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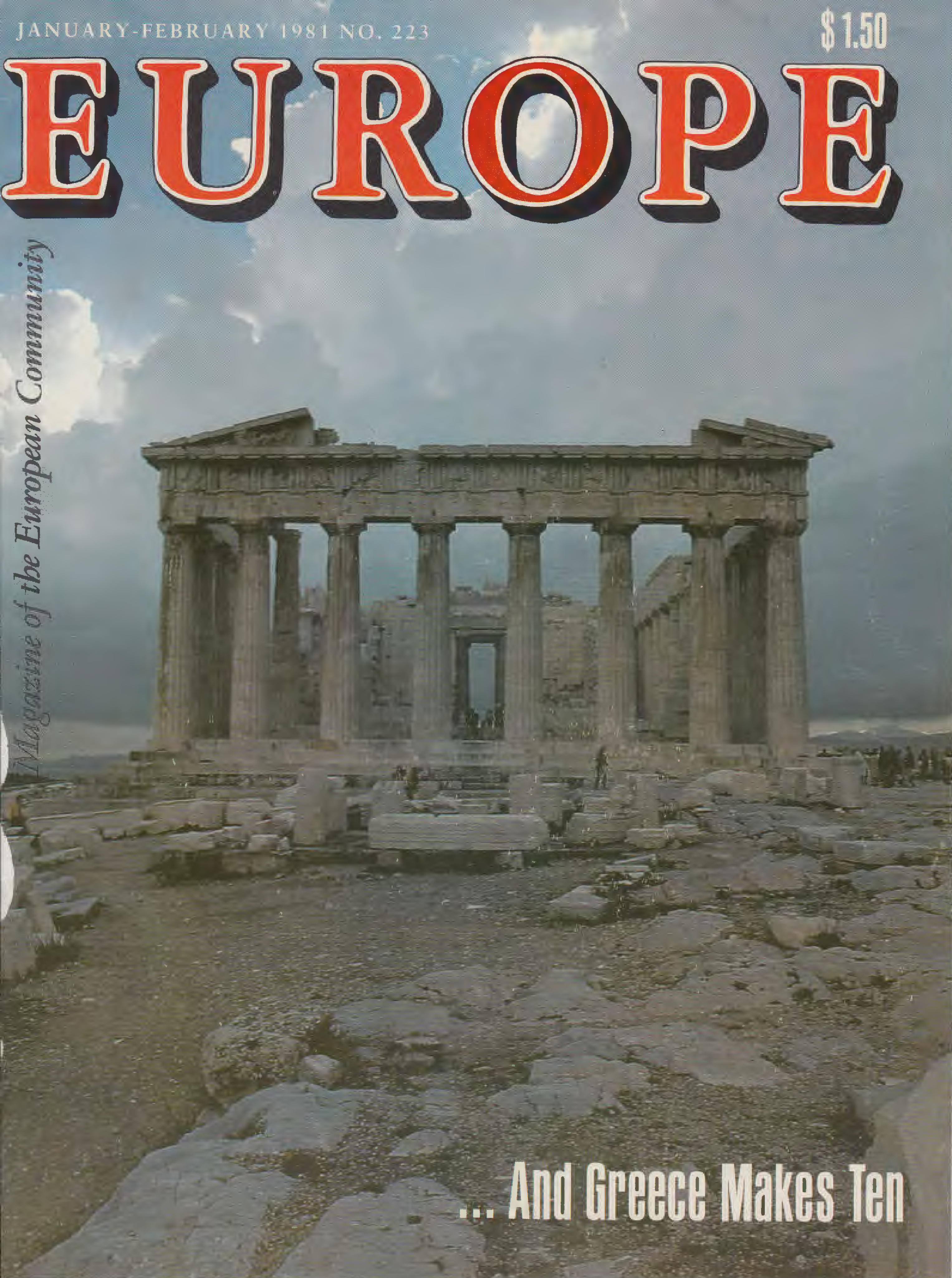
EUROPE

Magazine of the European Community



... And Greece Makes Ten

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Publisher Andrew A. Mulligan
Associate Publisher David Haworth

Acting Editor Candace Denning
Advertising Webster Martin
Circulation/Production Sarah Trott
Art Director Leckie/Lehmann

Sales Rep. Ronald Schacht, Intermarket Media Consultants, Inc.
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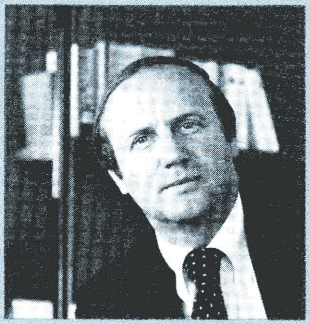


Publisher's Letter

Ten is now the magic number. Greece is a member of the European Community. The country that stands at the origins of European civilization has finally found its rightful place in the concert of European nations—in this context it is only natural that Europe *would dedicate this issue to the land of the Hellenes.*

David Binder and George Coats put Greek membership into its historical and political perspective: Turkey, the southern flank of NATO, *and the tensions between dictatorship and democracy. John Carr and Spilios Papaspiliopoulos focus on the economic aspects, the costs and benefits of the Greek entry, while Margo Hammond looks at the Greek show business and popular culture in a European perspective.*

"Being Greek" is the feeling that underlines Françoise Arvanitis' quest for an analysis of the Greek national character throughout history. Undoubtedly the presence of Greece is felt throughout this issue which spans Hellenic history from the treasures of Alexander the Great to the films of Theodoros Angelopoulos.

Other issues facing us at the beginning of two new terms—the Reagan Presidency and the new EC Commission—are also covered here. These include defense policy questions and the Atlantic relationship, the subjects of articles by Robert Hunter, Michael Mosettig, and David Wood. European oil companies and the steel crisis are also discussed in this Europe.

Finally, the European Community's presence in the United States takes on a cultural dimension; for the first time ever, films and art works from the Ten will be presented in Washington from January 27 to February 24, 1981, at the Kennedy Center (films) and at Meridian House (art).

Peter Brunette reviews the films to be shown at the festival and which, we hope, will put the Community culturally on the map in this country.

This is perhaps an appropriate moment to express the EC Delegation's gratitude to the American Film Institute for its collaboration in this endeavor.

Andrew A Mulligan

Andrew A. Mulligan

GREEK TIES

A new neighborhood for Europe

DAVID BINDER, *news editor for* The New York Times *Washington bureau who formerly reported from Eastern and Western Europe*

WERE IT NOT THE LEAFLESS SEASON OF WINTER, THE TREES of Washington might be bending before the great collective sigh of relief exhaled by American officials over the entry on January 1, 1981, of Greece as a full member into the European Community. For Greek partnership in Europe means to them that a period of more than three decades in which the United States was blamed for the many ills of Greece is nearing an end. At last a new focal point emerges on the horizon of the Hellenes: the European Community.

Yet it is not merely a shift in the landscape of Greek criticism that American officials hail in the Community membership of Greece, but also the "strengthening of Greece's Western orientation," as a senior specialist of the State Department put it recently. There had been a widespread sentiment in Washington following the 1974 collapse of the seven-year rule of the Colonels' junta in Athens that many Greeks, if not Greece itself, had cast themselves adrift—figuratively in an attraction to a policy of nonalignment and literally in a withdrawal from the military structure of the North Atlantic Treaty Organization (NATO). While it has not been mandatory for an EC member to be in NATO, *vide* Ireland, it has helped create a European consensus on security issues that reinforces the economic purposes of the grouping. From the vantage point of Washington, it does not seem utterly coincidental that the Greek decision to return to NATO in late October was but a short time away from full Community membership. While then-President Jimmy Carter could say sincerely in the spring of 1979 that, "we warmly welcome" Greece's signing of the treaty of accession to the Community, it was with redoubled satisfaction that a high-ranking State Department official spoke in late autumn, after the Greek return to the NATO fold, of "firm approval" by the United States for Greece's full EC participation.

There are wider considerations. The accession of Greece pushes the territorial reach of the Community southward by over 100 miles from the toe of Sicily and eastward by over 500 miles from the heel of Italy. Greece's membership opens up a new neighborhood for the Com-

Demonstrators outside the Greek parliament last October protest the country's decision to rejoin the military wing of NATO. © Argyropoulos, Sipa Press

"The Greek Patriots" depicts the Greek War of Independence 160 years ago, which "gave birth to the concepts of European federation." © The Bettmann Archive, painting by C. Eastlake, engraving by A.L. Dick

munity that, in some respects, may have a broader impact in the long run than the annexes of the treaty governing agricultural subsidies and other specifics imply. To the northwest is Albania, still locked in its own suspicious isolation; to the north, Yugoslavia, already strongly involved with the Community through extensive economic agreements; to the northeast, Bulgaria, the most devoted ally of the Soviet Union—yet all sharing Balkan traditions and aspirations with Greece, and some vestigial minorities, as well. To the south and southeast are Arab and Levantine countries with which the Greeks have had historical ties as well as new commercial connections. Finally, to the east there is Turkey, the dominant power in the region from the Fifteenth Century to the Twentieth and still a large neighbor. Nor should it be forgotten that Turkey began its associate status with the Community about the same time Greece did in the early 1960's.

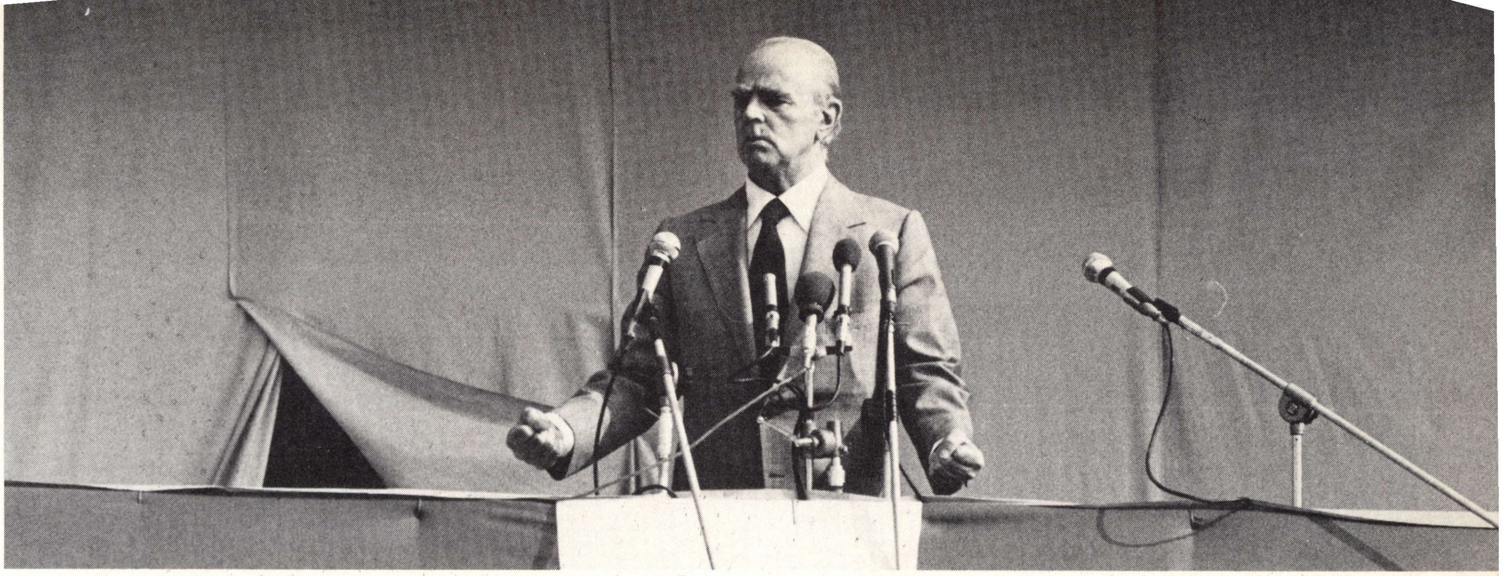
Just as it was impossible to conceive of British membership in the Community without considering its Commonwealth ties, or Denmark its Scandinavian ties, or France its far-flung African connections, so it is impossible to conceive of Greece joining the Community without regard for its involvement with Turkey. In American eyes, and not American alone, it is primarily a matter of the southern flank of NATO, so long debilitated by Greek-Turkish strife. Greek membership in the European Community automatically raises the question of whether the Athens Government might seek to employ that added clout as leverage in disputes with Ankara over air space sovereignty in the Aegean and over exploitation of the continental shelf in Aegean waters, not to mention the perennial Greek-Turkish arguments over divided Cyprus.

According to US officials, Germany and Britain have already warned Greece they would not permit Ankara-Athens disputes to be brought into the European Community forums. The Community as a whole and Germany in particular have committed themselves to substantial aid programs to assist the ailing Turkish economy, as has the United States. But Greek membership might prove to be just the needed spur to push the Turks toward the steps required to make Turkey itself eligible for full membership sometime in the next decade.

While few would question the European credentials of the Greeks, whose ancient civilization and language have their reflections to this day in West European culture, it is still necessary to remind ourselves that Turks have been a compelling presence in Europe since the Fourteenth Century, contributing in their time models of enlightened administration, communications, commerce, and even religious tolerance.

As for their relationships to the European Community, there have been some striking parallels, despite Greece's determined drive under Konstantinos Karamanlis to carry the country into partnership as opposed to Turkey's on-again, off-again approach. There was for instance the period of 1967 to 1974 when, under the Colonels, "almost all of the provisions of the association agreement were frozen" between Greece and the Community, as an Athens Government pamphlet describes it. Turkish officials similarly speak of a "freezing" of relations between Ankara and Brussels between 1978 and 1980, caused in large part by the Islamic revivalism preached by Necmettin Erbakan, whose National Salvation Party maintained a kind of stranglehold on the coalition Government headed by Süleyman Demirel. But there is more. Erbakan has had his counterpart in Athens in the person of Andreas Papandreou, leader of the Panhellenic Socialist Movement (PASOK) with 93 seats in the 300-member *Vouli* (parliament). Papandreou, an American-trained economist, abandoned the Centrist policies of his late father, George (the Prime Minister of several postwar Governments) after the Colonels seized power in 1967, and since then has espoused Greek "neutralism." He has denounced Greek entry into the Community as a "gross error" and urged a national referendum on the matter. In the context of their national political stages, Papandreou and Erbakan are thus almost fraternal twins, despite their wildly different origins.

There is still another European dimension shared by Greece and Turkey. Over the last 15 years both countries have sent hundreds of thousands of men and women to work in Northern Europe. Currently there are estimated to be 700,000 Turks working in EC countries (the bulk in Germany) or, about one-twentieth of the labor force. The Greek laborers in the Community countries number about 175,000, also close to one-twentieth of the work



Greek President Konstantinos Karamanlis, formerly Prime Minister, made a "determined drive" to bring his country into the Community.
© Argyropoulos, Sipa Press

force. These workers have not only contributed the equivalent of billions of dollars in remittances to their homelands, but also acquired precious skills in many cases that have enriched their countries on their return. They have been in the vanguard of the Europeanization or, to employ Atatürk's term, "modernization" of Turkey and Greece.

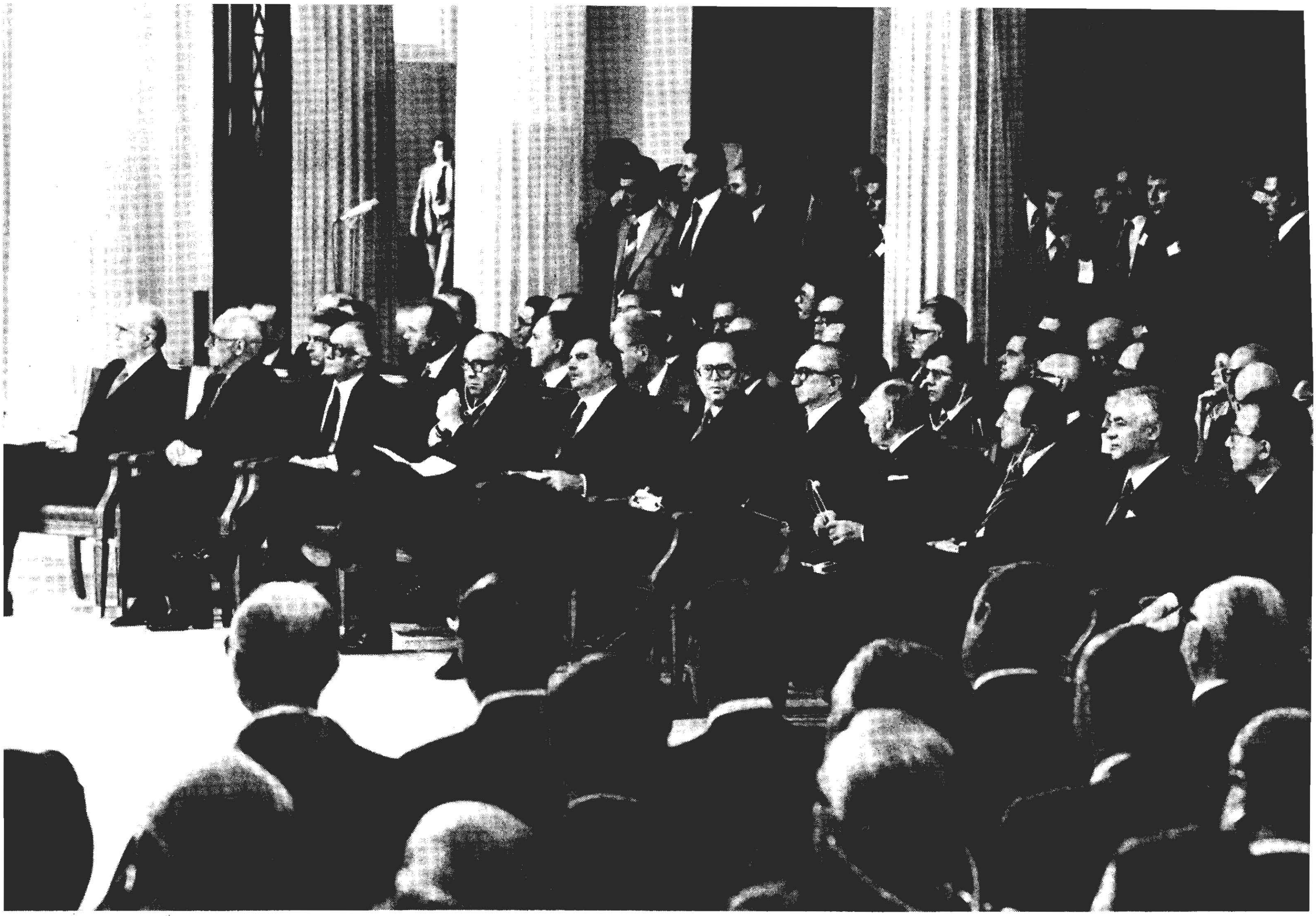
Of course, sharp disparities remain. The sum of the goods and services produced by the almost 9.5 million Greeks worked out to about $3,470 per capita in 1978, while the gross national product (GNP) for the more than 45 million Turks was $1,130 per capita. By way of comparison, Greece's GNP is thus somewhat lower than that of Ireland and about one-third that of Luxembourg.

Some American observers of the Greek scene are also skeptical of the ability of Greek industry to face up to "the cold weather of competition," as one official put it. Nor does the Athens Government appear to be equipped to advise Greek businessmen on the practicality of mergers with larger concerns in the Community countries or on investment possibilities for EC entrepreneurs. A US State Department specialist commented: "The Greeks don't really know what they are getting into. The adjustments are likely to prove difficult." One measure of that difficulty may be found in the fact that three years ago about 38 percent of Greece's imports came from the major Community countries, while about 47 percent of its total exports went to EC member states.

Nevertheless, even the Turks are cheering them on. "It would be unfair not to applaud Karamanlis' success, regardless of whether Greece is our enemy or not," was the comment of the Turkish newspaper *Gunaidin,* while *Milliyet,* the large daily, wrote that the accession was "due primarily to the very serious efforts of Greece," which merited "envy and appreciation."

Before welcoming Greece to the "cold weather" of big time economics, however, it may be appropriate to dwell for a moment on the meaning of Greece for Europe, and the opposite in Greece, where Athenian sophisticates still speak of "going up to Europe," when they talk about flying to Paris. The liberal forefathers of the contemporary West Europeans hailed the Greek revolution 160 years ago as the epitome of the liberal cause. No lesser than the Frenchmen François-René de Chateaubriand and Victor Hugo, the Germans Heinrich Heine and Ludwig Uhland, and the Englishmen Percy Shelley and Lord George Byron enlisted themselves as Philhellenes, shouting, "Long live the Greeks," and declaiming, as did Shelley, "We are all Greeks!" Heine declared that "the Greek revolt kept alive the liberal ideal." In a seductive fashion this idealization of Greece has persisted to the present day, fostered in part by romantic notions inspired through a study of the classics, which drove some German poets to madness, and in part by smooth-voiced contemporary Greeks such as the businessman politician, Costa Carras. In a 1979 address in London Carras declared for instance that "Greeks are far more politically aware than most other peoples," and that Greeks had always been "idealists where foreign policy was concerned."

On the conservative side it also merits remembering that the Greek uprising of 1821 brought forth quite different emotions in men like Klemens Fürst von Metternich and his pro-Turkish English counterpart, Viscount Castlereagh, who counseled, "let the Greek revolt burn itself out beyond the pale of civilization." Still, it was the Greek revolution that gave birth in the view of the American historian, Robert C. Binkley, to the Nineteenth Century concepts of European federation and "the concert of Europe," which may be seen as the seedbed in which the European Community finally sprouted. That and an end to the status the Athens journalist, Helen Vlachos described in the phrase, "the Greeks have been a very lonely people," are historic achievements.



European officials look on at the May 1979 signing of the Greek accession treaty. © Argyropoulos, Sipa Press

A Promise of Stability *The debate is not over*

GEORGE COATS, *Athens-based correspondent for the British Broadcasting Corporation,* The Guardian, *and* The Observer

Greece's entry into the European Community comes at a time when the country is felt by many to be at a turning point in its political history, a turning point that may be reached as a result of a forthcoming election to be held within months of accession. Greek politicians have active careers of a longevity that must be the envy of their European counterparts, and many of the faces dominating the country's political life have a familiar patina that comes from staring out of election posters for decades. And while many of the parties on the ballots at the next election have names that have not yet entered the popular vocabulary, most are only the latest incarnation of groupings dating back generations.

There is, nonetheless, a discernible feeling that Greece is in the process of change. In recent years a right-wing military dictatorship has collapsed and been replaced by the traditional conservatives, but wearing a human face. In a country where the bitterness engendered by a post-World War II civil war led to the proscription of anything left-wing, a party advocating socialism has emerged as the major opposition force.

There is a feeling in Greece that links with a backward and often painful past are about to be broken and that the country is at long last about to achieve "modernization," a status that has often been promised but has proved illusive. For some, EC entry is seen both as a symbol and a symptom of this feeling, but for others it represents exactly the opposite—an attempt by the entrenched economic and political forces to prolong their dominance. For the Government, at least, accession represents a step not only towards modernization but is a guarantee of stability and an acceptance of Greece as an equal member of the community of civilized European nations rather than as a backward and volatile Balkan state.

This is something new for the Community. While original members and candidate members have all made token obeisance to the European ideal, they have made no bones about the fact that the major advantages they hope to gain from the Community are economic. In Greece, however, the debate has centered only marginally on the economics of entry and the main emphasis has been on a somewhat metaphysical level. It is evident that this approach is not without its dangers. While it is possible to quantify membership in the Community in terms of trade balance, investments, and other economic criteria in order to cobble together a compromise that is mutually acceptable, it may be very difficult for EC membership to be presented as a "success" where motives for membership include stability and increased international respectability.

It is clear that membership is likely to be a political issue in Greece for some time, and far from imparting stability it may prove to be an element of discord—like the question of the monarchy and electoral reform issues which have sometimes lain dormant only to break out in a new rash on the Greek body politic.

GREEK POLITICS appear to thrive on confrontation rather than consensus. Divisions that split the political world during the First World War are still visible as a political gulf today, like some long-dug trench uncovered during an archaeological excavation. The question of whether to enter the war or not became associated with the question of the Monarchy (the King being a brother-in-law of the Kaiser) while interventionists increasingly took a Republican stance. The King's party also appeared increasingly conservative as his opponent, Eleftherios Venizelos, embarked on a liberal program.

The bitterness of the rift was accentuated in the Twenties and Thirties as the state, already reeling from a humiliating defeat in Asia Minor and desperately trying to absorb the more than 1.5 million refugees who followed its army across the Aegean, staggered from coup to putsch and Republicans and Monarchists jockeyed for position.

In the mid-Thirties the Monarchists appeared to have achieved supremacy when General Ioannis Metaxas staged a king's coup and imposed what he called the Third Greek Civilization, modeled closely in the contemporary regimes in Germany and Italy. In 1940 the Axis forces occupied the country, and the resistance to this occupation was undertaken largely by those who had been suppressed by the Metaxas dictatorship, the Venezelist Republicans and increasingly the Communists whose party was already well-trained in clandestine activity. With what resembles an ancient Greek tragedy's progress towards inevitable catastrophe, the country descended into civil war. While other European countries were beginning their postwar recovery, Greeks were killing one another with a bitterness and abandon nations reserve for internecine conflict.

The result was not only the defeat of the left and the emergence of the right as the dominant political force, with the chastened but still ostensibly Republican center playing a supporting role, but the effective thwarting of any attempt to follow the pattern in the rest of noncommunist Europe with the establishment of a strong Socialist-Social Democratic Party offering evolutionary social transformation as one of the two political options. A left-wing front party functioned but was beyond the pale when it came to running the country. Anything smacking of socialism was tarred with the Communist brush, and this civil war mentality was a major factor behind the 1967 coup.

The role of the Monarchy has been an element of discord throughout modern Greek history. General Ioannis Metaxas, pictured here, led the Monarchists to power in the mid-Thirties.

Andreas Papandreou, opposition leader, gives the sign of victory after the 1977 general election in which his Panhellenic Socialist Movement Party became the second most powerful political party in Greece.

It is now conventional wisdom in Athens that a general's coup with the King's endorsement was in the cards to forestall elections that would have seen a landslide victory for George Papandreou, a politician who had pulled the old liberal and center factions together and, in an earlier premiership—brought to a premature end by political bed hopping—had given some promise of breaking out of the existing mold and instituting some basic reforms. In the event, the Colonels preempted their superiors and for the next seven years Greece was a banana republic without the bananas.

But although the junta years were some of the country's darkest, they served the purpose of showing that even for the old conservative establishment, there were enemies to the right. And the years since the junta fell in 1974 have in many ways been years of stocktaking while the country examines its options.

BUT THEY HAVE NOT BEEN STATIC YEARS. The most interesting development has been the emergence under Andreas Papandreou, son of the late centrist leader, of the Panhellenic Socialist Movement (PASOK) as the most dynamic political force in the country. Another has been the collapse, one is tempted to say the extinction, of the center as a major factor. Also, the Communist Party has been legalized and has consolidated its position as the third largest party in the country.

And the right has also undergone changes. Upon the fall of the junta, former Prime Minister Konstantinos Karamanlis returned as the country's leader with the acquiescence of all political tendencies. He called for a new era of political cooperation in Greece and formed the New Democracy Party as a vehicle open to all Greeks of good faith of whatever political persuasion. This *ralliement* approach was clearly influenced by his exile in France throughout the Sixties and early Seventies, as well as reflecting an emulation of former French President Charles de Gaulle's style. It is also clear that the years in Paris had instilled in Karamanlis a desire to bring Greece out of its introspective and parochial approach to politics and into the mainstream of European affairs. The application to raise Greece's association status with the Community, which had lain dormant during the junta years, to full membership was a key part of this program.

But while Karamanlis may have been hoping that he could embark on a series of stabilizing steps with the broad, nonpartisan acquiescence of a grateful nation grouped in New Democracy, it was clear from the outset that this was not to be the case. For one thing, Karamanlis, given the perilous state of Greek affairs upon his return, with the country apparently on the brink of a war with Turkey and the armed forces in disarray, fell back on his old colleagues; men whose weaknesses he knew, but upon whom he could rely. However, the presence of men whose track records went back decades to the post-civil war years, while reassuring to the establishment, was not a credible indication to the newly enfranchised, both the young people voting for the first time or the left-of-center whose votes were going to count for the first time, that New Democracy was going to offer radical change.

And it has not. But during his years as Prime Minister, Karamanlis presided over the two fairest elections in Greek history, gave the state a feeling of continuity, closed with a referendum in 1974 the matter of the Monarchy, and with a mildly reformist legislative program removed the stigma of Bolshevism from calls for change.

And he has successfully allowed a successor to emerge. Earlier this year Karamanlis at long

Heads of the military junta following the 1967 Colonel's coup in Greece. © Stern, Black Star

last translated himself to the Presidency and saw George Rallis elected as his successor as party leader and Prime Minister. The succession was bitterly fought, and the rift between Rallis, representing a continuation of the Karamanlis moderate line, and Minister of Defense Evangellos Averoff-Tossizza, of the party's right wing, has not healed.

Papandreou, on the other hand, appears to be in full control of his party. Not only has he no obvious successor in PASOK's ranks, but something close to a personality cult has been constructed around him. His achievement has been remarkable. When he refused to join the reformed center, the party of his father and in which he had served as a cabinet member in the early Sixties, and instead formed PASOK with the center's left wing and motley other groups, he was written off by many as a crank. He emerged from the 1974 elections leading the third largest party and in the succeeding years established that he, not the Centrist leader George Mavros, was in fact the leader of the opposition. With the center's decimation in the 1977 election, he achieved this position and since then has been moderating some of his wilder proposals in an attempt to establish himself in the popular mind as a credible alternative Prime Minister. And he has had to build up his party when a strong Communist Party is already in the field, a difficulty avoided by most of his European colleagues whose parties were the parents the Communists broke away from.

Papandreou has undoubtedly been helped in his fight for a place in the political sun by the center's demise. There is an old Greek proverb to the effect that if one has five Greeks, one has seven parties, and for a period after the 1977 election it began to look as if the surviving Centrist deputies were doing their best to make it literally true. In fact the rump of the party eventually split into two, one retaining the Centrist name and promoting Social Democratic policies, another calling itself Social Democratic and hoping to re-establish the traditional Centrist dialogue with the right. Both have 1 percent of the seats in parliament.

THE POLITICAL INITIATIVE in Greece at the moment clearly lies with Papandreou. The Government has three major political preoccupations, to stabilize the economy, to make a success of the EC accession, and to rejoin the military wing of the North Atlantic Treaty Organization (NATO). On all of these, Papandreou feels he can offer an alternative.

An election must be held before November 1981, and for the first time the economy is going to be a major issue. Whereas in the past personalities rather than policies have proved the basic fare of elections, there now cannot be a housewife in the country who does not know what inflation is.

On NATO, a recent poll suggested that only 12 percent of the electorate felt that reintegrating in the alliance's military structure was a good idea. In the popular mind the United States and NATO are the same thing and were the main instigators and supporters of the junta and are actively assisting Turkey in its current confrontation with Greece and Cyprus. And indeed, too many NATO generals wearing American uniforms came to Athens in those years to be photographed hugging Colonels and endorsing their regime as the best Greek Government since Pericles. NATO is a Papandreou *bête noire*, which is why the Government is anxious to get the reintegration matter resolved one way or the other before the election campaign gets underway.

But it is the Community that could in the long term present major problems. There has in fact been very little debate in Greece about the pros and cons of membership. The Government throughout the four-year negotiations presented the Community not so much as an economic community but as a political bloc of the privileged and stable that Greece was going to join. There would also be immense economic advantages, it was pointed out, but detailed information of the sort available before the last enlargement in Britain, Ireland, Denmark, and Norway through the press, the media, letter boxes, and discussion groups has been completely lacking.

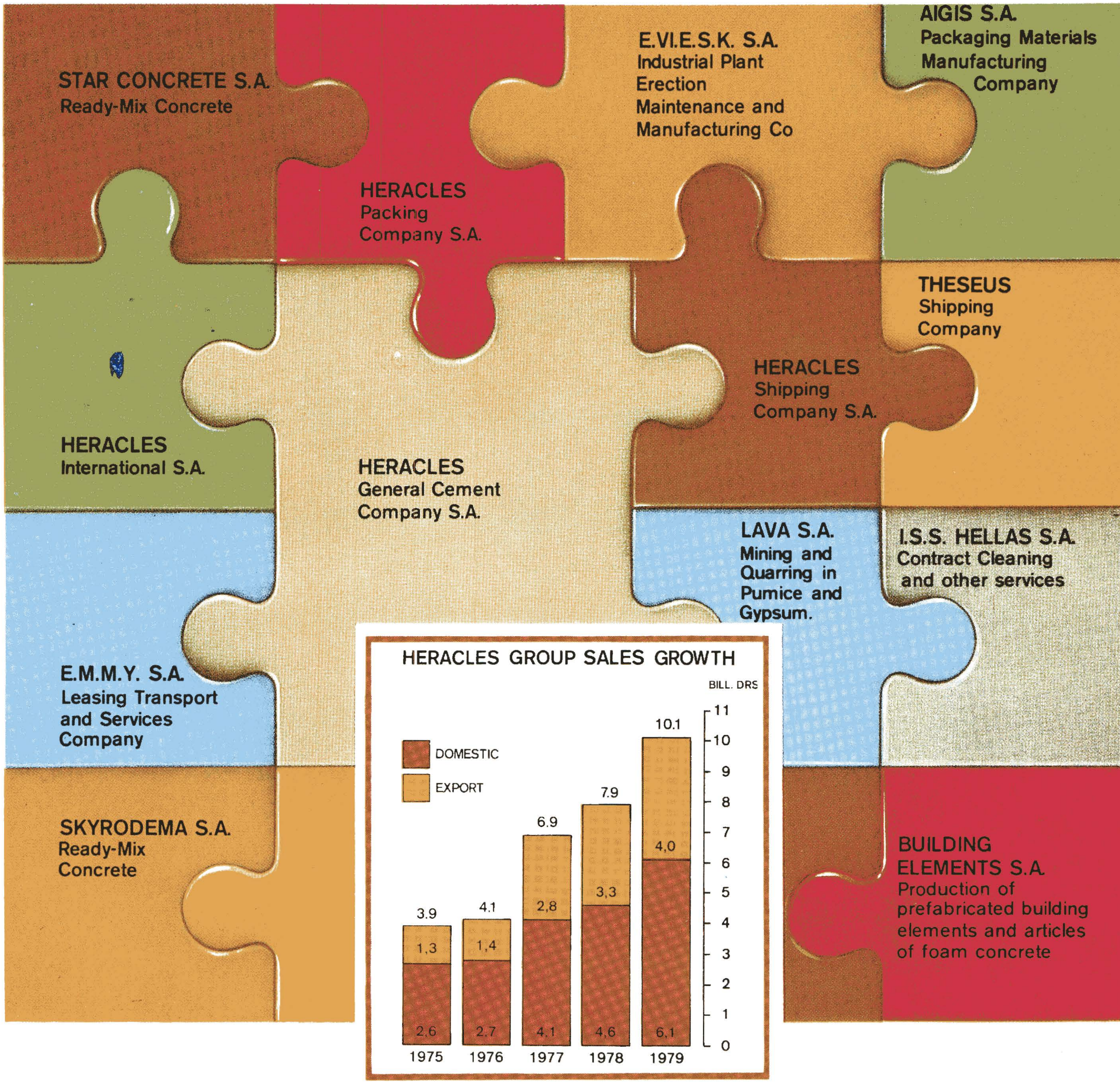
The opposition, on the other hand, has been equally lax. PASOK and the Communists have denounced the Community as being a rich man's club, a grouping of monopolist capitalists that will keep Greece at a peripheral level of economic development, but during the negotiations and finally at the debate on the accession treaty terms, the two parties boycotted the proceedings, leaving the man in the street with little more than slogans as vacuous as the Government's optimism.

But Greece is entering the Community at a time when, like Britain, the country is experiencing economic problems. In fact Greece appears to be headed for its first real economic crisis following a generation of spectacular growth rates. Unemployment, an unknown phenomenon in Greece in recent decades, could also become a factor. And as in Britain, the country is entering the Community without the benefit of a referendum to settle once and for all whether the people think it is a good idea, while the opposition at the time of entry has reservations it is willing to exploit for electoral gain.

Should the Community not be seen to deliver on all the rather inflated expectations that have been placed in it within the few months between entry and elections, and indeed should the Greek economy's decline continue, it is very likely that the Community will end up, again as in Britain, being blamed for all the ills affecting the nation. And should Papandreou find himself in a position to form a government as a result of taking such a line during the election campaign, both he and the Community could find themselves on the horns of a dilemma.

Papandreou has been indicating in recent months that his position on the Community may not be as simple as a blunt rejection, and that some sort of renegotiation—and how that word must send shivers down the spines of Eurocrats—to redress the balance of the accession away from the Euro-monopolists and towards the Greek in the street may be enough.

But with the example of the still unassimilated Britain behind it, the prospect of Portuguese and Spanish accession in the future and the problems of Community budget ceilings and agricultural policy reform preoccupying it, it is an open question whether Brussels will be in a mood to accommodate a Greek Government wishing to reopen negotiations for reasons that smack of domestic politics rather than Community welfare. In such an event Greece could find itself at a more fundamental turning point than it had expected.



What do all these companies have in common?

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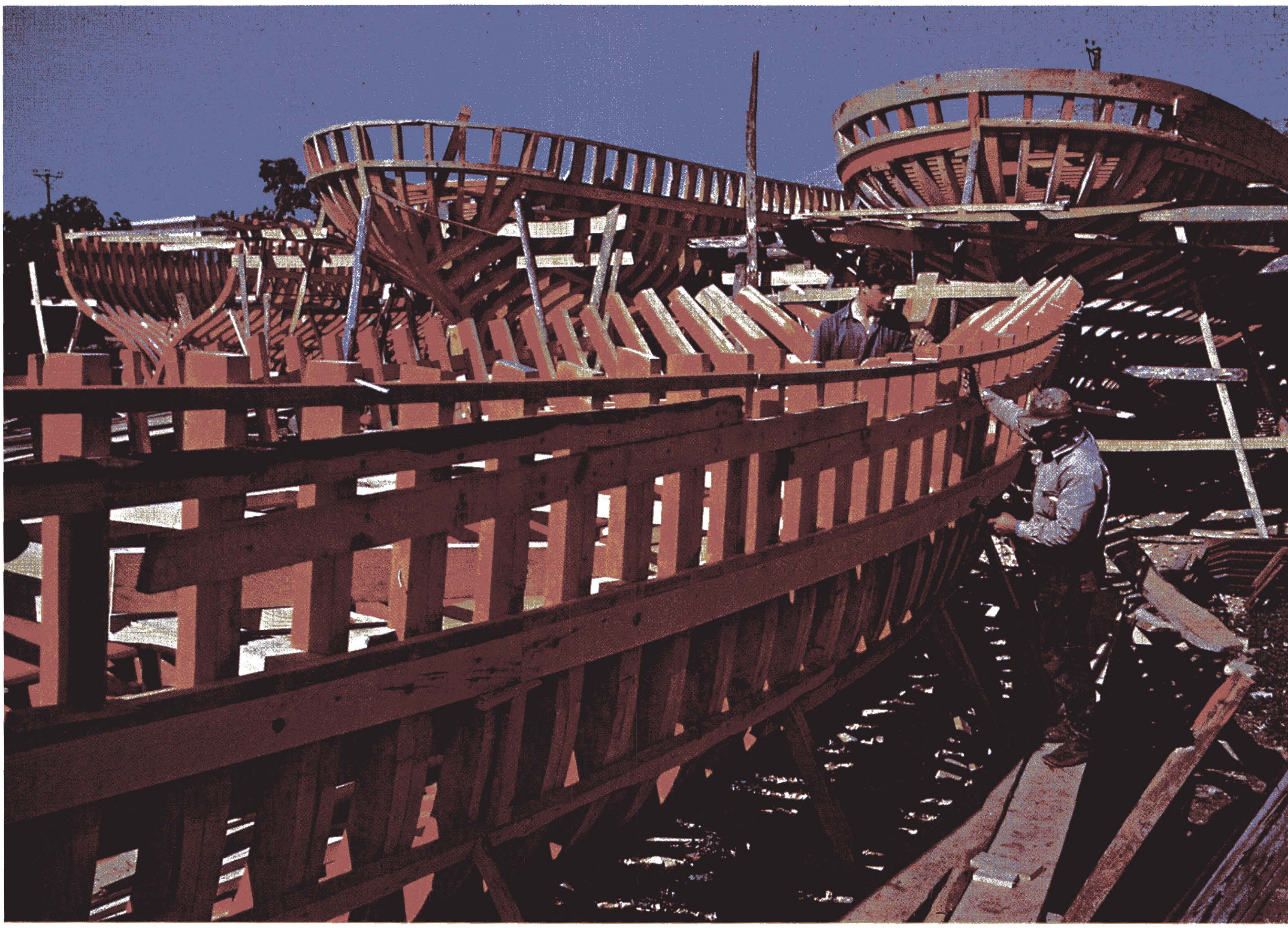
NEW TRADE HORIZONS?

Greece could strengthen ties between East and West

JOHN CARR, *freelance writer based in Athens*



"For more than 3,000 years the Greeks have made their fortune from Homer's wine-dark sea." © Constantine Manos, Magnum

ON JANUARY 1 THE LATEST BLOCK IN THE SLOWLY RISING structure of a united Europe was hoisted and cemented into place when Greece became the Community's tenth member. It will be an important block, connecting the Western and Arab worlds through strings of trade and thus presenting a challenge and opportunity to American commerce.

The potential advantages to the United States have only recently become apparent. Greeks in all walks of life have long inclined to the view that, as is always said in grand generalization, "America fears a United Europe." Business people in particular assumed that when Greece joined the Community, American influence and economic ties would fall off, perhaps drastically. But as the Community portals open wide for Greece, both government and business sources in Athens agree that no such damage in Greek-US relations will occur. In fact, there might well be improvement, depending on exactly what is being traded.

In recent years Greece and the Community have been gradually reducing their import tariffs on each others' commodities, according to the terms of the 18-year-old association agreement between the two parties. The reduction has slowly crowded out American imports to the point where they now make up something less than 5 percent of an estimated $11 billion imports bill for 1980. But, paradoxically, the actual value of American sales to Greece has been rising.

The paradox can be explained by the fact that a great many Greek industries, large and small, are suddenly faced with the specter of superior—and unhindered—European competition. Many are looking around eagerly for capital equipment and know-how by which they can improve their competitiveness against the time when EC goods and services inundate Greece as the trade barriers crumble.

A main source for such capital goods and know-how is the United States. The Greek Government, now that the achievement of EC entry is safely under its hat, has openly encouraged Greek industry to look across the Atlantic and buy what it sees, even with the disadvantage of a high tariff burden.

The new Greek member of the EC Commission, formerly Greek minister without portfolio for EC affairs, George Kontogeorgis, who takes much of the credit for the grinding negotiations that paved Greece's way into the Community, told the Hellenic-American Chamber of Commerce early in 1980: "[The tariffs] cannot prevent the importation of high-technology or highly specialized quality products for which the consumer is prepared to pay the difference in price. It goes without saying that American producers can offer a number of such products. . . ."

What Greek industry actively seeks from the United States right now are computers, industrial safety equipment, solar energy units, avionics, mining and mineral processing equipment, telecommunications equipment, health care equipment, and clean air and water instrumentation. All will be featured in US trade exhibitions, seminars, and catalogue shows until summer 1982. The list is by no means exhaustive. But it shows that in Greece there is still a great deal of work to be done before the country can start to function economically on a level with Western Europe and the United States. And for American industry, it is a golden opportunity to step in.

To take one outstanding need, the existing Athens airport at Ellinikon has for years barely been able to handle growing air traffic and is quite overwhelmed during the summer when the tourists stream in. Now a large new airport is being planned at Spata, northwest

1979 EXTERNAL TRADE
($ billions and percent of total world trade)

	Imports	*Percent*	*Exports*	*Percent*	*Trade Balance*
EC-9					
Extra-EC	298.9	24.0	266.1	21.7	−32.8
Intra-EC	303.6	24.4	307.8	25.1	+ 4.2
Total EC	602.5		573.9		−28.6
Greece	9.6	0.77	3.9	0.3	− 5.7
US	207.1	16.7	181.8	14.8	−25.3
World					
includes Intra-EC	1,547.1		1,536.4		−10.7
excludes Intra-EC	1,243.6		1,228.5		−15.1

1979 IMPORTS BY GROUPS OF PRODUCTS*
(percentages)

Importing country	*Total imports*	*Food, beverages, and tobacco*	*Mineral fuels, lubricants, and related materials*	*Crude materials, oils, and fats*	*Machinery and transport equipment*	*Other*
EC-9	**100**	**12.1**	**18.5**	**8.5**	**22.1**	**38.9**
Germany	100	11.6	19.4	8.4	19.3	41.3
France	100	10.7	21.5	7.4	22.4	38.0
Italy	100	13.9	23.8	12.9	18.2	31.2
Netherlands	100	12.7	20.2	7.4	22.4	37.3
Belgium, Luxembourg	100	11.1	14.2	7.7	24.4	42.6
United Kingdom	100	13.7	11.7	8.2	26.3	40.1
Ireland	100	11.5	11.9	4.0	28.8	43.8
Denmark	100	9.9	19.7	6.8	24.8	38.8
Greece (1978)	100	8.3	18.9	6.6	42.7	23.5
US	100	8.6	29.0	5.5	25.9	31.0

*Grouped according to the Standard International Trade Classification (SITC, Revision 2).

1979 EXPORTS BY GROUPS OF PRODUCTS*
(percentages)

Exporting country	*Total exports*	*Food, beverages, and tobacco*	*Mineral fuels, lubricants, and related materials*	*Crude materials, oils, and fats*	*Machinery and transport equipment*	*Other*
EC-9	**100**	**10.1**	**6.9**	**3.5**	**33.8**	**45.7**
Germany	100	4.5	3.4	2.6	44.8	44.7
France	100	14.3	3.7	4.3	35.8	41.9
Italy	100	7.5	6.6	1.9	30.8	53.2
Netherlands	100	19.5	19.1	6.5	17.5	37.5
Belgium, Luxembourg	100	8.8	6.4	3.2	23.0	58.6
United Kingdom	100	6.8	10.1	2.9	34.5	45.7
Ireland	100	37.0	0.5	5.2	16.1	41.2
Denmark	100	32.0	3.9	7.9	24.4	31.9
Greece (1978)	100	30.8	9.6	12.7	3.1	43.8
US	100	13.5	3.1	12.4	38.7	32.2

*Grouped according to the Standard International Trade Classification (SITC, Revision 2).
Source: EC Statistical Office

Greek ships comprise over one-third of EC shipping power. Pictured is the Hellenic Shipyards at Scaramanga. © Margot Granitsas, Photo Researchers

of Athens, where earth moving is set to start in early 1981. At the same time, Greece's national air carrier, Olympic Airways, must soon replace aging aircraft. The potential for US aircraft and avionics is seen as great.

Greece's soil is rich in minerals: bauxite and alumina, nickel, lead, zinc, high-carbon ferrochrome, chromite, phosphates, and even gold. The Hellenic Industrial Development Bank has been carefully charting all known deposits to be the basis of a new spurt of industrial growth. Hence the obvious need for American mining and processing equipment.

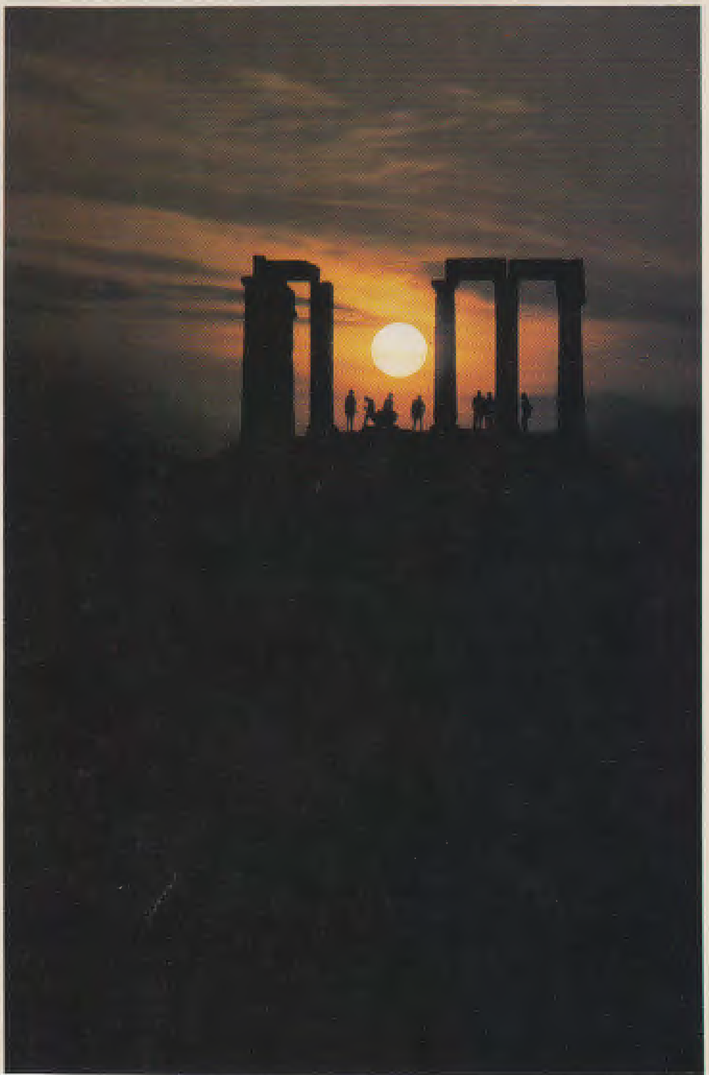
In the sphere of the energy crisis, Greece has been carefully cultivating relations with the Arab countries, especially Libya, to ensure a steady inflow of oil. But the Government is also setting up lignite and hydroelectric power units. And American consultants are already doing a provisional study for the country's first nuclear power station, to be commissioned in about 10 years. But perhaps most important of all will be the inflow of American know-how and management science, which no import tariff can hinder and which has no price disadvantage.

Greek universities boast modern courses in management, but very little of the resulting knowledge has yet seeped down into the rough-and-tumble world of Greek industry. American sources in Athens are most emphatically convinced that the major Greek industrial and commercial enterprises could be revitalized through the application of modern business administration theory in which the United States is seen, in the words of one noted Greek business analyst, as "without peer." There are strong indications at the start of the Eighties that the country's self-made industrialists must swallow their rugged pride and let themselves be molded into worthy competitors of the French or Germans.

WHAT COULD BE IN STORE for US-European trade relations with Greece in the EC trading bloc? Said one US official in Athens: "We haven't come to the point of being able to assess that yet. But there is no doubt that official American policy is to encourage Greece's accession to the Community."

A very obvious advantage to the United States, in the view of business observers, would be a somewhat easier access to the Middle East markets through a Community of which Greece would be the established eastern link. For the last few years Greece has been carving out for itself with some success a role as Europe's trade link with the Arabs. To take just two examples of flourishing collaboration, Greek cement builds many a luxury hotel

Sunset on the ruins at Sunion, a resort near Athens; tourism is one of Greece's growing industries. © Adam Woolfitt, Woodfin Camp



The ancient Acropolis dominates a modern Athens. © Nat Norman, Photo Researchers

in Saudi Arabia, while a full 30 percent of the Arab's television drama series are produced in modern Greek studios.

Another promising trade link to the East is being readied at the eastern Greek port city of Volos, now connected by ferry with the Syrian port of Tartus. Already the ferries handle some 2,700 trailer trucks a month, and work is proceeding on the modification of Volos' rail terminal so that fully loaded trains can trundle straight onto the ferries, and trundle off again in Syria.

With trade thus eased between the Community and the Middle East, Western Europe might well find itself more ready to receive American goods and services. By strengthening trade ties with the East, the Community could feel more secure about cultivating those with the West.

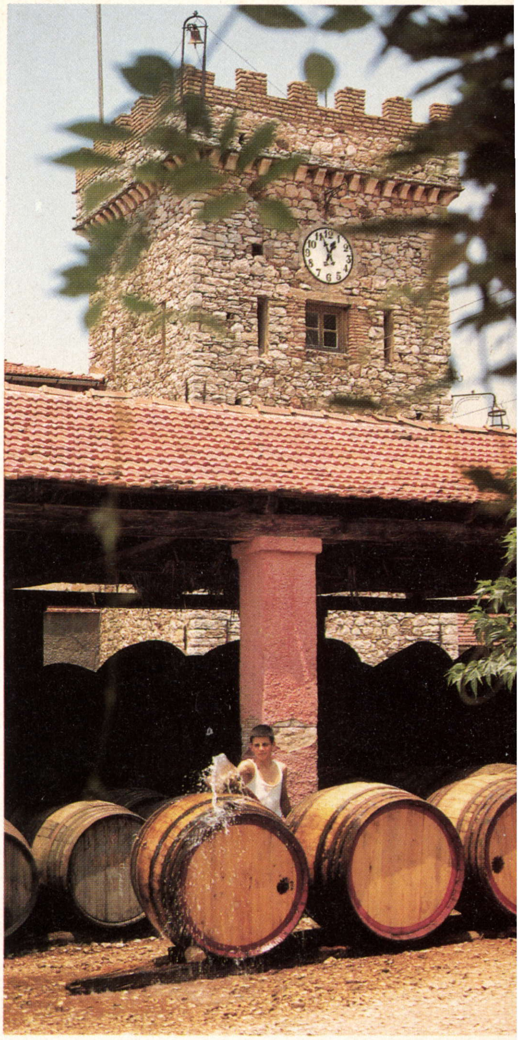
On the level of world trading patterns, perhaps the most dramatic effect of Greece's accession will be in the sheer size of the merchant fleet that will be added to Western Europe's maritime strength. About 3,800 ships now fly the Greek flag, some 600 more than the nearest competitor, Britain. These ships will comprise more than a third of total EC shipping power—a formidable negotiating weapon that will ensure that Greece's voice is heard in European shipping matters. In the words of one ship owner, "Europe needs us and our ships more than we need Europe."

For more than 3,000 years the Greeks have made their fortunes from Homer's "wine-dark sea," and are unlikely to stop now. Many Third World countries have been raising angry voices at this attitude, claiming Greece is grabbing too much of the world shipping market and calling on the United Nations Conference on Trade and Development (UNCTAD) to parcel out routes and cargoes more equitably. There seems to be little that UNCTAD can actually do to mollify the African and Asian protests that are expected to go unheeded now that Greece's shipping has Europe's support.

This does not bode well for US and Far Eastern shipping. Until now, both had a good lead over the European competition. In the past 20 years the world share of the EC merchant fleet has fallen from 34 percent to 18 percent. In the same period, the Greek flag fleet has grown ten-fold. It is mainly the shipping uncertainty that makes US officials hesitate to comment on the future course of trade relations with a Community with Greece in it. But, assuming that problem can be worked out, business circles see no other disadvantage the United States will suffer as Greece casts its lot with the rest of the Community. In fact, it might well be a spur to keener American effort. For it depends on what is being traded, and quality always sells.

The Last Twenty Years

Industrialization shores up the Greek economy



SPILIOS PAPASPILIOPOULOS, *economist and economic adviser to the Agricultural Bank of Greece*

Major studies undertaken recently by Greek economic historians and sociologists point to the weakness of Greek capitalism and of the middle class. In Greece the middle class has not become independent or assumed a dominant position, nor has it been a driving force behind the industrialization process. Greece did not start to industrialize until the end of the 1950's.

In 1953 two important economic events occurred: the devaluation of the drachma coupled with liberalization of foreign trade and a direct investment law that provided considerable guarantees for foreign capital. Foreign capital contributed considerably to the development of heavy industry—the metallurgical industry, chemicals, oil, plastics—but the overall volume of foreign capital affected by the 1953 direct investment law did not rise above $650 million from 1954 to 1976. Foreign capital accounted for only 2 percent of total fixed capital formation, though representing 18.8 percent of the capital of all public and private limited companies.

By way of comparison, from 1950 to 1976, Greeks working abroad remitted an average $650 million per year in various ways. Almost all of the funds, however, went to finance the building and purchase of property. These earnings from abroad, while indicative of an unhealthy dependence on invisible earnings, enabled the country to attain a level of consumption and an artificially high standard of living that is not commensurate with its productive capacity.

Generally speaking, the Greek economy has not been short of capital over the last 20 years. However, it has been calculated that from 1961 to 1973, only 36 percent of domestic savings was channeled into the manufacturing sector. Over the same period, investment in manufacturing accounted for only 2.6 percent of gross national product (GNP), compared with the 9 percent invested in construction. From 1950 to 1970, investment in manufacturing rose by a factor of 3.2. Over the same period investment in tourism rose by six and investment in general fourfold.

Greece will add to the Community's wine production. © Ronny Jaques, Photo Researchers

Agricultural production has risen over the past 20 years—a street market in Athens. © Carlos Jimenez, Uniphoto

The lack of fixed capital formation in industry underlies the structural problems Greece faces today: an inadequately trained labor force, the high social cost of emigration, slow development of local technology, a serious trade imbalance, and dependence on invisible earnings (migrant workers, navy, tourism).

In spite of structural weaknesses, Greek industry has made progress. Manufacturing which accounted for 14.2 percent of GNP in 1962 had a 20.8 percent share in 1978. Industry as a whole rose from 25.4 percent of GNP in 1962 to 32.1 percent in 1978. The number of people employed in manufacturing rose from 456,000 in 1961 to 625,000 in

BASIC STATISTICS

	Greece	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Netherlands	United Kingdom	EC-9	US
Area (thousands Square Kilometers)	132.0	30.5	43.1	248.6	544.0	70.3	301.3	2.6	41.2	244.1	1,525.6	9,363.1
Population (millions, 1978)	9.4	9.8	5.1	61.3	53.3	3.3	56.7	0.4	13.9	55.9	259.8	218.1
Gross domestic product* ($ billion, 1979 provisional figures at current prices and exchange rates)	37.8	112.3	64.9	758.0	569.4	15.1	321.1	4.1	150.9	398.0	2,393.8	2,353.2
Employment (percent 1979)												
Agriculture	30.8	3.2	8.3	6.2	8.8	21.0	14.8	6.1	4.8	2.6	7.6	3.6
Industry	30.0	36.7	30.2	44.9	36.3	31.9	37.7	44.7	32.7	39.9	39.9	31.3
Services	39.2	60.7	61.5	48.9	54.9	47.1	47.5	49.2	62.4	58.4	53.5	65.1

*OECD 1980
Source: EC Statistical Office

About one-third of the Greek working population is employed in the agricultural sector; shown here is an egg market on Corfu. © David Hurn, Magnum

1977. Agriculture, on the other hand, accounted for 22.3 percent of GNP in 1962 but only 14.2 percent in 1978. In 1962, 53.7 percent of the labor force was engaged in agriculture, but in 1978 the proportion was down to 28.8 percent. A very small proportion of those leaving the land was absorbed by industry.

Industrial productivity increased at an annual rate of 8.9 percent from 1962 to 1973—except for 3.7 percent in 1975 and 1.5 percent in 1976. But the rate of value added, which accounts on average for 30 percent of the value of industrial production, rose by only 1.5 percent between 1963 and 1974. Average Greek industrial productivity was only 47 percent of the Community's average productivity in 1962 and 52 percent in 1977.

The fact that almost all capital goods and technology have to be imported increases the cost of industrial production and reduces competitiveness. Cost increases are also attributable to the large number of industrial units—in 1975 over 93 percent of these units employed no more than 10 people. And the small amounts of money earmarked for scientific and technological research make it impossible for Greek industry to sell technological innovations. It has been calculated that per capita expenditure on scientific and technological research in the other EC countries is 10 times higher than in Greece, and that the rate of industrial investment is five times higher.

The advancing industrialization of Greece is reflected by changes in the proportion of capital goods and the increase in industrial exports. In 1961 industrial exports accounted for only 13.7 percent of all exports, but their share of the total in 1976 was 65.2 percent.

The agricultural sector is also plagued by structural weakness, such as the small average size and extreme fragmentation of Greek farms, the small proportion of land under irrigation, a very elderly agricultural work force, a low rate of capital formation, the weakness of the cooperative movement, and a poor marketing system. Agricultural production rose, however, from 29 percent of the national average per capita income in 1962 to over 52 percent in 1975.

The structure of agricultural production has improved only slightly. In 1960 crop production accounted for almost 68 percent of overall agricultural production, and in 1975, over 64 percent. Livestock production added up to more than 26 percent in 1960 and almost 31 percent in 1975. Fertilizer consumption increased 1.5 times over the period 1961 to 1975, and the use of tractors five times.

Workers operate olive oil presses on the island of Lesbos. © Stephanie Dinkins, Photo Researchers

978 PRODUCTION IN SELECTED PRODUCTS
housands of units)

	EC-9	Greece	US
assenger cars	10,598	—	9,176.6
ig iron (tons)	90,190	600	79,541
rude steel (tons)	132,587	936	127,170
inished rolled products (tons)	99,010	—	86,871
ood pulp (tons)	5,386	—	42,706
ewsprint, paper, board (tons)	24,094	262	53,397
lectrical energy (net gigawatt hours)	1,123,618	19,744	2,285,415
uclear energy (gigawatt hours)	115,159	—	276,403
eat, offal (carcass weight, tons)	21,656	455	25,552
luminum (tons)	2,007	143.9	4,357.9
opper (tons)	976	—	1,843.4
ead (tons)	979	22.6	773.7

978 TRANSPORTATION

aritime fleet (gross tons, thousand)	76,930	33,956	16,188
Percent of world total	18.9	8.4	4.0
Oil tankers (gross tons, thousand)	36,170	10,653	6,658
erchant Shipping (international traffic, unloaded, 1979 total, million tons)	1,054.1	24.1	568.0
ailways (net ton/kilometers, millions)	175,397	854	1,397,690*
otor vehicles in use (thousands)	87,790	1,065	143,750*

78 STANDARD OF LIVING

eath rate (per thousand)	10.8	8.8	8.8
rth rate (per thousand)	12.1	15.1	15.3
octors (per thousand)	1.86	2.20	1.68
elephones (per thousand)	385	266	770
elevision sets (per thousand)	295	127	571
ospital beds (per 100,000)	1,002	637	630
onsumption of energy (ton oil equivalent)	3,611	1,638	8,517
onsumption of steel (crude steel equivalent, kilogram per capita)	389	167	670
onsumption of grain (1977-78, kilogram per capita per year)	82	114	60
onsumption of meat (carcass weight, kilogram per capita per year)	89	68	116

77

urce: EC Statistical Office (latest figures available)

© Costa Manos , *Magnum*

The "Greekness" in Greeks

"Greece marks her children wherever they are. . . ."

FRANÇOISE ARVANITIS, *Athens-based correspondent of* La Croix

History has never been so much in vogue as today. Seeking their identity, nations vie with one another in exploring their past and discovering their roots: a quest which may be vainglorious or humble, anxious or complacent, but which never goes unrewarded; a quest whose eagerness reflects the uncertainty of our own age. A quest perhaps more arduous for the people of Greece than for any other, as, supremely rich in history, their past is eminently equivocal.

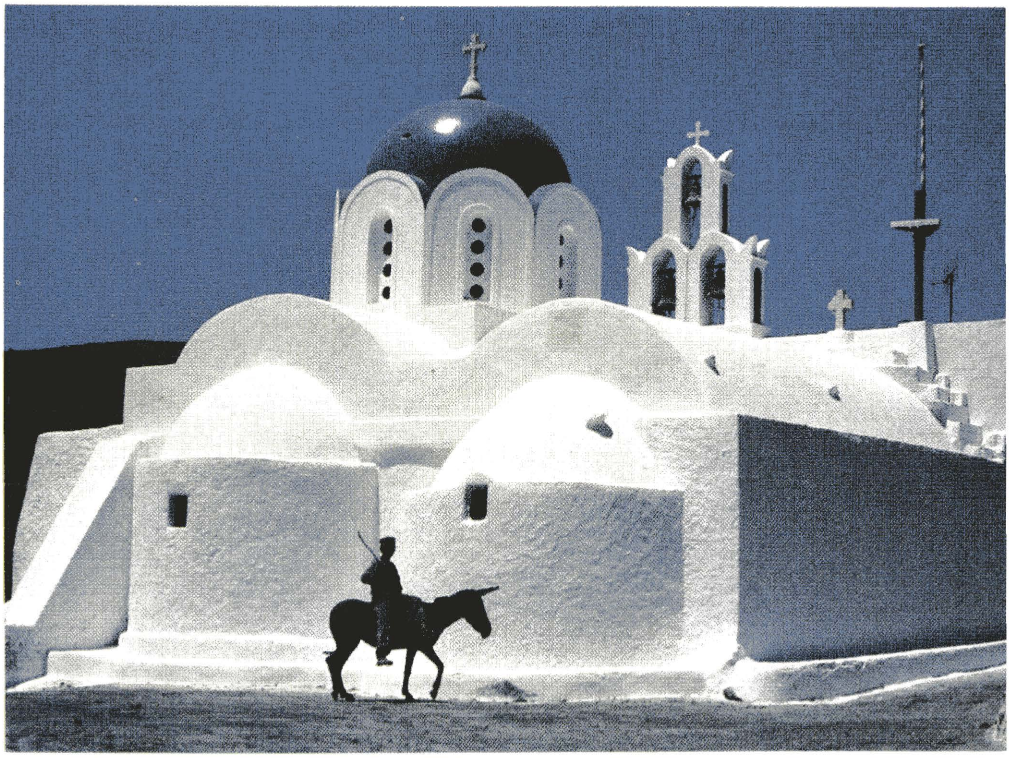
The "cradle of democracy"—as all the politicians unfailingly proclaim at the foot of the Acropolis—Greece, of all European countries, has the least first-hand experience in democracy. Gorged with homage to Plato and Aristotle—whose philosophies were always taught more knowledgeably and fervently in foreign universities—Greece every year still gives thousands of its newborn scions the sublime names of those illustrious ancestors whom she has nevertheless ignored completely for centuries. An insignificant province of a Byzantine Empire which had acquired cities more thriving than old Athens, bloodless and in decay, Greece for 400 years was reduced to a tiny precinct of the tyrannical Ottoman Empire. This interminable tribulation of history, often seen by Seventeenth and Eighteenth Century Europeans, no doubt for their own comfort, as a "punishment" for some obscure "original sin" of the Greek race, did not come to an end until 1821.

And what a glorious end! The War of Independence from start to finish was a succession of wholly admirable heroic engagements. European "Grecophiles" could rightly be proud of their "protégée," who, as they would put it, had proved herself worthy of her forefathers, the victors of Marathon. But with their odes and their paeans the Grecophiles were becoming the more or less unwitting propagandists for one of those breaches of trust that big powers commit against weak nations. From being a serf Greece was to become a vassal or, more precisely, the prey of a Western imperialism unprecedented in the history of the West. Europe had until then been acquiring colonies abroad. And with Greece here was one for the taking at home.

The mother of Europe, yes, but treated as an underage daughter, cosseted in word but exploited in deed, a liberated Greece found herself allotted a wobbly seat in the European choir—a seat particularly uncomfortable for the Greek people thus arbitrarily positioned between eulogy and censure, between blandishments and disgrace. Here, no doubt, lies the source of so many typical attitudes of contemporary Greeks, those "good and bad points" with which the passing foreigner likes to tag them in the smug tones of a knowing elder, only to find very soon that these people in the end defy any labels, precisely because deep down their history has made them contradictory.

Proud to the point of heroism, submissive to the point of poltroonery, weak-willed and yet resolute, selfish yet capable of the greatest self-denial, both guileless and treacherous—and sometimes at the same time—the Greeks are, in a word, profoundly disconcerting. Perhaps it's just one of their ways of escaping from overintrusive protection. For the big powers did not merely preside over the birth of the modern Greek nation. As early as 1831 they supplied it with a foreign king and successfully instigated factions that paraded cynically as the "Russian," "English," or "French Party." They penetrated the entire economy of this newborn yet ancient country, which enjoyed the unique advantage of being neither European, nor Balkan, nor Oriental, but all three at once, the nerve center of a composite and highly prized world, where so many destinies were to unfold.

There could therefore be no question of Greece doing her own thing unknown to her arbiters. Thus foreign intervention has since been a commonplace of the political life of the country. No wonder then that the "foreigner complex" is one of the dominant traits of Greek mentality. The mania for comparison can truly be said to permeate all classes and strata of society, the leaders not excepted, sustained by the mass media which relentlessly retail every morsel of comment on Greece that appears anywhere in the foreign press.



Greece is "supremely rich in history." A Byzantine-style church on the island of Thira is pictured here. © Steve Elmore, New York

A Greek bishop on Mikonos island talks with a villager. © Margot Granitsas, Photo Researchers

CONSTANTLY BROUGHT FACE TO FACE with their "image," Greeks have become at once more lucid and more critical, but also more anxious and more sensitive than their European brothers. True, the intellectuals can live with this. But for the man in the street this "mirror" syndrome is very muddling. So much so that it is nothing to hear him, almost in the same breath, extolling and disparaging what the poet Yiannis Ritsos called his "Greekness."

A negative attitude, irritating even. But it does something to imbue life in Greece with a dramatic intensity rarely found elsewhere, which for the visitor always turns contact with Greece and Greeks into a "love affair." And it explains why, for Greeks, poetry is *the* form of expression. For it is clearly no accident that within 15 years Greece has seen two of her poets, Georgios Seferis and Odysseas Elytis, awarded the honor of honors: the Nobel Prize.

Now that the Greeks are poised to become full Europeans, how will they respond to the challenge? It is goodbye to the era of complexes spawned by centuries of inertia and the specious and empty comparisons. Goodbye too to the sophisms and myths.

The fact is that this nation has always demonstrated a great capacity for adjustment and recovery. It has emerged from the most painful ordeals, the most unsettling crises, in startlingly good health. Ten years of war, occupation, civil war, and grinding oppression have never succeeded in breaking her spirit of enterprise. Witness the outstanding position of Greek merchant shipping in the world. Well served by her foreign experiences, Greeks, once freed of their inhibitions, show remarkable receptivity. All the more so in that the history of Greece is interlined, so to speak, with a concurrent history no less diverse and no less long. That is, the history of the Greeks of the Diaspora, those of Smyrna and Constantinople, of Alexandria and Cairo, Vienna and Trieste, Africa and Asia, who played a vital role culturally and economically in the past and who, once their country was delivered from the Turkish yoke, came back to form that enlightened cosmopolitan middle class that Greece had lacked.

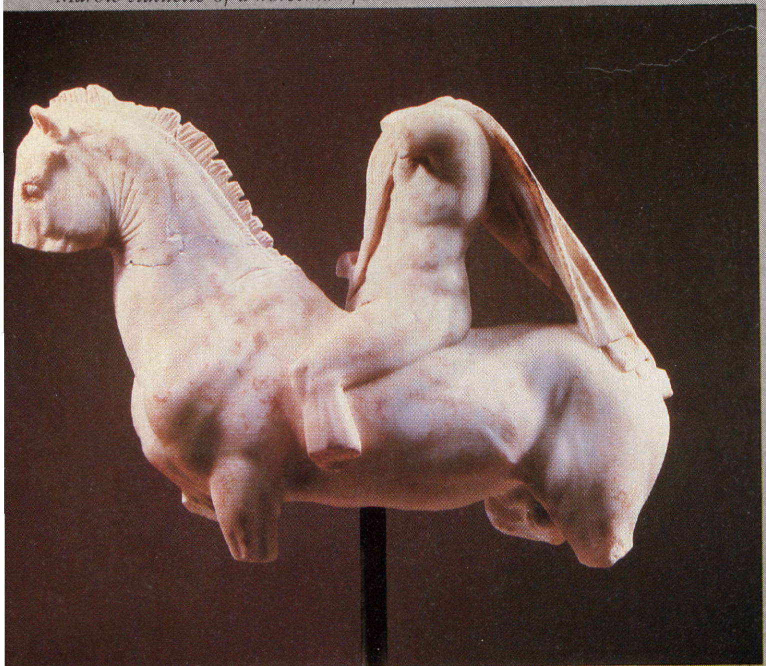
In our own time it is the Greeks of America, Canada, or Australia whose "lobbies" endeavor to play a moderating role for the never forgotten homeland. For Greece marks her children wherever they are, as we read in Seferis's famous lines. And indeed she marks them, less poetically but perhaps more deeply, on the native soil.

ALEXANDER

Miniature ivory portrait of Philip II, father of Alexander, from the Royal Tomb at Vergina. photos courtesy of the National Gallery of Art, Washington

Marble portrait of Alexander the Great, late Hellenistic period; a stray find from the Yanitsa area.

Marble statuette of a horseman found at Pella.



"THE SEARCH FOR ALEXANDER" OPENED LAST JULY at the Archaeological Museum of Thessaloniki in Greece where the exhibition was first assembled. It is a collection of 175 art objects from Third and Fourth Century Greece, including metalwork, sculpture, jewelry, and terracotta sculpture from Macedonia. The exhibition is organized to lead the viewer in a search for Alexander the Great backward in time through the artistic imagery of his fame and the Macedonian art of his era.

From Greece the exhibition traveled to the National Gallery in Washington last November. About 100 of the pieces from Greek museums had never been outside the country before. Among the highlights of the show are gold and silver objects, including a wreath of oak leaves, a gilded silver diadem, armor, a gold chest, and vessels from the royal tomb of Vergina; small ivory portraits of Alexander and his father Philip II; and a large bronze krater (a vessel used for mixing wine and water) from Derveni, in northern Greece. The collection was assembled from Greek, European, and American private and public collections.

Greece received an international award, presented in Brussels a year ago, from the European Committee on Museums for an exhibition on treasures from ancient Macedonia. This exhibition, organized by the director of the Archaeological Museum of Thessaloniki, Katerina Rhomiopoulou, in 1978, is included in "The Search for Alexander."

Archaeological excavations at Vergina, a small township in Macedonia in northern Greece, started in 1861. The latest phase of excavation begun there in the summer of 1977 resulted in the discovery of what is believed to be the tomb of King Philip II, Alexander's father. Philip II, born in 382 BC, became King of Macedonia and gained control of all Greece. He was preparing to wage war against the Persian Empire when he was assassinated in 336 BC. Philip was one of the greatest military leaders of antiquity. A notable achievement was his reorganization of the Macedonian army which became the most efficient instrument of warfare of its time.

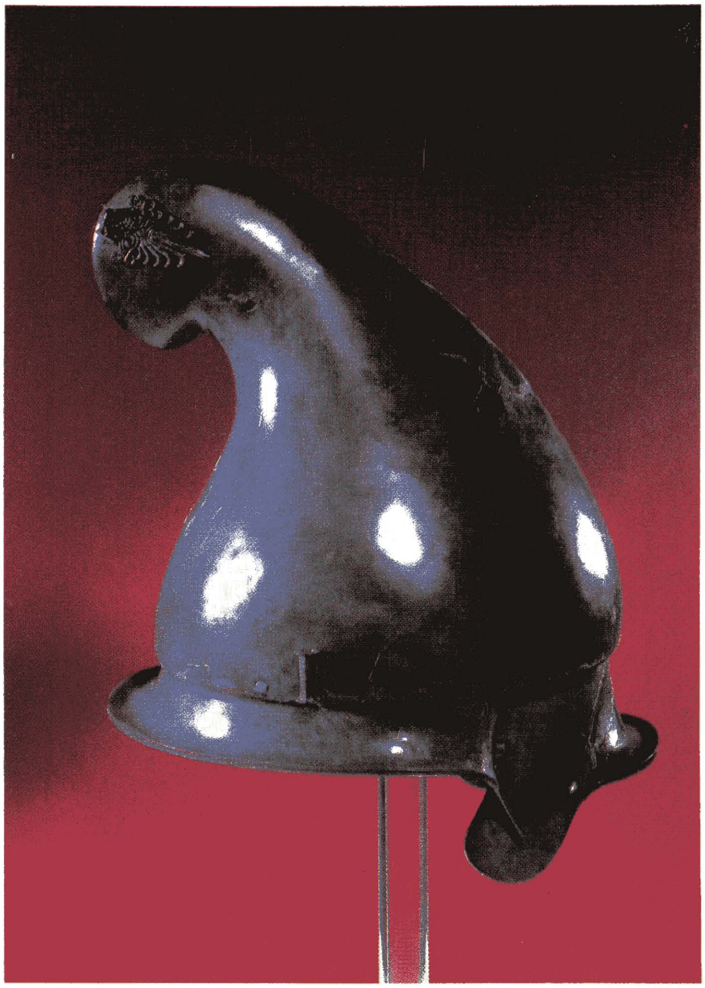
Alexander was born in Pella to Philip II and Queen

A Gold wreath with oak leaves and acorns in natural size from Vergina.

Detail of bronze krater from Derveni.

Bronze krater found at Derveni.

Terra-cotta statuette of Aphrodite from a grave at Veroia.
© Greek Ministry of Culture and Sciences



A bronze helmet found at Vitsa, Epiros.

A gilded silver gorytus (bow and arrow case) from the Antechamber of the Royal Tomb at Vergina.

Olympias in 356 BC. He succeeded his father as King of Macedonia, and at about the age of 20, led his first campaign against his northern neighbors, then against Persia. Alexander pushed south into Egypt and as far east as India. Eventually his famous conquests changed the face of the world.

But Alexander's cultural influence was even greater. Wherever he went, he took the fundamentals of Greek civilization and culture to a world that eventually became known as "Hellenistic." From his tutor Aristotle, Alexander was inspired with a love of art, science, and philosophy. Greek became the international language of commerce and culture. It was through Hellenistic civilization that Christianity eventually spread throughout the Western World.

"The Search for Alexander" will be at the National Gallery in Washington through April 5 when it will begin a cross-country tour of US museums: the Art Institute of Chicago (May 16-September 7), the Museum of Fine Arts in Boston (October 23-January 10, 1982), the Fine Arts Museum of San Francisco (February 19-May 16, 1982), and the Metropolitan Museum of Art in New York during the fall-winter season of 1982-83.

A New Frontier?

Greek movies, television, and music

MARGO HAMMOND, *a Washington journalist who is a former Rome correspondent for* Variety

Last fall Theodoros Angelopoulos was awarded the Golden Lion for emerging cinema at the prestigious Venice Film Festival. The Greek director, who received the award for his ambitious 3-hour and 50-minute-long film entitled "Alexander the Great," is a leader of the new Greek cinema. His "Traveling Players" was hailed a masterpiece, and he had already received acclaim at smaller festivals in France and Japan. The Venice prize, however, was his first major award at an important competitive international festival.

Angelopoulos' triumph in Venice, on the eve of Greece's entry into the European Community, was not only a Greek victory. It could appropriately be termed a European success as well. Although its author, director, technical, and artistic cast were entirely Greek, Angelopoulos' "Alexander the Great" would never have been produced if it had not received crucial financial support from two important European sources: RAI Rete 2, the second channel of the Italian state-owned television and ZDF, the second channel of public television in Germany.

Earlier, Angelopoulos had been turned down on a request for Greek funding for his film. Then a few months later the Greek Ministries of Presidency and Civilization and the National Bank of Greece announced a $3 million loan to British television producers for a feature film in Greece entitled "Alexander the Great."

Actress Melina Mercouri, for many throughout the world, personifies the continuation of the Greek dramatic tradition. © Stern, Black Star

Financing has been a constant struggle for Greek filmmakers, the directors point out. European aid, such as that given Angelopoulos by the two European television stations, can be an important step toward filling the gap—although the final responsibility for support must lie with Greece itself. This was not the first time European institutions had played a role in the world of Greek entertainment. Cooperation between Greece and EC nations—notably in the television and music industries—has increased and is expected to continue as Greece strengthens its economic ties with Europe.

GREEK TELEVISION, introduced into the country in 1966, has not only made it a conscious policy to air more European products, but has stepped up its exports to European stations as well.

When the Greek Colonels took over in the coup of 1967, the new regime immediately saw the usefulness of the infant television industry. Television during the seven-year dictatorship was dominated by old American series, commercial Greek films, and government propaganda. Locally produced programs were mediocre and few and far between.

After the fall of the Colonels in 1974, the new Government was saddled with a television network that had no rational structure and no specialized personnel. Although the fascination of the "magic box" had kept the Greek public away from the box office, top people from the film world turned away from television because of the heavy censorship and low technical standards. Big names in film—Michael Cacoyannis, Nicos Koundouros—never came to television.

In addition to inheriting an unwieldly structure, the new Government also faced an increasingly dissatisfied television audience. The country's two stations—the government-owned ERT and the army-run YENED—were forced to upgrade their own productions and become more selective in their programming. "It has already happened in other countries," an ERT official says. "Since television came late to Greece, it has just taken us a bit longer."

Sotirios Vavaroutsos, the army commander who heads YENED agrees: "People are asking for something better. They want better quality not only in the picture and scenario, but also in the message. Historical documentaries are becoming more popular as well as films on the life, customs, and traditions of different parts of the country. There is more demand for classical music and ballet and more and more interest in opera."

But quality, of course, often depends on healthy financing. And even after the demise of the Colonels, Greek television is still severely restricted by a lack of funds. YENED, which began as a military radio station in the Fifties and gradually mushroomed into a national television and radio network, relies entirely on advertising for its financing. ERT, a public corporation, also relies on advertising, but it has another unique source of income. The government station is given a percentage of each Greek household's electric bill (whether or not there is a television set in the house). As electric consumption increases or decreases in the country, ERT's revenue fluctuates.

With such precarious and unpredictable budgets, both stations have understandably continued to rely on foreign programming to fill up the bulk of their air time. The majority of these foreign products still come from the United States, but Britain and other European countries are increasing their share. And, in the case of ERT, the European products are openly preferred.

"Now that we are in the European Community, we prefer European shows," admits an ERT official. "It is better, at any rate, for our people to have an idea about all countries and not just the United States."

Co-productions have also been seen as a means to beat cost. ERT participated in an immigrant variety show sponsored by Dutch television pooling talent from five countries having immigrant communities in the Netherlands: Greece, Portugal, Spain, Turkey, and Yugoslavia. The station has also done co-productions with Sweden aimed at the Greek minority in that country.

Co-productions with a larger market in mind have been made with France's Antenne 2 (a color special on the image of modern Greece), Polish television (five ancient Greek dramas and comedies staged in the ruins of the Epidauros theater), and the British Broadcasting Corporation (on the tomb of Vergina, believed to be the grave of Philip of Macedonia).

The introduction of color television in 1978 in Greece greatly enhanced the opportunities for co-productions as well as increased the popularity of locally produced Greek programs on the European market. First experimenting with both the German PAL and the French SECAM color systems, Greece recently opted for the latter. "Given the close friendship between the Greek President [Konstantinos Karamanlis] and the French President [Valéry Giscard d'Estaing]," comments a television official, "the choice came as no surprise."

Olga Karlatos photographed in a scene from "Idlers of the Fertile Valley" directed by Nicos Panyotopoulos, to be shown at the European film festival in Washington (see page 34). courtesy American Film Institute

EUROPEAN INFLUENCE has become even more marked in the Greek music industry, both in increased trade and in the music itself. Although the Oriental-sounding bouzouki music popularized in the late Fifties and early Sixties by Greek composers Manos Hadzidakis and Mikis Theodorakis—with such titles as "Never on Sunday" and "Zorba the Greek"—has always been popular with the Greeks, Greek singers are introducing what the Greeks call a "European sound" in their music.

One of the most popular Greek singers, Dyonyssis Savopoulos, has often been compared to Bob Dylan. But he actually is more in the tradition of the French *chanteurs engagés* or the Italian *musica alternativa* represented by Francesco de Gregori and Lucio Dalla. His satirical and ironic lyrics and his poetic ambiguity is more in keeping with the complex society that has emerged since the end of the dictatorship than the more heroic and blatantly political music of Theodorakis.

Savopoulos, however, is less exportable than the more melodic pop singers who have often achieved greater success outside Greece than at home. "Greece is one of the few countries that has been making music for Europe," says Yannis Petridis, head of the international division of the European-based music company Polygram in Athens. "Just look at the European success of Demis Roussos, Nana Mouskouri, Vangelis Papathanassiou, and Viki Leandros." "Many Greek artists are exportable and now many more are seeking to enter the international market."

"The fact that Greece is in the European Community will make it easier for singers to come on concert tours [there have been some restrictions due to exchange controls], and that can only help record sales. Also we are hoping it will be easier to bring foreign records into the country," says Petridis. The tariff for imported albums now accounts for at least one-half of the retail price, sometimes more. There is also a 25 percent profit limit on foreign imports.

While most involved in Greece's entertainment industry welcome increased cooperation with Europe, some fear that a flood of European cultural products—television shows, records, and films—will crush the struggling domestic industries that have traditionally been plagued by a relatively small local market and limited foreign appeal.

"Where is the progress if we simply substitute American cultural imperialism with a European one?" asks a Greek critic of Greece's entry into the Community.

The film industry is especially vulnerable because of the enormous costs involved in cinema production. While in the Fifties and Sixties Greeks were churning out 130 films a year, mostly cheap farces and melodramas, by the Seventies and early Eighties film production had dropped to nearly zero. Television was blamed as the culprit, but the rising costs of filmmaking had also taken a toll.

Despite the difficulties, however, a new group of directors—dubbed the leaders of the New Greek Cinema—emerged. Angelopoulos, Pantelis Voulgaris, Nicos Panayotopoulos, Alexis Damianos, Roviros Manthoulis, George Stamboulopoulos, and others began to produce films, often on shoestring budgets, that drew their strength from the social and political realities of modern Greece. But apart from some recognition at small film festivals and limited distribution in ciné clubs, films such as "Days of '36" (Angelopoulos), "Venizelos" (Voulgaris), "The Lazy Men of the Fertile Valley" (Panayotopoulos) have had limited commercial success.

"Government aid, now almost entirely lacking could help create new producers," Voulgaris said during the filming of "Venizelos." "They need financial incentives and tax exemptions. The Greek Film Center should participate on a much larger scale in covering a substantial part of the budget as co-producer, and some form of cooperation with Greek television is needed to reverse a situation now separating the two media. And the Greek Government should lend a hand in promoting Greek films abroad."

AN AGENDA OF TROUBLE?

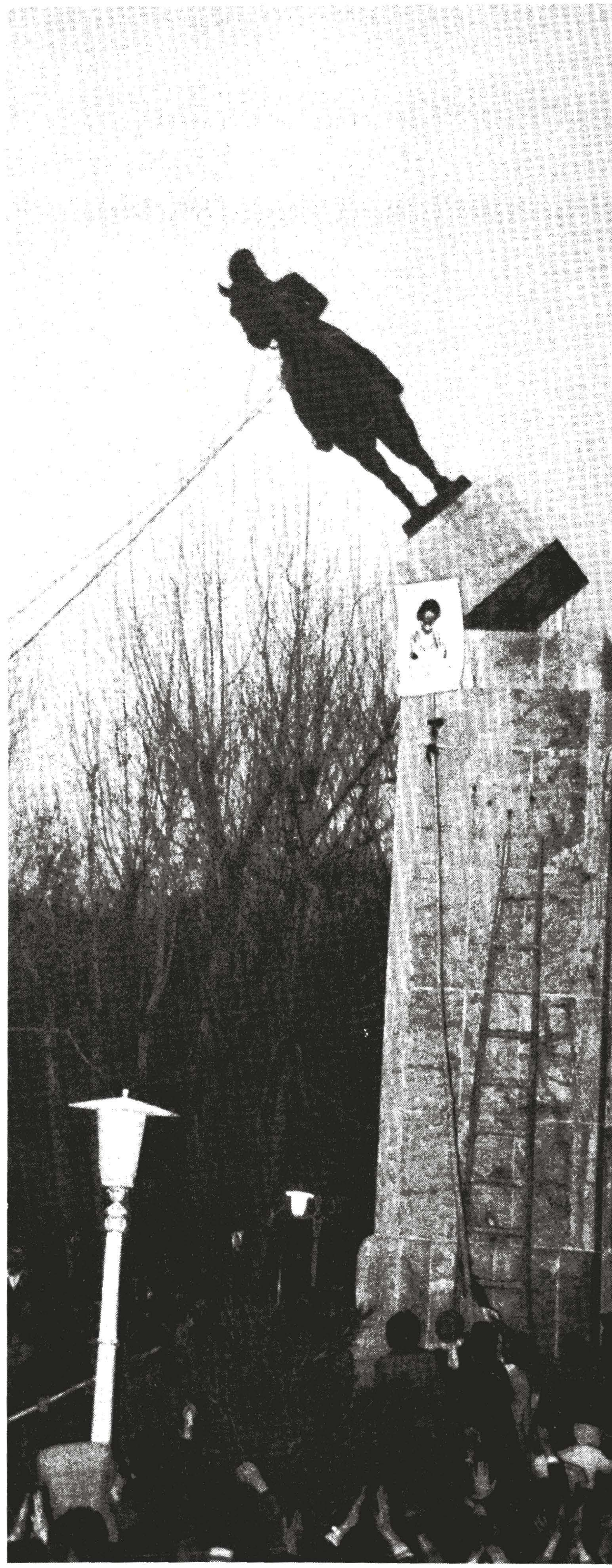
New tests await the alliance

ROBERT E. HUNTER, *former staff member of the National Security Council with responsibility for West European affairs (1977-79) and Middle East affairs (1979-81)*

WILL JANUARY TWENTIETH INAUGURATE MORE POSITIVE trends in US-European relations and usher in a new spirit of comity and cooperation? Or will there simply be "more of the same"—or worse? It is no secret that there were deep misgivings in Western Europe about the Carter Administration, centering in (but not limited to) Germany. Supposed personality conflicts and differences filled the headlines or were whispered in the by-ways of power. The Administration was regularly accused of indecisiveness or incoherence. And lack of US leadership was a frequent cry—even when, as in the period following the Soviet invasion of Afghanistan, American officials could be forgiven for talking about a lack of European "followership."

Yet from this observer's viewpoint the past four years—a short way from the Oval Office—the cacophony of criticism, while occasionally merited, missed the point and obscured the deeper and enduring significance of what has been happening. To call the past few years a new era in US-European relations would be to drag out a cliché that has been repeated every four years or so almost since the founding of the Atlantic alliance. But this time, it seems, the shifts and changes are real—and potentially ominous unless central problems are seen clearly and reacted to intelligently. Indeed, is it too much to argue that the most difficult problems for US foreign policy in the years ahead will center on the relationship with Western Europe? I don't think so.

The basic fact of the past few years is the shift of relative power in the world. Militarily, the United States continues to be most powerful; but relatively the Soviet Union is now a serious competitor as it never was before. Even the significant increases in US defense spending begun by former President Jimmy Carter—and likely to be continued under President Ronald Reagan—will not decisively change that development, although the United States might make some relative gains. Economically,



The Iranian revolution has changed the complexion of East-West relations. Here, a crowd in Teheran topples a statue of Reza I, father of the Shah, in January 1979. © Michel Setboun, Sipa Press

European pressure on the United States to resolve the Arab-Israeli conflict is likely to grow. Then-Luxembourg Foreign Minister Gaston Thorn is pictured with PLO *Foreign Minister Farouk Kaddoumi during a UN General Assembly special session on Palestine last July.* © UPI

too, the United States remains most powerful, but again relatively has less sway and margin for maneuver—in this case because of gains in Europe, Japan, the Organization of Petroleum Exporting Countries, and even the Association of South East Asian Nations and other East Asian states. Meanwhile, roiling undercurrents in the developing world—from the Persian Gulf to southern Africa and the Caribbean—present new problems and challenges in which traditional forms of power may be insufficient even where they are necessary, and in some cases may simply be irrelevant.

For the United States, therefore, rebuilding its military and economic power, however necessary, will not restore its lost position of preeminence; unilateral assertions of leadership can only work in limited circumstances; and calls for "coherence" in US foreign policy will not impose order on the world or reduce its messy and sometimes truly unmanageable character. Nevertheless, US interests will remain deeply engaged in far-flung parts of the globe: There can be no stepping back.

Ironically, classical problems of Atlantic relations were in the main handled unusually well by both the Carter Administration and its European partners. The North Atlantic Treaty Organization's (NATO)military arm took its first great leap forward in many years with the Long-term Defense Program, the commitment to 3 percent annual real growth in defense spending, and decisions taken (with difficulty, but taken, nonetheless) to modernize theater nuclear forces (TNF). The neutron bomb (where there is blame enough to go around) grabbed the headlines; the far more important success in managing the TNF question went largely unnoticed among those who take the temperature of alliance relations. Indeed, this success may explain why the 1980 "crisis of confidence" over Iran and Afghanistan was the first in NATO's history that did not include questioning about the US nuclear commitment to the Continent.

Politically, the Carter Administration was the first to bless—in deed as well as word—the European Community's fledgling political cooperation, when in early 1977 it ceased carping at every effort to move beyond the compass of allied conformity—in this case on the Arab-Israeli peace process. The United States was also tolerant of European experimenting on monetary relations, the alliance's strategic doctrine, and (after swallowing hard) even on independent forays to talk with President Brezhnev about Afghanistan—though Washington drew the line on European initiatives to mediate that conflict toward less than a good outcome for the West. Furthermore, the old chestnut of alliance relations—"consultations"—was done virtually to the exhaustion of jet-lagged diplomats, yet without mitigating the underlying problems.

For most of the last four years, therefore, it was significant that the difficulties and disagreements across the Atlantic were rarely about the classical stuff of the alliance, but rather about what was happening outside of the European-Atlantic theater itself. And thus is set the agenda of trouble for the future—an agenda that speaks more of European than of American problems in coping with a difficult world, but where consequences will be shared in common.

One area of difficulty does impact directly on the European-Atlantic theater—namely, defense. Despite the real successes of the Carter Administration in strengthening the Atlantic military relationship, there is clear trouble ahead. With its renewed emphasis on meeting the Soviet military buildup, the United States has embarked on major military improvements of its own; and it will be severely disappointed if its allies now seriously and regularly default on the 3 percent spending commitment. This does not mean that another Mansfield Amendment is around the corner: That was, after all, a product of the era in which détente flourished. But it does mean that a Reagan Administration committed to continuing the US arms buildup—and concerned to be able to move US forces from Germany to the Persian Gulf in a crisis—will press the allies hard for a serious response of their own. However well-mannered, the ensuing debate will color many other aspects of the Atlantic relationship.

ARGUMENT WILL LIKELY NEVER END ABOUT the merits of the Carter Administration's policies toward the Soviet Union. What can be seen clearly is that there is a growing fissure in respective views of the proper means of conducting relations with Moscow. At its most sterile, this debate has been about whether détente in Europe benefits all the allies, the United States included—a point actually uncontested in Washington. The issue is a matter of degrees and methods—and sometimes of analysis where

"[Afghanistan] has given the Soviet Union a new potential to challenge interests of vital concern to all the allies. . . ." Here, rebels pose on a Soviet helicopter downed in Afghanistan in March 1979. © Wildenberg, Sipa Press

interests are seen in common. For example, the Carter Administration took a strong position on human rights at the 1977 Belgrade Review Conference on Security and Cooperation in Europe, and marveled at what it believed was a European turnabout since Helsinki. In this case, European fears proved to be less well-founded than had been thought, and at Madrid there has been greater unity in the allied stance.

On more central issues—in addition to the size of allied defense increases—some areas are still problematic, and the likelihood of conflict across the Atlantic over East-West relations will depend on decisions yet to be made (the Soviet Union may also help close the Atlantic breach, at least for a time, if it invades Poland). Most important, it is not clear whether the Reagan Administration will seek revisions to the SALT II treaty that go beyond what Europeans feel appropriate to managing successfully the overall relationship with the Soviet Union.

Certainly, allied trepidation will increase if any revisions to the process call into question the recently begun talks on TNF arms control in Europe, since these are an essential element of the bargain struck on deployment of allied systems. But, in general, the allies have had two years to prepare themselves for a SALT process that is less lively and auspicious than before—although there will still be problems ahead in the alliance if the process were to lose its way because of decisions taken in Washington.

More difficult to grapple with are differences in US and West European interests regarding economic relations with the Soviet Union. There is far less enthusiasm in the United States than a few years ago for the politically beneficial side effects of entangling the Soviet Union economically with the West, while European commercial interests are reinforcing trends to forge these ties with Moscow, even in sensitive areas like energy dependence. This difference in view has been compounded since the Soviet invasion of Afghanistan and US efforts to gain coordinated economic sanctions. Yet even were the Soviet Union to withdraw from Afghanistan—or the United States to rescind the sanctions without a change in Soviet behavior—the potential for allied misunderstanding will continue.

Of course, Afghanistan has had a deeper meaning, in terms of the locus and interconnections of East-West relations. So long as competition with the Soviet Union was centered mainly in Europe and engaged the alliance as a whole—while the United States "held the ring" elsewhere (whether or not the allies shared the American strategic vision, as in Vietnam)—managing *détente* within the alliance was a relatively straightforward affair. Afghanistan has changed that. Whether the Soviet Union invaded for "offensive" or "defensive" reasons—another debate likely to persist—the invasion was in fact a departure from past practice; in fact it has given the Soviet Union a new potential to challenge interests of vital concern to *all* the allies; and in fact the United States needs help in dealing with the situation.

What happened in Afghanistan makes it clear that the European allies can no longer ignore, in relative safety, Soviet actions in regions beyond the area formally defined in the North Atlantic Treaty; and they cannot discount the seriousness of tensions with the United States if they attempt to do so.

EVEN WITHOUT SOVIET INFLUENCE, the Iranian revolution (and general uncertainties in the Gulf countries about their futures), would have provided enough for the allies to worry about. In response, the United States has clearly embarked on a new, long-range commitment to the security of the Gulf region: one that would have been unthinkable during the Vietnam era, a time when the United States also worried about the flow of Persian Gulf oil because of its allies' dependence rather than its own. With equal clarity, the United States both cannot and will not do alone all that is required to secure Western interests. Thus the Carter Administration spoke of a "division of labor" among the various allies, and the Reagan Administration will surely persist in doing so.

This issue will cut many ways. It will involve money, whether for European defense increases (to be used directly or to release US forces for Gulf contingencies), or for aiding countries on the strategic periphery of the Middle East like Egypt and Turkey—where, in the latter case, Germany made a useful start in exercising leadership in 1980. It will involve some projection of military power—even if "over the horizon"—on the part of countries like Britain and France that have it to spare and some sense of the local scene. And it will involve US efforts to make some rational sense out of the way in which allied power is deployed—as well as discussed in the North Atlantic Council, an effort which will step upon some cherished toes.

In addition, some of the allies—most notably Britain—could add an element of politics, given both former involvements in the region and high stakes in complementing military responses to regional threats and instabilities with subtle diplomatic approaches and concepts. As in the United States, in Western Europe memories of the ill-fated Baghdad Pact provide both a warning and an incentive to join in the development and execution of a security framework for Southwest Asia that takes account of local susceptibilities and sensitivities.

To be sure, with the US demand for shared European responsibility in dealing with problems in the Gulf must come a measure of shared leadership, or at least some means for the allies (singly or in a group) to understand in a coordinated way what they wish to do and refrain from doing. In itself, this will be a challenge to allied unity—and to established ways of doing allied business—

The future of NATO *troops in Europe may depend on the Europeans' commitment to defense spending—a soldier on* NATO *maneuvers in Europe.* © Herman Kokojan, Black Star

that will take considerable doing to do well. And there will be further complications, which so far have been primarily of concern to the United States, but which must now be faced seriously by West Europeans: the potential implications, for example, of France's and Italy's selling nuclear reactors to Iraq; or of various allies on both sides of the Atlantic scrambling competitively for lucrative Middle East arms sales, without coordination or a shared sense of the possible implications for broader regional security.

Nor can the allies coordinate on the security of the Persian Gulf without taking seriously the implications for the Arab-Israeli conflict. Under the Carter Administration, it proved possible to manage successfully both the peace process—while protecting Israel's security—and intensified relations with several Gulf countries, most notably Saudi Arabia. For the allies' part, meanwhile, there was no responsibility for understanding and reconciling obvious dilemmas—a fact that, by 1980, caused American tolerance for EC political cooperation on the Arab-Israeli conflict to wear quite thin. Yet here too is real potential for growing differences across the Atlantic. As the effort to forge a security framework for the Gulf gains momentum and European involvement, so is European pressure on the United States to resolve the Arab-Israeli conflict likely to grow apace, along with further European initiatives. These are likely to be seen in the United States as more mischievous than helpful, however, since no European state is prepared to pay the real coin of entry into the peace process: namely, good relations with both Israel and its Arab neighbors—which in practice means a defense-supply relationship with Israel, and not just diplomatic activity.

The alliance, it is said every four years, is strong. And in real respects that continues to be true, today: The real achievements of all the allies during the Carter Administration were drowned out by preoccupation with new uncertainties about the nature of the transatlantic bargain—uncertainties that often found expression in misplaced criticism of the United States. Yet it is also true that the compass of the alliance—or at least of interests that intimately affect both North American and Western Europe—is far broader today than ever before; and a greater potential for misunderstanding has followed in its wake.

Shared interests across the Atlantic are important enough for answers to be sought with some urgency, and the search for answers must begin with a deeper analysis of what ails us. But this is not to be found in efforts to place blame or to focus on concepts like "leadership" or "consistency." Rather, it is to be found in first understanding the shifting nature of the interests of all parties to the Atlantic compact—and then finding means to bridge or contain differences that do, in fact, exist.

(The views in this article are the author's own and do not necessarily represent US Government policy.)

"Let me guess. OK? Russia, Brezhnev. Right? Germany, Schmidt. France, Whatsisname. . .?" © Langdon, *Punch*, London

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Europe Awaits Reagan Arms Control Policy

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

Since the November election, European leaders have made clear that they will view the Reagan Administration's position on arms control as a litmus test of its intentions and capabilities. They want détente and the Strategic Arms Limitation Talks (SALT) to go forward, and they are not ready to buy into a new nuclear arms race.

Should the Soviets go along with Reagan's demand to renegotiate the SALT II treaty, European interests will go near the top of the negotiating agenda. A new SALT treaty would require a revision of the present protocol, due to expire in December 1981, limiting the range of Cruise missiles that are to be deployed in Europe. That would probably be coupled with new limits on Soviet Backfire bombers which can reach European targets.

In the view of Andrew Pierre, a European specialist at the Council on Foreign Relations, and other experts, the direction of renewed SALT negotiations or separate talks on European theater nuclear forces will determine whether the Europeans will follow through on their December 1979 agreement to station on European soil medium-range American missiles capable of hitting the Soviet Union. The Europeans agreed to the deployment on condition it be coupled with negotiations with the Soviets on controlling European-based missilery. Already Belgium and Holland have developed second thoughts about stationing the missiles in their territory, and opposition is growing in Britain. Should the SALT process collapse, one of the first results would be the unraveling of the US-European accord on missile deployment.

Other defense issues began to surface within days of Reagan's landslide victory, especially the ability and willingness of the Europeans to meet their commitment for a three percent increase in real defense spending. Both German Chancellor Helmut Schmidt and British Prime Minister Margaret Thatcher suggested their economies could not bear the increase. The Dutch, the Danes, and the Belgians never tried to meet the goal.

The impression of European backsliding, as the United States prepared to increase military spending by at least $25 billion, has already triggered some reaction among Republicans who will control the US Senate for the first time in 26 years. Senator Howard Baker (R-Tennessee), the new majority leader, was sharply critical of European governments for actions that "appeared to contain the seeds of discord." On Capitol Hill there are predictions that further disillusionment will revive Congressional demands for pulling US troops out of Europe.

The Europeans await Reagan, as they do every new US President, with a mixture of anxiety and anticipation. Once again, the US election system has provided a President about whom they know very little and who has scant experience on the Washington international stage. But optimism is an essential ingredient of every Presidential transition, and this one is no exception.

One European diplomat expressed the prevailing mood, asserting that the present difficulties between the allies were more technical than philosophical and that "we are, after all, in the same camp." He added, "The Republicans are known for taking a realistic approach. We basically need realism now."

THE NEW EC COMMISSION

The EC Commission, the 14-member executive core of the European Community, has three main responsibilities: It is the initiator of EC policy, the executive arm of the Community, and the guardian of the Community treaties.

Two Commission members are appointed from each of the large countries—France, Germany, Italy, and Britain—and the other six member states have one commissioner each. EC commissioners act independently of their national governments in the Community interest. They are appointed for a term of four years, and their sectorial responsibilities are decided among themselves at the start of the term.

Following are short biographical sketches of the new commissioners taking up their posts this month.

Frans Andriessen, 51, served as Dutch finance minister from 1977 until early in 1980 when he resigned to serve in the senate. He was a member of the lower house of parliament from 1969-77, and he was president of the Catholic Party faction for most of that time. From 1954-72 he directed the Catholic Institute for Urban and Territorial Development. Andriessen was also a member of the Utrecht Provincial Council from 1958-67.

Claude Cheysson, 60, first joined the EC Commission in 1973 as commissioner responsible for development and cooperation and EC budgetary control. In this role he was the principal EC negotiator for the first Lomé Convention. As commissioner in charge of development aid since 1977, he headed negotiations for Lomé II.

Cheysson began his "Third World" career in 1952 as a French political adviser to the Vietnamese Government. In 1954 he was appointed chief of staff to then-Prime Minister Pierre Mendès-France, and in 1955 he became technical adviser to the minister for Moroccan and Tunisian affairs. From 1957-62 Cheysson served as secretary-general of the Commission for Technical Cooperation in Africa.

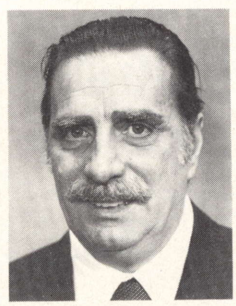
Cheysson was France's ambassador to Indonesia 1965-70.

George Kontogeorgis, 69, was appointed Greek minister for EC relations and elected a member of Greek Parliament in 1977. Over the past two years he was in charge of Greece's negotiations for EC membership.

Kontogeorgis spent the early part of his civil service career in the Greek Economic Ministry. In 1952 he was appointed as its external affairs director, and in 1964 he became director-general. Dismissed in 1967 by the military junta, Kontogeorgis returned in 1974 as secretary of the Greek Tourist Office and then was undersecretary for economic coordination and planning.

Karl-Heinz Narjes, 56, has been a member of the German Bundestag (lower house of parliament) since 1972 and was chairman of its Economic Committee from 1972-76. He first joined the European Community in 1958 as deputy chef de cabinet for then-EEC Commission President Walter Hallstein, and then was his chef de cabinet from 1963-67. In 1968 Narjes became director-general of the EC Directorate-General for Information.

From November 1969 to January 1973, Narjes was minister for economy and transport of the state of Schleswig-Holstein. He served on the boards of several organizations at the same time and was a member of the state parliament from 1971-73. He has been a member of the Christian Democratic Union since 1967.



Lorenzo Natali, 58, was for the last four years EC Commission vice president responsible for enlargement, environmental protection, nuclear safety, and relations with the European Parliament. Earlier as Italian agriculture minister, Natali was active in the EC Council of Ministers work on enlargement, agricultural structures reform policy, and regional policy implementation.

Natali spent seven consecutive terms in the Italian parliament and held several government posts, including undersecretary to the Prime Minister, undersecretary at the Ministry of Finance and the Treasury, minister for the Merchant Navy, minister for tourism, and entertainment, and minister for public works.

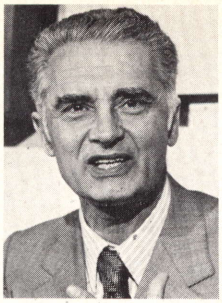
Michael O'Kennedy, 44, was finance minister for Ireland from 1979 until his recent appointment to the EC Commission. From 1977-79 he served as minister for foreign affairs, during which time he was also president of the EC Council of Ministers for one term.

O'Kennedy was elected to the Irish Senate in 1965 and served as opposition spokesman on education and justice. In 1969 he was elected to the Dail. He was parliamentary secretary to the minister for education during 1970-72. From 1970-73 he represented the Irish Government at all meetings of the Committee of Ministers of the Council of Europe and at ministerial meetings of the Organization for Economic Cooperation and Development.

O'Kennedy was chairman of the All-Party Committee on Irish Relations until 1973. After serving a short term as minister for transport and power in 1973, he was opposition spokesman on foreign affairs until becoming minister for foreign affairs in 1977.

Viscount Etienne Davignon, 48, has been EC commissioner in charge of industrial affairs for the last four years. In that capacity he played a major role during the European steel crisis, as well as in negotiations with the United States on the international steel situation. From 1974-77 he served as head of the International Energy Coordinating Committee and director of the International Energy Agency.

Davignon entered the Belgian foreign service in 1958 and joined the staff of the then-Belgian foreign minister, Paul-Henri Spaak, for whom he became chief of staff at the age of 32. In 1969 Davignon was appointed director-general for political affairs in the Belgian Foreign Ministry.



Antonio Giolitti, 65, has been EC commissioner responsible for coordination of Community funds and regional policy for the last four years. In 1974 he represented Italy at the fourth special session of the United Nations General Assemby and was also that year president of the Organization for Economic Cooperation and Development Council of Ministers. Giolitti has been three times Italian minister for the budget and economic planning.

After World War II Giolitti became a Communist member of the Constituent Assembly and served at the same time as undersecretary at the Ministry of Foreign Affairs in the first Republican Government. He was in the Chamber of Deputies from 1948-76, resigning from the Communist Party and joining the Socialist Party in 1957.

Finn Olav Gundelach, 55, has served on the EC Commission for two terms: commissioner responsible for internal market and administration of the customs union from 1972-76; vice president in charge of agriculture and fisheries from 1977-80. Gundelach began his relationship with the Community in 1967 as Danish ambassador to Brussels. In this position, he handled negotiations for the Danish entry into the Community.

Gundelach was appointed secretary of the Danish Ministry of Foreign Affairs in 1953 and permanent representative to the United Nations in Geneva in 1955. Between 1959 and 1967 Gundelach worked on the General Agreement on Tariffs and Trade negotiations as director for commercial policy (1959-67), assistant general secretary (1959), and assistant general director (1965).

Wilhelm Haferkamp, 57, is a 10-year German veteran of the EC Commission. In 1970 Haferkamp was first named vice president responsible for internal markets and legal harmonization. In 1973 his portfolio shifted to responsibility for economic and financial affairs, credit and investment, and the Statistical Office. During the last four years, he has been in charge of external relations.

Haferkamp's first Community post was an appointment to the Consultative Committee of the European Coal and Steel Community in 1967. Shortly after, he was made commissioner in charge of energy policy, the Euratom supply agency, and Euratom safeguards for the combined three communities (ECSC, EEC, and Euratom).

Haferkamp began his career in 1950 as an officer of the German Trade Union Federation of the industrialized North Rhine-Westfalia area.

François-Xavier Ortoli, 55, was EC Commission President from 1973-76. For the last four years he has been Commission vice president in charge of economic and financial affairs, credit and investment, and the Statistical Office.

Ortoli entered the French civil service in 1948 as inspector of finance. He joined the European Community in 1958 as director-general of the Commission's Internal Market Directorate and played a crucial role in the formation of the customs union. In 1962 he was appointed a member of then-Prime Minister Georges Pompidou's cabinet.

In 1966 Ortoli became manager of France's Fifth Economic Plan. Between 1967 and 1969 he held a succession of ministry posts: minister of supply and housing, 1967; minister of education and minister of economic affairs and finance, 1968; and minister of industrial and scientific development, 1969.

Ivor Richard, 48, was the British ambassador to the United Nations in New York from 1974-79, after which he returned to Britain to practice law. He has written a book on modern Britain which is to be published in the United States.

First elected to Parliament as a Labour member in 1964, where he served for 10 years, Richard was also a Council of Europe delegate from 1965-68. He worked with the Western European Union at the same time. From 1966-69 he was parliamentary private secretary to the secretary of state for defense and parliamentary undersecretary for defense from 1969-70. He was appointed Queen's Counsel in 1971.

From 1972-74, Richard was deputy opposition spokesman on foreign affairs in the House of Commons, and he served as opposition spokesman on posts and broadcasting from 1970-72.

EC Commission President

Gaston Thorn, 52, was Luxembourg foreign minister from 1979 until being appointed EC Commission President last fall. He had first entered the Luxembourg Government in 1968 as foreign minister, minister for the civil service, and minister for sport. In 1974 he became Prime Minister, heading a coalition of Liberals and Socialists.

Thorn was chairman of the EC Council of Ministers for three terms, a member of the European Parliament for 10 years, and presided over the United Nations General Assembly in 1975-76. Last fall he met with Middle East leaders, completing a mandate from the Venice European Council summit in June that called for a European peace initiative in the Arab-Israeli conflict.

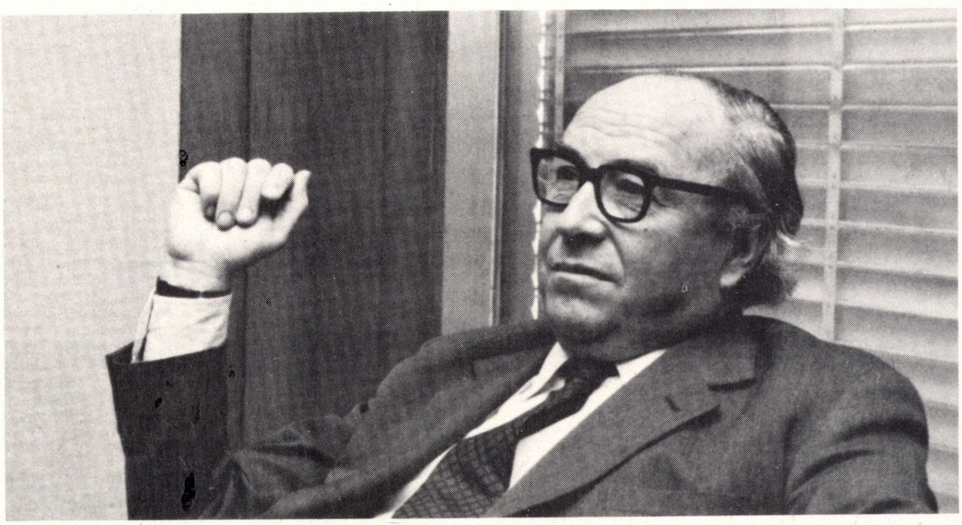
Christopher Tugendhat, 54, joined the EC Commission in 1977 as commissioner in charge of the budget, financial control and institutions, and personnel and administration. From 1960-70 he was a staff writer and energy specialist on the *Financial Times* of London. He was then elected as a Conservative member of British Parliament from 1970-77. During this time he was also associated with Sunningdale Oils and Phillips Petroleum International Ltd., as well as being a consultant to a stockbrokerage. In 1971 he received the McKinsey Foundation Book Award.

A Choice of Futures

Departing EC President calls for radical reform of the budget system

ROY JENKINS, *former president of the EC Commission*

Roy Jenkins talked about the future of the Community in a Churchill Memorial Lecture given in late November. Following are excerpts.



Former EC Commission President Roy Jenkins.

Some people have asked whether the Community has a future. Four years as President of the Commission have given me a certain view about what its future might be, or rather of the choice of futures which its members will have to make. I do not think all yet realize the nature of the choice. Nor that they will have to make it soon . . . .

We sometimes forget that the Community as such has only existed for 23 years, and that its present membership is only seven years old. Americans sometimes complain about the difficulties they have in dealing with the Community, in finding where the seats of power really are, and how its institutions really work. To them I reply that they have a constitution 204 years old. They speak a single language; and in spite of regional variations, they have a common way of life. By contrast the Community represents a coming together of nine, now ten member states, whose history goes back thousands rather than hundreds of years, with all their particularities, languages, traditions . . . .

The Community has defects which, if they are not put right, could stunt its growth and lead to dangerous maladies of the spirit as well as of the body. There are three such problems which separately or together could have this effect.

First there are increasing economic differences and divergencies within the Community. No one has ever expected consistent equality of performance or exactly the same standards of living throughout the Community. But recently the gap between the richer and the poorer countries and regions has actually widened, and the power of favored industrial areas around the geographical center of the Community has grown at the expense of the more distant parts . . . .

Second I believe it to be even regrettable and dangerous if the Community is called in aid by member governments only when something goes wrong with the older parts of industry, but is not allowed to contribute to creation for the future. The Community has a far greater involvement in such industries as steel, shipbuilding, and textiles, than in the advanced industries of the future . . . . Yet the need for a coordinated Community approach towards the new industrial base which Europe must have if it is to continue as a leader of industrial power has never been clearer. Here I speak particularly of the field of computers, information, processing, and telematics . . . .

The same goes for the field of defense procurement. At present the European members of the Atlantic alliance buy around 10 times more military equipment from the United States than the United States buys from them . . . .

Third I come to the means by which the Community raises its money and the pattern of its expenditure. This is an area where the rigidity of the bed of Procrustes caused a major internal crisis this year, and will certainly cause new crises if change does not take place.

The problem is sometimes called the British problem. This is a misnomer. It is the budgetary problem, and it affects all member states to a greater or lesser degree . . . .

Each of the three problems I have mentioned—economic divergence within the Community, the failure of the Community to adapt itself to the industrial needs of the future, and the deficiencies of the budget system—will be made more acute by the enlargement of the Community to the south to include Greece and eventually Spain and Portugal. The question is how we now proceed . . . .

The Commission is required to complete before June an "examination of the development of Community policies, without calling into question the common financial responsibility for these policies, which are financed from the Community's own resources, nor the basic principles of the common agricultural policy." In making this examination we are of course taking into account the situations and interests of all member states, and our aim is to prevent the recurrence of unacceptable situations for any of them . . . .

AS A CHOICE OF FUTURES for the Community, there are three broad possibilities with many variations within and between them. There are, first, to change the unitary character of the Community and lift the obligation from member states to participate in all its affairs at the same time and in the same fashion; second, to patch up without radically changing the present budgetary system and to maintain the present limitations upon it; and third, to embark on a more radical plan of reform designed better to accommodate and balance the interests of present and future member states . . . .

The third broad possibility is at once the most difficult and most desirable. It would conform with the mandate given to the Commission in that it would fully respect the principle of joint financial responsibility and the basic principles of the common agricultural policy. But it would involve a substantial reshaping of both our revenue system and our expenditure system.

On the revenue side we need a system of own resources which is buoyant and balanced in a way that the present one is not. This is not the occasion for setting out detailed ideas on a subject which greatly occupied members of the Community and produced much work some 10 years ago, but I think we should look again at some of the ideas which were then discarded, such as the imposition of an oil import levy (naturally to be combined with an oil production tax), and of course raising the present ceiling on the yield from value-added tax. There are many possibilities and I do not seek to prejudice the task of the future Commission by advocating any single one of them.

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As for the expenditure side, I doubt if we can achieve major reductions in the volume of agricultural expenditure. That would involve whittling away at common policies, and returning at least some of the responsibility to member states. We can certainly make savings in the interests of efficiency, and the Commission has suggested many in the last few years. I believe that our realistic objective should be to hold agricultural expenditure in real terms at something like its present level, taking account of the continuing rise in costs and of inflation generally. But if agricultural expenditure is to be held, then expenditure on nonagricultural activities should greatly increase. Here is the means by which we can on the one hand deal with the problems of economic divergence and the future European industrial base, and on the other hand establish that better balance within the budget which is indispensable if the needs and circumstances of all member states are to be respected . . . .

At the moment our expenditure is less than 1 percent of the Community's gross national product. Without going all the way with those economists who have suggested that it should rise to around 5 to 7 percent, I believe that a properly balanced Community in the sense I have sought to describe should be at least of the order of 2 to 2.5 percent of Community gross national product. I add that although the sums this would yield would be large by current standards, they would be small by those of such classic federations as the United States


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where the top tier of government takes between 20 to 25 percent of gross national product.

Such a reorganizing of the Community budget would of course transform the Community. I do not think we could take such a step at once. But I strongly believe that we should set ourselves on the budgetary path which would permit the development of a Community of this scale and function. Seen in this way I do not think that the choice of futures should be too difficult. One offers the kind of Community commensurate with the vision of our founding fathers. The others represent temporary tinkering rather than a thrust to the future.

EC-AFI Sponsor European Film Festival

Countries reveal themselves through film

PETER BRUNETTE *teaches film at George Mason University, in Virginia, and is writing a book on the films of Roberto Rossellini*

Film conceived as an art form has always been, preeminently, a European idea. Since Louis Lumière and his brother Auguste converted a Parisian café into the world's first movie theater one winter evening in 1895, European artists and intellectuals have been passionately committed to the medium. Likewise, the highest points of cinema history are European, from the German expressionism of the Twenties, through the postwar flowering of Italian neorealism, to the French New Wave of the Sixties and the New German Cinema of the Seventies.

As a festival of recent European film which opens this month at the American Film Institute (AFI) in Washington, DC, clearly shows, that commitment to film as art, perhaps as *the* quintessential art form of this century, continues in the work of the most recent crop of European directors. The festival, sponsored jointly by the AFI and the Commission of the European Communities, brings together 14 films from nine member countries (only Luxembourg has no domestic film industry). They will be shown along with several recent documentary shorts which depict the complexities of contemporary European life.

A sense of shared purpose and shared conditions pervades these films, reflecting perhaps the continuity and wholeness which the European Community has fostered in its 30 years of existence. Since most of the directors represented in the festival grew up in a Europe that has been more unified than probably any other time since the Holy Roman Empire, a feeling of "Europeanness," however difficult to define precisely, animates many of these films.

At the same time, though, national identities have not been suppressed. Indeed, while many of the themes and social problems treated are common to all of Europe, and in some cases, to the whole world, many of these films reflect the particularities of the individual societies and cultures out of which they've grown. In some instances, especially in the smaller countries, they also show traces of the conditions, financial and otherwise, that affect the final artistic product.

For example, the Netherlands, which doesn't have internationally known stars and directors at its disposal, is represented by a delightful film called "Melancholy Tales" (1974). This film is unique in that it is composed of four separate, but emotionally and thematically linked stories by four different Dutch directors. None had ever made a feature-length film before, and thus under the Dutch system of film production, were only able to receive subsidies from the Ministry of Culture to make more short films. Since these shorts are rarely seen in theaters, even in Holland, producer Matthijs van Heyningen had the enterprising idea of putting them together to make a feature length film, thus insuring distribution. The stories are naturally connected, in fact, because they are all based on short stories by Heere Heeresma, one of Holland's most popular writers.

Catherine Schell stars in "Exposure," an Irish film directed by Kieran Hickey, which shocked Ireland with its "unvarnished look at the country's confining mores."

Pictured here is a scene from the Belgian movie "Home Sweet Home" about "inmates" of a Brussels old folks' home, who revolt. photos courtesy of American Film Institute

Similarly, the entry from Denmark "Johnny Larsen" (1979), directed by Morten Arnfred, capitalizes on the financial limitations inherent in the Danish film industry to produce an intimate story about a kind and loving young man who refuses to be reduced to a cog in society's impersonal machinery. Set in the cold war Fifties, "Johnny Larsen" tells a tale of first love, of childhood friends going their separate ways, of family life and the folk wisdom of generations. When the film opened in Denmark last year, the Danish press hailed it as "the most genuine Danish film ever, and perhaps the most wonderful."

The Belgian entry, the marvelously witty and sophisticated "Home Sweet Home," which was first released in 1973, is the work of director Benoît Lamy. The title is meant to be ironic, as the film concerns the "inmates" of a Brussels old folks' home who finally decide they've had enough of its tyrannical director, revolt, and take over the building. The story is obviously indebted to films like Jean Vigo's "Zéro de Conduite" and Lindsay Anderson's "If," earlier tales of rebellion against authority. But by focusing on old people instead, it freshens up an aging genre with an infusion of new life and manages to remind us of a pressing social problem at the same time.

While the film industries of Holland, Denmark, and Belgium are modest but healthy, feature film production was nonexistent in Ireland until director Kieran Hickey came along. His first film, "Exposure" (1978), was virtually the beginning of an Irish cinema and shocked Hickey's countrymen with its unvarnished look at the country's confining mores. Set on the remote west coast of Ireland, the film throws together three Irishmen, surveyors there to map the countryside, and a young, beautiful French landscape photographer. Sexual tension and repression finally lead to violence. Hickey's second feature film, "Criminal Conversation" (1980), which was rehearsed, shot and edited in less than two months, examines the stresses that surround marriage in a country that doesn't allow divorce. Both films will be shown as part of the festival.

Among the less heavily populated nations that belong to the European Community, Greece's films are probably the best known in the rest of the world. This is partly explained by the fact that many Greek films are either overtly or covertly political, while at the same time often very advanced aesthetically. The films of Theodoros Anghelopoulos come immediately to mind in this regard: Intimately bound up in Greek politics, they nonetheless manage to link cool Brechtian analyses with ravishing photography. The festival's entry from Greece is cast from the same mold. Called "The Idlers of the Fertile Valley" (1978), directed by Nicos Panayotopoulos, it is an elaborate, yet subtle political allegory that condemns a lazy *haute bourgeoisie* which lives off the sweat of a docile working class. A rich family consisting of a father and his three sons falls into such a torpor that they literally refuse to get out of bed, even to eat. Only the beautiful young maid has any vitality at all.

Naturally, members of the European Community with more developed film industries are included in the festival as well. The United Kingdom, whose industry has been in decline since its last great burst of creativity in the Fifties—due mostly to the popularity of American blockbuster productions—has wisely begun to concentrate on more personal, intimate features that American studios have been neglecting in their search for massive profits. "A Private Enterprise" (1974), the first feature of Peter Smith, takes up the contemporary British problem of its Asian immigrants and treats it with a tone that is at once comic and sad. Salmaan Peer plays an enterprising but gauche young Asian businessman trying to make it socially and financially in a white world that he finally rejects. The other entry from Great Britain, Ken Loach's "Gamekeeper" (1980), tells the quiet but eloquent story of a man whose job it is to preserve the game birds on his master's estate for aristocrats to shoot. Upon its release earlier this year in England, critic Richard Roud hailed it as a "miracle of a film." Both of these pictures clearly manifest that relentless awareness of class structure that has long been the British cinema's *forte*.

From France come fine films that should introduce two relatively unknown directors to American audiences. The first, "Other People's Money" (1979), is directed by Christian de Chalonge and reunites those glamorous fixtures of French cinema, Jean-Louis Trintignant and Catherine Deneuve. Winner of the César (the French Oscar), this film is a polished entertainment based on a real life banking scandal. When Trintignant is unfairly fired by an old family bank to which he has devoted his life, he fights back only to discover a Kafkaesque world of corruption and evil. The other French entry, "Solemn Communion" (1976) is directed by René Ferret and traces with great warmth and intimacy the lives of two intermarried rural French families.

Ettore Scola, acclaimed in this country for "We All Loved Each Other So Much," is the director of "The Terrace" (1980), one of the two Italian entries. In the tradition of Fellini's "La Dolce Vita," and which also stars Marcello Mastroianni, it is, in Scola's words, "the portrait of a certain class of intellectuals in decline . . . a sort of chart of gossip and chitchat, of states of the soul, of depression, of complacency. . . ." The other film, "Ratataplan" (1979), is a crazy comedy starring and directed by Maurizio Nichetti, which remembers that the cinema is essentially a medium

"Johnny Larsen," hailed as "the most genuine Danish film ever," is set in the Fifties.

of images by sustaining a series of brilliant visual gags.

Germany is represented by two talented directors, Hans Geissendörfer and Margarethe von Trotta, who, while perhaps less well-known in this country than their colleagues Fassbinder, Herzog, and Wenders, are their artistic equals. Von Trotta's latest film, "Sisters, or the Balance of Happiness" (1979), a sensitive portrayal, illuminated by a feminist sensibility, of conflict between two very different women, will be screened. Geissendörfer's film, "The Glass Cell" (1978), is a magnificently photographed adaptation of a Patricia Highsmith thriller, that favorite writer of many of Germany's young directors. Here the superficially banal crime story takes on an existential resonance that makes it easy to understand why this picture won Germany's Gold Award as Best Film of 1978.

What emerges after seeing the films in this festival is the sense that European cinema is just as alive, and as various, as it has always been. One hears from time to time of the "crisis" in filmmaking that threatens to curtail drastically any personal, expressive cinematic artistry in favor of epic blockbusters full of the sound and fury of magnificent (and expensive) special effects but which perhaps ultimately signify nothing. The evidence of this festival is that accounts of the demise of the artistic film, like the accounts of the death of the novel that prevailed more than a decade ago, are decidedly premature.

The European Parliament

A future forum for defense debates?

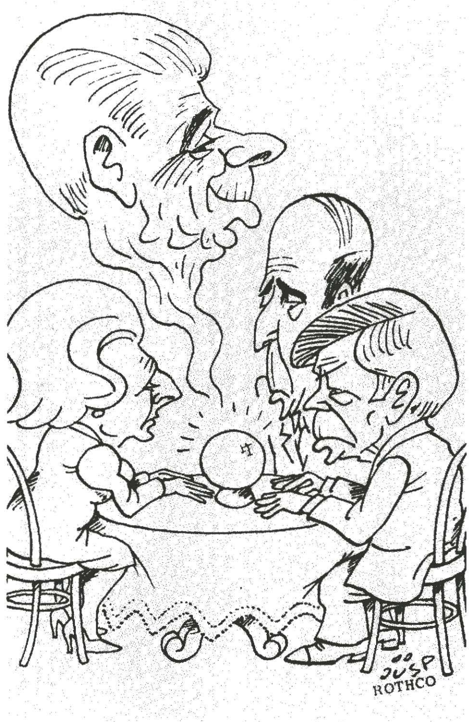
DAVID WOOD, *columnist for* The Times *of London*

If any audience of laymen in Europe were asked to name the parliamentary forum in which the defense of Western Europe is studied and unendingly discussed, it would be a safe bet that nobody would come up with the right answer: Americans need not feel politically illiterate if they do not know the answer either. It is the Assembly of Western European Union (WEU), which consists of France, the United Kingdom, the Benelux countries, Germany, and Italy. Seven countries in all, compared with 21 countries in the Council of Europe, 15 countries in the North Atlantic Treaty Organization (NATO), and 10 countries in the European Community.

Take out the WEU, and the defense and armament of Western Europe slips through the international parliamentary net, to be left to the preserve of national parliaments. So far, that is. Now a new and almost certainly controversial proposal has been launched within the Assembly of WEU: that "the WEU Assembly should extend a permanent invitation to observers from the European Parliament to take part in all its work, but without the right to vote." All the signs are that the WEU will carry the report making that recommendation, and it will then be up to the European Parliament to decide whether to accept.

There are structural as well as political problems, of course. The EC Ten do not match with the Seven of the WEU, any more than the Ten or the Seven match with the NATO Fifteen. Denmark and Ireland, for instance, are both members of the Community. Denmark belongs to NATO; Ireland, a neutral, does not. Nor does Denmark belong to WEU. Politically, the WEU report was opposed in committee only by two United Kingdom Labour members (both right wingers), although an Italian Communist contented himself merely with abstaining on the vote. Surprisingly a French Gaullist voted in favor.

The rapporteur of the WEU committee making the proposal, Kai-Uwe von Hassel, is a considerable figure in German and European politics. He has been Federal Minister for Defense, president of the Bundestag in Bonn,



"The future is not ours to see. . . ." © Jusp, *Bruckenbauer*, Switzerland

president until earlier this year of WEU in Paris, president of the Christian Democrat Party in his country, Prime Minister of Schleswig-Holstein, and much more. Moreover, he is a member of the European Parliament, and knows that his analysis and logic are shared by many members of the main groups in the Parliament except the Socialist group. British Conservatives in the European Parliament are among his supporters.

It is not easy to summarize the long von Hassel report, with its notable political and military sweep, without running a little risk of being crude where he is delicately diplomatic, or of leaving out some of the argument. The essence is that the Community cannot continue on its present course of ignoring defense and armaments—politically, economically, industrially—and that therefore the European Parliament must take the subject within its scope. Much of the point of the Community, a grouping of 260 million people potentially as strong as the United States or the Soviet Union, is that it should provide for NATO what von Hassel calls "a strong European pillar."

But let me quote him: "Cohesion, essential for meeting both political and military threats, means the alliance must rest on a strong European pillar, based on the awareness of the European members of the alliance of the interdependence of their destinies.

"Any adaptation of the alliance to a world in which threats are becoming increasingly imminent depends on the formation of the European pillar. This calls for a regrouping of the European countries, the elaboration of a common armaments policy, and close coordination of their foreign and defense policies, also covering areas outside the NATO area. The European Community is the natural framework for this regrouping. . . . WEU must be quickly adapted to the present requirements of the Atlantic alliance so that it may help to form the European pillar of the alliance."

Then von Hassel looks to the future, and by nods and becks and wreathed glances (that's the poet Milton) hints that permanent links between the European Parliament and the WEU Assembly, fashioned now, may lead to the Parliament becoming the main parliamentary forum for the consideration of Western European defense.

Doubts about the American commitment to the defense of Western Europe against threats from the East are no part of the von Hassel strategic argument, although they are subsumed in the thinking of some of his supporters. In general, the argument is that the Community, politically stable and economically strong, should provide a firm foundation on which the alliance can be built and, if need be, reinforced in emergency; and that Community institutions, starting with the European Parliament, should be intimately involved. Otherwise, how may European parliamentarians sensibly discuss the Community's economic problems, its industry, transport, energy, or even the storage of food surpluses in a vacuum of defense and foreign policy? How may there be a policy for standardization of weapons and interoperability of European forces with EC encouragement and perhaps financial support?

Von Hassel and his WEU committee have raised many large and profound questions about immediate and long-term EC strategy; and Americans should note with interest the importance he gives to enlarging the Community by bringing in first Greece and then the Iberian peninsula (with the Canaries) as a strengthening of Western defense.

around THE capitals

London

Prince Charles went fox hunting on his thirty-second birthday and led the British press a merry chase about his plans to marry. The legions from Fleet Street, baying after Britain's future King, thought he might take the occasion to announce his choice of Britain's future Queen. Like in the fairy tales that buck the norm, it was not to be—at least not yet.

Marrying off the Prince of Wales in the public prints has become a national sport each mid-November since Charles allowed in the flush of his twenties that "around 30" seemed a good time to take a wife. No words have been better remembered by the popular newspapers for whom the romances of Charles, and latterly of his younger brother Andrew, are front-page stuff.

Prince Charles is one of the world's most eligible bachelors and he leads an active social life. One London gossip columnist recently suggested the number of Charles' girlfriends could be reasonably ascertained by taking the total of his known dates and quadrupling it. He is by birth not only royal but rich. As heir to the throne he is paid nearly a quarter of a million dollars a year for his royal duties. Few would argue he does not give superb value for the taxpayers' money. His mother's loyal subjects seem nearly unanimous that one day he will be a fine king. They, too, keep asking when and with whom will he plunge into matrimony.

Prince Charles. © Boccon-Gibod, Sipa Press

That question is particularly difficult for the man himself. A brief romantic fling may be easy. But when it comes to choosing who will be his queen, Charles's options narrow severely. He will as King be the secular head of the Church of England. So unless the rules are rewritten, he cannot marry a Roman Catholic. This would eliminate Princess Marie Astrid of Luxembourg, one of the speculators' favorite among favorites until the religion factor dashed their hopes.

A future consort must also be able to cope with the rigors and restrictions of British royal life. Above all, she must be discreet and not have in her past any potential embarrassments. Former boyfriends who might tell all to the scandel-keen Sunday newspapers are a particular hazard.

And so it is that Charles has lately sent marriage hopes to a new fever pitch by wooing a 19-year-old kindergarten teacher. Blond, fetching Lady Diana Spencer has all the right credentials. She is the youngest daughter of the eighth Earl of Spencer, who is a former equerry to the Queen and her father, King George VI. The Spencers are said to have links with King Charles II. Prince Charles, by-the-by, would be King Charles III. Lady Diana is also a distant cousin of the late Sir Winston Churchill. She has known Charles since she was a child—he once dated her elder sister. She is Church of England, and she could carry out royal duties with the confidence of someone who is no stranger to the royal circles. Rather than a problem, her relatively young age is seen as an advantage in terms of any future royal offspring. As this is written, Charles and his "Lady Di" are still smilingly silent about any engagement plans.

In a birthday interview, Charles was as outspoken as his father Prince Philip about what ails the country he someday will rule. He said Britain still needs to change its outlook from that of an empire to what is "a really rather minor state in the 1980's."

One of the country's difficulties, he said, has been "adapting to new change, perhaps not quickly enough. If you take it in the strictly economic sense, our competitors have managed to change much quicker than we have." The reason, Charles believes, is "We were one of the few nations at the end of the last war that did not actually lose out, so to speak. Those who came off the worst in the war had to change the quickest." For all that, he said, the British "react so marvelously to hard times. I love this country and I want to see the British great again."

Prime Minister Margaret Thatcher must have been well pleased.

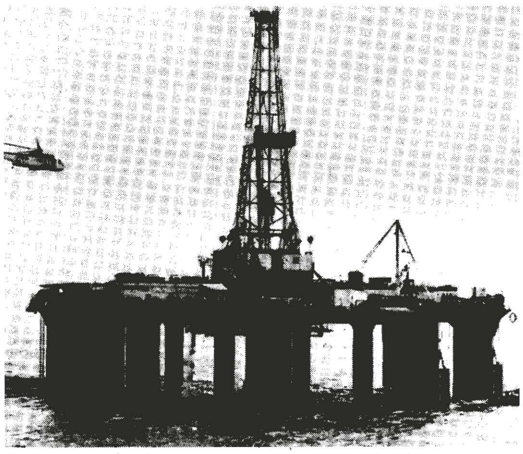
—PETER J. SHAW

Copenhagen

Though the short-term prospects of the Danish economy are still very bleak, hopes of relief in the medium and long term are now nourished by growing expectations of new oil and gas finds in the Danish sector of the North Sea. Production from the first well in Danish waters began in 1972, but the yield has been little more than symbolic. In 1979 the production was equal to only 4 percent of the Danish energy consumption.

But throughout 1980 production has been stepped up, and in 1981 the Danish Government expects to replace one-tenth of Danish energy imports by Danish oil and gas, the latter to be distributed to a large part of Denmark through a pipe system that is the largest single public investment in Denmark ever. Based on evaluations by the US consultants DeGolyer and MacNaughton of Dallas, Texas, the Danish Government also believes that at least a third of the total Danish consumption of energy will be provided by Danish production by the end of the 1980's, even excluding the possibility of major new finds.

This is of course good news for Denmark's many international creditors, but it is also the very real basis of the renegotiation of the agreement covering exploration, which was signed by the Danish Government and the Danish Underground Consortium in the 1960's, with a change in terms four years ago. The consortium includes the US oil companies Chevron and Texaco as minority shareholders, with Shell and the



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Danish shipping conglomerate AP Moller making up the rest of the group.

The Government insists on rapid retrieval of the areas that have not been explored, and demands that a pipeline must be built from the offshore fields to Denmark, but will allow the consortium to keep the small area where production and major exploration is now in progress. This more or less guarantees the consortium very large revenues—figures of more than $45 billion in total are mentioned. But the consortium, while prepared to compromise, still wants to keep as many options as possible in the North Sea.

Taxes are not yet an issue, as the balance sheet will not show profits for some years. But few observers here doubt that any Danish Government, whatever the political constellation, will accept the present corporate tax of 40 percent for more than a brief period when real profits show up. Neither the state of the Danish economy nor the precedents set by governments elsewhere will allow this.

—LEIF BECK FALLESEN

Bonn

In the national elections last October, the coalition of Social Democrats and Free Democrats that has governed Germany since 1969 was swept back into office for another four years. But the honeymoon for Chancellor Helmut Schmidt, whose dogged pursuit of better relations with Germany's eastern neighbors was one of the factors that found voter support and helped decide the election, did not last long.

Less than two weeks after the returns were in, while the Chancellor was enjoying a brief post-election rest in a hamlet along the Rhine, the Government of East Germany announced it was drastically increasing the amount of currency Western visitors would have to exchange for East German currency when they visit the country. The immediate effect of the East German decision would clearly be to sharply reduce the number of Westerners, mainly West Germans, who would be able to visit the East. Western travelers to the East must now exchange $14 per day into nonrefundable East German currency, rather than the previous amount of about $7.50.

Under the provisions of the 1972 treaty outlining relations between East and West Germany, some 8 million West Germans have visited friends and relatives in the East yearly. For many West Germans, particularly elderly people on pensions, the cost of travel to the East will now be prohibitive.

Bonn officials said the reason for the East's sudden attempt to cut off visits from the West was to be sought in Poland. East German leaders, according to these officials, evidently fear that the type of human rights activism and labor union organization efforts that have recently spread through Poland might spill over into their country. One way to insulate the country from at least some foreign influence is to boost the daily currency exchange rates. East Germany's attempt to seal itself off from Western contamination indicated a certain readiness to forfeit lucrative economic ties with West Germany.

The East Germans enjoy a trade status with Bonn on a level with that which other EC members enjoy, prompting some to call the Communist state the tenth member of the Community. Last year West Germany did about $5.5 billion worth of trade with East Germany. In addition, West Germany offers the Communist regime almost $500 million in interest-free trade credits each year and pumps the equivalent of $1.7 billion into the East German economy in payments that cover anything from highway transport use to the freeing of political prisoners. Though these economic prerequisites give Bonn some economic leverage in dealing with East Germany, it seemed unlikely that Chancellor Schmidt would use economic pressure to nudge the East Germans to reverse the currency exchange decision.

Berlin wall. © Herman Kokojan, Black Star

Though Bonn did indicate that further talks with the East would be slowed until "corrections" in the currency exchange measures were made, West German leaders shied away from any form of direct sanctions. Despite deep disappointment over the East German course of action and little likelihood of early improvement, Bonn seems willing to leave the door open to improvement of its relations with its eastern neighbors.

—JOHN TAGLIABUE

Luxembourg

The countdown has begun, and by this time next year Luxembourg should have a pretty good idea of whether it is to remain a major seat of the EC political institutions or whether it might have to settle for something less glamorous but possibly more remunerative. There is a growing sense that the latter is more probable, though by no means all Luxembourg politicians share the view.

What is clear is that following an ultimatum from European parliamentarians, the whole question of where the EC institutions should be permanently located is going to be exhaustively examined and more likely than not, finally established by next summer. At present Luxembourg runs a rather poor second to Brussels as an EC institutional center though well ahead of Strasbourg. However, in terms of the impact that the presence of the institutions, financially and politically, has on the city concerned, Luxembourg is in a class by itself. And that goes for the country as well, for with a population of less than 400,000 the Grand Duchy is smaller than countless American cities and can ill-afford to sniff at the presence of 5,000 permanent (and highly paid) employees of the EC institutions plus the monthly visits by parliamentarians, bureaucrats, journalists, lobbyists, and others.

What the members of Parliament have done is call for a decision from EC member governments by mid-June on a permanent seat for the institutions, failing which they will take action on their own. Their move coincides with a mounting French offensive to get EC ministers to agree to make Stras-

The "eyes" have it. This European parliamentarian is more intrigued by the newspaper than by the business at "hand."

bourg the permanent seat of the European Parliament—a potentially important factor in next year's French Presidential elections.

At present the Parliament sits thoughout the year in both Strasbourg and Luxembourg, both of which enjoy legal rights to host the sittings. But the secretariat is located in Luxembourg and most committee meetings are held in Brussels. So parliamentarians and staff have to shuttle between three cities and their own constituencies—often physically difficult and always very costly. Some $25 million annually, a tenth of the Parliament's entire budget, can be put down to the cost of moving people, documents, and machines from one center to another.

If the parliamentarians themselves were to decide, they would probably opt for Brussels as the single center for all EC institutions. But the decision legally rests with governments, and there is little doubt France would veto such a move. In this intriguing clash Luxembourg probably has the poorest bargaining assets—its communications and accomodations cannot match those of Brussels, and the money it can spend on wooing parliamentarians is not in the same league as that of Strasbourg where it is common to find members of Parliament given free 200-mile taxi rides courtesy of the city and their wives sent bouquets of roses on their birthdays.

The guessing here is that Luxembourg will certainly do its utmost to keep the secretariat of the Parliament—some 2,000 officials—but may in the end yield to Strasbourg the right to be the permanent seat of the assembly. It is even possible that Luxembourg might cede a token secretariat function to Strasbourg, though only given strict guarantees that this could never be increased. In exchange for this, according to unofficial but persistant rumors, France would support Luxembourg in a proposal that the EC Commission holds its weekly meetings in either Luxembourg or Strasbourg even though it is based, and all its officials work and live, in Brussels.

Such an arrangement holds clear advantages for France and Luxembourg and almost none for anyone else. It is unlikely to remain plausible for very long but it shows the kind of bargaining now starting up. In fact most informed observers believe there will have to be a single site in the end for Parliament sittings and secretariat, and the choice is realistically between Strasbourg and Brussels. Luxembourg would be paid off in guaranteed jobs for Eurocrats in the nonpolitical institutions and offices, especially on the financial side where its legal claim is watertight.

—ALAN OSBORN

Rome

Last spring the Italian publisher Garzanti offered readers a book entitled *Un paese senza (A Nation Without . . .)*, and the work has been widely read even if not a smashing best-seller. The author is Alberto Arbasino, fiftyish, long familiar to the Italian public as a brilliant film, drama, and literary critic whose artillery includes a dazzling, hip, with-it culture embedded in a firm classical background, a splendidly satirical sense of humor, and a style sometimes even annoyingly full of fireworks. On the fly leaf facing the main text are listed, in the form of a long question, 19 things that Arbasino suggests his native land lacked at the beginning of the decade.

The catalog, a staggering one, has infuriated plenty of his fellow countrymen over the last eight months, since he asks them to consider whether Italy is a nation without "memory, history, past, experience, greatness, dignity, reality, motivations, programs, projects, head, legs, knowledge, sense, awareness, concept of self, ability to look at itself, understanding of itself, and a future?" Some 350 pages later the author bids his compatriots a wistful farewell reminiscent of Jimmy Durante's famous curtain line for Mrs. Calabash—"Goodnight, Italy, wherever you are."

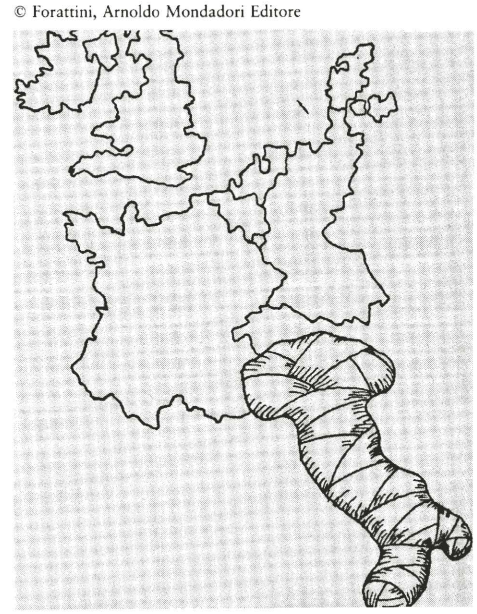
In between he has sandwiched hundreds or perhaps a thousand pithy, sardonic, and often hilarious epigrams and mini-essays ranging critically over every phase of postwar Italian life.

In an interview in *Panorama*, a weekly news magazine, a reporter asked Arbasino whether he didn't think that "the Italian tragedy"—presumably made up of violence, unemployment, inflation, government instability, inadequate education—isn't too serious a matter to be discussed in his flamboyant, metaphorical style. Arbasino quietly answered that he was amazed to find that if a writer says things that no person of good sense could possibly disagree with—supporting his statements with quotations from Manzoni and Leopardi and such antifascist theoreticians as Gaetano Salvemini, Antonio Gramsci, and Piero Gobetti—he can be accused of being bizarre, capricious, eccentric, etc.

He cited a comment by the internationally prominent semiologist Umberto Eco, who had accused him of "choosing irritation with the universe as a way of life," and another unnamed critic, who had attacked him for being in bad faith and "ungrateful toward the fatherland," and answered them by pointing out that the leading newspapers and weekly magazines in Italy make the same charges as he on virtually every page, "and often with greater violence."

Frank, public criticism of the "establishment" does not have a long history in modern Italy. For most of the 20 years that the Fascists were in power, not only was no public criticism allowed, but canned praise was regularly force-fed to the press and radio. In the heady burst of freedom that followed at the end of the war, nasty criticism of everything, including religion, had a brief heyday, but Church authorities quickly teamed up with the ruling Christian Democrat Party in clamping down. Techniques of censorship by withholding performance licenses for films and plays and advertising from recalcitrant newspapers and magazines were developed, and during the Fifties and early Sixties few writers or film-makers risked pointing out that the emperor had no clothes.

As a young journalist, Arbasino, together with Pier Paolo Pasolini and a few others, was a pioneer in developing a new criticism. They were joined later by such writers as Francesco Alberoni and Franco Fer-



rarotti, both sociologists. All of them were strongly influenced by their familiarity with French, British, and American freedom of criticism and satire. Today few sectors of government, business, society, and religion are off-limits to the vigorous potshots they take at whatever targets they may choose.

Italian political cartooning, which had never been of a high standard, got a shot in the arm through the work of Giorgio Forattini (see *Europe*, May-June 1980), who has assembled a staff of cartoonists to present a biting weekly double-page spread called "Satyricon" in the liberal Rome daily, *La Repubblica*. It succeeds in delighting and outraging broad sectors of the population.

Il Male (Evil), a weekly satirical magazine inspired by such models as *Le Canard Enchaîné* and *Charlie Hebdo* in France, pitilessly shoots down practically anyone who raises his or her head. It has been fought by essentially freelance moralists who have successfully petitioned the courts to confiscate dozens of issues. Last year it was mysteriously praised by President Jimmy Carter, much to the delight of its irreverent young staff.

Other practicing satirists include Fortebraccio, who writes a penetrating, gently satirical column six times a week in *l'Unità*, the official daily of the Italian Communist Party, aimed chiefly at other parties, with a preference for Christian Democrat ministers who nevertheless have not yet learned to think twice before coming out with vulnerable declarations. Government-sponsored television has been an inspiring target for Sergio Saviane, the merciless television critic of the liberal weekly *L'Espresso*.

One of the few things not included in Arbasino's list of what Italy is without is a robust sense of humor, and that saving grace, long dormant but now delightedly reawakened, promises well for the modern descendants of Giovanni Boccaccio and Pietro Aretino.

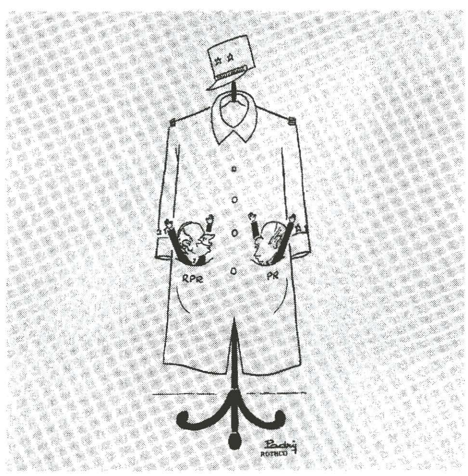
—DALE McADOO

Paris

A clown for President of France! Coluche, a popular French comedian whose lower class brand of humor as *patron* of the Café de la Gare disrespectfully lampoons French leaders and institutions, is the latest entry on the list of candidates for the Presidency. The list is already chock-a-block with choice—some 35 hopefuls in all. Most of these will not amass the 500 signatures of endorsement from notables around the country, a requirement designed to prevent not only clowns but other fringe candidates from diminishing the stately process that leads to the Elysée Palace. One attraction that legitimacy bestows is a set amount of free television time that candidates are allotted in the three weeks preceding the campaign.

Curly haired and pudgy, Coluche has a face that is the essence of shop-keeping France. His language is vulgar, laced with adjectives and verbs whose literal translation into English make them immediately unprintable. They have a different ring in French and Coluche is quoted everywhere without benefit of the asterisks that in English reflect a more puritan heritage.

"It all began as a joke," he says. What began as a joke, in less than two weeks, developed a more serious side. Coluche rapidly attracted support from a band of lawyers, journalists, professors, writers, and performing artists whose ideological leanings are best identified with anti-establishment. The blossoming candidacy clearly troubles the *classe politique,* that mélange on left and right of officials, high-level civil servants, and self-appointed keepers of the public weal that make up the French ruling elite. They wonder, in the press and at social gatherings, what will happen if such disrespect for France's highest institution gains widespread support. They make the justified point that the Coluche phenomenon is a protest against the paucity of viable choice that makes it almost certain that President Valéry Giscard d'Estaing will be reelected in the spring.



"It's really very roomy!" © Padry, *Le Hérisson*, Paris

If there was any doubt about the outcome, it was removed when Socialist Party leader and two-time presidential loser, François Mitterrand, announced that he would be his party's candidate. His move quashed the aspirations for the job of his younger rival Michel Rocard. Rocard's brand of social democracy, his refusal of any alliance with the Communists, and his spontaneity gave him a standing in the presidential election polls almost equal to Giscard. By contrast, Mitterrand trailed Giscard in those same polls by as much as 20 percent.

Coluche got the first of his 500 signatures from the mayor of a nondescript village in the southern suburbs of Paris, a perfect site for his Café de la Gare. Giscard's entourage, which initially dismissed him as insignificant, has reportedly sent word to France's powerful departmental prefects that they are to apply the pressures at their disposal to make sure other small-town mayors don't sign up. The spectacle of a clown following Giscard's television time with derisory and mocking comments is unsettling indeed.

Coluche's only problem will come if he begins to take himself seriously. His pronouncements already have acquired a pompousness that was not there at the outset. Nevertheless, he's right when he says: "I'm the only candidate who doesn't want the job." Supposing by some fluke he got it, he was asked. "I'd be a catastrophe," he replied. He's right about that, too.

—PATRICIA H. PAINTON

Brussels

Not many people get to head their country's government four times, and fewer still manage it before they reach 45. But Wilfried Martens, the Flemish Christian Democrat Prime Minister of Belgium, is among their number and clearly setting a pace that could make the record books. Even in a country where governments come and go almost as regularly as spring flowers, Martens' achievement in forming four coalitions in less than two years has raised eyebrows. But there is less agreement on whether this reveals him as a consummate political tactician—or a very poor one.

The latest Government was agreed in October, and there are reasonable grounds for expecting it to be relatively long-lived. An important factor is that it comprises only four parties rather than the more familiar half dozen, and so the scope for mischief by minorities is considerably limited. There also seems to be a growing belief among politicians here that yet another government collapse in the near future could seriously weaken public faith in the country's institutions and pave the way for chaos.

But perhaps most important of all is that the new coalition is broadly in agreement on the central problem facing Belgium at the moment—the handling of the economy. That is not to say there is complete una-

Belgian Prime Minister Wilfried Martens. courtesy Belgian Embassy

nimity of view on such matters as wage restraint, social security payments and benefits, and the level of public spending. There isn't. A rash move by Martens this winter could easily undo his patient diplomacy of recent weeks. But the extent to which the two main political groups—the Christian Democrats and the Socialists, each divided into French- and Dutch-speaking halves—have accepted a common diagnosis of the economic problems is striking.

The worst headache is unemployment, now above 11 percent and the worst in Europe. Belgium's exports—it is the world's largest per capita exporter—have been hit by the international trade recession and the overvalued level of the Belgian franc. Like Britain, Belgium was an early participant in the industrial revolution, and the two countries have in common an industrial landscape pockmarked by disused coal mines, abandoned steelworks, and closed textile mills.

The high number of jobless is both a political and a financial problem, for the fact is that the social security funds have now become dangerously depleted. Government spending is now nearly half the country's entire gross national product and the state's debt per head of population is the highest of any industrial country. The huge inflow of foreign investment that nourished Belgium for most of the postwar years has now fallen to a trickle. On the other hand, the present inflation rate of around 7 percent is remarkably low given the sophisticated "indexation" system here.

The Government's overall plan is for a "voluntary" program of pay restraint, for which the cabinet has provided a lead in accepting a 5 percent cut in salaries this year. The details of the policy have yet to be negotiated, however, and certainly some trade unions will not accept compulsory restraint. Blended with this is a package of proposals to stimulate the construction industry through tax perks and flat subsidies for smaller businesses.

But the area where most blood may be spilled is in the urgent reform of the social security system. Here there is a clear-cut opposition of views with the Christian Democrats (and the main opposition party, the Liberals) favoring cuts in payments and the Socialists insisting on increased contributions from employers. Similar differences abound in the coalition partners' attitude toward the general level of public spending.

Why should anyone be optimistic then? The answer seems to lie in the belief that, after years of being eclipsed by the even more intractable "language problem," the economy is now about to get its proper share of politicians' attention. That is not to say a magic cure will be found. But the sense of new determination to seek one is impressive.

—ALAN OSBORN

CONTRIBUTORS

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

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

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

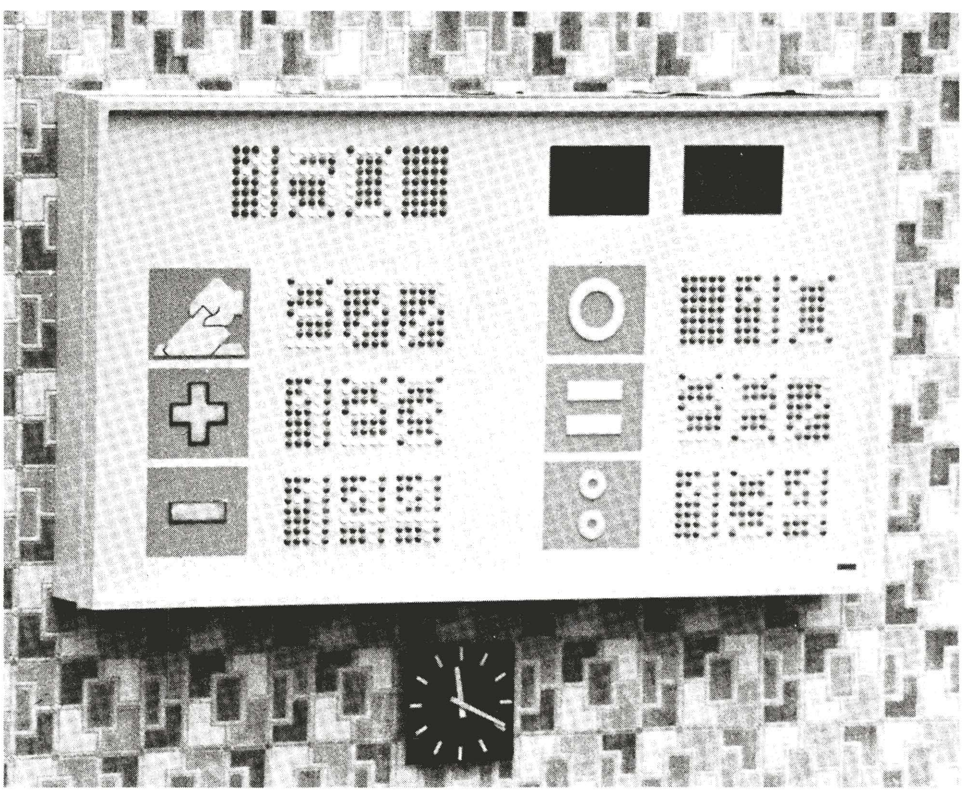
PATRICIA PAINTON is Paris-based correspondent for *Business International.*

PETER SHAW works in London for ABC News.

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

Parliamentary Notebook

DAVID WOOD, *columnist for* The Times *of London*



Electronic vote recorder in the European Parliament.

Nobody until lately has ever thought it worth making much of the fact that the European Parliament, a consultative body rather than a legislature, can have the law on the lawmakers of the European Community. That is, the Parliament can take the Council of Ministers, which makes the laws proposed by the Commission, to the European Court of Justice in Luxembourg when the foundation treaties are being breached. If the judges of the European Court decide that the Council (or, for that matter, the Commission) has acted ultra vires, or failed to act when required to act, then the ministers of the member Governments are duty-bound and treaty-bound to make law-abiding citizens of themselves. It could be that

European Parliament in session last November.

here lies one of the most useful and practical powers the European Parliament possesses, as recent events suggest.

The so far undervalued right or power of Parliament to go to the European Court to vindicate treaty obligations of Community institutions is beginning to play a part in the conflict over the seat of Parliament. Leaders of all the biggest political groups (Socialist, Christian Democrat, Anglo-Danish Conservatives, Liberals, and Progressive Democrats) have just led their rank and file in delivering an ultimatum to the Council of Ministers. Parliament has declared that by June 1981, a decision must have been reached on a permanent site for the Parliament. In default of a decision by the Council of Ministers, which means Governments of the member states, then Parliament will have no option but to find its own path to salvation. Lawyers like the British Alan Tyrrell, Queen's Counsel, have their eye on Article 216 of the Treaty of Rome.

That article states that the site of the Community's institutions shall be settled "by common accord of the Governments of the member states." No common accord has ever been arrived at. Instead, there are provisional places of work for the Parliament: Strasbourg, Luxembourg, and Brussels. Consequently parliamentarians lead a life as nomadic as that of Bedouin tribes, although parliamentry oases offer more comfort than goat skin tents and a few palms.

But there is not only the wear and tear of parliamentarians to worry about. The expense of the gypsy life rises fast as membership of the European Parliament increases, and as Strasbourg and Luxembourg compete to provide buildings and facilities for plenary sessions. Since the old nominated Parliament was succeeded in mid-1979 by a directly elected Parliament, the cost has trebled, without any important gains in efficiency or comfort. Staff militancy and resentment increase under the pressure of separated spouses and families. (The Parliament's staff is based in Luxembourg, along with all documents and office machinery.)

Of course the directly elected Parliament has inherited a lot of European history. In the days of the nominated Parliament, up to June 1979, parliamentarians made little fuss about a permanent site. The carve-up of the founding six was roughly acceptable, with the Commission based in Brussels, the Parliament and the European Court in Luxembourg, and the main seat for plenary sessions in Strasbourg—a symbolic European city if ever there has been one, with its checkered Franco-German history. But those arrangements suited the Six better than they suit the Ten. Or the Eleven and the Twelve when Portugal and Spain enter later in the 1980's.

You could say—I have no doubt most of you will say—that it is a wretched democratic parliament that is not allowed, or hesitates to claim, the right to fix its own working conditions, if only because a parliament that cannot manage its own affairs sensibly may scarcely be trusted with the stewardship of anybody else's affairs. The new Parliament is conscious of that axiom. It is also increasingly conscious that under Article 216 of the Treaty of Rome, there is the remedy of law within the European Court of Justice. The Council of Ministers' agreement on "provisional working places" dates back to 1965, and if it is not a horse traders' bending of the treaty, many parliamentarians are prepared to die on the legal barricades.

Yet parliamentary working conditions are not merely a question of a permanent site. Another campaign, I suspect, is in the offing. The Council of Ministers and a summit meeting of heads of member governments laid down outrageous rules for the payment of European parliamentarians, largely under pressure from a British Labour Government. The effect is that each national Government fixes the salary for its own European parliamentarians, and then goes on to decide whether expenses paid by the European Parliament to its members shall be taxable or tax deductible. Consequently, some Continental mainland European parliamentarians, working in two parliaments, draw two salaries and full expenses; others draw much lower salaries and have their expenses taxed. That inequality of treatment cannot last, although I have searched the Treaty of Rome in vain to find where the victimized European parliamentarians may base a campaign in law.

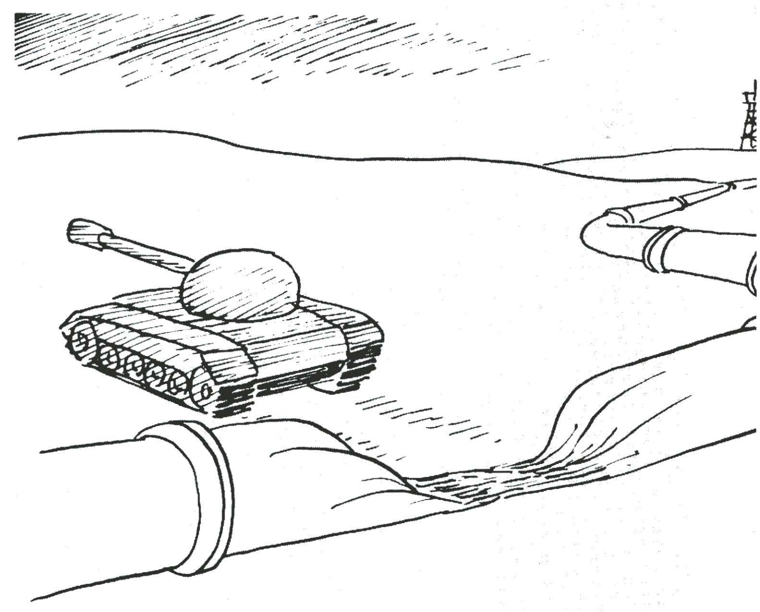
As a coda: The other day the European Parliament won a notable victory over the Council of Ministers (that is, the member states) in the European Court. Suffice it to say that the Court declared a piece of law (a regulation) invalid because of the unequal treatment of manufacturers of sugar and stuff called isoglucose. Why was it invalid? Because the Council adopted the regulation without having waited to receive "the opinion of Parliament," as required by Artcle 43 of the EEC Treaty. Council and Parliament clashed in Court, and Parliament won. You have only to exchange a few words with the Parliament's lawyer members to see that here was a portent. Head-on collisions between Parliament and the Council, by rejecting the annual budget or sacking the Commission from top to bottom, are one thing. Having the law on the lawmakers is something else.

THE NEW OIL ERA

State-backed European companies challenge majors

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

THE VAST CHANGES IN THE WORLD OIL MARKET THAT have occurred since 1970 have had a strong impact on import-dependent Western Europe, raising oil prices and tightening supplies. But they have also caused major changes in the European oil industry, long dominated by a few European and American multinational companies. Nationally based oil companies have grown rapidly, often with government backing to challenge the established major companies. They have been aided by the Organization of Petroleum Exporting Countries' (OPEC) policies aimed at diverting crude oil from the majors to new groups that often act as agents in political deals between producer and consumer governments. While the growth of American companies in Europe has leveled off after the great strides of the 1960's, European companies have begun investing in US oil production and marketing. Finally, the North Sea oil boom has hastened growth in several established European oil companies and led to the creation of new state companies in Britain and Norway to oversee development.



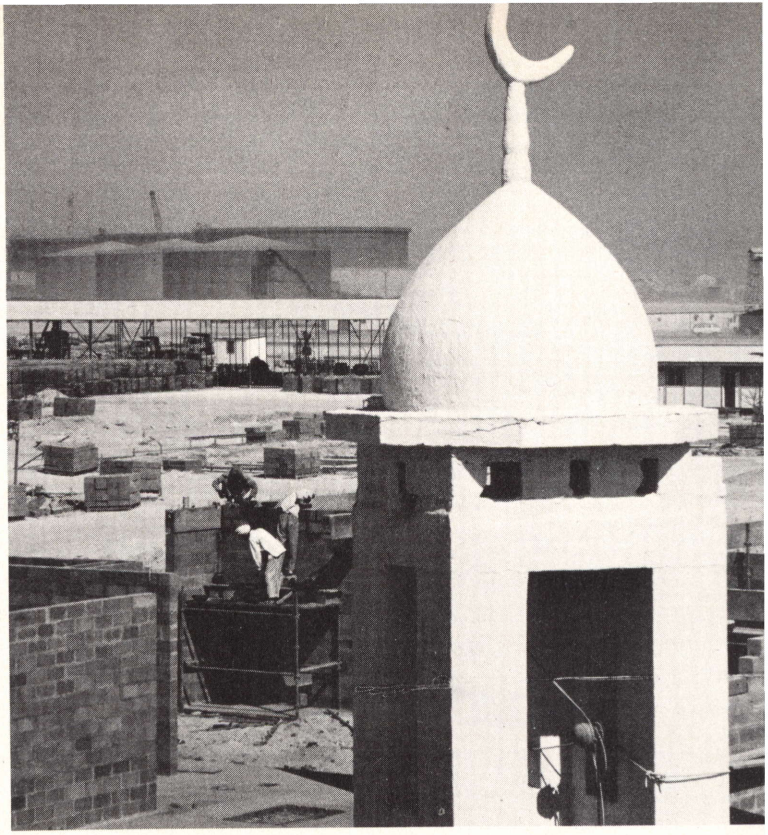
© Bas, *Tachydromos*, Greece

The result has been a changed market where the multinationals still have great weight, but new forces are at work both at the commercial and political levels to make room for a larger number of actors. National energy policy-makers are no longer content to rely totally on the large private companies to provide supplies. They are also more ready to assure a certain portion of oil imports and oil markets to national companies, which are frequently fully or partially state-owned. Royal Dutch/Shell, British Petroleum (BP), and Compagnie Française des Pétroles (CFP)—the three European companies that have long held a place among the world's top eight oil firms—have been joined by Italy's Ente Nazionale d'Idrocarburi (ENI), Germany's VEBA, and France's Elf-Aquitaine, as major actors in the world oil scene. All six companies now rank (based on net sales) among the top 20 industrial companies in Western Europe.

Below them are a host of companies, most relatively new, carving out roles, based on national policies, that seek to preserve some control in the face of the multinational companies and OPEC. These include British National Oil Company (BNOC), Dansk Olie og Naturgas (DONG) in Denmark, and Belgium's privately held Petrofina. Several non-Community countries, including Norway, Greece, Spain, Sweden, and Austria, also have major state-owned companies that play an increasing role in handling direct oil imports from OPEC nations. A particularly striking example of this trend was the indication late last year that the Netherlands, which had traditionally based its oil import policy on the privately-held Royal Dutch/Shell was considering starting up a state-owned firm to compete for OPEC crude.

The changes in the world oil structure have not all been beneficial for the European companies. The moves by OPEC members to take control of their own resources have cost the major European, as well as American companies, control over vast oil concessions. This not only affected Shell, British Petroleum, and CFP, but also was a great setback to the French state group ERAP (later Elf-Aquitaine) which depended heavily on Algerian concessions. After 1973 the large companies still received a major volume of oil from OPEC but did not control price or output. Political tensions since then have added to the problems.

British Petroleum in particular was hard hit in 1979 by the loss of Iranian crude supplies due to the revolution and Nigerian crude due to a dispute between the British and Nigerian Governments. The tendency of the OPEC countries to dish out more of their oil by direct deals, avoiding the major companies, has helped the lesser European companies get supplies. For example, the Europeans were able to get access to Saudi Arabian crude that had previously been locked up by four US companies through their jointly owned ARAMCO. But this has also been a double-edged sword. French companies, for example, which concluded government-inspired deals with Iraq, were also left hanging by the 1980 Iraq-Iranian war. Also during much of the 1970's, Europe suffered from a refinery overcapacity. This meant soft markets for oil and posed chronic profitability problems for the medium and small oil companies. With the tighter supplies and crude price rises in 1979, however, almost all European oil companies showed substantial profits.



Changes in the world oil structure have not all been beneficial for European companies. Here, housing is being constructed at the site of a gas liquefaction plant in the Arabian Gulf. © René Burri, Magnum

A gun-toting sheik leaves an OPEC meeting—Saudi Arabian oil minister Yamani's pinstriped robe illustrates Western influence on ancient culture. © Claude Salhani, Sipa Press

Finally, because of the heavy state involvement in oil companies in Europe, there is a whole set of political problems that does not occur in the United States. In 1980 Italy's ENI was rocked by charges in the Parliament that a scheme had been developed by unknown persons to collect a 7 percent commission on a giant oil deal with Saudi Arabia. This year France's Elf-Aquitaine went through a titanic battle, fought inside the upper echelons of the French Government, over the future direction of the firm. The change of government in Britain in 1979 brought a slew of plans from the Conservatives for a restructuring of the British National Oil Company to reduce its powers. Even the DONG in Denmark lost its director in 1980 after he negotiated a contract with Saudi Arabia that seemed to require the Danish Government to toe the line on Arab political issues in order to continue getting oil. Despite this heavy political overlay, the European state companies generally are run on a private enterprise basis and compete more-or-less equally with the American and European private companies. They have advantages such as the frequent political negotiations between OPEC countries and their governments and policies in some European countries to maintain a certain portions of the oil market in national hands. This roughly balances the advantages the multinationals enjoy due to their size, crude availability, financial resources, and technical expertise.

THE THREE "CLASSIC" EUROPEAN OIL COMPANIES, all based on pre-World War II overseas concessions, are Shell, British Petroleum, and CFP. Royal Dutch/Shell is the giant of the European oil universe. The joint British-Dutch private company has been a major force on the world oil scene since before the turn of the century when it delivered the only effective competition to the Standard Oil trust. Shell is in fact the only European company that now can be compared to Exxon, the main descendent of Standard Oil. It is a vast company with endlessly diversified oil sources and activities and a balance sheet of $62 billion in sales and $6.7 billion in profits in 1979—compared to Exxon's $84 billion in sales and $4.3 billion in profits for the same year. Included in this empire is the Shell Oil Company in the United States which is held at arm's length for antitrust reasons.

British Petroleum was created before World War I through the efforts of Winston Churchill to insure Persian oil would be available for the British Navy. The company is 51 percent owned by the British Government which can theoretically intervene in its policy decisions though in practice BP operates as a private company with no government interference. However, it is no secret that BP held a dominant position in Iran and several other Middle Eastern countries for decades due to strong British diplomatic efforts. Since the start of the 1970's, its fortunes have been mixed. It lost heavily in Iran and has not become the chief agent of the British Government in developing the North Sea. At the same time it shared in the major Alaska oil finds in the late 1960's and purchased the American company Standard of Ohio in order to sell the oil and become a major actor in the US market.

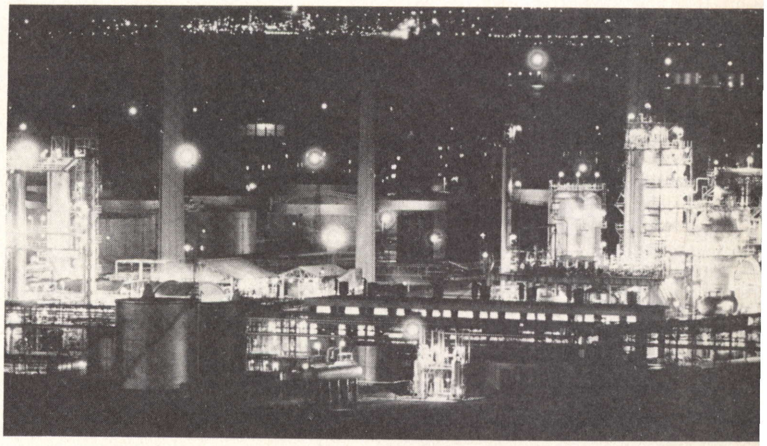
CFP was created by the French Government in the 1920's to take over the former German concession in Iraq and assure France a nationally controlled oil supply that was so desperately lacking in World War I. The company is 35 percent state-owned, but in practice the state can exercise control over policy. Unlike BP which has no guaranteed market, CFP from birth was given a specific portion of the French oil market to supply and was thus protected from a direct challenge by foreign companies. Under President Charles de Gaulle, French policy-makers bypassed CFP (which was suspected of being too much like an American oil company) and built up a second powerful French group, Elf-Aquitaine, as a direct policy instrument. But CFP, selling products under the Total brand since 1964, remains a major beneficiary of French Government deals with oil producing countries. Also it is not without political punch, as was shown this year when it forced its way in as an equal partner with Elf in the takeover of the large Rhône-Poulenc chemical company.

In the second rank of European companies are those

The roots of Elf-Aquitaine go back to oil exploration in French Algeria after the war—a worker at an Algerian oil refinery. © Guy Le Querrec, Magnum

established before 1973 mainly to challenge US companies in domestic European markets. The two best examples are ENI and Elf-Aquitaine. ENI's roots go back to the pre-World War II period when Mussolini ran a small, not-too-successful state exploration and marketing group. But the real start was in the early 1950's when ENI's legendary director Enrico Mattei convinced the Italian Government to give his totally government-owned company full control of the new Pô Valley natural gas fields. By skillful marketing of the gas, Mattei raised the cash to build up the company's refining and gasoline marketing under the Agip brand. Mattei built his career by opposing the major companies, US and European alike, and made it a patriotic duty for Italians to buy his *supercortemaggiore* gasoline named after a famous Pô gas well. Mattei shook the existing international marketing structure by spectactular deals with the Soviet Union, innovative agreements with producer countries that pointed the way for later OPEC policies, and bold pipeline projects that extended his challenge beyond Italian borders. Mattei died in 1962, and by the 1970's ENI had lost much of its steam. The power struggle that recently swirled in its board room did little to enhance its image. But the company's strong technical base, including its international refinery construction arm, and the commitment of the Italian Government to major

An oil refinery at a port near Marseille.



"The North Sea oil boom has hastened growth in several established European oil companies. . . ." Pictured here is a French rig off Norway. © Jean Gaumy, Magnum

direct crude deals with OPEC gives it a permanent lease on life.

The roots of Elf-Aquitaine go back to French Government efforts immediately after the war to develop gas fields in southern France and find new oil supplies in French Algeria. After major discoveries were made in the Sahara, the French Government set up a marketing arm to sell the nationally-controlled oil. The group, guided by Pierre Guillaumat, a close adviser to President de Gaulle, appeared to have an excellent start in 1965 when a long-term contract with the new Algerian Government was signed. But with the 1970's and the new OPEC policies, things changed. Under the influence of the hard-line French diplomacy, Elf and CFP engaged in major fights with Algeria in 1975 over new contracts. The new OPEC power meant that Elf in particular had lost its power base and had to compete against the established multinational companies for supplies. It ceased being an aggressive tool of French policy and began to resemble a private oil company. The liberal economic policies of the French Government in the late 1970's added to this by slowly removing former national market advantages. By 1980 the company was making major profits and looking for new areas of expansion. But the French industry minister, fearful Elf would become too independent, took steps to rein it back, setting up a major power struggle.

THE EVENTS OF 1973 CREATED PROBLEMS for all major oil companies as the private firms had to adjust to the new OPEC power and deal from weakness to maintain supplies, while the state companies had to rely even more on their governments for diplomatic support. Germany found itself in a particular fix. It was highly dependent on foreign oil but had no large international oil company of its own. The Bonn Government decided to remedy this by forcing a merger of the VEBA chemical, coal, and electricity group with the Gelsenberg Oil Company. The new VEBA group was given a majority share in the state-backed Deminex oil exploration company and the Aral gasoline marketing chain. The idea was to launch a giant new company that could challenge the multinationals and hold at least 25 percent of the German oil product market. VEBA was huge—the biggest single German company in net sales—but it had several weaknesses. It had few crude oil sources of its own and thus earned its way through the refining business. But between 1975 and 1978 the oil product market was flat, and VEBA registered huge losses. By 1979 the experiment was ended. VEBA sold Gelsenberg to the German subsidiary of British Petroleum and set its sights on a smaller, longer-term program. The German Government, though a 40 percent shareholder, was not ready to support the company with subsidies and protection.

The events of 1973 also sparked the creation of the British National Oil Company. The OPEC actions convinced the British that strong state control was needed to develop the suddenly much more valuable North Sea oil, and the Labour Party quickly came up with a plan to take over 51 percent of all North Sea production through BNOC. The model was the Norwegian Statoil which was already a going concern under the tutelage of the Social Democrat Government of Norway. BNOC slowly developed an exploration arm and began selling its share of the North Sea crude, but it did not take major steps toward marketing the product. When the Conservative Government took power in 1979, BNOC was well enough entrenched that no serious effort was mounted to eliminate it. Instead the Thatcher Government decided to separate its exploration and sales arms and introduce private shareholding. Whether BNOC becomes a major integrated company will depend on future British political developments.

The large European oil companies, except for the relatively new ones, have successfully built marketing operations in several European countries. Shell and BP are represented in virtually all European countries, and Deutsche BP with its Gelsenberg takeover has become Germany's largest oil marketer. The German gasoline market is a good example of this sort of cross-border integration. VEBA holds 26 percent of the market, but Shell, BP, ENI, CFP, and Petrofina also have substantial shares. The US multinationals control only about 30 percent of the market. The European companies have taken advantage of the retreat of US companies from some marginally profitable European markets, as when CFP took over Atlantic Richfield's British marketing operations and thus doubling its business there. But sometimes such cross-border mergers fail. In 1969, for example, the German Government halted a takeover of Gelsenberg by CFP to prevent loss of national control, a policy that was reversed in 1979 by the BP purchase.

EUROPE'S LEADING OIL COMPANIES
(1979 results—$ million)

		Net sales	*Profits*	*Brand name*
Royal Dutch/Shell	UK/ Netherlands	$62,006	$6,756	Shell
British Petroleum	UK	40,501	3,598	BP
VEBA	Germany	21,227	461	Aral
Ente Nazionale d'Idrocarburi	Italy	19,728	92	Agip
Compagnie Française des Pétroles	France	18,330	507	Total
Elf-Aquitaine	France	14,380	1,387	Elf
Petrofina	Belgium	8,213	444	Fina

Source: *Business Week*


Enrico Mattei gave Italy's ENI its real start in the Fifties. © UPI

For all the European firms, private and state-owned, a major problem is finding new crude supplies, and this has led many to the United States. Shell and BP are firmly settled here with giant subsidiaries, while Petrofina also has a major US marketing operation. Several of the other companies including Elf, ENI, CFP, and VEBA have made small acquisitions in the United States. CFP for example, took over Martin Oil Services in Michigan and has started marketing gasoline under the Total brand in the upper Midwest. But so far several major acquisitions have been thwarted. In 1979 VEBA made a serious bid for the Belridge Oil Company which had major holdings in the California heavy oil fields. But dissension among the German shareholders spiked the deal, and instead, Shell made the purchase. In 1980 Elf held initial talks for a takeover of the large Kerr-McGee energy company based in Oklahoma. But officials of the US company backed away from the deal and state officials signaled that they opposed such a major purchase by a government-controlled foreign group. The bid, however, showed that a new generation of European oil firms has reached a level where it is able to challenge US firms on the Americans' home ground.

Whether the newer European firms can join Shell and BP in mounting a real challenge to the US companies on a worldwide basis remains open. Much depends on the policies of the OPEC countries and their giant, new national oil companies, which so far have slowly diversified deliveries away from the traditional companies toward the newer groups. But it also depends on new exploration and discoveries in non-OPEC regions. In this, financial backing and expertise, still on the side of US companies, count most. A third element is the state influence on company policy, which is present for the Europeans in most cases, but lacking for the US groups. Such government activity in the oil business may be the permanent wave which the United States misses or a cyclical phenomena, kicked up by events of the 1970's.

US-EC CRISIS MANAGEMENT

Steel conflict forces dramatic action

DAVID FOUQUET, *freelance writer based in Brussels*

THE TRANSATLANTIC PHASE OF THE INTERNATIONAL steel crisis reached a climax this past autumn. Authorities on both sides of the Atlantic had to confront difficulties so interwoven that the solutions themselves had to be worked out together. This had not been the case in the earlier stages of the steel crisis stemming from import competition a few years ago. At that time, the European Community had opted for negotiations with most other steel producers around the world leading to limitations on their exports to the Community and to establishment of a floor price system for internal EC production and sales. Meanwhile, the United States had chosen a trigger-price mechanism that in principle kept steel imports into the United States above a minimum price and prevented the generally condemned practice of dumping products on the US market below production costs.

But in what some called "the potential first cannon in a US-EC steel war," America's biggest steelmaker, US Steel Corporation, filed suit late last March charging European competitors with having unfairly dumped products on the US market. This action, if supported by the US agencies dealing with the question and by the Administration, would have resulted in antidumping levies being applied on these incoming goods and, according to European officials and steelmakers, dealt another blow to the European steel industry which is highly dependent on American orders. Europeans argued that if the United States had a working floor price system for steel imports, then imports could not have been dumped and the antidumping charges were invalid. For several months in the wake of the US Steel suit, the American trigger-price system was suspended.

Months of intense diplomatic and industrial negotiations followed aimed at staving off a larger trade conflict while trying to deal with the basic problem of plummeting steel production on both sides of the Atlantic. This process reached a peak in June at the Venice economic summit when President Carter reportedly told EC Commission President Roy Jenkins that the United States would do whatever was needed to either obtain the rejection or withdrawl of the US Steel charges and to dedramatize the transatlantic situation.

In a connected move, the EC Commission acted to deal with what was becoming the most uncontrolled type of cutthroat competition among Community steel producers since Robert Schuman and Jean Monnet launched the European cooperative effort in this sector nearly 30 years earlier. After having disgorged hundreds of thousands of unlucky workers in the previous years and having been forced to shut down plant after plant during the period, companies and governments were trying to forestall the signals of further cutbacks in demand for their products in mid-1980 by producing and selling to customers at virtually any price below the competitors'.

Seeing that this unbridled economic warfare might lead to a fight to the finish for numerous EC steel producers, the Commission moved in September to restore order by dusting off a nearly forgotten element of the European Coal and Steel Community (ECSC) Treaty: The EC Commission in its function as the top authority for the ECSC set production quotas. This could only be accomplished following the declaration of a state of "manifest crisis" in the Community industry.

THAT THERE WAS A CRISIS FOR many steel producers and regions was incontestable. The heartland of industrial Europe—the steelworking regions of Lorraine in eastern France, Luxembourg, the Wallonian area in Belgium, plants of the British Steel Corporation, some Italian producers and even the once prosperous Ruhr and Saar districts in Germany—were all affected. Whether workers rioted as they did in Lorraine or accepted unemployment quietly as they did in Wallonia or the Consett plant in England, they were accompanied by gloomy statistics and even worse predictions for the future.

The utilization rate of Community steel firms, which was approximately 70 percent in the second quarter of 1980, fell to 58 percent in September, the lowest rate ever recorded in the Community. According to figures released by the EC Commission, between January and September 1980 the fall in demand resulted in a slump in steel prices in the Community of 13 percent while

French workers protested the layoff of 3,000 steel workers in Lorraine in 1977. © Michel Ginies, Sipa Press

production costs increased by 5 percent during the same period. "Owing to the economic downturn, the outlook for the fourth quarter of 1980 and the first quarter of 1981 is such that a recovery is unlikely," a Commission report announced somberly.

Earlier this year at the Organization for Economic Cooperation and Development (OECD) in Paris, EC Commissioner Etienne Davignon, in charge of industrial affairs, stressed how catastrophic and potentially dangerous the steel situation was for societies and governments. "Between 1974 and 1979," he said, "16 percent of the workers in the Community steel industry left that industry. Sixteen percent is an important but abstract figure, but it means that between 120,000 and 125,000 workers have lost their jobs and that assumes a completely different dimension." He also observed that since 1975 the EC steel industry had borne about half of the total decline in world steel production, although it only represented about 22 percent of total output.

Davignon warned of the potential danger this world steel crisis represented if governments and industries resorted to policies of protection and other bail-out tactics to the detriment of international cooperation and trade. "If we enter into a process of commercial warfare and protection in steel," he said, "automobiles will follow soon afterward, and after automobiles, it will be shipbuilding and all high-technology industries.

THE GERMAN GOVERNMENT, which had been the most ardent in the Community against economic *dirigisme*, or state intervention, along with its still competitive steel industry, resisted the Commission-proposed plan for a production quota system that would result in cutbacks of some 16 percent spread over different products. After several weeks of confusion bordering on chaos during which Commissioner Davignon announced the plan as virtually approved by the Council of Ministers, but was in fact blocked by a hesitant Germany, the Bonn Government ended its lone opposition against the plan.

This measure, which will be in force until June 1981, was aimed at shoring up prices by controlling production. There were reports following the adoption of the plan in October that prices would firm up in the coming months. But there was also continuing opposition from some producers, notably the German giant Krupp combine that threatened to challenge the Community program in court.

Also in September, then-President Jimmy Carter released the US version of a steel crisis-management plan. He announced that the US Steel charges of European dumping on the US market had been abandoned and that the Administration was planning a broad assistance program for the steel industry. This action included tax incentives for modernization, relief from some environmental requirements, increased funding for steel research and development, and additional aid to jobless steel workers and their communities. The trigger price mechanism was also reinstated, providing that only steel entering the United States below a designated price risked being subject to antidumping duties.

Both these measures, US and EC officials told their trading partners in a later OECD steel discussion, were intended to help industries modernize in a way that would diminish pressures for trade restrictive action and to assist the thousands of workers laid off their jobs on both sides of the Atlantic.

Commenting on these programs, US Ambassador to the Community Thomas Enders observed that "the solution—and I stress its highly exceptional character—was to design a transitional regime, to last three to five years, after which US industry and European exporters would be subject to normal trading rules."

NEWS OF THE COMMUNITY

INSTITUTIONS

EC Summit Meets

Heads of state meeting in Luxembourg in early December for the last of the three 1980 annual European Council summits warned that any intervention in Polish affairs would lead to grave international consequences.

The nine leaders called for compliance with clauses of the 1975 Helsinki European security accord guaranteeing the right of all people to pursue their own political development without external interference. While the Soviet Union was not mentioned by name, British Foreign Secretary Lord Carrington said, "It is a warning between the lines and it is very clear."

The Nine also expressed concern over the situation in Lebanon and the conflict between Jordan and Syria. They agreed to study and clarify ideas set forth at the June Venice summit for a peace initiative in the Middle East and to renew contacts with leaders there.

Among other topics discussed were the problems of the economy, unemployment, and oil prices. The summit also confirmed that the European Monetary System had been essential to a better monetary order over the past two years.

French President Valéry Giscard d'Estaing (left) and German Chancellor Helmut Schmidt at the European summit in Luxembourg last December.

In a statement to the press, EC Commission President Roy Jenkins addressed internal Community issues. On the budget he said, "Agriculture expenditure must be sealed off and stopped rising, mainly by stopping unlimited intervention. . . . As we are up against the ceiling of own resources, it is not easy to see any major fall in the proportion of the budget taken by agriculture. . . . We should hold the ceiling until we have got agriculture expenditure under control."

The nine leaders also expressed their deep sadness over the catastrophic earthquake in Italy and proposed a series of measures for emergency aid there. In response to this proposal, the EC Commission immediately decided on emergency aid of EUA 40 million for Italy, in addition to the EUA 1.5 million already agreed in late November.

Taking Stock of EMS

After being in operation for over a year, the European Monetary System (EMS) has functioned well, but there is unfinished business that could help the economies of member states, EC Commission President Roy Jenkins said in late October.

In addressing the Association of European Journalists in Rome, Jenkins said that the development of EMS could aid in creating greater coordination and efficiency in national economies, but that there were some areas of disappointment in the Community's inability to move forward into advanced phases foreseen for the system. These include the need to develop a joint policy for relations between the European currency unit (ECU) and other currencies outside the system, such as the dollar, and the Britain's decision not to join the EMS.

Jenkins said that the decision on the relationships between the ECU and the dollar and the ECU and gold should be made at once, as should the decision to establish a European Monetary Fund that would have some of the functions of a central bank for Europe.

Parliament Restores Cuts

At the end of a special session on the budget in early November, the European Parliament voted to restore many of the budget reductions made earlier by the EC Council of Ministers.

While the Parliament once again insisted on reductions in the level of agricultural spending and did not agree with the cuts made by the Council in energy, regional, social, and development aid programs, its leaders showed a willingness to compromise rather than have another budget confrontation as in 1979.

The largest increase voted by the Parliament during its review of Council cuts concerned spending for regional aid to less favored areas of the Community. Most members supporting the proposal agreed that with the entry of Greece into the Community, such expenditures would have to be increased.

Parliament ended up supporting increases of more than EUA 1 billion in obligational authority and EUA 790 million in payment credits.

Burke Critical of Council

EC Commissioner Richard Burke, responsible for consumer affairs, criticized in a speech in early November the legislative pace in this area of the Council of Ministers.

Burke said he had hoped that proposals involving product liability, misleading advertising, and consumer credit would have been adopted by the Council. He noted that EC institutions tended to be inactive unless there was a public outcry, as in the recent case of the treatment of meat with artificial hormones.

Burke also said that a right blend had to be found between legislation and regulation and voluntary codes of conduct by industries to safeguard consumer interests.

Political Machinery Urged

Outgoing EC Commission President Roy Jenkins called for more permanent EC political cooperation machinery with a staff and stable location, in a speech in early November.

He said that the "present gypsy system" with the responsibility moving to a different capital every six months had "its obvious drawbacks." Community activities in international political cooperation have expanded in recent years, he added, noting the Community's involvement in the Middle East peace process.

Parliament Role Upheld

A decision of the Council of Ministers is not valid without the opinion of the Parliament in cases where the Parliament's action is required by the EC Treaty, ruled the European Court of Justice in late October.

The ruling came in a case involving a Council decision on restricting the production of artificial isoglucose sugar substitute in the Community. The Parliament and isoglucose manufacturers had argued that the Council breached Community rules by not waiting for the Parliament's opinion on the matter. The producers also argued that the restriction discriminated unfairly between them and sugar producers in the Community.

The Court ruled that the EC Treaty regulations seek to assure a full role for the Parliament in the EC consultation process and that since this had not been upheld, the isoglucose production quotas approved by the Council in 1979 were null and void.

EXTERNAL

EC-Norway Ties Discussed

A day of consultations between Norwegian Prime Minister Odvar Nordli and members of the EC Commission in early November revealed the growing interest in strengthening ties between the two.

While Norway voted not to join the Community in 1972, there have been signs of heightened interest there lately in improving relations with the Community. A recent study indicated that Norway has fared worse economically than it would have had it joined the Community.

Euro-Arab Dialogue Resumes

Meeting for the first time since the Euro-Arab dialogue broke off in April 1979, representatives from both sides gathered in Luxembourg in mid-November and agreed to ministerial-level talks in mid-1981 that would cover a broad range of political and economic issues.

The meeting will most likely take place in June or July in London and working groups already formed on the economic and technical aspects of the Euro-Arab dialogue are expected to resume activities at that time. EC Commissioner Claude Cheysson, in charge of aid and development, said some of this work was close to concrete results in fields such as technology transfer, desalination of sea water, and protection of investment and contracts. He added that the Community was willing to consider other areas of cooperation, such as food supplies, joint projects in developing countries, new energy sources, and industrial cooperation.

A member of the Palestinian Liberation Organization executive committee blamed outside forces, such as Camp David accords and pressure from Israel and the United States, as reasons that had led to breaking off the dialogue in 1979.

EC-Israel Council Meets

During the regular EC-Israel cooperation council meeting in early October, the Israeli delegation expressed its continuing concern over its large trade deficit with the Community. The Community is both Israel's biggest supplier and customer. On the Community side it was stressed that despite the continuing deficit, Israel's trading position with the Community has improved appreciably in recent years.

Another area of concern for Israel was what was called the "catastrophic" impact of EC enlargement on economic links with Europe. The two sides also reviewed other areas of scientific and technological cooperation in solar energy, an agricultural information system, and cooperation in the Euronet data communications network.

The Community's approach to seeking a peace solution for the Middle East through support for Palestinian participation was particularly criticized as encouragement of the wave of anti-semitic terrorism that had recently struck some EC countries.

Mideast, Gulf War Discussed

Foreign ministers met informally in late October and discussed a letter from the Iraqi Government, the Community's diplomatic initiative in the Middle East negotiations, the situation in Afghanistan, the economic restrictions taken by the Community against Iran, and the Madrid Conference on Security and Cooperation in Europe.

EC Council President Gaston Thorn, who had received the Iraqi letter explaining its position on the Persian Gulf war, said no follow-up action would be taken. The ministers continued their examination of what the Community could do to encourage a peace settlement in the Middle East. It was expected that EC proposals would be taken up at the European summit in Luxembourg in December.

In connection with the intense worldwide interest in the fate of the captive Americans in Iran, the meeting indicated that once their release was secured, there would be no reason for the Community to maintain the economic restrictions announced earlier in the year.

Botswana President Visits EC

President of Botswana Quett Masire visited Brussels in late October to discuss the development of southern Africa and the Lomé Convention. It was his first visit since assuming the Presidency in July. Masire was also represented in the recently organized Southern African Development Coordination Conference made up of nine countries in the region for the purpose of lessening their dependence on the Republic of South Africa.

During his discussions with European officials, Masire asked for EC assistance for the nine-country conference in its quest to loosen economic ties with South Africa and in changing South African apartheid policies. The nine conference countries are Botswana, Angola, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe.

In contacts with ambassadors of countries belonging to the Lomé Convention, Masire urged an improvement in the assistance and terms of the convention.

Thorn Speaks in Madrid

Speaking at the opening session of the review Conference on Security and Cooperation in Europe (CSCE) in Madrid in mid-November, Luxembourg Foreign Minster Gaston Thorn said that the Community regretted the repeated violations of the Helsinki agreements.

He criticized some countries of the Eastern Communist bloc for failing to normalize their relations with the Community. Thorn also criticized the Soviet intervention in Afghanistan and violations of human rights in Eastern bloc countries.

The Madrid review conference was planned as a follow-up to the 1975 Helsinki CSCE accords signed by 35 countries including most of Eastern and Western Europe, the United States and Canada.

Trade Resumed With USSR

Limited barley sales to the Soviet Union from the Community were resumed in late October, the Commission announced.

A spokesman emphasized that the sales of 300,000 tons of barley and other sales of cereals by EC member states did not constitute a breach of the agreement accepted earlier by most world grain exporting countries not to substitute their shipments for sales blocked by the United States following the Soviet intervention in Afghanistan.

It was noted that grain sales to the Soviet Union had been expected to increase during the year despite the restriction. There had been reports of pressure from producers inside the Community to increase shipments to the Soviet Union in view of large quantities of barley available for export.

Cheysson Confers in Egypt

Political and aid topics were the subject of discussions between EC Commissioner Claude Cheysson, in charge of development aid, and Egyptian officials in late October.

Cheysson met in Cairo with Egyptian Minister of State for Foreign Affairs Boutros Ghali, and sources close to Cheysson said the conversation dwelt on the follow-up to the Community's decision at the Venice summit in June to prepare a diplomtic initiative to encourage peace in the Middle East.

Also according to reports from Cairo, the Community has indicated it would accord about $240 million in aid and loans to Egypt to help with that country's economic development.

Accord on Manioc Imports

Details of an accord signed in Bangkok on shipments of Thai manioc (a starchy edible root) into the Community were announced by the EC Commission in early November.

In the accord Thailand agrees to gradually reduce its exports of manioc to the Community over the next six years. The Community commits itself to help Thailand in rural development and crop diversification through direct aid and by stimulating private investment there. The Community granted EUA 5.7 million in 1979 for this purpose, and the Commission requested EUA 13 million for 1980.

The Thai Government made the accord contingent on assurances that the reduction in exports to the Community would not be replaced by shipments from other Asian countries. The Community had been anxious to limit manioc imports because it is used as a cereal substitute, and a grain surplus already exists in the Community.

EC-China Committee Meets

Officials from the Community and China met in early November to discuss the joint cooperation accord between the two and developments in trade, as well as preparations for a special "China Week" to be held in Brussels.

The trade discussions centered on China's request for further liberalization of the terms of trade for Chinese goods and on the Community remarks concerning the recent drop in exports to China. European sources noted that 70 percent of China's exports to the Community were liberalized, 20 percent under controls of the textile accord, and 10 percent subjected to quotas. Chinese officials remarked that import demand should resume after the current readjustment period in Chinese economic policy.

Trade Gap Discussed

Japanese State Secretary for Foreign Trade Nachiro Amaya said in mid-October following talks with EC Commissioners in Brussels that his country would "moderate" its exports to the Community during the last quarter of 1980.

The growing trade gap between the Community and Japan has been a major concern. Key sectors, including automobiles and television sets, experienced dramatic increases in shipments from Japan during the first part of 1980. The Community's trade deficit was expected to reach about $10 billion for 1980 following a $7 billion level in 1979.

A moderation of exports would not be sufficient to resolve the problem, Commission sources said. The Commission had been advocating wide-ranging negotiations between the Community and Japan and had asked the Council of Ministers for a mandate that would include elimination of selective trade barriers against Japanese goods imposed by some EC countries.

EC, Comecon Talk Again

Officials from the Community and the Comecon (Council for Mutual Economic Assistance) group of Communist nations met in mid-October in a continuing effort to work out a cooperation understanding between the two groups.

These discussions, underway since the early 1970's have been blocked by differences in structure, approach, and demands on both sides, which were again the focal points of the October meeting. A Brussels official said that the Comecon representatives seemed hesitant to conclude an accord on information and data exchanges with the Community—one area of possible cooperation.

Poland Wants to Buy Food

Poland told the Community in early December that it wanted to buy 110,000 tons of beef and 44,000 tons of butter, according to Commission sources. Besides these two products, Polish authorities said they needed an estimated 1.5 million tons of feed grain.

During the summit meeting in Luxembourg a week earlier, EC heads of state had indicated their willingness to consider economic support to Poland.

Parliament Visits Israel

European Parliament President Simone Veil led a delegation in early December on the first official visit of elected Parliament members to Israel.

Israeli Prime Minister Menachem Begin asked the Parliament's support of the Camp David process, Veil reported. She answered that the Parliament had not yet taken a position on the settlement as it was set forth in the Camp David agreement, but she indicated that Parliament would soon take up the resolutions for a peace initiative in the Middle East that were adopted in the recent Venice and Luxembourg summit meetings.

Veil also reported that the delegation met with the opposition leader Shimon Perez, who does not support Palestinian autonomy.

US-EC RELATIONS

Cautious Reaction to Reagan

Foreign ministers meeting in early November reacted cautiously to the election of Ronald Reagan as US President.

At the gathering Luxembourg Foreign Minister Gaston Thorn expressed some concern about the possibility that the United States might tend to withdraw from international affairs. But he urged against such a policy, which could be harmful to Europe, and urged Reagan to "rediscover Europe."

The meeting was more specifically devoted to European diplomacy in the Middle East and the Gulf region and the Madrid Conference on Security and Cooperation in Europe. The ministers discussed the results of Thorn's visits to the Middle East and possible contents of a European policy on the subject.

US-EC Consultations Held

Bilateral US-EC high-level talks on macroeconomics, energy, North-South relations, and trade ended in Washington in mid-November to the tune of President-elect Ronald Reagan's arrival in town.

In a press conference at the conclusion of the consultations, Sir Roy Denman, Director-General for External Relations for the EC Commission, said, "We thought that last year would be pretty horrendous in terms of trade relations across the Atlantic. But in fact almost all our mutual problems have been solved in an amicable way." He paid tribute to US officials for the way in which they had handled bilateral trade problems in the last few years.

In regard to the Japanese automobile exports problem, US Under Secretary for Economic Affairs Richard Cooper said it had been agreed that the matter should be treated as a trilateral problem and not as an adversary one pitting two against one.

Congress Meets Parliament

The 17 US Congressmen who traveled to Copenhagen in mid-November to meet with European parliamentarians had all just been reelected the week before. The occasion was one of the twice-yearly parliamentary exchanges that have been taking place between the two groups since 1972.

The meetings are usually about four days long and consist of reports and discussions, at times heated, on the vital issues, including trade, defense, energy, agriculture, monetary problems, and current political problems, such as in the Middle East.

The US delegation was led by Donald Pease (D-Ohio), a member of the House Foreign Affairs Committee. His co-chairmen were Sam Gibbons (D-Florida) and Larry Winn (R-Kansas).

Judges Exchange Visits

Following a visit by US judges in late 1979 to the European Court of Justice and several Europeann national supreme courts, a return visit by European judges and court administrators was made to the United States last November.

The European judges had a full schedule of visits including the District of Columbia Court of Appeals; the University of Virginia at Charlottesville; Monticello; the US Supreme Court; the Supreme Court of Maryland; the US Court of Customs and Patent Appeals; various courts in the District of Columbia, such as the Tax Court and the Military Court of Appeals; and the US Court of Appeals for the Third Circuit in Philadelphia.

European Parliament President Simone Veil recently greeted by British Prime Minister Margaret Thatcher at No. 10 Downing Street.

Queen Elizabeth addressed the EC Commission last November. Also pictured are then-EC Commission President Roy Jenkins (right) and his top aide Crispin Tickell (center).

TRANSPORTATION

Plan to Expand Air Links

Rules designed to encourage the development of air transport links between regional centers in EC member states were proposed by the EC Commission in late October.

The proposal would include regional cities that are not capitals or do not have international airports and would affect connections with similar airports in other EC countries, but not with another domestic regional center. The aim would be to stimulate connections between regions to assist their mutual economic expansion. In many cases the lack of air links causes industries not to locate in a region.

The plan also proposes that regional air routes be at least 200 kilometers, unless there are special geographic barriers, and that aircraft used must have a seating capacity of less than 130 seats. A uniform appeals procedure to contest decisions and provisions to involve consumers are included in the proposal.

Transport Priorities Listed

Priority goals for EC transport policy through 1983 covering a wide range of land, sea, and air travel were forwarded by the Commission to the Council of Ministers in late October.

The list gives special attention to a transport infrastructure for Community needs; improving the economic situation of railways and cooperation between national services; more efficient air services; and better safety measures and economic opportunities for merchant shipping, including inland waterways.

The goals also call for improving the freedom and efficiency of intra-Community transport, including combined transports, quotas, weights, summer time, and formalities and full application of social working conditions rules for road and inland transports.

Africa-Europe Tunnel Plan

Spain and Morocco plan to build an underwater tunnel in the Strait of Gibraltar to connect Africa and Europe. The gigantic project is expected to start in 1985 and be completed in the year 2000.

Various plans are being examined, but currently the one most likely to be chosen is a tunnel suspended 50 meters below the surface of the ocean and secured by a long row of concrete moorings. Inside the tunnel will be a north- and south-bound railway track and four auto lanes. The shortest distance across the Strait of Gibraltar is 14 kilometers, the length of the planned tunnel.

A mixed Spanish-Moroccan expert committee met recently in Madrid to discuss preparations and to establish two companies, one in Spain and one in Morocco, that would organize the project. Preliminary results of some tests have already been made available—i.e., the seismological measurements, currents, depth, and deep-water geology.

More than 300 scientists, lawyers, sociologists, economists, and engineers were to meet late last year to discuss the project. Participation in studying the plan was also to come from ministers from France, Germany, Britain, Japan, Morocco, and Spain.

ENERGY

New Coal Projects Chosen

The EC Commission selected in mid-November a second series of coal gasification and liquefaction demonstration projects to be eligible for aid of over EUA 40 million.

The 11 projects are in Belgium, France, the United Kingdom, Italy, and Denmark. Financing of up to 40 percent of the cost of the projects is available for demonstrations on coal energy technologies. Half the Community's share of the finance is reimbursable in the event of commercial exploitation.

The first series of projects was chosen by the Commission in November 1978 when the initial phases of three projects were given about EUA 11.5 million.

EC Oil Bulletin

The Community's average increase in free-on-board prices of crude oil between December 31, 1978, to November 3, 1980, was 153 percent as a result of decisions taken by the oil-exporting countries.

The pre-tax consumer prices of the principal oil products (crude oil and imported finished products) increased by an average of around 95 percent over the same period. If these prices had been in line with the Rotterdam spot prices, the figure would have been 111 percent rather than 95 percent.

This information was contained in the weekly oil bulletin published by the EC Commission.

Energy Needs Examined

That energy needs in developing countries could pose an increasing problem on the international supply markets was the subject of a seminar sponsored by the EC Commission in late October.

Recent reports had indicated that as developing countries increase their industrialization, they will increase the competition for the world's limited energy resources.

The Community has undertaken programs in recent years aimed at assisting developing countries to exploit domestic energy resources, and the Commission has taken part in a worldwide effort to draw up reliable data on energy problems in developing countries.

Solar Energy Design Prizes

Eight prizes in three categories of architectural design for solar energy in housing were awarded by the EC Commission in early November. Winners were selected from 223 entries, and prizes totaled EUA 24,000.

The prizes went for designs in multistory, clustered, and single-dwelling housing and were shared by winners in almost every EC member state. The contest was designed to develop interest in "passive solar design," taking advantage of the climate to lessen Community dependence on fossil fuels.

Nuclear Waste Pact Signed

A cooperation accord on research in the environmental impact of radioactive waste processing and management was signed between Euratom and Atomic Energy of Canada Ltd. in early November.

The five-year pact follows earlier

cooperation between Euratom and the Canadian nuclear agency. The first phase of work will be research into the impact of radioactive materials on hard rock, involving the exchange of information, conferences, and coordination to avoid duplication in research efforts and problems in patents and inventions.

Solar Conference in Cannes

Photovoltaic conversion along with biomass use is the most promising alternative form of energy for the future, an EC sponsored conference on solar energy was told in Cannes in late October. About 800 experts attended the week-long conference which was the third such European meeting.

The conference was also the occasion for the inauguration of a completely autonomous-energy home powered by solar devices in southern France. This project was aided by Community funds.

Speakers at the conference noted that the development of solar energy techniques is expanding and becoming more economically competitive, although it remains considerably more expensive than conventional and nuclear energy. It was also pointed out that the solar energy industry in Europe, and especially France, is second only to that of the United States and has become active in export markets in the developing world where climatic conditions are suitable.

AID

Special Regional Grants

EUA 220 million for special nonquota regional grants was approved by the EC Council of Ministers in early October.

These funds are allocated for projects developed by EC and other national or regional authorities with broader goals than the specific allocations made by the European Regional Fund to reimburse national governments for their own regional spending.

The first member states to benefit from this new form of aid will be Belgium, France, Italy, Ireland, and the United Kingdom. Italy is to receive EUA 85 million; the United Kingdom, EUA 58 million; France, EUA 55 million; Ireland, EUA 16 million; and Belgium, EUA 6 million.

Projects involve the steel industry, the shipbuilding sector, aid to frontier regions, specific energy improvement plans, and programs designed to assist areas to cope with enlargement of the Community.

EIB Loans to Ivory Coast

Two loans totaling EUA 7 million were made to the Ivory Coast in early November for investment in small and medium-scale industrial and tourism ventures there.

The loans are for 12 years at 8 percent interest, after deduction of an interest subsidy from the European Development Fund. Earlier financing to the Ivory Coast went toward development of the electricity transmission system, links with the Ghanaian grid, fertilizer production, latex processing, construction of various mills, and a hotel, among other projects.

Zimbabwe Joins Lomé

The newly independent state of Zimbabwe became the sixtieth member of the Lomé Convention in early November.

Negotiations for Zimbabwe's membership had begun as soon as the country became independent, particularly for products from Zimbabwe that were already in surplus production in the Community, such as sugar and beef. Negotiations had also focused on the amount of financial aid to be granted the new Lomé member.

Zimbabwe Foreign Minister David Smith said in commenting on the mutual benefit of Zimbabwe's accession to the Lomé Convention that Zimbabwe had decided to encourage foreign investment and could contribute vast natural resources in return for access to the EC market.

The newly independent Republic of Vanuatu, formerly the New Hebrides in the Pacific, requested membership in the Lomé Convention in early October. Vanuatu is an island chain in the southwest Pacific and contains about 70 islands inhabited by 115,000 people. The country's main export crop is copra, but it has a chronic trade deficit with a low level of industrial development.

Emergency Aid Granted

EUA 20 million, the second cash installment of the emergency aid plan for Kampuchea, was approved by the EC Commission in early November. The funds were to go toward the purchase of agricultural supplies and fishing gear, medicine and medical equipment, food, and means of transport. Emergency food aid for earthquake victims in Algeria was decided in mid-November. The aid comprised 200 tons of butteroil and a sum of EUA 400,000 for the purchase of baby food and 450 tons of chickpeas from Tunisia. To meet the needs of 23,000 refugees there, the EC Commission also granted Djibouti EUA 1 million in exceptional aid under terms of the Lomé Convention.

Exceptional aid of EUA 1.2 million was granted to Kenya in early October to help the population there cope with the consequences of drought which had severely hit the province of Turkana. The contribution was to be used to purchase and transport provisions, equipment, vehicles, and livestock. At that time the Commission also granted emergency food aid to Uganda to help war victims there.

Development Funds Granted

Seven countries were the beneficiaries of development financing announced by the Community in early November. Zaire was awarded two grants: EUA 7.75 million for a program to boost the cotton-producing sector, and EUA 4.85 million to help increase the productivity of family market gardening in the Kinshasa area.

Benin received a grant to EUA 700,000 for a technical study on upgrading the 216-kilometer-long Dassa-Parakou road. For the regional project of asphalting a 127-kilometer section of road through Tanzania, to improve the access of Rwanda and Burundi to the Indian ocean, Tanzania was awarded a grant of EUA 20 million.

Cape Verde was granted EUA 1.2 million to improve the water supply and sewage disposal system in Praia. Surinam received a loan of EUA 2 million for a line of credit to be used for loans from its national bank to existing small and medium-sized businesses.

To renovate and extend a plastics factory, Guinea was granted EUA 400,000 and loaned EUA 5.4 million. Botswana/Swaziland were granted EUA 2 million for training local railway staff.

AGRICULTURE

Fishing Sector Proposals

A series of measures affecting market organization and social conditions in the fishing sector were proposed by the EC Commission in early November.

The measures on market organization proposed an increase in the assistance given to cooperatives and other organizations of fishermen. It also proposed orientation prices for various categories of fish and recommended reference prices for certain varieties of imported fish, as well as a liberalization of the monitoring on imports of sardines, tuna, and anchovies.

With increasingly difficult employment and social conditions in the fishing fleets—which have declined from about 155,000 workers in 1970 to 140,000 in 1978—the second measure proposed, first of all, special professional status for fishermen with certain training. It also proposed studies of the employment situation in the sector, measures to deal with hygiene and job safety, and negotiations for more humane working conditions, i.e., fishermen work more hours than in other professions.

Deadline on Fishing Policy

Facing a December 31 deadline for agreement on an EC fishing policy, the Council of Ministers meeting in late October agreed on plans to control fish catches but still was unable to agree on the actual fishing quotas that would be allotted to each country.

The Council agreed on a system of catch reporting, captains' log books, and standing landing declarations that would go into effect once the policy and quotas were decided. The ministers requested a special working party to continue examining the problem of quotas.

A major obstacle to completing the agreement had been the unwillingness of the British Government and fishing industry to accept quota proposals made by the Commission. Sixty percent of the fish caught in Community waters are caught within Britain's sector of the 200-mile limit. Britain wants 45 percent as its quota within these waters, and the Commission proposal falls far below that level.

The Council had set the year-end deadline as part of the compromise reached on solving the problem of the British contribution to the EC budget.

Ban on Hormones Proposed

A ban on hormones and steroids used in raising various animals for human consumption was recommended to go into effect the first of this year by the EC Commission late last October.

The Commission's proposals followed a controversy that developed when it was discovered that despite laws in certain countries, hormones and steroids were still widely used.

The only exceptions foreseen by the Commission would be for strictly controlled therapeutic usage. Member states would have to assure that animals treated illegally with either artificial or natural hormones would be confiscated and destroyed and that sanctions would be applied.

The Commission also said that the production and distribution of such products would either be controlled or restricted and that the cost of such precautions would probably be reflected in increased meat prices, but consumers would be protected.

Ministers Explore Future

Agriculture ministers met informally in mid-October to discuss the future of agricultural spending and its relation to other EC programs.

The ministers reportedly stuck to their positions regarding the level of increase in farm prices and spending. The French minister forecast that farm prices should rise by at least 10 percent in 1980 while EC Commission Vice President Finn Olav Gundelach, in charge of agriculture, recommended a limitation on farm spending in the face of the possible exhaustion of Community resources.

During the gathering the ministers met as the Council of Ministers to adopt the details of the recent agreement on the organization of the sheepmeat sector, including agreements for voluntary restraint reached with third countries such as New Zealand and Australia.

SOCIAL POLICY

Education Awards Granted

Higher educational institutions received 85 grants for joint study programs, and 449 teachers and specialists were awarded grants for short study visits to other Community countries.

The awards announced in early October are part of a four-year program designed to extend educational cooperation and broaden understanding among member states. The latest awards bring the total number of projects supported in various academic disciplines to 169, involving 350 universities and other institutions.

Women's Rights Seminar

A two-day seminar focusing on opportunities for women in the Community's civil service and women in small and medium-sized enterprises was held in Milan in late October by the European Parliament's Ad Hoc Committee on Women's Rights.

About 60 participants, including parliamentarians and experts, two-thirds of whom were women, heard that of the 400 high officials in the EC Commission, only six were women. Open hearings discussed the conditions for women in small and medium-sized firms, and especially the "black work" phenomenon—where hundreds of thousands work without social security or payment of taxes. The hearing saw hope for improved conditions for women through micro-electronics, which would allow women to work on their terminals at home.

Jobless Tops 7 Million

Unemployment climbed over 7 million for the first time at the end of September, according to reports released in mid-October. The figure had increased by more than 1 million in the preceding four months.

Significant increases in unemployment over the month of August were registered in France (10.5 percent) and Luxembourg (9.5 percent), followed by Denmark (4.5 percent). The other countries ranged between 2 and 3 percent more with only Germany recording a decline in unemployment of 5 percent.

For the Community as a whole, unemployment was 18.3 percent more than it was in September 1979, and in some countries the levels were much higher. The United Kingdom had an increase of 46.2 percent over the same month a year ago.

Underwater Diving Examined

With the expansion of offshore oil exploration and drilling, the safety of underwater workers has come into the spotlight. Problems and possible remedies connected with underwater work were examined during a seminar on the subject in early October.

The program, sponsored by the EC Commission in conjunction with the European Technical Committee on Diving, was part of the Community effort aimed at improving industrial health and safety. There is increasing concern about potential health and safety problems as economic and research activities plunge even deeper underwater.

COMPETITION

European Guarantees Sought

The EC Commission persuaded two European manufacturers of domestic electrical appliances to extend guarantees on their products Europe-wide. The progress made with a French and a German company in improving the environment for competition in the Community was announced in mid-November.

Moulinex, one of the largest European manufacturers of small domestic appliances, initially gave its guarantee only in France. It gave as its reason the differences between the safety requirements and technical standards in force in other member states. At the Commission's request, the company has widened the terms of its guarantee to include every EC country.

The guarantee is to be provided in accordance with local conditions, even where the Moulinex appliance has been imported. Appliances sold where they are not in conformity with that country's safety standards are also covered by the guarantee, providing the purchaser bears the cost of adapting the appliance to local safety standards.

The Commission also persuaded distributors of appliances manufactured by the Germany company Bauknecht to extend their guarantee to all Bauknecht products, providing they had been brought into line with the technical safety standards of the country where they are guaranteed.

Dumping Investigations Open

The possibility of US dumping onto the Community market would be investigated, the EC Commission announced in early December.

The action involved complaints filed by the European Chemical Industries Federation concerning imports from the United States of orthoxylene and paraxylene, raw materials for resins and polyester fibers. In both cases the European industry charged that since the increased penetration of US products, some EC plants have been forced to close temporarily and others were expected to close permanently.

At the same time the Commission released figures for 1979 and 1980 showing that it had opened 33 anti-dumping or antisubsidy investigations, of which 10 involved products from the United States. Nine of the 10 cases on US products concerned chemicals or chemical-related products such as fertilizers and synthetic fibers.

Trademark System Proposed

The creation of a unified EC system of trademarks and a central agency to administer the system and collect applications was proposed by the EC Commission in early November.

This proposal is the logical follow-up of the establishment a few years ago of the European patent system and office in Munich. The advantages, as in the case of patents, are that applicants would have to file only once in a central location for trademark and would qualify for trademark protection throughout the Community, rather than having to file separately in each EC member state.

EC Directive Appealed

France, Britain, and Italy filed an appeal in early October before the Court of Justice against a recent decision by the EC Commission requiring regular information by national governments concerning their relationships with commercial enterprises.

The directive was designed to create more openness in relations between governments and nationalized or state-aided industries and to cut down on possible unfair competition between such companies and regular commercial business. The three challenging member states argued that the Commission did not have the power to adopt such a directive under the EC Treaty.

Alcohol Taxes Debated

Ministers of fiscal affairs met in late October and talked about narrowing the differences throughout member countries in taxes on alcoholic beverages.

The main targets are taxes that place more of a burden on imported products than on domestic products, such as the possible discrimination against imported wine in favor of domestic beer in Britain and Denmark.

The Commission has proposed that the difference between the tax on wine and beer be reduced to three to one. Other proposals would have all drinks carry the same tax rate within a country, although the rate could vary from country to country.

ECONOMY

Steel Plan Resolved

Problems surrounding a new steel crisis plan were resolved by EC ministers in late October, clearing the way for production quotas.

The plan recommended by the EC Commission to help ease the chaotic competition and price undercutting that had resulted from a drop in demand for steel products in recent months was supposed to have been applied earlier, but German opposition to some aspects delayed acceptance of the plan.

All other EC member states had already sided with the Commission on the need to apply production cuts, estimated to average about 13 percent over the various products.

Economic Downturn Seen

The Annual Economic Report released by the EC Commission in mid-October anticipated a substantial downturn in the economy and employment for the next two years.

The report forecast growth in the Community's gross domestic product to slow down to 1.3 percent for 1980 and 0.6 percent in 1981. It also predicted unemployment to rise past the current level of 7 million or 6.5 percent of the labor force to 6.8 percent in 1981. Signs of improvement were expected in 1981 in the balance of payments deficit and also in inflation.

The report recommended a policy mix of strong efforts to reduce inflation, save on oil imports, and pursue needed structural changes. It also said that while the increase in oil prices were more significant now than in 1973-74, their impact might not be as great because of factors such as greater monetary and exchange rate stability. Economies, however, are thought to be weaker than in the earlier crisis and balance of payments situations are worse.

MONETARY

Credit Institutions Listed

Germany has the most banks of any Community country with 3,503, largely because of the number of cooperative banks, according to figures released by the EC Commission in mid-October. The report listed all 8,699 credit institutions in the nine EC member states.

Germany also has the largest number of savings banks, while France takes the lead in commercial banks, and Belgium has the most public law banks. Great Britain has the largest number of branches of foreign banks, including those headquartered outside the Community.

The list also includes a description of the bank and its operations, in addition to other information. The document was provided for a recent economic policy coordination directive and lists all commercial, savings, mortgage, cooperative, and public law banks.

Finance Ministers Meet

Finance ministers meeting in late October concentrated on the subjects of recycling petrodollars and on the recently introduced proposal to harmonize energy prices and taxes throughout the Community.

The ministers heard a report from the Monetary Committee on the possibilities of Community programs and institutions participating in the recycling of surpluses from oil-producing countries to deficit countries in or outside the Community. They approved the use of the European currency unit for such loan operations and noted that the Commission would make concrete proposals soon.

In addition, the ministers also agreed that a limit of EUA 200 million of this segment of the Ortoli lending facility could be spent on planned factories and housing projects.

Possible EC Stock Exchange

The possible creation of an EC stock exchange system was the topic of discussion by more than 100 experts and officials from all over the world at a conference sponsored by the EC Commission in mid-November.

While the theme of the discussion was a European stock exchange, most speakers agreed that what was really under consideration was increased interconnection between existing exchanges.

EC Commissioner, Christopher Tugendhat, in charge of financial institutions, reviewed progress made in the Community over the past four years toward a unified EC financial market. He noted encouraging progress in banking regulation and securities rules, but less movement in insurance. He underlined that a unified capital securities system would be beneficial to business and investment and might restore some of the importance of securities markets in the corporate financing system.

SCHOLARSHIPS, GRANTS, CONFERENCES

ITT Key Issues Lectures

"A New Immigration Policy for the United States" is presented as part of a continuing series of free public lectures sponsored by International Telephone and Telegraph Corporation and held at Georgetown Univeristy in Washington. Lectures are to be given on January 14, January 28, February 11, and February 25.

The winter 1981 lectures explore immigration policy from the national, international, federal, state, and city perspectives. Experts on immigration policy and refugee affairs are the scheduled speakers. For further information contact: Valentine S. Tucker, ITT Key Issues Lecture Series, Georgetown University, Washington, DC 20057 (202/625-4001).

Journalists in Europe

The "Journalists in Europe" program gives specialists in European affairs the opportunity to familiarize themselves with the Community and its institutions during an eight-month program. Applicants for the 1981-82 program must apply by February 1 for the program beginning in October.

Applicants must have at least four years' experience in journalism and be not older than 35. A good knowledge of French and English are also required. Intensive language courses are available before the start of the program.

To date 135 journalists from 40 countries have taken part. Each year 30 specialists in European affairs are selected for this training. To apply, write Journalists in Europe, 33 rue du Louvre, F 75002, Paris (telephone 508 86 71).

Exporting Symposium Set

Persons conducting research in the area of exporting are invited to submit papers for presentation consideration by February 15 for the International Symposium on Exporting to be held at Georgetown University May 31-June 2.

Special emphasis will be given to exporting efforts, problems, and behavior of smaller-sized firms; export activities of large firms and multinational corporations; governmental export policies; and national export competitiveness analyses. Papers are limited to 20 double-spaced pages.

For further information, contact: Michael R. Czinkota, School of Business Administration, Georgetown University, Washington, DC 20057 (202/625-4797).

Court of International Trade

"Litigation before the US Court of International Trade" is the topic of seminars to be held January 29-30 in New York and February 26-27 in Los Angeles.

Program highlights include trade policy and the new judicial review; jurisdiction of the US Court of International Trade; special problems of antidumping and countervailing duties; relationship of the Court of International Trade to the administrative process; and practice and procedure under this court.

For more information, write Legal Times of Washington, Harcourt Brace Jovanovich, Publishers, 757 Third Avenue, New York, NY 10017. Or call toll-free (800) 223-0231; in New York call (212) 888-2652.

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.

The Liberals and Ireland. By Patricia Jalland. St. Martin's Press, New York, 1980. 303 pages. $27.50.

A political analysis of the British Liberal Party's treatment of the Ulster crisis from 1911 to 1914; emphasizes the activities of the Liberal cabinet and the influential roles of Asquith, Augustine Birrell, Lloyd George, and Winston Churchill.

Housing: Federal Policies and Programs. By John C. Weicher. American Enterprise Institute for Public Policy Research, Washington, DC, 1980. 159 pages. $6.25.

A study of the Government's housing policy and its two main purposes: providing decent housing for the poor and increasing the opportunities for home ownership.

European Integration and Insurance. By T.H. Ellis. Witherby & Co. Ltd., London, 1980. 218 pages.

Traces the shaping of a European insurance market, while analyzing the implications of the Community's developments for insurers (life and nonlife), reinsurers, brokers and agents, insurance personnel, and policy wordings.

The Legislation of Direct Elections to the European Parliament. Edited by Valentine Herman and Mark Hagger. Gower Publishing Co. Ltd., Westmead, Farnborough, Hants, England, 1980. Available from Renouf/USA, Brookfield, VT. 320 pages. $20.50.

A collection of essays examining the 1979 direct election of the European Parliament as it occurred in the nine nations; analyzes the preliminary five-year policy debate and speculates on the future path toward a common electoral system.

New Anti-Dumping and Anti-Subsidy Regulations of the EEC. By Jean-Marie Devos. European Council of Chemical Manufacturers Federations, Avenue Louise 250, Brussels, 1980. 27 pages.

Traces the broad lines of anti-dumping and anti-subsidy procedures and reviews the development of the EC policy.

World Military and Social Expenditures 1980. By Ruth Sivard. World Priorities, Leesburg, VA, 1980. 35 pages. $3.50

An annual account of the use of world resources for social and military purposes; focuses on a direct comparison of military costs and social needs.

EFTA—Past and Future. By the Secretariat of the European Free Trade Association, Geneva, 1980. 66 pages.

Discusses the development of trade, growth, and welfare in the EFTA countries and in Western Europe over the past 20 years; speculates on future problems arising in EFTA countries; provides a statistical and analytical appendix.

European Integration: Select International Bibliography of Theses and Dissertations, 1957-1977. Sijthoff & Noordhoff, Alpen aan der Rijn, the Netherlands, 1979. Available from Sijthoff & Noordhoff, Germantown, MD 228 pages. $47.50.

A bibliography of 1,200 theses and dissertations on European intergration, giving an overview of the interest of the academic community in this phenomenon over the past 20 years.

Industry 2000: New Perspectives. By UNIDO. United Nations, NY, 1979. 242 pages.

Provides a comprehensive review and analysis of the problems and prospects of industrializing the Third World.

Countries of the World and Their Leaders: Yearbook 1980, Supplement. Gale Research Co., Detroit, 1980. 358 pages. $20.00

A compilation of US Department of State reports on contemporary political and economic conditions, governmental personnel and policies, political parties, religions, history, education; and other characteristics of selected countries of the world; May 1980 update.

The European Economy, 1980-1985: An Indicative Full Employment Plan. By John Evans. European Trade Union Institute, Brussels, June 1980. 148 pages.

A provisional report on the restoration of full employment in Western Europe, from a trade union point of view and at the European level.

Reduction of Working Hours in Western Europe, Part I: The Present Situation. By Rafael Nedzynski. European Trade Union Institute, Brussels, August 1979. 81 pages.

A report on the economic and social consequences of a reduction in working hours; describes the present situation in 18 West European countries and summarizes the positions taken by trade union organizations, employers, and governments.

The Nuclear Non-Proliferation Treaty: Origin and Implementation 1959-1979. By Mohamed I. Shaker. Oceana Publications Inc., Dobbs Ferry, NY, 1980. 470 pages. 3 volumes. $40.00 per volume.

Provides a full account of the negotiating history of the Non-Proliferation Treaty of 1968, its interpretation, and implementation over a period of 20 years.

The International Control of Marine Pollution. By Gr. J. Timagenis. Oceana Publications Inc., Dobbs Ferry, NY, 1980. 2 volumes. 404 pages. $75.00.

A legal analysis of the Law on Marine Pollution with focus on the major environmental conventions, in particular the United Nations Law of the Sea Conference from 1974 to 1979.

The United States and World Development: Agenda 1980. An Overseas Development Council Study. Praeger Publishers, NY, 1980. Available from Overseas Development Council, Washington, DC. 242 pages.

An examination of global problems, in particular developing countries' concerns; offers a specific short-term program of action for dealing with the monetary crisis, resource shortages, and social inequities.

Keys for the Future: From Free Trade to Fair Trade. By Christian Megrelis. Lexington Books, Lexington, MA, 1980. 154 pages. $19.95.

Reviews the development of world trade economic relations; interprets the roles of free trade and protectionism at each economic development step, and discusses the future role of the United States in an economically interdependent world.

Terrorism: Documents of International and Local Control. By Robert A. Friedlander. Oceana Publications Inc., Dobbs Ferry, NY, 1979. 572 pages. $75.00 for two volumes.

A two-volume compilation providing a documentarial analysis of the problems and issues raised by international terrorism; a lengthy commentary is followed by documentation under eight headings.

Legal and Financial Aspects of International Business. By Carol McCormick Crosswell. Oceana Publications Inc., Dobbs Ferry, NY, 1980. 350 pages. $40.00.

Discusses the foreign applications of antitrust enforcement and all legal and financial aspects of international business.

The Real Power Game: A Guide to European Industrial Relations. By Jack Peel. McGraw-Hill Book Company, London, 1979. 215 pages.

Examines the problems and opportunities for unions and employers in a European context; offers insight into the EC policy-making apparatus; shows where the main pressure points are; analyzes the latest trends in European industrial relations.

The US Apparel Industry: Strategies for Enhancing Its International Competitive Position. *Conference Series No. 8*, Georgia World Congress Institute, Atlanta, April 6, 1979. 89 pages.

A study of the major underlying causes of decline in the international competitiveness of the US apparel industry and an assessment of viable solutions.

Southeastern Conference on Agribusiness Export and Investment. *Conference Series No. 7*, Georgia World Congress Institute, Atlanta, 1979. 103 pages.

Provides an overview of the topics discussed at the Southeastern Conference on Agribusiness Export and Investment, the speeches presented, and the key questions emerging from each.

L'Espagne et les Communautés Européennes. By Editions de l'Université de Bruxelles, Brussels, 1979. 420 pages.

Retraces the history of relations between the Community and Spain; analyzes the present commercial agreements; and discusses the possible future problems posed by Spain's accession.

Les accords externes de la CEE. By Catherine Flaesch-Mougin. Editions de l'Université de Bruxelles, Brussels, 1979. 320 pages.

Examines the Community's external relations in the context of its agreements and accords and analyzes the problems arising in their classification.

Le rôle de l'Europe dans le nouvel ordre économique international. Editions de l'Université de Bruxelles, Brussels, 1979. 355 pages.

Proceedings of a conference held in October 1978 in Brussels on the role of Europe in the new international economic order; presents the point of view of the industrialized nations as well as that of the developing countries.

L'Europe et la coopération au développement. By Paule Bouvier. By Editions de l'Université de Bruxelles, Brussels, 1980. 191 pages.

A historical and critical analysis of the Community's relations with the African, Caribbean, and Pacific countries from the Yaoundé Convention to the Lomé Convention.

ABC der Deutschen Wirtschaft—Buyers' and Sellers' Guide. Europ Export Editions GmbH, Berlin, 1979. 3,026 pages.

An extensive and detailed survey of German industry under 8,000 headings with more than 600,000 sources for buying and selling; includes an alphabetical index in German, indexes in English, French, and Spanish for easy cross-reference, and a list of importers and exporters, classified according to product groups.

World Economic Trends: Implications for Europe and the Southeastern US. *Conference Series No. 6*, Georgia World Congress Institute, Atlanta. 33 pages.

Proceedings of a conference held on May 23, 1979, on economic trends; topics include international banking, international economic affairs from a European viewpoint, foreign investment in the American Southeast, and the impact of international trade on the Federal Reserve System.

ABC Europ Production 1979. Europ Export Editions GmbH, Berlin, 1979. 2 volumes. 5,536 pages.

A universal register of European export firms covering 31 European countries; provides all the addresses and sources needed for canvassing new business; offers multilingual classifications for easy cross-reference.

Wer Liefert Was?—Who Supplies What? Bezugsquellennachweis fur den Einkauf, Hamburg, 1980. 1,950 pages.

A massive multilingual reference guide to manufacturing Europe; lists about 60,000 manufacturers and approximately 100,000 products arranged in a systematic, easy-to-handle fashion.

British Tax System, Second Edition. By J. A. Kay and M. A. King. Oxford University Press, New York, 1980. 266 pages.

An economic analysis of the problems facing the British tax system. This second edition incorporates recent changes to the tax system and brings the information up to date as of January 1980.

NATO—The Next Thirty Years. Edited by Kenneth A. Myers. Westview Press, Boulder, 1980. 469 pages.

Proceedings and background material of a major international conference convened in Brussels on September 1-3, 1979, on the future of the Atlantic alliance.

The Americas in the 1980's: An Agenda for the Decade Ahead. By Alejandro Orfila. University Press of America, Washington, DC, 1980. $8.75.

A reexamination of relations in the Western Hemisphere and the tradition of international civility in the American region; describes some of the main challenges which lie before the regional system and the Organization of American States.

Published for the Commission

Enguide. EUR 6842, Franklin Institute GmbH, Munich, 1980.

A guide to bibliographic data bases for users of environmental information; facilitates user access to such information from both on-line bibliographic data bases and those available through conventional distribution channels.

Advances in European Geothermal Research. EUR 6862, D. Reidel Publishing Company, Boston, 1980. $63.00.

Proceedings of the second International seminar held in Strasbourg on March 4-6, 1980, on the results of EC geothermal energy research.

Directory of the Professional Organizations Set Up at Community Level. EUR 6921, Editions Delta, Brussels, 1980. 818 pages. (English, French, and German).

A census of all national trade and professional associations in the EC member states and in the countries that are candidates for accession.

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.

☐ **The Customs Union.** *European Documentation No. 4/1980.* Commission, Brussels, 1980, 27 pages free
Brochure explaining the workings of the EC customs union and the role of the customs union in the integration process.

☐ **The European Community as a Publisher 1980/81.** Office of Official Publications, Luxembourg, 1980, 72 pages ....free
A catalogue of the main official publications for 1977-80 and the most common publications for general information; prices in US dollars are not given but are available on request.

☐ **Public Opinion in the European Community.** *Euro-barometre No. 13,* Commission, Brussels, June 1980, 123 pages ....free
Results of an opinion survey conducted in the members states in spring 1980; covers the general mood of Europeans, public awareness of the Community, attitudes toward European integration, and the enlargement to include Greece, Spain, and Portugal.

☐ **The Community of Ten: Welcome to Greece.** *European File Nos. 17-18/80,* Commission, Brussels, November 1980, 15 pages ....free
A leaflet giving the history of EC-Greek relations, the terms of the accession agreement, and an outline of the institutional and policy changes resulting from Greek accession.

☐ **European Energy Demonstration Projects.** *European File No. 15/80,* Commission, Brussels, October 1980, 7 pages ....free
Reviews Community measures to promote research and development in hydrocarbons, coal gasification, and geothermal and solar energy.

☐ **Micro-electronics and Employment.** *European File No. 16/80,* Commission, Brussels, October 1980, 7 pages ....free
Summary of the Community's approach to the development of micro-electronics and its implications for employment.

☐ **Financing Under the Second Lomé Convention.** European Investment Bank, Luxembourg, May 1980, 24 pages ....free
An outline of the arrangements for EIB operations in the African, Caribbean, and Pacific states including amounts and types of financing, interest rates and subsidies, term, tendering, security, and risk capital.

☐ **The Development of Trade Between the European Community and the Arab League Countries.** *Europe Information Development,* Commission, Brussels, 1980, 13 pages ....free
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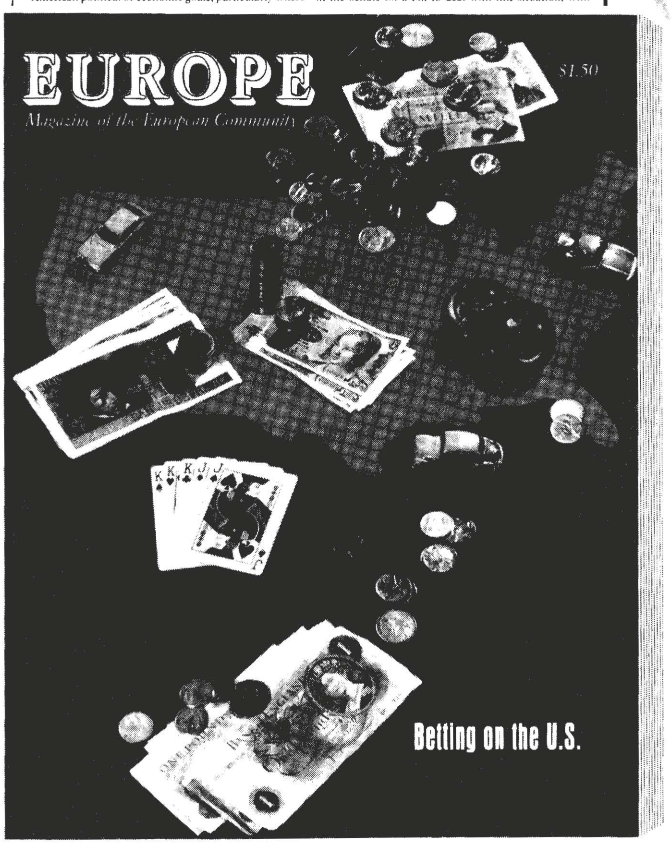

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