

EUROPEAN COMMUNITY NEWS

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COMMISSION OF THE EUROPEAN COMMUNITIES

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TRANSNATIONAL PROBLEM CALLS FOR SUPRANATIONAL SOLUTION

Inflation is not solely a US phenomenon; in Europe it has been running as high as 7 per cent a year. To combat this transnational problem, the six members and three prospective members of the European Community have arrived at common guidelines for consumer prices, government spending, business investment, and money supply. The guidelines stipulate

- * a 4 per cent limit on consumer price increases next year
- * money supply expansion only in proportion to real economic growth plus 4 per cent. For example, the money supply can expand 8 per cent if a member state's gross national product (GNP) rises by 4 per cent at fixed prices.
- * public spending increases proportional to GNP growth
- * temporary tariff and quota liberalization to expand consumer goods supplies to relieve price pressures
- * consultations by member governments with labor, management, and consumer groups in an effort to keep wage and investment increases proportional to economic growth
- * increased efforts in vocational training and rehabilitation to relieve unemployment
- * strict enforcement of EC competition policy.

This common program, reached at the October 30-31 meeting in Luxembourg of the EC Council of Finance Ministers, comes after the Paris Summit's reaffirmed commitment to full economic and monetary union by 1980.

The Washington Post commented: "Inflation is, once again, forcing the issues of European unity. The nine nations of the expanded Common Market have to decide whether to try to control it together or, instead, to save themselves separately. So far they have chosen, in principle, to stick together."

BUSINESS ON THE UPSWING

Despite record inflation the business outlook in the European Community is "optimistic." Recently released results of the second quarterly survey of EC industrialists show 18 per cent of the respondents expecting production to increase in the coming months. Eleven per cent of the executives surveyed reported their present production orders were above normal.

COMMISSION TAKES SHAPE

The new Commission of the enlarged European Communities, taking office January 1, will have 13 members. France -- whose Gaullist concept of national sovereignty has frequently been at odds with the supranational EC Commission -- will pick the President of that Commission.

Nominated to the two-year post and subject to approval by the Council of Ministers is Francois-Xavier Ortoli. Mr. Ortoli would join France's second member of the Commission, Jean-Francois Deniau, Commissioner in charge of both development aid and the negotiations for the Community's enlargement.

Britain and Ireland have also already made their appointments to the new Commission -- Sir Christopher Soames and George Thomson from Britain and Irish Foreign Minister Patrick Hillery.

Mr. Ortoli, a Corsican with a record for technical and administrative skills in the French civil service, served as Minister of Finance in the government of Maurice Couve de Murville and as Minister of Industrial and Scientific Development in the government of Jacques Chaban-Delmas. For a short time, Mr. Ortoli served as Minister of Education in the aftermath of the student riots in 1968. He also was director of France's five-year development plan in 1966-67.

Both Mr. Soames and Mr. Thomson were involved in the delicate negotiations for British entry into the Community. Mr. Soames, married to Sir Winston Churchill's youngest daughter, was Minister of Agriculture in the Macmillan Government and thus closely involved in the abortive 1961-63 entry negotiations. In 1968, the Labour Government appointed the Conservative Mr. Soames Ambassador to France, where he helped prepare the renewal of negotiations for the Community's enlargement. In spite of the so-called "Soames Affair" -- when the French accused the British of leaking confidential conversations -- Mr. Soames played a critical role in overcoming French objections to British membership in the Community.

Mr. Thomson held various ministerial posts in the 1964 Labour Government before his 1968 appointment as Chancellor of the Duchy of Lancaster, (minister without portfolio) with special responsibility for relations with the Community. Had Labour won the 1970 general election, he would have been the chief British negotiator for Common Market entry. Last April, Mr. Thomson joined deputy party leader Roy Jenkins in resigning from the "Shadow Government" in protest over Labour's decision to vote against entry into the Community. Commenting on his appointment to Brussels, Mr. Thomson said, "I take this on, believing it is in the best long-term interests of my country and of the Labour Party."

As foreign Minister, Mr. Hillery led the Irish delegation in the negotiations for entry into the Community and then played a leading role in the successful referendum campaign. He has served as a Minister in the Government Party -- Fianna Fail -- since 1959, and has been frequently mentioned as a future Prime Minister.

MANSHOLT CONGRATULATES NIXON

Europeans are not sure what President Nixon's re-election means for US-EC relations, but the Commission of the European Communities hopes it spells improvement. In a November 8 telegram to Mr. Nixon, EC Commission President Sicco L. Mansholt, a Dutch Socialist, said: "We sincerely hope that you and your administration will continue to maintain and improve friendly relations between the United States and the enlarged European Community so that we may find constructive solutions for all the common problems we face."

Adding a congratulatory note on the President's landslide victory, Mr. Mansholt said: "It is with great pleasure that the Commission of the European Communities has learned the results of the presidential elections in the United States.... I would like to take this occasion to convey, for my colleagues and for myself, our warmest congratulations and our heartfelt wishes for your personal happiness and success in the tasks that lie ahead."

NIXON SEES THE SUMMIT

Just before his re-election President Nixon had some words for his European "constituents": "It is, and has always been my own deeply held view that progress toward a unified Europe enhances world peace, security, and prosperity."

Commenting on the recent Summit meeting of the enlarged European Community, President Nixon said "the United States strongly supports [its] objective" of a European union by 1980. "It is also of the highest importance that the United States and Europe work closely together," the President continued. "For this reason I particularly welcome the Community's declared intent to maintain a constructive, forthcoming dialogue with us, and its commitment to a progressive liberalization of tariff and non-tariff barriers to trade on a comprehensive basis during the major multilateral negotiations to begin next year."

"We will be prepared to take bold action with our European partners for a more equitable and open world economic order," Mr. Nixon declared. "The October 21 Summit declaration is evidence that our European partners are equally dedicated to the success of these efforts."

"BUY AMERICAN" IS A RESTRAINT OF TRADE, SAY EUROPEANS

The EC Commission is studying a request from European steelmakers to fight a new "Buy American" provision in the US Defense Department appropriations bill. In letters to the Commission last month, the Club des Siderurgistes (grouping EC steel industries) and a representative of the German steel industry protested the new American law as a non-tariff barrier violating the General Agreement on Tariffs and Trade (GATT). In addition, the letters pointed out that the new law seemed to violate an agreement signed earlier this year whereby European and Japanese steelmakers agreed to limit exports to the United States in exchange for a US pledge not to erect further barriers to steel imports. The new law passed by the US Congress restricts Defense Department purchases of special steel components to American manufacturers.

A COMMON "CULTURAL" MARKET

People who think of only politics and economics at the mention of the European Common Market should check on their calendars the 10-day British "Fanfare for Europe." The January 3-13 celebrations to mark British entry into the Community will include productions by the Royal Ballet, the National Theatre, the London Philharmonic, Saddler's Wells, and the Royal Shakespeare Company. Not only British but European cultural themes will be spotlighted during the more than 150 projected events, as well-known Continental orchestras and artists perform throughout Britain. In addition, pop concerts, sports events, a fashion show, art exhibitions, a design contest, and a special issue of stamps are planned.

A recent letter to the *New Statesman* noted both the cultural diversity and unity in the enlarged Community: "Now that we are about to join the Common Market we must be prepared to pool our oddities and to share the perversions of our neighbors. We cannot have permissiveness in one part of the Commnn Market and puritanism in another. The Common Market calls for a Common Moral Code. Thus we must either campaign for the closing of the Reeperbahn in Hamburg or open one of our own at Battersea Fun Fair."

WORTH QUOTING

** What has been happening to US-EC relations is a kind of common death wish. America and Europe are cursed by a preoccupation with their own affairs and an inclination to deal with domestic problems in ways that ignore their impact on the other side of the Atlantic. The drift toward mutual hostility threatens to retard the growth of world trade and to complicate reform of the international monetary system. Most important of all, it could weaken the common cultural, economic, and defense interests that link the nations of the Atlantic community. -- J. Robert Schaetzel, former US Representative to the European Communities (1966-72), "A Dialogue of the Deaf Across the Atlantic," Fortune, November 1972.*

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FIRST CLASS