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SUMMARY

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ECONOMY: An extra ECU 15 billion, thanks to monetary union

The conclusions of a European Commission study.

The European Community could save some ECU 13 to 19 billion* a year, if the Twelve were to organize themselves as a monetary union, with a single currency, according to a study recently carried out by the European Commission, with the help of outside experts and organizations, both public and private. The findings were presented by the European Commissioner for economic affairs, Henning Christophersen, in Brussels on October 19.

The study points out that eliminating the transaction costs of exchanging currencies among the 12 Member States would save the Community as a whole between 0.3 and 0.4% of its Gross Domestic Product (GDP). This amounts to ECU 13 to 19 billion a year, and is equal to roughly one-third of the Community budget. Savings would be proportionately higher in the smaller EC countries and those open to the world.

Nor do the benefits of monetary union stop there. An end to the uncertainty over the exchange rates for the various EC currencies would stimulate investment in particular and economic activity in general. In addition, monetary union would mean reduced inflation in the countries with relatively high inflation rates. The study notes this would also have a stimulating effect on the economy, although with harmful consequences for the treasuries of Member States with the highest inflation rates.

In any case, monetary union would not widen the gap between rich and poor Member States and in living standards between countries and regions, as some fear. Mr. Christophersen was quite clear on that point. In his view monetary union will bring down interest rates in the less well-off countries. Both companies and individuals will thus be able to invest more easily in these countries, with the result that they will have additional means to catch up with their more prosperous EC partners.

Finally, the authors of the study believe that monetary union will allow the Community to absorb more easily economic shocks ... such as the oil shock it has had to contend with for the last two months.

Even so, the experts warn the Community's leaders that the 12-nation EC will enjoy the full benefits of monetary union only if both the Member States and the Community as such undertake policies that are carefully chosen and well coordinated.

* 1 ECU = UK£0.70 or IR£0.77

EQUALITY OF SEXES: EC Commission proposes third action programme

How to put into practice a much-neglected principle.

Fifteen years after the adoption of Community legislation defining the principle of equal opportunities for men and women, which is written into the Treaty of Rome, the EC's "Constitution", the European Commission has proposed a new action programme for the effective implementation of a principle which is being constantly breached in reality. The fact is that the situation on the labour market is far from rosy. Female unemployment in the 12-nation European Community is one and a half times higher than male unemployment, while 55% of the long-term unemployed are women.

The European Commission has chosen to be pragmatic. It has adopted a 5-year action programme (1991-1995), endowed with ECU 150mn.* of financial resources, which seeks to reduce inequality between men and women. The programme's main objective is to increase the number of women entering the labour market, even while substantially improving the level of their qualifications.

This is to be done in two ways. Firstly through the effective implementation and extension of the relevant Community legislation. The application of European directives on equal treatment, equal pay and social security must become a matter of routine for European businesses, in the Commission's view. It wants to stimulate work on three directives which still await adoption by the EC Council of Ministers - on shifting the burden of proof in cases of sexual discrimination to employers; on parental leave and on statutory and occupational social security schemes.

Secondly, the Commission wants to promote the vocational training of women, with a view to helping them to go into business for themselves. This initiative, backed with ECU 120mn. from the European Social Fund, has the further objective of helping integrate women into the "regular" labour market. As regards the Community's economically backward regions, the emphasis will be on the possibilities for childcare, so as to allow women to follow training programmes even while looking for work.

The third area of action proposed by the Commission calls for awareness campaigns in the media, in order to promote women's active participation in the decision-making process at all levels of society. For Mrs. Vasso Papandreou, the European Social Affairs Commissioner, "Europe needs a qualified work force on the eve of the 20th century, and women's contribution to it will be decisive".

* 1 ECU = UK£0.70 or IR£0.77

EUROBAROMETER POLL: 59% of Europeans favour a common defence organization ...

... while 75% want the Twelve to help the USSR.

In early October, some two months after the outbreak of the Gulf crisis, 59% of Europeans favoured a common defence organization for the 12-nation European Community, while only 31% opposed it. This is one of the findings of the Eurobarometer poll carried out on behalf of the European Commission in all 12 EC countries and based on a sample of some 500 persons in each of them. The concept of European defence seems to be gaining ground, given that an earlier Eurobarometer poll, conducted last spring and using different methods admittedly, found its supporters and opponents to be equally matched. The fact is that only 47% of those polled last spring and last autumn wanted to turn defence matters over to the Community, while 47% wanted to keep them in the hands of national governments.

Those most convinced of the need for a common defence organization were the French and Portuguese, with over 70% in favour. They were followed closely by the Greeks, Italians and Belgians, with between 65 and 70% in favour. The figure dropped to 62% in the case of the Spaniards and to 59% (the Community average) in the case of the British. Even so, more than half the Luxemburgers (55%) and Irish (52%), and exactly 50% of the Germans (excluding those from East Germany) and the Dutch came out in support of the concept of a common defence organization. This support fell to only 40% in the case of the Danes, 50% of whom saw defence as a strictly national concern.

It is difficult to say to what extent events in the Gulf have encouraged people to think in terms of some form of common defence system for Europe. In any case, nearly two Europeans out of three - 63% of them to be exact - knew that the European Community has been playing a role in the crisis, the Spaniards and Italians being the best informed on the subject, the Germans the least. Besides, 56% of those polled thought that their country's membership of the Community had played an important role in the stand taken by it over the crisis. Some 65% of those polled in fact thought the Community quite capable of finding a solution to the problems of the Gulf. However, the U.N. had a higher score (83%) as did the United States (71%). Even so, 70% of the British and Italians, and 67% of the French, were of the view that their own country could make an effective contribution to solving the Gulf crisis.

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As to whether this crisis will have facilitated the march towards the political union of the 12 EC countries, opinions were divided. Thirty-two percent of those polled thought it had while 23% took the opposite view, 35% thought it had made no difference. Be that as it may, the vast majority of Europeans approve the policy followed by the EC since the beginning of the crisis. A massive 91% consider the Community's humanitarian aid to refugees a good thing; 83% back EC aid to the countries most affected by the embargo against Iraq (Egypt, Jordan and Turkey); 75% favour long-term cooperation with Mediterranean and Arab countries while 73% consider the embargo itself to be a good thing.

Events in the Gulf have scarcely affected feelings towards Muslim communities in the EC. Nothing has changed for 79% of those polled; only 13% thought the events had blackened the image of Muslim immigrants. Attitudes towards the Arab world in general have also changed very little; in fact nothing had changed for 72% of those polled. However, some 20% reported a less favourable attitude since events in the Gulf and 4% a more favourable attitude.

The Eurobarometer pollsters took the opportunity to sound out Europeans on another burning issue: should the 12-nation Community help the Soviet Union financially to carry out its reform programme? Three-quarters of those polled replied "yes", as against only 15% who answered "no". More than 80% of the Dutch, Germans and Portuguese favoured financial backing for Moscow. The French and Greeks were the least enthusiastic; even so, 65% of them favoured such aid.

The creation of a European Central Bank, in the framework of monetary union, was backed by 65% of those polled. There was a majority in favour of it in 11 EC countries, ranging from the U.K. (54%) to Italy and Portugal (74%). In Denmark, however, those opposed to the idea represented 44% of the total, as compared to the 42% in favour of it.

CONSUMERS: A "European" price for scientific journals

The European Commission persuades a publisher to end differential pricing.

Thanks to the European Commission's intervention, Britain's Pergamon Press has decided to treat all subscribers to its scientific journals on an equal footing. For several years subscription rates have varied according to the subscriber's country of residence. The differences have sometimes been striking, to say the least, with prices in deutschmarks, for example, some 40% higher than prices in sterling in 1987.

In addition, Pergamon made sure that all subscribers paid the rate for their country of residence. Thus a Frenchman who wrote directly to the publisher, or went through an agency, was nevertheless charged the subscription rate for France, given his mailing address. The Commission held such practices to be contrary to the EC's competition rules and started proceedings against Pergamon. The latter, even while contesting the legality of the Commission's stand, nevertheless agreed at the beginning of October to let its readers take out a subscription in the country of their choice. What is more, it has announced uniform rates for the Community as a whole from next year.

EUROBAROMETER POLL: German unification wins widespread support

Some 80% of Europeans in favour of it in early October.

In the first days of October, even as German unification was taking place, the population of the European Community (excluding East Germany) made clear that it was massively in favour of it. Some 80% of the Community's citizens came out in favour of unification in early October as compared to only 71% last spring and 78% in November 1989, according to the Eurobarometer poll carried out for the European Commission.

The Spanish and Irish were the most enthusiastic, with 85% in favour. They were followed by the "West" Germans (84%), the Italians and Portuguese (83%), the French (77%), the Belgians and Greeks (73%), the British (72%) and the Dutch (70%). The most lukewarm were the Luxemburgers (60%) and Danes (69%). In all Community countries, with the exception of Greece, Luxembourg and the Netherlands, German unification was more popular this October than a year ago.

INDUSTRY: The EC motor car industry has a bright future

For the European Industry Commissioner the boom is not over.

Is the boom in the motor car industry over? For Martin Bangemann, the European Commissioner responsible for the EC's industrial policy, the answer is a clear "No".

Since 1984, which was a lean year for the European industry, production has risen steadily, year after year, until it now stands at a record 3mn. vehicles. Mr. Bangemann believes "there are no objective reasons for a new and spectacular downturn in the motor industry."

He has sought to dispel fears of just such a downturn with a fistful of statistics. There should be some 15mn. new cars on European roads by the year 1998, according to forecasts. This represents an annual increase of some 3mn. vehicles a year. And these forecasts must be revised upwards, in Mr. Bangemann's view, as East European markets open up. Demand for cars in the former German Democratic Republic alone could amount to some 800,000 units, the Industry Commissioner believes.

But what about the crisis in the Gulf, the problem of pollution and the "flood" of Japanese cars? All such fears have been swept aside by Mr. Bangemann. As regards the crisis in the Gulf the rise in oil prices could prompt Europeans to change their driving habits (to drive more slowly, buy cars which use less petrol, etc.). But it should not call into question the principle of car ownership itself. In the same way, the importance Europeans attach to environmental protection should lead them to choose "clean" cars rather than to give up this form of transport altogether.

Finally, as regards the sensitive issue of Japanese penetration of the European market, Mr. Bangemann has pointed out that the EC remains the world's largest producer, with some 35% of the world market, against 25% in the case of the United States and another 25% in that of Japan. According to the Industry Commissioner, using quotas to limit imports of Japanese cars will only reinforce the weaknesses of the European motor car industry, which include production aimed largely at national markets, slower assembly lines, etc.

The most effective solution, for Mr. Bangemann, is to control the future rate of penetration of the European market by means of a surveillance system, which Japanese manufacturers are prepared to accept until 1996. The Commissioner has warned both the so-called "free traders" and "protectionists" that a policy of all or nothing could well result in "nothing".

It is now up to the Community's car makers to take advantage of this breathing space to remedy their shortcomings and offer consumers cars which rival those of their Japanese competitors.

TRANSPORT: The lorry war continues unabated

Frontier crossing points between North and South are once more in a state of siege.

Lorries parked across roads, and even the occasional railway line; slashed tyres; striking customs officials and lorry drivers; thousands of tons of perishable foodstuffs rotting under the sun of an autumn that is proving hot in every sense of the word ... This is the picture at frontier crossings between the North and South of the European Community. Road traffic between Spain and France is almost completely paralysed because of a strike by Spanish lorry drivers. It marks a fresh upsurge in the "war of transit licences" between Italy and Austria and had led to fresh blockades on both sides of the Alps as well as renewed tension between Greece and Yugoslavia. Here, too, it is the eternal problem of transit licences, with blockades and the consequent endless tailbacks marking frontier crossings between Italy, France and Switzerland.

With tempers running high, the most varied bodies are multiplying calls and communiques; governments are flexing their muscles and everyone is looking to the European Commission, while waiting for Brussels to produce a miracle. True, the European Transport Commissioner, Karel Van Miert, succeeded in doing just this in August, when he secured an agreement between Rome and Vienna, after the collapse of one of the bridges over the Inn in the Austrian Tyrol had seriously disrupted traffic between the two countries and revived their old quarrel over Alpine crossings and transit licence quotas. A plan was drawn up, with quotas and deadlines, and accepted by the two sides. But the respite was short-lived. Even so, the Transport Commissioner succeeded in lowering tension between Greece and Yugoslavia by persuading the Yugoslav authorities to issue an additional 2,500 transit licences. But the problem is far from resolved, given that Athens is asking for 10,000 such licences.

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As for the conflict between the Spanish government and the strikers, the European Commission does not have the necessary powers to intervene, as was underline by Mr. Van Miert. He also noted that responsibility for reopening the frontier crossings lies with the governments, and that recourse to the European Court of Justice could be envisaged only in the event that they shied away from their obligations. Even so, it was not certain that the Court would take up the matter, as was clear from the earlier case regarding a strike by drivers at the Franco-Italian frontier.

There are no miraculous solutions, only provisional solutions to a much bigger problem. The fact is that the entire road transport philosophy must be reviewed. Motorways are becoming saturated; long-distance lorries are causing tailbacks at mountain passes and tunnels, while the regions through which the modern-day juggernauts transit are rising up in the name of the environment and quality of life. The period of rapid, unrestrained growth of road transport is definitely over, as well as that of the small, independent hauliers, who are no longer able to face up to new constraints and rising costs. They must integrate themselves into larger systems, better organized and more suited to the new European scale of operations. The supremacy of road transport is also over; the future belongs to combined road-rail transport, which will have to be implemented as soon as possible. It is only in this framework that one can draw up solutions which will allow European hauliers to traverse this difficult period without too much damage.