief: No. 11/80,* Commission, Brussels, June 1980, 41 pages ....free
Detailed account of the prices set by the Council of Ministers in May 1980 for agricultural products for the 1980/81 marketing year.

☐ **Euratom Supply Agency Annual Report for 1979.** Commission, Luxembourg, 1980, 28 pages ....free
General review of the nuclear situation, report on the activities of the supply agency, and review of the supply situation for nuclear fuels.

☐ **Report on European Institutions.** Council, Brussels, 1980, 86 pages $8.00
Report of the Committee of Three (Robert Marjolin, Edmund Dell, and Barend Biesheuvel) to the European Council on adjustments to the machinery and procedures of Community institutions in light of future enlargement.

☐ **The Danish Economy.** *Economic and Financial Series No. 14,* Commission, Brussels, 1980, 255 pages $15.00
By Anders Ølgaard; analysis of the basic characteristics and long-term trends of the Danish economy.

☐ **Investment Laws of ACP Countries: Volume II.** Commission, Brussels, 1979, 525 pages $16.00
Collection of investment laws of the English speaking ACP signatories to the Lomé Convention; Volume I reproduces, in French only, the laws for the French speaking ACP countries and is available on special request.

☐ **Special Education in the European Community.** *Education Series No. 11,* Commission, Brussels, 1980, 164 pages $5.50
Summary of a comparative study on education of the handicapped in the EC member states and report of a 1978 conference on special education programs in the Community.

☐ **In Favour of an Energy-efficient Society.** *Energy Series No. 4,* Commission, Brussels, 1980, 124 pages $7.20
Report by Jean Saint-Geours on ways to achieve the long-term economic, social, and environmental objectives of the Community while limiting requirements for primary energy.

☐ **Bibliographie sur les investissements.** *Documentation Bulletin B/24,* Commission, Brussels, 1980, 143 pages $1.55
Bibliography of Community and non-Community publications on investment.

☐ **Community Legislation Relating to the Elimination of Technical Barriers to Trade in Industrial Products.** *Documentation Bulletin B/1,* Commission, Brussels, 1980, 41 pages $1.55
Listing of the directives passed by the Community as of April 1, 1980, on technical standards for industrial products.

☐ **Women and the European Community: Community Action, Comparative National Situations.** Commission, Brussels, 1980, 110 pages $8.00
Graphs with commentary on the differences among countries as regards demography, employment, working conditions, unemployment, and training for women; summarizes Community measures in the fields of equal pay and treatment.

☐ **Food Additives and the Consumer.** Commission, Brussels, 1980, 54 pages $2.70
Describes main categories of additives and their use in foodstuffs; lists the rules for designation of additives adopted by the Community.

☐ **Feed Balance Sheet—Resources 1970/71-1977/78.** Statistical Office, Luxembourg, 1980, 157 pages $21.00
Animal feed balance sheets: principal feed products, quantities, and composition of the resources.

☐ **Agricultural Markets: Prices of Livestock Products 1973-1979.** Commission, Brussels, 1980, 154 pages $5.50
Data on official prices, market prices, third-country levies, and world market prices for livestock on a monthly and annual basis.

☐ **Electricity Prices 1973-1978.** Statistical Office, Luxembourg, 1980, 276 pages $25.20
Inquiry into consumer prices for electrical energy for domestic and industrial use in the EC member states; reviews the structure and organization of the electricity industry, tariff systems in force, and taxes imposed on electricity sales.

☐ **External Trade 1958-1979.** *Monthly External Trade Bulletin, Special Issue, 1980,* Statistical Office, Luxembourg, 1980, 72 pages ..$6.90
Summary of EC external trade by principal trading partner and by broad product groupings for the years 1958-79.

☐ **Demographic Statistics 1978.** Statistical Office, Luxembourg, 1980, 149 pages $16.20
Statistics of population by sex and age groups, births, deaths, migration, marriages, divorces, fertility, life expectancy, and population projections; gives data for member states and Greece, Portugal, and Spain.

EUROPEAN PERSPECTIVE

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Dick Toet, Netherlands Newspaper Syndicate, Amsterdam
Valeska Von Roques, Der Speigel, Hamburg

Consistency in the Carter Foreign Policy

Michel Tatu, Le Monde, Paris
Leslie Finer, The Spectator, London & The Daily News, Athens
Fabrizio del Piero, ANSA/The Italian News Agency, Rome

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Harold Jackson, The Manchester Guardian, England
Christian Winther, Danish Radio, Copenhagen
Carola Kaps, Frankfurter Allgemeine, West Germany

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European Perspective is made possible by a grant from
The Delegation of the Commission of the European Communities, Washington, D.C.
and is produced by Parkway, America's Fine Arts Broadcasting Service,
7979 Old Georgetown Road, Washington, D.C. 20014 – (301) 657-9808

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