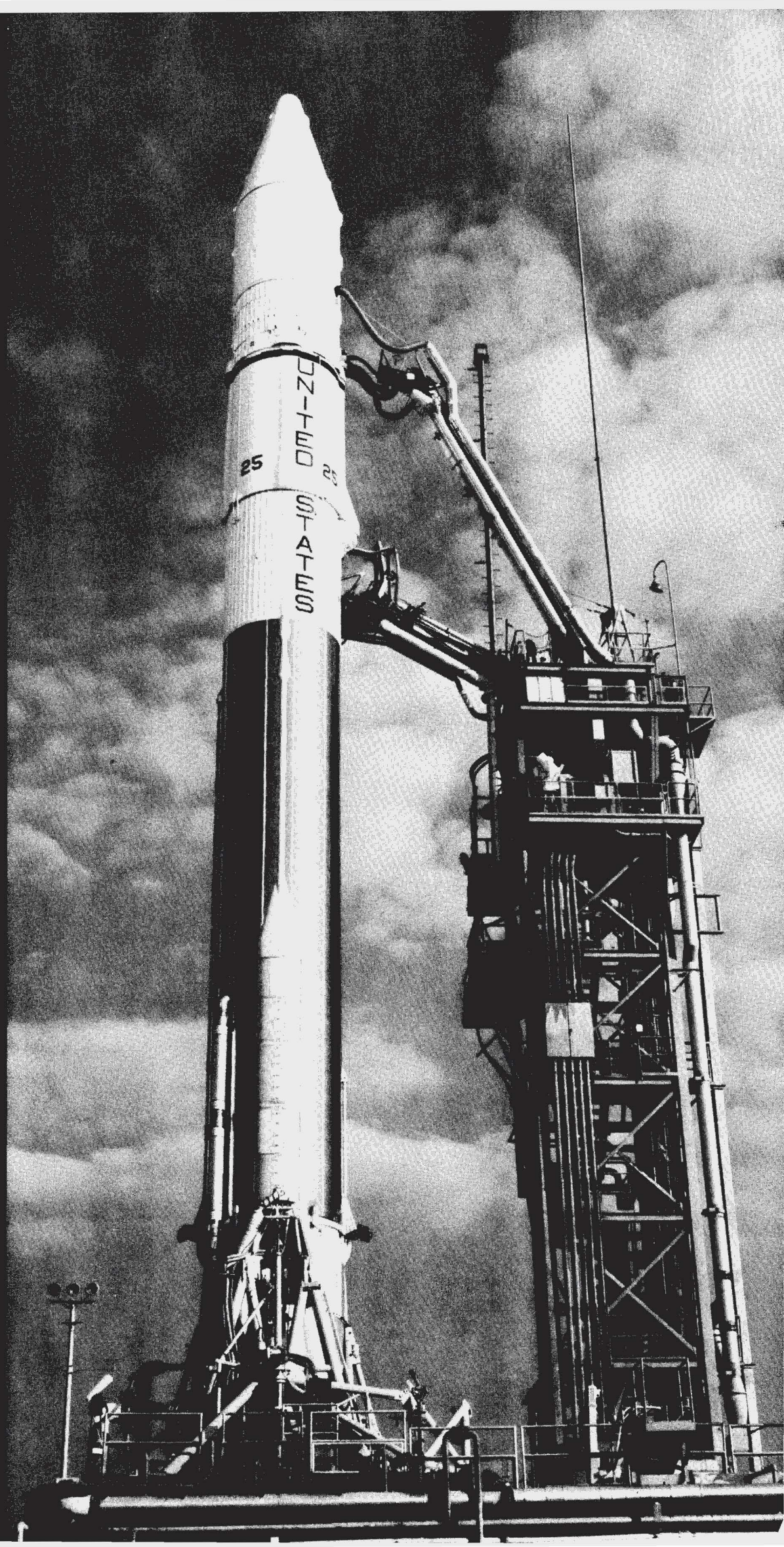


# European Community



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COVER: The decision on whether or not to continue using U.S. launchers is one issue holding up European cooperation in space (*see page 18*). This Atlas-Centaur sent the first Intelsat IV series of communications satellites into orbit on January 22, 1971. PHOTO: Courtesy National Aeronautics and Space Administration, Washington, D.C.

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# The Mood of Young Europeans

GILLES ANOUIL *editor-in-chief of the French magazine Réalités*

"An old soldier's mentality is all they'll get out of this adventure," predicted a European sociologist at the height of the May 1968 uprisings in Europe.

This prediction of the state of mind of young people returning to their universities and dormitories after their "revolution" was not entirely wrong. For the minority, it was the beginning of a continuing struggle, but for an entire age group the mad weeks of spring 1968 will be remembered in the same way their grandparents remember the defeat at Verdun. And, most older people will from now on regard younger people with some resentment and suspicion.

## Common Market Affected

Common Market countries have been especially affected, according to the British Reader's Digest study "A Survey of Europe Today: The Peoples and Markets of 16 European Countries." Italy emerges as the country where public opinion is least favorable to youth. France, Belgium, the Netherlands, and Portugal rank a little higher up. Germany and Luxembourg occupy a somewhat more honorable position after Great Britain but trail well behind the two countries most favorable to youth—Ireland and Sweden.

Young Europeans must answer two questions for themselves: Does Europe have its own specific youth culture, as would seem to be the case in the United States, or is it only a passing phenomenon, linked to the mood of the moment? What are the real claims of youth, what sort of world do they wish to enlighten?

On the first point, a young Italian sociologist has written that the current problem of youth is neither ephemeral nor superficial. It is the upsetting of the biological and sociological balance which until recently regulated our society. Continuity used to pass from generation to generation; people died relatively young: a high infant mortality rate prevented new-born babies from crowding the already inflated ranks of growing children. In addition, migrations from the country to the city occurred gradually, without bottlenecks. Finally, regularly fought wars decimated entire populations. The net effect was that young people never felt crowded into their society, as is the case today.

## A New Demography

A glance at the age distribution in the principal European countries confirms this analysis. To be sure, the baby-boom of the post-war period has abated considerably, but medical progress and the absence of armed conflicts have changed the demographic profiles of different nations. The traditional pyramid configuration has turned into a bad statue, puffed out in the middle and pinched in at the neck.

Our societies, accustomed to burning the candle at both ends, will now begin to conserve their human capital more carefully. They still know nothing about how to make room for the very young and the very old, for societies are set up for human beings in the full force of their maturity. People in other age groups, once avoided socially, today are rejected. Old people are discarded. The Reader's Digest study shows that except for Germany and Luxembourg, Common Market countries devote the least attention to problems of the elderly, among European nations.

As for young people, the lengthening of the education process has effectively put them on the shelf. A young teaching assistant at the Law School of the University of Paris commented: "We are demonstrating against the teaching system in our country not only because it has atrophied, but also because it is atrophying us. It does not seem to prepare us for an active life but rather for entry into life as late as possible. History shows that many leaders of the French or American Revolutions, for example, were young people."

In *The New Europeans*, Anthony Sampson commented that he belonged to a generation that went to college after the war, when no one dared to question the organization—the glut of theology professors or the shortage of engineering professors—when the army and navy were just as absurdly organized.

## Qualitative Elements

To understand youth's state of mind, we must also consider qualitative as well as quantitative elements. These qualitative elements are of two kinds: some involve a change of attitude, others a change in expectations.

Among the qualitative elements, too numerous to list in their entirety here, should be mentioned the democratization of higher education. As a result, youth today feels a greater involvement in the broad problems of society, problems about which only a small bourgeois minority used to be concerned. Lacking any control over events and limited by the demands of a long, abstract education process, youth is inclined to neglect details for generalities. Moreover, today's worried adults no longer convey a sense of security to their children, only uncertainty and anxiety which only adds to youth's questioning.

Thus, young people feel that it will be difficult for them to assume their future responsibilities as workers, as citizens, or as members of the earthly community. The leader of a student movement says: "I am amazed how much brainpower went into the 1968 student demonstrations in France, the Netherlands, Germany, and Italy. We have done more thinking these past few years than in the two previous decades put together."

What does tomorrow hold in store for this intense intellectual effort which has occurred during a period of economic prosperity? As the American sociologist Ronald Inglehart put it: "Post-bourgeois" values are taking precedence over the "acquisitive" values which prevail in times of poverty.

The change in expectations is related to the paradox that the young feel powerless to control events, yet feel capable of anything. Youth is the model for our times: everyone wants to stay young, physically as well as intellectually. With the growth of adult education, school attendance, which was once a characteristic of young people, will become an equally valid alternative for their elders. Next, youth is becoming emancipated, sometimes economically but primarily intellectually. The father and the teacher, formerly the sole repositories of knowledge (and thus of power), are today only two of many sources of information. Cultural acceptance is disappearing. Youth is creating its own culture, a counter-culture.

Finally, adult groups, from publishers to ecclesiastics to political parties, pay court to youth. Some young people feel



*Young Europeans are ready to take up the challenge of building Europe—in their own style. They believe in an internationalism without any national borders.*

flattered and fall into the trap, but the best of them take what they can without giving up anything they consider important.

Anthony Sampson contrasted the optimism of young people today, confident that they can change the future, with the pessimism of his generation.

### **Shock of May '68**

The shock of May 1968 awakened youth to its own strength. The explosion died quickly, but its repercussions have not, and young people will not quickly forget that they caused it. They now know that to shake up society is an alternative not beyond their ken.

The American example can only encourage the hopes of European youth. Of course, what happens on one side of the Atlantic will not necessarily be repeated on the other side. In the United States youth seems more mobile and the protest movement more generalized than in Europe, perhaps because 43 per cent of American 20-24 year-olds go to college, as opposed to 14 per cent in France and 8 per cent in Italy. American students were the first to test guerrilla tactics in demonstrations, at Berkeley in 1964. American society is not as socially or economically stratified as Europe's, and youth can more easily coalesce into a united movement.

In Europe, class struggle prevents cohesion in individual age groups. Writes a student at Heidelberg University: "It was obvious in Germany that during the student demonstration initiated by Rudi Dutschke most of the young workers reacted in the same way as their predecessors of earlier generations." In Italy the current struggle cuts across demographic lines: adult workers find themselves on the side of the young intellectuals. As for France, the Communist Party is anxious to preserve its own hierarchical structure.

### **No Mindless Copy of U.S. Youth Culture**

No matter how avidly or hopefully young Europeans follow events on the other side of the Atlantic, they will not let themselves follow the "American movement" blindly. Some aspects of it, especially the hippie cult, seem completely unrelated to European youth's aspirations. Said a young Italian

girl: "The hippies are exotic flowers which don't adapt easily to European soil. Escape may be understandable in a huge, wealthy nation, the leader of industrial civilization. Here it is irrelevant. On our doddering continent, so many things still have to be done that we are not about to throw in the towel."

Thus, there seems to be a specifically European youth attitude, less clear-cut perhaps than in the United States and more divided, but sufficiently evident to be something more than a passing fad. Adults who allude to the "silent majority" of youth—those who seem to be in a greater hurry to find their place in society than to "change their way of life," hear youth quite rightly retorting that the trend of history is not changed by public opinion polls but rather by the thrusts of active minorities.

Young people invariably point out that nearly 20 per cent of people their age belong to youth movements, a "commitment" rate well above average for the population as a whole. This figure includes membership in sports clubs, but joining any kind of organization is a relatively recent phenomenon in France and one that shows a greater commitment to action on the part of the young today than their elders displayed in their time.

### **Movement's Goals**

If the extent of the movement can be measured, its goals often lie hidden in confusion. Young people, when asked what kind of society should replace the existing one, give all sorts of answers. Some interesting findings turned up in a survey made in Common Market countries and in Great Britain in 1970 by Ronald Inglehart. Ten thousand people were questioned to compare the attitudes of different generations to two major types of values. The following question was asked: "If you had to decide upon two of the following alternatives, which two would seem most desirable?"

- maintaining law and order?
- giving people a chance to play a more active role in important political decisions?
- fighting inflation?
- protecting freedom of speech?

Inglehart's methodological approach would take too long to study in detail. Suffice it to say that, according to his basic hypothesis, an individual's basic values are formed by the time he becomes an adult and remain fairly stable for the rest of his life. Inglehart also thinks that economic conditions at adulthood have a much greater influence over his future beliefs than do personal ideological orientations. If, for example, adulthood is reached at a time of relative poverty, he will feel attached to the first and third values listed above—values which he calls "acquisitive." If, on the other hand, the transition occurs during a period of relative prosperity, the second and third values, which he calls "post-bourgeois," will prevail.

### **Proof of History**

Recent European history bears out Inglehart's hypotheses. For example, the English and the Dutch who reached an adult age before the war, during a time when their standards of living were well above the French, Italian, and German

levels, today are more attached to “post-bourgeois” values than are their French, Italian, and German contemporaries. In contrast, Britons born since the war, during a period of economic difficulty, opt far more often for “acquisitive” rather than “post-bourgeois” values.

Inglehart’s main contribution is his study of the generation gap between people 16-24 years old and every other age group, including 25-35 year-olds.

Except in France, 16-24 year-olds place a higher priority on “post-bourgeois” values, whereas at every other age “acquisitive” values take precedence.

Using sociological comparisons, Inglehart refuted one too-obvious conclusion that the young are so “progressive” because they are just beginning life and are not yet encumbered by the responsibilities of married adults. Supporting his thesis with statistics, Inglehart demonstrated people’s basic attachments to values are acquired by the very end of adolescence.

### **A Fad That Grows Up**

This study answers some of the questions raised at the beginning of this article. On one hand, it confirms the existence of the “youth phenomenon”; we cannot simply call it a fad. On the contrary, it seems apparent that today’s youth will carry something of this phenomenon into their adulthood.

On the other hand, Inglehart’s study seems to indicate that youth today is seeking a certain *style* of living, rather than a certain *standard* of living. Particular demands accompany this type of attitude.

### **Division of Labor**

First, youth is protesting against the pulverization of human existence, against the division of labor which governs the economy and which has invaded all facets of society. Young people are the first victims of this division of labor because they are effectively put on the shelf during their long years of education. A quarter of their existence is spent studying—and only studying. Other responsibilities are denied them. When life’s doors suddenly swing open to them, the doors of their adolescence close just as abruptly. A program of continuing adult education, now recognized as essential in today’s world, would bridge this schism.

There are many other hiatuses against which youth is revolting in modern life. Life is split up into activities as producer and consumer, work and leisure, and responsibilities to the family, the city, the country, and the international community. Somehow youth feels these conflicting elements keep him from reaching the basic personal unity to which he aspires. Youth has no answers to this problem, but why should it be blamed? Adults have no answers either.

### **Structure of Authority**

Youth’s second demand relates to the structure of authority in modern society.

At the Common Market’s Conference on Youth, held in Brussels in June 1970, young people from the six member countries unanimously agreed on one point: they want to live in a society in which the power structure and human relations in business and government are being thought through again, from the bottom up.

They question the present structure of authority based on selectivity and competitiveness. Here, too, they have no concrete solution, only a highly idealized concept of “self-management.” As one young sociologist said: “To us it seems absurd and unjust that the growth of education and intellectual achievement has no parallel in relations between different groups of human beings or in a new style of government that takes these new abilities into account.

They do not want to come into power but rather to transform it, which they think will bring all sorts of goals into the realm of possibility. This might be termed a “cultural revolution.”

Relations among young people, with their primitive simplicity, amaze their parents, who are accustomed to more ceremony. Notes one grown-up: “Whereas we were raised in a mannered society, our children seem to be members of a great Rousseauist tribe.” The example of communities of American families who adapt to European life far more easily than the hippies also illustrates the new kind of human relations now being tried out by the young.

### **Pragmatic Youth**

These are important examples, as they carry implications for daily life. Research has shown that young people today, disillusioned with ideologies, are basically pragmatic, despite all their verbal abstractions. The young need to experiment, to try out their theories, to change while trying to change life. Less and less will they tolerate the adults’ current monopoly on responsibilities. Reaching maturity and beginning to take on responsibilities, young people will handle them differently than have their elders. Characteristic of these sweeping changes in attitudes of the young is the story about an American ambassador’s son, a Harvard graduate, whose company fired him for appearing in the president’s office, for the third time, bare-footed.

What is “Europe’s” role in the vast changes now taking place—and in the minds of youth? A slim one, it must be admitted. The young profess belief in internationalism, but an internationalism without borders. However, two trends should be mentioned.

First, interest has tapered off in “escaping” to the developing world, which was very much in vogue several years ago when people thought that nothing important could be accomplished in the West. May 1968 and events in the United States have revived hope. A young militant Italian says: “We have discovered in our generation a reservoir of fighting spirit that we never knew existed. It may all come to nothing, but the stakes make the game worth playing. Our main obstacle is that we cannot agree upon the means: the battle between reformers and revolutionaries seems to be hereditary.”

### **Struggle in Store**

In contrast, Europe, and the Community in particular, seems a worthy field of endeavor. As realists, the young know things will be happening in Europe in the years ahead.

They are ready to take up the challenge—in their own style. But only if their elders squeeze together to make room for them and let them take on responsibilities for other things besides organizing youth conferences. Europe must cease to be the exclusive hunting preserve of adults.

# First Education Council

**RICHARD NEFF** *a freelance journalist based in Brussels, contributes to the Christian Science Monitor.*

WHEN THE EDUCATION MINISTERS of the Six go to Brussels this year for their first Council of Ministers session, they will be greeted by an overflowing dossier of projects for cooperation, mainly in higher education, throughout the European Community.

Much thought was given to this subject within individual member countries last year, and preparatory spadework was done by a committee of top civil servants from the national education ministries. These officials have been meeting since last September.

The ministers face a gigantic task in the realm of culture and public education, where the mentality of national frontiers runs strongest. The sense of national identity depends heavily upon the distinctness and the separateness of a nation's culture. That culture, in turn, depends on the nation-state's system of public education. Thus, the education ministers will handle problems which touch at the heart of member states' cultural and national identity. They will also have to grapple with a keen sense of intellectual prestige and the fear of competition found in every country's institutions of higher learning.

## The Educational Dilemma

As a result of these factors, ideas for European cooperation in education have produced few results. Projects to render national diplomas equivalent to one another or to set up a European university have languished. Meanwhile, students in the Community who want to complete study or practice a profession in another member country find it difficult to do so because of the wide variances in educational systems and in the recognition of diplomas and professional requirements from one nation to another.

Educational leaders in various member countries have increased their warnings that this situation must end. They point out that as member nations' economic, financial, scientific, and technological needs become more and more similar, so too should their educational approach to these needs.

Olivier Guichard, French Minister of National Education, has noted that social changes are largely similar throughout Western Europe and that education, as one of the best methods of channeling and controlling change for the benefit of all, must be adapted to this continental fact. He has urged Community countries to become aware of "the educational dimension of our European problems" as well as the obvious reverse, "the European dimension of our educational problems."

## The Agenda

When Mr. Guichard and the other education ministers gather for their unprecedented Community-level meetings early this year, they will have four basic items on their agenda:

- proposals made by the French Government last fall, for the creation of a European Center for the Development of Education to promote research, exchanges, and cooperation on all levels among the Community countries
- a proposal made by Belgium in February 1970 which includes the creation of transnational universities in frontier regions close to two or more member states

- a long-standing Italian Government proposal to establish in Florence a European institute of higher learning
- assorted German projects for the mutual recognition of diplomas and final examinations.

The French, Belgian, Italian, and German projects all agree on at least one point: the need for Community-level institutions in education. However, all four projects in this realm have basic differences of approach.

## France: Catalytic Center

The French proposal to establish a European Center for the Development of Education was first made public by former Education Minister Edgar Faure, in a speech to the European Parliament in September 1969. It was recently supported in greater detail by Mr. Guichard. The chief task of the center would be Community-level research in education and encouragement of cooperation across national frontiers between existing schools and universities. The center would be a catalyst for promoting Community action and assembling documentation on the member countries' current educational systems, including costs of education, accounting systems, the organization of research and innovation, and developments in the "technology of education" (audiovisual techniques). The Center would be responsible for giving this information to national educational institutions throughout the Community.

The Belgians have proposed not only the establishment of transnational universities in frontier areas but also the organization of a European center for comparing national teaching methods and for testing existing studies of university reform.

## Italy: "European" University

The Italian proposal for an educational institute in Florence dates back to the creation of the European Atomic Energy Community in 1958. Article 9 of the Euratom Treaty expressed the idea of establishing a European-level institute of higher learning, for training nuclear experts. The idea was studied in various ways in the early Sixties, and the Italian Government acquired land for the institute near Florence. Nothing further was done until the Italians managed to have the project included in the communiqué issued after the December 1969 summit meeting of the Community members' heads of state or government at The Hague. In May 1970, Foreign Ministers Maurice Schumann of France and Aldo Moro of Italy discussed the project, and for the first time in some years French Government support was obtained.

## The Institute Now Envisioned

Since then an intergovernmental group of experts has agreed that the Six should create in Florence a European Institute for Advanced Studies in the Human Sciences (law, economics, sociology, history, and civilization). It would be a postgraduate institute for study and research, and not the European "super-university" which was originally contemplated but which was opposed by national university circles.

Initially, the institute would enroll a small élite of some 150 students, though this number would probably be increased later on. Certain governments would like to see the Florence institute tackle European university cooperation—perhaps by



*The Italian Government has offered to donate Villa Tolomei in Florence as the site for a European University.*

recognizing the "European vocation" of existing, highly specialized national institutes of research—and developing and coordinating a coherent European system of study and research by these institutes.

Intergovernmental discussions in Florence last October disclosed a basic divergence of approach to financing the Florence project. Italy would pay the construction costs. France feels that the operating costs should be paid by intergovernmental subscriptions, while Germany wants the institute financed through Community channels. This is one issue which the education ministers will have to settle.

### **The Legal Gap**

Some experts oppose the Florence institute on the grounds that the College of Europe in Bruges performs many of the functions planned for Florence. Others maintain that the Florence institute would be larger (there are roughly 50 students at Bruges) and would have the weight of official authority behind it (the College of Europe is a private institute).

While the Euratom Treaty provides constitutional authority for setting up an institute in the field of nuclear science, there is no authority in the Common Market Treaty or elsewhere for creating special centers of the type proposed by France, Belgium, and Germany. This legal gap may cause the education ministers a problem; to solve it they may have to "change hats" in the middle of the Council meeting. In other words, they may have to adjourn or recess their Council of Ministers session and take up the discussion on an intergovernmental level, outside the Community context, legally speaking.

### **Sorting Out Diploma Differences**

In addition to all these agenda items on new European-level centers and institutes, the education ministers will be discussing the German Government's concern for the mutual recognition of diplomas and final examinations. The Germans feel that while mutual recognition of diplomas would require a certain similarity in teaching, it should not require uniformity of instruction in member countries. The Germans stress that highly developed countries, such as those in the Community, should be able to form similar criteria to judge acquired knowledge.

Germany also thinks the Six should give special attention

to the period of study required in the member states, in order to make it easier for students and established professionals to move from one member country to another.

Belgium's proposals also include the harmonization of studies and recognition of diplomas in the fields of medicine and science, and the creation of European diplomas that would be recognized and delivered by universities wishing to do so.

### **Education and Membership Applicants**

As the Community seeks to strengthen its institutions while simultaneously negotiating the entry of four new members, experts have wondered how to associate the candidate countries with the internal discussions taking place within the Community. The committee of government experts preparing the ministers' meeting did not raise this issue, perhaps because the problems facing the current six members are already complicated enough. So there is no clear policy yet, and the ministers may have to establish one.

Mr. Guichard has, however, said that Britain must be associated with the creation of the European Center for the Development of Education proposed by France. He has also tried to separate the forthcoming ministers' meeting from other efforts in the field of European university cooperation. While paying homage to such efforts, he has stated that they lack "the unanimous will of governments that would give European cooperation the necessary impulsion." In his view, the meeting of the Six "would gain in intensity what it would lose in scope" by remaining on the Community level.

### **University as a 19th Century Creation**

Many of the ideas which the Council will discuss came up at a European conference held in Grenoble last October. Some 150 people, including some deans and rectors, took part. Twelve countries, including Britain, were represented at the conference which was partly financed by the French Government and the European Community.

One of the main themes to emerge was that the major traits of modern universities do not go back to the Middle Ages, which achieved a certain European unity, but rather to the 19th century, which was the era of the "Europe of Nations." This was why today's universities were "structurally nationalistic."

Experts pointed out that cooperation had become more difficult because universities are now in a period of transition: traditions like the professorial chair and exclusive power of the teaching faculty are disappearing and new structures have not yet replaced them. The Grenoble conference urged the academic world to abandon "defensive positions."

Participants formulated three main suggestions to encourage greater European cooperation in education:

- Cooperation should proceed from the universities themselves and not be made without them or against them.
- Reforms should be carried out so that universities are made compatible, but kept varied; plurality of models should be encouraged.
- Students should be associated with the reforms. (No student took part in the Grenoble conference, however.)

# Sleek Lines for 1971

## THE COMMUNITY'S NEW, SINGLE BUDGET AND SIMPLIFIED PROCEDURE

THE EUROPEAN COMMUNITY in 1971 will look trimmer than the 1970 model. The Six will for the first time be working with a single Community budget, with enhanced budgetary powers for the European Parliament, and a detailed system for financing the budget during the next few years.

As part of the package completing the merger of the three Communities (the Common Market, the Atomic Energy Community, and the Coal and Steel Community), a treaty making major amendments in the budgetary provisions of the Community Treaties came into force on January 1, 1971. On the same day, the Council's April 21, 1970, decision became effective, giving the Community financial resources that are independent from the direct payments made by the member states into Community coffers.

On January 2, 1971, the Council of Ministers adopted a regulation specifying the way funds would be put at the Commission's disposal and creating an Advisory Committee for supervising administration of the funds.

### The Politics of Compromise

The decision to increase the budgetary powers of the European Parliament and to establish a four-year transition period for the creation of independent Community resources came as the result of a major compromise following marathon Council debates in December 1969. (See *European Community*, No. 130, pages 17-18.) Before accepting the French prerequisites to British entry into the Community (final arrangements for financing the common agricultural policy) the Dutch and Italians insisted on strengthening the Parliament's powers. France had hoped for a shorter transition period for creating Community resources that would be independent of the whim of national budgets. As the system existed, national budget decisions could otherwise act as an effective veto of financial support for agriculture by not making funds available. The result was a compromise.

The new treaty and the Council decision—the one creating a common budget and increasing Parliament's budgetary powers, and the other specifying the means for financing that budget—were signed by the Council in 1970, on April 22 and 21, respectively. The Six also agreed at that time to reconsider the powers granted to the European Parliament for the period after 1975, on the basis of Commission proposals to be made by January 1973. The Parliament, however, in three resolutions and an aide-mémoire during 1969 and 1970 has complained that its powers for the period after 1975 were too restricted under the treaty and were limited to a fraction of the total Community budget. (See *European Community* No. 134, page 9.)

### The Budget Debate

Under the new system, the Community budget will be determined on an annual basis—according to one method until 1975 and according to another thereafter. The post-1975 procedure for determining the budget has not yet been decided upon, although theoretically it gives the European Parliament final authority for enacting the budget after any modifications by the Parliament and the Council have been made.

At issue in Parliamentary and Council debates on the question is: whether or not the April 22, 1970, treaty now in

force allows the European Parliament, after 1975, to reject the whole Community budget. If so, the Council would have to make new proposals.

Until 1975, a draft budget will be drawn up by the Commission from the budget requests of the three Communities. This draft budget will be reviewed by the Council. The Council will, by weighted majority vote, approve the budget and pass it on to the Parliament, which may propose modifications. The Council may then accept or reject the proposed changes, again by a weighted majority vote. The budget then becomes law, with or without the changes.

### Creating Community Resources

At the end of 1969 the funds for Community activities came from two sources: 90 per cent of farm import levies and payments from national budgets according to a fixed percentage scale for each member state. Almost all, 95 per cent, of these funds were used to finance the Community's farm policy. To create independent Community resources, the Commission suggested that the Six should gradually turn over all income from customs duties as well as from farm import levies, with additional funds to come from the common turnover tax on the value added at each stage of production and distribution (TVA).

The system that has been adopted provides the following:

- All income from farm levies and an increasing portion of the customs duties will, after January 1, 1971, be placed at the Community's disposal.
- During the four-year transition period, the amount of customs receipts paid each year by a member state will be equivalent to the difference between the amounts of agricultural levies turned over to the Community and a "reference" amount. If the difference between these two amounts is a negative number, the Community does not have to reimburse the member country the excess on agricultural levies accrued to it. Nor does the member state have to turn over any of its customs receipts on industrial imports. The reference amount is equivalent to the following percentages of total levies and customs receipts: 50 per cent in 1971, 62.5 per cent in 1972, 75 per cent in 1973, 87.5 per cent in 1974, and 100 per cent in 1975.
- To reimburse the member countries for the administrative expenses involved in this procedure, the Community will turn back 10 per cent of the total sum each country pays into the Community budget.
- Any additional funds needed will be provided by direct contributions from each member state on the following scale: Belgium 6.8 per cent, Germany 32.9 per cent, France 32.6 per cent, Italy 20.2 per cent, Luxembourg 0.2 per cent, and the Netherlands 7.3 per cent.
- Total funds from duties and direct contributions from each state will not increase, however, by more than 1 per cent per year, nor decrease by more than 1.5 per cent per year during the transition period.
- After 1975 the additional funds will come from a not yet specified portion of the common tax on the value-added. If the TVA has not been instituted in all member states,



# CREATING THE BUDGET (1971-1974)

## PHASE I:

### THE THREE COMMUNITIES

Budget requests (By July 1)

### COMMISSION

Draft proposals and suggestions (By September 1)

### COUNCIL OF MINISTERS

Proposed budget (By October 5)

### EUROPEAN PARLIAMENT

(1) Budget becomes law if within 45 days the Parliament approves the proposed budget, or takes no action.

(2) Budget returns to Council if the Parliament suggests modifications.

## PHASE II:

### Budget Returned to Council.

(1) Proposed modifications that do not increase the total budget must have a weighted majority Council vote to be rejected.

(2) Proposed modifications that would increase the budget must have a weighted majority Council vote to be accepted.

The President of the Council then declares the budget to be law.

## COMMUNITY BUDGET—1971

Receipts	(in millions of dollars)	Expenditure	(in millions of dollars)
Euratom research	7.9	Research and investment (Euratom)	66.6
Miscellaneous (e.g. publications)	12.4	European Social Fund	55.0
ECSC levies allocated to administrative expenditure	18.0	European Agricultural Fund	2,346.5
Payments by member states for Euratom "complementary programs"	26.7	Administrative costs of Community institutions	149.2
<b>Subtotal</b>	<b>65.0</b>	Food aid	20.0
Community resources and direct payments by the member states	2,699.0	Reimbursement of Member States' costs of collecting levies and duties	126.7
<b>Total</b>	<b>2,764.0</b>	<b>Total</b>	<b>2,764.0</b>

the remaining members' contributions will be determined as a percentage of their gross national product (GNP), as compared to that for the Community as a whole.

In its January 2 regulation, the Council stated that the funds released to the Community would be kept in the

national treasuries in the form of an account on behalf of the Commission. A Commission representative will preside over an Advisory Committee, composed of representatives of member countries, which will discuss any problems that might arise.

# 1970 in Brief

## JANUARY

**1** The Common Market completed its 12-year transitional period and began its “final stage,” leading to economic union.

- The Common Market made the third of four cuts in its common external tariff as agreed upon in the Kennedy Round of negotiations in the General Agreement on Tariffs and Trade (GATT).

**12** British Minister of Foreign Affairs Michael Stewart said, in London: “Britain accepts all the political implications of the Treaty of Rome.”

**20** The foreign ministers of the Six, meeting in Brussels, decided to study ways of strengthening their political cooperation in the spirit of The Hague Summit of December 1969.

**30** After meeting with French President Georges Pompidou, German Chancellor Willy Brandt said both Governments were in complete agreement on the necessity of carrying out the European program decided on at The Hague.

## FEBRUARY

**5** The first post-war negotiations between Poland and Germany opened in Warsaw.

- After 24 hours of uninterrupted debate, the Council of Ministers agreed on questions connected with the adoption of the arrangements for financing the common agricultural policy and increasing the budgetary powers of the European Parliament.

**7** Italian Prime Minister Mariano Rumor offered his resignation to Giuseppe Saragat, President of the Republic.

**9** The Community’s five central banks (Belgium’s represents Luxembourg), meeting in Basel, Switzerland, activated arrangements for making up to \$2 billion available as short-term monetary aid to member states running temporary balance-of-payments deficits.

*Left to right foreground: French President Georges Pompidou, President Richard M. Nixon, and Secretary of State William P. Rogers last February. PHOTO: Courtesy The White House.*



**10** British Prime Minister Harold Wilson explained in the House of Commons the contents of the “White Paper” on the price of British entry into the Common Market.

- Henri Rochereau, Commission member in charge of development aid, arrived on a three-day visit to the United States to discuss with the United Nations and the World Bank the possibility of coordinating the financing of development projects in Africa.

**17** In its annual report, the European Communities Commission stressed the need for closer collaboration with the United States.

**23** French President Georges Pompidou left Paris for an eight-day visit to the United States.

**24** The ministers of finance of the Six examined three plans proposed by Germany, Belgium, and Luxembourg for achieving monetary union within the Community.

**26** The Commission issued a position paper: “A Review of Economic and Trade Relations Between the United States and the Community.”

## MARCH

**2-4** A Common Market trade team led by Commission member Jean-François Deniau visited Washington to discuss U.S.-Community economic and trade relations.

**4** The Commission of the European Communities adopted a plan for economic and monetary union. It provided for parallelism in the creation of instruments of monetary cooperation and in the coordination of economic policies.

**6** In Brussels, the Community members’ ministers for foreign affairs instructed a group of ranking national officials to report by May on ways of bringing about the political union of the Six.

**18** In Erfurt, the chiefs of state of the two Germans—Willy Brandt and Willy Stoph—met for the first time since the defeat of the Third Reich.

**20** The Council of Ministers adopted anti-pollution rules for motor vehicles.

**21** The European Commission published its memorandum on industrial policy for the Community.

## APRIL

**7** Mariano Rumor formed a new Italian Government.

**10** The British Government announced the composition of the delegation which, under the leadership of Deputy Minister of Foreign Affairs George Thomson, would negotiate British entry into the Common Market.

- German Chancellor Willy Brandt and President Richard M. Nixon met at the White House.

**17** The European Communities Commission asked the Six to authorize the opening of negotiations with Algeria to straighten out trade relations.



*German Chancellor Willy Brandt and President Richard M. Nixon last April. PHOTO: Courtesy The White House.*

**20** The "Six" agreed on the conditions under which France would resume its participation in the Western European Union which it had boycotted for 14 months.

**21-21** The Council adopted the basic regulation for a common wine policy.

**22** The Six signed a Treaty in Luxembourg to strengthen the powers of the European Parliament and to ensure the financial autonomy of the Community.

**27-28** The first European Conference on Employment met in Luxembourg.

**30** The Commission approved and sent to the Council of Ministers five draft directives and one draft regulation to carry out the Community's first major agricultural overhaul, "The Mansholt Plan."

## MAY

**1** Walter Scheel, German Minister of Foreign Affairs, declared before the Bundestag that the Federal Government wanted to negotiate a treaty with Poland on the Oder-Neisse Line.

- A three-year non-preferential trade agreement between the European Community and Yugoslavia came into force.

**4** The Belgian Government confirmed that it would switch to the common turnover tax system (TVA) on January 1, 1971.

**5** Schuman Day was celebrated in Brussels; a monument to Robert Schuman, a founding father of the European Coal and Steel Community, was dedicated.

**21** The second summit meeting, in Kassel, of the heads of state of the two Germans ended in an impasse.

**25-26** The Council adopted a common import system (except for imports from state-trading countries) and a common procedure for handling quotas, thus completing the last steps of its common commercial policy. It also gave the Commis-

sion general authority to negotiate "housekeeping" tariff adjustments without seeking prior Council approval for each case.

**29-30** The finance ministers of the Six, meeting in Venice, Italy, agreed that their currencies would retain their current .75 per cent fluctuation around parity, as a first step towards achieving full monetary union by 1980.

## JUNE

**4** The Council passed two regulations to remove distortion of competition in transport. One requires the Community members to introduce permanent and uniform accounting methods for investments in transport infrastructure. The other gives criteria for permissible state aids to transport.

**12-14** The first European Youth Conference, organized by the Commission of the European Communities, met in Brussels.

**30** The Community formally opened membership negotiations in Luxembourg with Britain, Ireland, Denmark, and Norway.

## JULY

**1-2** A Common Market trade team led by Edmund Wellenstein, Director General for External Trade, visited Washington, D.C., for trade talks.

**2** The new nine-man Commission of the European Communities took office. It replaced the 14-man body created by the merger of the executive bodies of the European Economic Community, the European Atomic Energy Community, and the European Coal and Steel Community on July 1, 1967.

**6** In Rome, Mariano Rumor's Government fell.

**20-21** The Council completed arrangements for a common tobacco market.

**21** Britain announced that it would adopt the common agricultural policy upon joining the European Community.

### *Schuman Day celebrations.*



## AUGUST

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- 1 The common market for flax and hemp came into effect.
- 1-3 The European Community, the United States, the United Kingdom, and Japan met in Geneva to discuss trade and textiles.
- Emilio Colombo formed a new Italian Government.
- 12 The Soviet-German Treaty was signed in Moscow.

## SEPTEMBER

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- 17 The Community and Japan opened negotiations, in Brussels, for a commercial agreement.
- 22 India asked for a trade agreement with the Community.
- The Council accepted extension of the Long-Term Cotton Textile Arrangement.

## OCTOBER

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- 1 Preferential trade agreements between the European Community and Spain and Israel came into force.
- 10 Robert Lecourt was reelected president of the European Court of Justice in Luxembourg.
- 13 Italy announced it would establish diplomatic relations with Peking.
- 15-16 Ralf Dahrendorf, member of the European Communities Commission, visited Washington for trade talks.
- 19 The Council made public the "Werner Report," a plan for full economic and monetary union of the Six in 10 years.
- The Council of Ministers of the Six adopted a common fisheries policy.
- 22 The Commission of the European Communities approved and sent to the Council of Ministers the third Medium-Term Economic Policy Program (1971-75). For the first time, the Community set numerical targets for the main national economic indicators.
- 27 The Council of Ministers of the Community formally notified the United States of its concern about the U.S. trade bill then before Congress.

## NOVEMBER

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- 10 General Charles de Gaulle died at his home in Colombey-les-Deux-Eglises.
- 11 The Community opened discussions with Austria, Sweden, and Switzerland on problems connected with British membership in the Communities.
- 19 The ministers of foreign affairs of the Six held their first meeting, in Munich, for political cooperation.
- 23 The European Communities agreed to accelerate tariff

cuts agreed upon in the Kennedy Round of negotiations within the General Agreement on Tariffs and Trade on certain products of interest to Latin America.

24 The Community opened discussions with Portugal, Finland, and Iceland on problems related to British membership in the Communities.

26 The Commission of the European Communities formed a special committee to keep track of trade developments in the United States and Japan and to study means of protecting the Community's interests, especially textiles.

- The ministers of labor of the Six adopted a plan for reforming the European Social Fund.

## DECEMBER

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2 The first "information" meeting on political cooperation was held, in Brussels, between the Six and the four candidates for entry into the Common Market. European security was the main topic of discussion.

3 The European Parliament approved the Community's third Medium-Term Economic Policy Program and unanimously rejected the Euratom (European Atomic Energy Community) draft budget to speed up the search for a solution to basic structural problems at the Joint Research Center.

5 The Common Market and Malta signed an agreement by which Malta will become part of the EC customs union in ten years.

7 The British negotiating team accepted a uniform transition period of 5 years to adopt to the Common Market's free trade in industrial and agricultural products but asked for a longer transition period and more favorable conditions in financial arrangements.

11 The Community announced the issue of the first bonds denominated in European monetary units (EMU's). They are redeemable in any one of the Six currencies at the parity rate on the date of issue.

14 President Nixon announced the appointment of David M. Kennedy as a Cabinet-level ambassador-at-large. "His principal duties will be to follow developments in the European Community and to guide policy in the [State] Department's interests in the field of multilateral aid."

- The process of ratifying the new Yaoundé Convention associating 18 African states with the European Community was completed, allowing it to come into force on January 1, 1971.

16 At 4:15 in the morning, the Council of Ministers adjourned, leaving in abeyance its decision to begin the first stage of the plan for achieving full economic and monetary union in the Seventies.

- The Common Market, for the third time, agreed to extend the deadline of the agreement with the United States on tariff cuts in chemicals in exchange for abolition of the American-selling-price (ASP) system of customs valuation.

- Complete agreement was reached in the Council of Ministers of the Six on the restructuring of the Common Joint Research Center of Euratom.

# A Way Out for European Agriculture

**PIERRE URI** *Counsellor for Studies to the Atlantic Institute. He has also been an economic advisor to both the Common Market and the European Coal and Steel Community.*

THE DEVELOPMENT OF A COMMON AGRICULTURAL POLICY has been a top priority of the European Community, rivaled only by the Community's commitment to the creation of a customs union.

Only if the obstacles to this project are fully understood can the difficulty of this task be appreciated. Securing free trade between markets operating under widely differing price systems has not been easy. Neither has it been easy to find a common method of operation, given the fact that policies have been carried out haphazardly.

In any case, agricultural policy has yet to attain its objectives, and its costs are growing at a disastrous rate. In spite of everything, the agricultural sector can legitimately complain of insufficient revenues. For one thing, major outlays have gone into storing surpluses or exporting a few products at prices well below internal prices. With the high level of protection that it offers and the low prices at which it liquidates surpluses, the Community adds to disequilibria in the international market. Furthermore, the system of prices, unbalanced as it is, causes the countries wishing to join the Community considerable balance-of-payments difficulties.

## Time for a New Approach

If this is all the common agricultural policy has accomplished, despite the sacrifices that the agricultural sector finally agreed to make, then it is time for a new approach.

The Mansholt Plan is a courageous attempt. It is based on the premise that agricultural income can be self-sustaining only if there is an acceleration in reducing the number of farmers, and only if farm holdings can be enlarged quickly so that they can be worked more efficiently.

A policy for changing the structure of farming, however, is not sufficient. Without a reduction in the prices of surplus products, surpluses will continue to grow as a result of productivity increases made possible by economies of scale. Also, if prices on surpluses remain the same, people who should leave the land may decide to continue farming.

It boils down to two basically unreconcilable issues which were recently studied at the request of the Atlantic Institute. To reestablish balance in production, some prices will have to be lowered. At the same time, a way must be found to convince the agricultural community of this necessity and obtain its consent.

Thus, in areas where prices will be lowered, income subsidies will have to be paid, but in a way that accelerates farm reform instead of delaying it.

## Income Subsidies

Naturally, prices mean income to some people and cost to others. The price of grain, for instance, represents income to grain producers, while a cattle farmer considers it a cost of production and a profit factor.

Subsidies offsetting income losses caused by price decreases will immediately help the majority of the Community's farmers, the "majority" by their number only and not by their share in production which is relatively small. The subsidies will be computed on average income. The poorest, who earn less than this average, will see an immediate increase in their earnings.

This method would not only maintain agricultural income

but would also improve its distribution. This approach answers the much touted argument in favor of substituting income supports for price supports.

To assure gradual change in agricultural structure, income subsidies should be limited to people now engaged in farming. Their heirs would be eligible for subsidies for only a limited time, if the farm inherited were large enough to be worked at a profit or if it were combined with other holdings so that it could be. On the other hand, changes in production would be accelerated, since subsidies, offsetting price cuts on one product, would continue, even if the farmer began to grow another product.

Thus, surpluses should quickly disappear, freeing the capital used to finance them for payment of income subsidies instead. A small farm's right to a subsidy when absorbed into a larger holding would increase the small farm's value. Buyer's, therefore, would largely pay for start-up costs, thereby reducing the amounts of public funds mentioned in the Mansholt Plan.

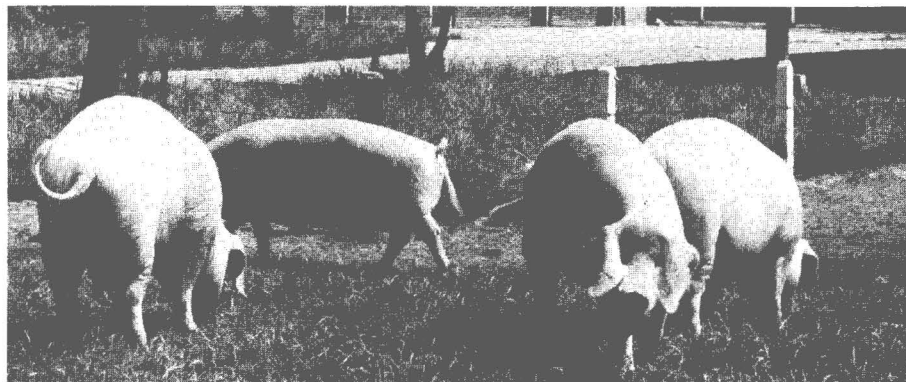
In this way, each aspect of this Plan complements another.

In a nutshell, this is the new policy proposed to the Community. It corresponds with the Community's self interest and offers a way out of the present deadlock. Such a policy would allow the Community to propose to world producers an end to the practice of dumping which has upset the world market.

## Stabilizing Mechanisms

The reorganization of a market depends on another premise: that agricultural production needs mechanisms to stabilize it. So far, they have been used only on the national or Community levels. Free trade depends on the establishment of stabilizing mechanisms at the international level. Inventories should work like shock absorbers, being either increased or liquidated according to supply and demand.

This policy does not have to be put into full operation before Great Britain's entry into the Community. Nevertheless, the Mansholt Plan would help to break the current "dialogue of the deaf" which threatens to block negotiations. At present, the Community is asking Great Britain to accept the Community's agricultural policy. Great Britain replies that it wants to but can't. Both sides know what the Mansholt Plan made explicit: that the current policy must be changed. At this point, it should be sufficient for all parties to agree that income support and the changes in the structure of farming will gradually replace price supports. Agreement to work out details, once Britain has joined the Community, should be adequate.



# Progress Report

## UK AGREES TO 5-YEAR TRANSITION PERIOD

BRITAIN HAS ACCEPTED the Commission's proposal for a five-year transition period in which to adapt its agriculture and industry to Community regulations.

After the U.K. joins the Six it is thought that Ireland, Denmark, and Norway, the other membership applicants, would also agree to a five-year period. Britain's chief negotiator, Geoffrey Rippon, announced this major move towards the Community view at the ministerial-level negotiating session in Brussels on December 8. He said that the five-year period would also cover the acceptance of Community regulations on capital movements and on fiscal harmonization, which would involve the introduction of the tax on the value-added (TVA) at each stage of production and distribution. He reaffirmed Britain's desire to become a Community member as rapidly as possible and to have a "fair period of time" to make the change-over. After the meeting, he and German Foreign Minister Walter Scheel (who was president of the Council of Ministers until December 31, when France's Maurice Schumann took over) expressed their satisfaction at the positive result of the session.

Earlier, on October 14, Britain had suggested a six-year period during which its farmers would adjust to Community prices and structures and, on September 16, a three-year period during which the U.K. would align its tariffs on industrial imports with the common external tariff and gradually abolish tariffs on other member states' industrial exports.

At the December 8 session, Britain also accepted the Community position that nine African Commonwealth countries (Gambia, Ghana, Malawi, Nigeria, Sierra Leone, Tanzania, Uganda, Kenya, and Zambia) could become associated with the Community after British entry, if they wished (like the African countries that were formerly linked with France, Belgium, and Italy). The U.K. and the Community are still examining the position of Commonwealth countries in the Caribbean, the Pacific, and the Indian Oceans, and three other independent African Commonwealth countries (Swaziland, Botswana, and Lesotho) which form part of a customs union with South Africa.

### Major Problems Remaining

Three major problems still face the Community and British negotiators: Commonwealth sugar, New Zealand dairy products and, above all, Britain's contribution to the Community budget. Under the agreement thrashed out at a marathon Council session in December 1969, the Six have agreed to hand over to the Community by 1978 all their levies on farm imports, all their customs duties on industrial imports from non-member states (less 10 per cent to cover administrative costs of collection), and a percentage of the yield on the tax on the value added. Between 1975 and December 31, 1977, there will be safeguards to limit member states' total contributions, but from 1978 on this system will be fully automatic.

In November, the Commission worked out alternative formulae for Britain's contribution to the budget:

- either 21.5 per cent of the total, on the basis of the Six's present scale of contributions, upon joining
- or the U.K. would phase in its gradually increasing contributions over the five-year transition period, thereby contribut-

ing an estimated 20-25 per cent of the total Community budget by 1977. From 1978, Britain's contributions, like those of the Six, would be automatic according to the Commission's proposals.

### Britain's Budgetary Proposals

On December 16, Mr. Rippon gave the House of Commons details of the British proposals (submitted to the Six on the same day) on the U.K.'s budgetary contribution. The main points were:

- In the first five years of membership (during the transition period), the U.K. contribution should build up by equal annual steps to 13-15 per cent of the total budget.
- For the following three years, year-to-year changes in the U.K. share should be limited on the same lines as those the Six had agreed upon for themselves for 1975-77.
- There should be provision to review, if necessary, the operation of the financial arrangements in an enlarged Community.

The Six are now considering the British proposals. The next ministerial negotiating session takes place on February 2.

*Britain's Chief Negotiator Geoffrey Rippon greets French Foreign Minister Maurice Schumann at the December 8 meeting.*



# The EFTA 'Non-Candidates'

REGINALD DALE *Common Market Correspondent of The Financial Times.*

AFTER AN UNDRAMATIC SIX MONTHS of preliminary skirmishing, the negotiations for British membership in the European Community are about to move into what should be the decisive last round. The Community's talks with Ireland, Denmark, and Norway, a step behind those with the United Kingdom, are quietly progressing. Now the Community is turning its attention to the problems of the other members of the European Free Trade Association (EFTA) which are not seeking full membership. Austria, Sweden, Switzerland, Portugal, Iceland, and Finland (EFTA's only associate member) have formally entered the ring and started exploratory talks with the Community.

The positions of the six EFTA non-candidates differ widely. Four of them—Sweden, Switzerland, Austria, and Finland—are neutral, while Portugal and Iceland are members of the North Atlantic Treaty Organization. Sweden is the only one that has not yet completely ruled out applying for full membership. Portugal has asked for association. The others want arrangements varying from a free-trade area to a customs union.

All of them, however, are unanimous that, whatever the political map of Europe is to look like after the Community's enlargement, tariff barriers to trade must not be re-erected as EFTA fulfills its own innate death-wish. For the Scandinavians, in addition, there must be no weakening of the extremely close Nordic integration in other fields (such as the free movement of labor and the right of establishment) that has been painstakingly achieved in recent years.

## Sweden: Political Neutrality

Sweden does not exclude full membership, but it does impose several important conditions which would seem to rule it out from the Six's point of view. Swedish neutrality must be safeguarded. In other words, coordination of foreign policies as currently envisaged by the Six would not be acceptable to Stockholm. Sweden also wants to maintain its freedom of action in commercial policy.

In addition, Sweden has told the Six that "limits are also set to [Sweden's] possibilities of accepting a transfer of the right of decision-making from national to international institutions within the framework of an economic and monetary union."

On the other hand, the Swedes regard full participation in the common market for industrial and agricultural goods as an essential part of any arrangement negotiated with the Community. Sweden would adopt the common external tariff on industrial and agricultural goods as an essential part of any arrangement negotiated with the Community, subject only to transitional measures.

Other points made by the Swedes include:

- There should be synchronization between progress in the industrial and agricultural fields.
- Nordic cooperation should not only be preserved but also generally continued and strengthened.
- Talks with Sweden should take place, as far as possible, in parallel with the negotiations with Denmark and Norway.

## Austria: Constitutional Neutrality

Austria was the only EFTA country not to withdraw its request for a special arrangement with the Six after the first British entry negotiations broke down in 1963. Talks with the Com-

munity were held between 1965 and 1967, when they were blocked by Italy as a result of the dispute (now resolved) over the South Tyrol.

Austria is in a delicate position, as "permanent neutrality" is part of its constitutional law.\* Moscow has, on various occasions, applied pressure to prevent too close a link between Austria and the Community.

In the earlier negotiations, instead of talking about association, the phrase used was "an arrangement *sui generis*." This time the Austrians have simply said that an agreement with the enlarged Common Market should include the removal of all barriers to trade; they have not specified whether they are thinking in terms of a free trade area or a full customs union.

Austria also seeks closer cooperation with the Community in the fields of economic and monetary policy, and "urgent measures" to increase trade in farm products. However, Austria wants to retain the rights to determine its own foreign trade policy and would want a provision in the treaty with the Community that would permit Austrian withdrawal under certain conditions.

Meanwhile, Vienna is not waiting for the conclusion of the overall negotiations to strengthen links with the Six. Austria is seeking an "interim agreement" with the Six, providing for limited tariff cuts, to bridge the gap until a wider European rearrangement is effected.

## Switzerland: Control Over Commerce

Swiss neutrality means that full national control must be maintained over commercial policy, thus making full Community membership impossible. Switzerland, which does not even belong to the United Nations for fear of prejudicing its neutrality, could certainly not accept foreign-policy coordination or the other political implications of membership. Even a customs union is ruled out.

The phrase used by the Swiss to define their requirement is "the most comprehensive solution possible." Within this context, Switzerland has said that it would welcome a plan for the abolition of trade barriers and for substantial tariff cuts. Arrangements should also be made for agricultural trade, but Switzerland could not adopt the Community's present farm-price levels—this would result in a 50 per cent drop in Swiss farm income.

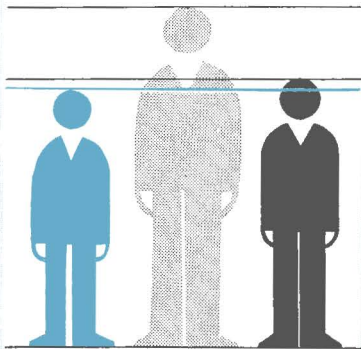
Outside the trade field, Switzerland would like cooperation in the economic and monetary fields, technological collaboration, and consultations on industrial policy. Other topics for closer cooperation might include the service sector, questions of establishment, technical barriers to trade, drug legislation, and insurance.

Switzerland says it is not trying to interfere with the Community's decision-making mechanisms but would like some kind of institutional arrangement with the enlarged Community to ensure "the smooth working of the provisions made."

\* *Ed note:* By the Austria State Treaty of May 15, 1955, the Four-Power occupation was ended and Austria's territorial integrity and sovereignty was restored. After the last troops had left Austrian soil, the Austrian parliament passed a constitutional law on October 26, 1955, committing the country to permanent neutrality as had been agreed upon in a memorandum written during negotiations for the Austria State Treaty but not incorporated in it.

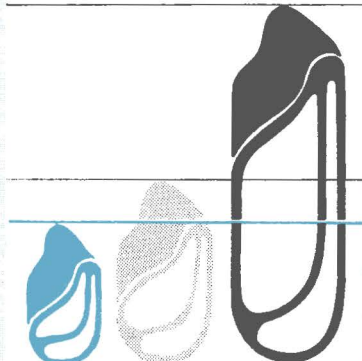
## HOW AN ENLARGED COMMUNITY WOULD COMPARE

POPULATION (in millions)



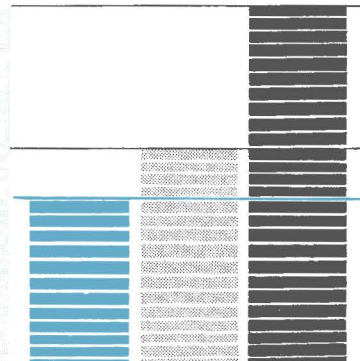
EC 188.1 The Ten 255.2 USA 205.1

BEEF PRODUCTION (in million tons)



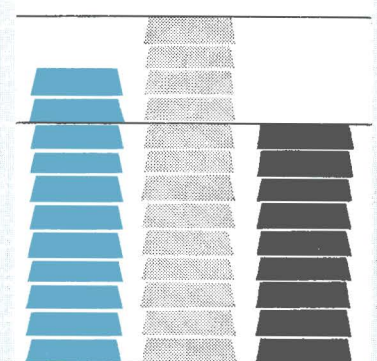
EC 4.0 The Ten 5.4 USA 9.8

GROSS NATIONAL PRODUCT (in \$billion)



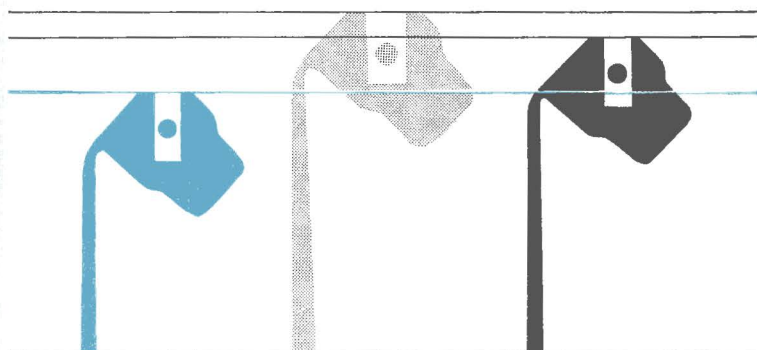
EC 427.1 The Ten 566.4 USA 931.4

INTERNATIONAL GOLD RESERVES (in \$million)



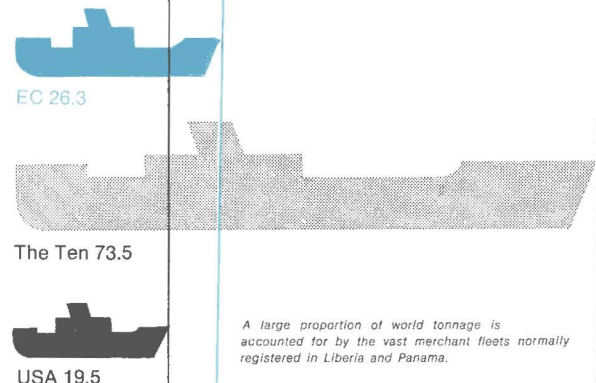
EC 21.5 The Ten 26.3 USA 17.8

CRUDE STEEL (in million metric tons)



EC 98.6 The Ten 126.3 USA 121.9

MERCHANT FLEET (in million tons)



EC 26.3  
The Ten 73.5  
USA 19.5

### Portugal: Political Approval

Portugal surprised most people in Brussels last November by asking for an association agreement. Association implies a degree of political approval by the Community of the system of government of the country concerned, and would not be accepted in present circumstances by the Council of Ministers.

There is also the problem of Portugal's "non-European provinces" in Africa. This was scarcely mentioned in Portugal's opening statement, and the Portuguese delegation made it clear that initial talks with the Community would concentrate simply on metropolitan or "European" Portugal.

In its contacts so far with the Community, Portugal has made much play of its European heritage and traditions and has said that its ultimate goal is full membership. For the moment, the Portuguese say, this is prevented by the low level of the country's economic development. Meanwhile, Lisbon has said that it hopes to establish "as close a relationship as possible" with the Community.

This would cover acceptance of the principle of the gradual abolition of customs duties and a study of the problem of har-

monization of tariffs and the correction of trade diversions. Over a suitable period of time, the Portuguese would also align their legislation on Community rules covering the common agricultural policy, freedom of establishment and freedom to provide services, free capital movements, social policy, competition policy, and transport policy.

Whether the Six will allow the agreement to be known as "association," however, is far less clear. For political reasons, the Community has "frozen" the association with Greece and has declined to offer more than a trade agreement to Spain. The Portuguese regime would seem to fall into a similar category.

### Finland: Political Neutrality

As with Austria, the Finnish position is delicate as far as the Soviet Union is concerned. Moscow has not so far intervened in Finland's approach to the Community but would probably do so if it thought that Finland was becoming part of a Western economic "bloc."

Basically, the Finns want free trade with the enlarged Com-



munity—and might even go so far as a customs union. However, they have made it clear that they cannot, and do not wish to, participate in Community institutions or any part of the Community decision-making process.

Finland is hoping that the economic argument will prevail. Sixty-seven per cent of Finnish foreign trade is accounted for by the EC and EFTA combined, and it would be economically disastrous for Finland if this were to be endangered.

Free trade with the Soviet Union must also, however, be maintained in any agreement with the Community. Finland was able to become an associate member of EFTA only on condition that it granted similar treatment to Russian exports. The Finns have pointed out in Brussels that this arrangement has so far created no problems either for EFTA or the General Agreement on Tariffs and Trade.

### **Iceland: Fishing Vital**

Iceland, EFTA's newest recruit, has told the Community that it cannot become a full member. The basis of Iceland's economy is its fishing industry, and it could never give up fishing rights over its territorial waters, as required by the Community's common fisheries policy.

Iceland says that it wants free entry for its fish and fish products, so long as they do not disrupt market conditions in the Community. Basically, Iceland wants the same treatment from the enlarged Community that it now receives in EFTA and is willing, in return, to offer the same concessions currently accorded to the EFTA countries.

### **More Work for Tired Commission**

All these countries have now started exploratory contacts with the Commission to see what solutions can be found to their specific problems. Most of them still do not know what they want in detail and are hoping that the over-worked Commission will come up with viable proposals.

After these contacts have been completed, the Commission will report to the Council, probably in March or April. The Council will then decide what kind of agreement the Commission should negotiate in each case. This means that full-fledged negotiations with the EFTA non-candidates are not likely to get into full swing until the summer or perhaps early fall—after the British entry talks have moved into their decisive phase.

This is going to make the timetable tight for the completion of negotiations with the non-candidates (on the assumption that the UK negotiations succeed). The aim of the Community is that arrangements with all the West European countries, whether candidates for full membership or not, should come into force at the same time. The target date is January 1, 1973.

Negotiations with the non-candidates could, of course, continue beyond the end of those with the candidates. Countries joining the Community as full members would need most of 1972 to ratify their treaties of accession. The agreements reached with the non-candidates may or may not need ratification.

At a press conference in Brussels after the non-candidates had completed their initial hearings, German Foreign Minister Walter Scheel—chairman of the Council of Ministers at the time—was confident that the deadline could be met once the Community's negotiations with all the countries involved

moved to the “marathon” stage later this year. But, some of the non-candidates are in no hurry to reach definitive agreements. If the British entry attempt fails again, everything will be back at square one. EFTA will still be alive, and nobody, except perhaps Austria, is likely to persist with their negotiations with the Six.

### **'Pravda' Warns Neutrals**

Austria, Switzerland, and Sweden would sacrifice their sovereignty and neutrality and be forced to follow NATO policy if they joined the Common Market, *Pravda* said on January 6. (In fact, these three countries, as well as Finland, Portugal, and Iceland, are holding exploratory talks with the Community on closer trade links—full membership is not their aim.)

The warning was given by Andrei Kuznetsov, political commentator of the Communist Party newspaper. Referring to the exploratory talks under way in Brussels, he said that entry into the Common Market of neutral countries would have an adverse effect on the political climate in Europe. “This is precisely what the most aggressively minded western circles want, aiming to tie Austria, Switzerland, and Sweden to the NATO military-political bloc by the establishment of close political ties with the Common Market,” he said.

If Britain was counting on a leading role in the Community by taking advantage of its status as a major power and its special links with the United States, minor countries could make no claim to such a role. Entry into the Common Market, especially by smaller countries such as Sweden, would mean the loss of their independence and sovereignty, and give “complete freedom of action to foreign capital.”

Mr. Kuznetsov said that the Common Market's negotiators “show no intention of accepting the conditions advanced by the neutral countries and separating the economic aspect of the Common Market from the political aspect. . . . If Switzerland, Austria and Sweden join the Common Market in any form, their sovereignty would gradually weaken and they would be dragged in the wake of the policy of the Common Market masterminds. In the long run, they would follow in the wake of NATO masterminds.”

Mr. Kuznetsov said EC integration “assumes an ever more clearly defined political nature.”

### **The Community View**

The December 1969 Hague summit communiqué stipulated that as soon as the negotiations with the candidate countries were opened discussion would begin with other EFTA members which requested them on future relations with the Community. These discussions are intended to solve problems which enlargement would raise for those European states that are not candidates for entry.

The Community view—as stated by the chairman of the Council of Ministers at the opening meeting with each country—is that solutions must not hinder the enlarged Community's autonomy, its common policies, its effectiveness, and its development prospects. Any agreements negotiated must respect the international commitments undertaken by the two parties, for example within the framework of GATT. The Community has also expressed its determination to prevent the formation of new obstacles to intra-European trade.

# Time for a New Start in Space

**MICHAEL DONNE** *Aerospace Correspondent for The Financial Times of London.*

THIS YEAR MAY SEE some clarification of uncertainties currently dogging European cooperation in space research. The uncertainties have arisen from the split that occurred at the fourth ministerial European Space Conference, in Brussels on November 4, 1970, over various countries' attitudes towards the U.S. invitation to participate in its post-Apollo spaceflight programs. The split has also clouded the situation regarding other programs on which agreement in principle had been reached at a meeting of ministers in Brussels last July.

Since the November talks, the Western European countries which participated in them have been reviewing their attitudes. They have been preparing their response to an invitation from the French, German, and Belgian Governments to indicate whether they are prepared to support a broad European space program, comprising a scientific part, an applications-satellite part, and a heavy launcher development program. Such a "comprehensive" space program, it is argued, could be so formulated as to enable it to be adapted later to the U.S. post-Apollo venture, and it is being suggested that those countries which decide to go along with the French, Germans, and Belgians would continue to talk with the United States about participation in post-Apollo. At the same time, they would draw up plans to reorganize the structure of European space affairs so as to carry out their "comprehensive" program, and set up *ad hoc* machinery whereby countries could come in, if they wished, on various aspects of that program which interested them.

This does seem to be an attempt to get a new initiative going in European space research cooperation. Whether it will succeed depends entirely upon the attitudes of the other countries, particularly Britain, still one of the biggest financiers of European space research. In the meantime, there is no plan for any further major ministerial conference on European space ventures, although it is generally accepted that such meetings should be held at least once a year for continuity.

## The Split at the July Meeting

To appreciate what is happening in European space affairs, it is helpful to go back to the July 1970 ministerial meeting. Although discussions at that time ranged widely over all aspects of space research, interest centered primarily on determining attitudes to the invitation from the United States to join in its major spaceflight ventures being planned for the later Seventies, after the current Apollo manned moon-landing program. Apart from that, some broad areas of future European activity were to some extent settled. Ministers agreed to make money available up to the end of 1971 for studies and pre-development work on applications satellites, with emphasis on a telecommunications satellite to be operational by 1978-80. They also agreed on a joint venture with the United States on an aeronautical traffic-control satellite, and on plans for studying a meteorological satellite. They approved a proposal to set up as soon as possible a unified European Space Organization to replace the various separate bodies now operating in this sphere, in particular the European Space Research Organization (ESRO), the European Launcher Development Organization (ELDO), the European Space Conference (ESC) and the Committee on European Telecommunications Satellites (CETS).

To achieve this unification, the ministers set up a committee to draft a convention, which, it was suggested, should be discussed, and probably also signed, at a "conference of plenipotentiaries" scheduled for January 1971, in Brussels. However, subsequent difficulties which have arisen in European space affairs and the comparatively brief time allowed for planning have made it unlikely that this conference will be held soon.

At last July's meeting financial plans were also agreed upon for the three-year period up to 1973 in the field of scientific research, including work on some satellites already in the definition phase and a study program for new satellites, as well as the starting of the industrial stage of at least one new medium-sized satellite project.

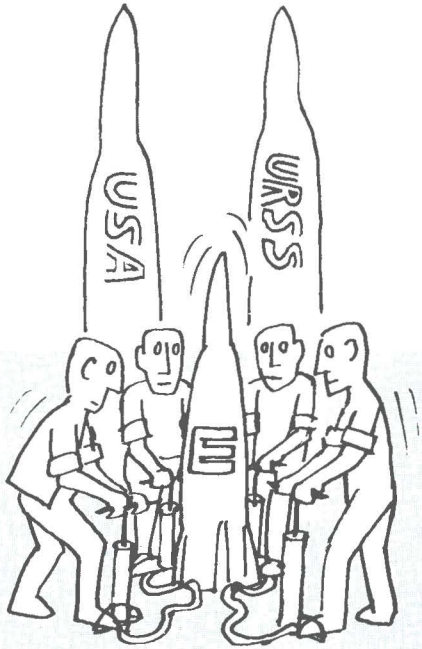
## National Reactions Varied

Various governments reserved their positions on aspects of these broad measures, with some, either for financial or political reasons, declining to accept new commitments. The French, for example, made it clear that they wanted to see the adoption of a coherent, comprehensive, and balanced common space program and agreed to the above measures subject to such a program's eventually being achieved. Britain agreed to support the scientific and applications satellite programs but, having previously made it clear that it was not putting more money into the Europa heavy launcher program, declined to subscribe to the Europa III satellite launching vehicle. In fact, only four countries favored the latter—France, Germany, and Belgium, with the Netherlands agreeing to participate only up to the end of 1971.

## "Vague" U.S. Space Plans

Attention at the July meeting was, however, concentrated on the U.S. post-Apollo program; and it was decided to send a top-level mission to the United States, headed by Théo Lefèvre, Belgian Minister for Scientific Policy and Planning, and chairman of the European Space Conference, to find out more about the U.S. plans. These were, and still are, regarded by many on the European side of the Atlantic as extremely vague. Broadly, the United States hopes eventually to develop a "space shuttle" that would comprise a two stage vehicle carrying payloads into orbit around the earth, so as to service a manned earth-orbital space station and other uses. Both parts of the two-stage space shuttle would be returned to earth at the end of each mission to be reconditioned for re-use. This, it is claimed, would save vast sums in space-research costs over the years. In addition, the United States is thinking about a "space tug," a smaller vehicle that would be capable of orbiting between one space station and another, for example, or between space stations and satellites, for a wide range of roles (servicing satellites could be one).

These ideas are grandiose and expensive. So far, the figure most discussed is \$10 billion for the space shuttle and space tug, of which, it has been generally assumed, Europe might put up \$1 billion over a period of ten years. In return, Europe would get a share of the development work, and some use of the ultimate vehicles. The United States, accepting that the cost of these ventures might be too much for Europe, added to



the high costs of the European launcher program, would also agree in the next few years to provide launchers for all peaceful European satellites. This idea seems to assume that Europe would abandon its Europa III heavy launcher if it participated in post-Apollo, an idea that is dismissed by some countries, notably France, Belgium, and Germany.

The main issue, however, and the one from which most of Europe's current problems in space affairs seem to stem, is that there is no clear idea of what post-Apollo involves. It became obvious to many at the Brussels talks in November that Mr. Lefèvre's mission to the United States had not found out enough details of U.S. plans on which to base decisions and commitments. The United States itself is not yet committed to post-Apollo. Congress has not yet voted the funds, and studies are still in progress to define the program in greater detail and provide realistic estimates of costs and time-scale. These studies are being made for the National Aeronautics and Space Administration (NASA) by major U.S. industrial companies.

### The U.K. Role

There are many versions of what happened at the Brussels November talks. Some suggest that in the light of Mr. Lefèvre's report, the U.K. itself broke up the conference by refusing to accept the U.S. invitation. Others suggest that the talks ended in failure because nobody had a clear idea of what was going on—it is said, for example, that the final communiqué was still being drafted in the small hours of the morning by men who were tired and not a little confused. Frederick Corfield, British Minister of Aviation Supply, later told the House of Commons that the commitment the U.K. was being invited to enter was so vague, and "open-ended" financially, that there could be no question of British acceptance. The U.K. believed that a sum of \$35 million being sought at the Conference to finance further studies on the post-Apollo program was more than likely to find its way into the Europa III heavy launcher program, from which the U.K. had already said it was withdrawing.

### French, German, Belgian Cohesion

The French, Germans, and Belgians insist that Europa III is necessary, as its continuation provides insurance against any breakdown in negotiations with the U.S. over post-Apollo which would cause the Americans to withdraw their offer of launchers for European satellites. The U.K. in turn dismisses this view, arguing that even if Europe declines to enter post-Apollo, the Americans would still make launchers available on commercial terms as they have done so far. Other countries,

notably Scandinavia and Italy, appear to share the British view.

Out of the clouds of confusion surrounding the end of those November talks, the German delegation, supported by the French and the Belgians, suggested that all members of the European Space Conference should say whether they were prepared to participate in a full European space program, which could eventually be tailored to include post-Apollo, if necessary. This initiative appeared to pre-empt anything that had been agreed on at the previous talks in July concerning such things as applications satellites and a scientific research program. The prevailing uncertainty has been further clouded by a French decision at an ESRO Council meeting in November to reduce its originally-proposed cash contribution to the applications satellite program.

The assumption at this time must be that the French, Germans, and Belgians want to start up an entirely new "comprehensive," balanced, space research program in Europe. This endeavor would replace the current heterogeneous collection of programs and activities and inject a new sense of common purpose, with fixed, long-term aims, into a situation that has become unwieldy and virtually inoperable politically. Presumably, current programs would be taken over and continued where possible and discussions would continue with the United States on the possibilities of a European share of the post-Apollo work. European countries would be welcome to join the entire program or any part of it.

### Europe in Search of a Goal

It might well be asked: What would be so different about this arrangement compared to the present situation? The answer must be that the present situation is nothing more than a collection of *ad hoc* activities which have developed over the years with no fixed common aim other than that Europe "ought to be doing something in space." The fear of being left behind the United States in recent years has often generated scientific research and satellite and rocket studies which have borne virtually no relationship whatsoever to each other or to the long-term requirements of Europe as a whole in space affairs. There has been no common goal, and various projects have been pulling at each other—and at governmental purse-strings—in their fight to survive.

This was shown first in the governmental differences which emerged from the July meeting in Brussels. There the writing seemed to be on the wall, and the almost inevitable result was the debacle—for it was little better than that—of the November meeting. Since then, the countries involved have had time to sit back and think about the future. Their task now is to reach decisions which will set European space research affairs on a new road into the Seventies, with defined objectives in a coherent program in which all the constituent activities contribute something of value to the whole. Much work has already been done, talent is available, and with all the governments involved, there should not be too much difficulty over finance. All of these things ought to add up to a coordinated European Space Program. A new start must be made now. That is why, from a European viewpoint, the French, German and Belgian initiative ought to be seriously considered.

# East African Pact in Force

THE ASSOCIATION AGREEMENT between three East African states—Tanzania, Kenya, and Uganda—and the European Economic Community came into force on January 1, 1971.

The agreement removes Community customs duties on most East African products and prohibits Community quotas on these imports. Goods originating in the Community and imported into the East African states will also benefit from the removal of customs duties and quotas, although flexibility is permitted, as necessary, to meet East African developmental or budgetary needs.

The new association agreement, concluded in July 1969, was signed at Arusha, Tanzania, on September 24, 1969. An earlier agreement between the East African states and the Six was signed in July, 1967, but never became effective because not all of the European parliaments had ratified it before its 1969 expiration date. The new agreement contains provisions similar

*Signed, sealed, but unratified, the first agreement between the East Africans and the Community expired without coming into force.*

to the old one. It links the European Community and the East African countries for four years, until January 31, 1975.

## Free Trade

The new association agreement will enable free trade between the Community and the East African states, generally eliminating customs duties or charges with equivalent effect. The Community is putting quantitative restrictions on duty-free imports from East Africa only on green coffee (56,000 tons), cloves (120 tons) and canned pineapple (860 tons) to protect the 18 African states associated with it by the Yaoundé Association. The agreement also provides that East African products will not be granted more favorable treatment than that applied by members of the Community among themselves.

## Possible Preferences for Farm Products

A protocol provides for preferential Community treatment of East African agricultural products for which there is a common organization of the market in Europe and for processed agricultural products from East Africa, as compared to competitive products from third countries. This treatment will be determined case by case by the Community after consultation within the Association Council. Within the context of the Community's common agricultural policy, special consideration will be given to the economic interest of the East African countries in exporting these products.

The East African countries have the similar obligation to remove all customs duties and quotas not necessary to their development or budgets. The Community will, as a result, receive tariff concessions ranging from 2 per cent to 9 per cent on some 60 products. The East African countries may change these concessions later, provided that other concessions are granted to keep the general balance of the agreement.

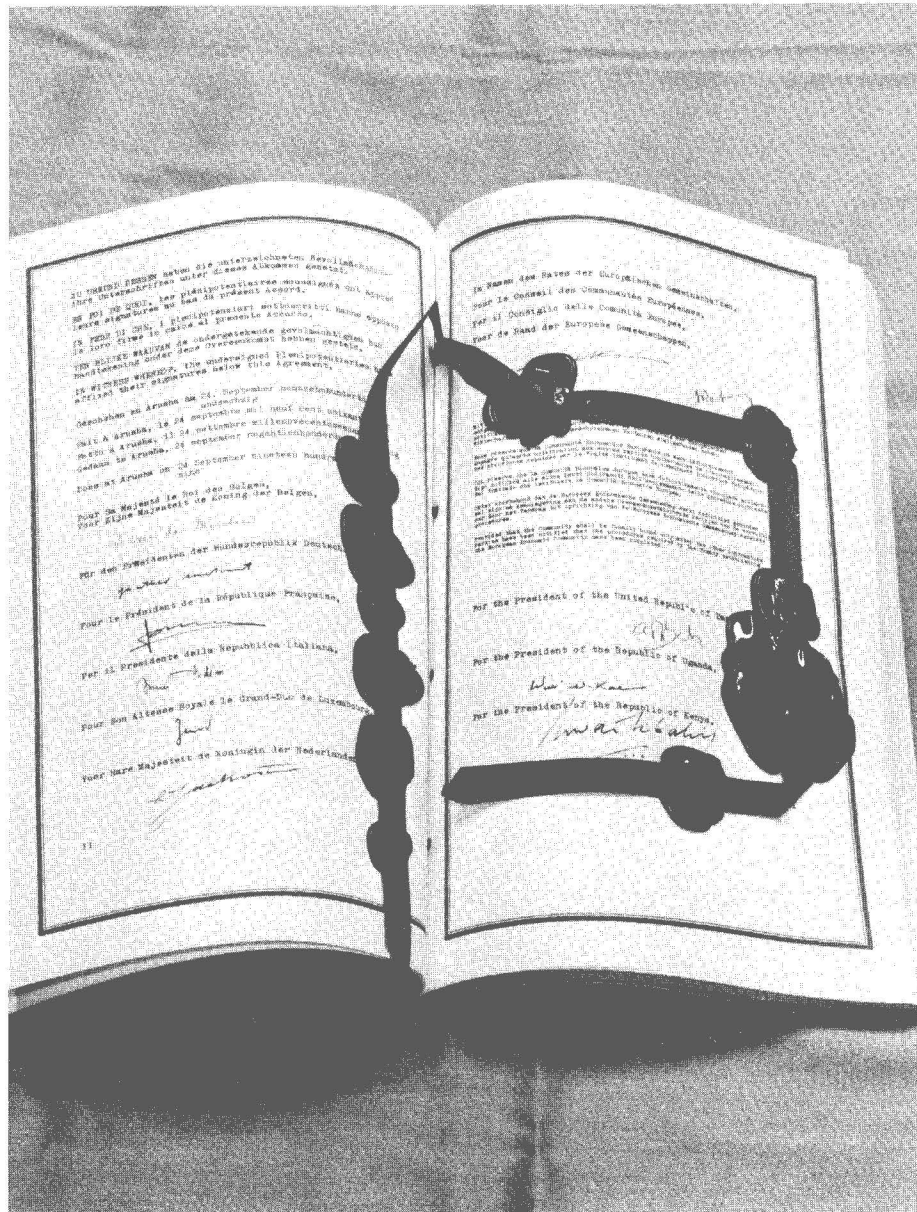
## Other Customs Unions Allowed

The association agreement does not restrict the freedom of the East African states to establish a customs union or free trade area or to conclude economic cooperation agreements among themselves or, under certain conditions, with other African countries at a similar stage of development. Neither do the provisions of the agreement conflict with the establishment of a general system of preferences or prevent the East African states from participating in such a system.

The new agreement is synchronized with the Yaoundé Convention signed on July 29, 1969, which links 18 other—largely French speaking—African states with the Community. The Yaoundé Convention also expires on January 31, 1975. (See *European Community No. 141, page 14.*) Both agreements reflect the desire to promote an increase in trade among the partner states.

## Institutions

An Association Council will make any decisions necessary to carry out the purposes of the agreement and set up a committee to assist it. A parliamentary committee composed equally of members of the European Parliament and of the parliaments of the East African states will meet for discussion once a year. Eighteen months before the expiration of the agreement the contracting parties will meet to examine possible provisions for a further period.



# State Monopolies Changing

STATE MONOPOLIES ARE GRADUALLY adjusting to regulations designed to protect effective market competition within the European Community.

Answering a written question from Hendrikus Vredeling, Dutch Socialist member of the European Parliament, the Commission of the European Communities noted on December 12, 1970, that its recommendations for adjusting state monopolies were either being carried out or were currently being discussed between national and Commission authorities.

As part of its economic policy, the Community competition policy seeks to ensure fair competition within a Community market which is equally open to all producers and consumers. The gradual adjustment of state monopolies to permit unrestricted trade in competitive goods complements the removal, on July 1, 1968, of the last tariffs on trade among the Six and the gradual removal of tax and legal barriers to a single Community market.

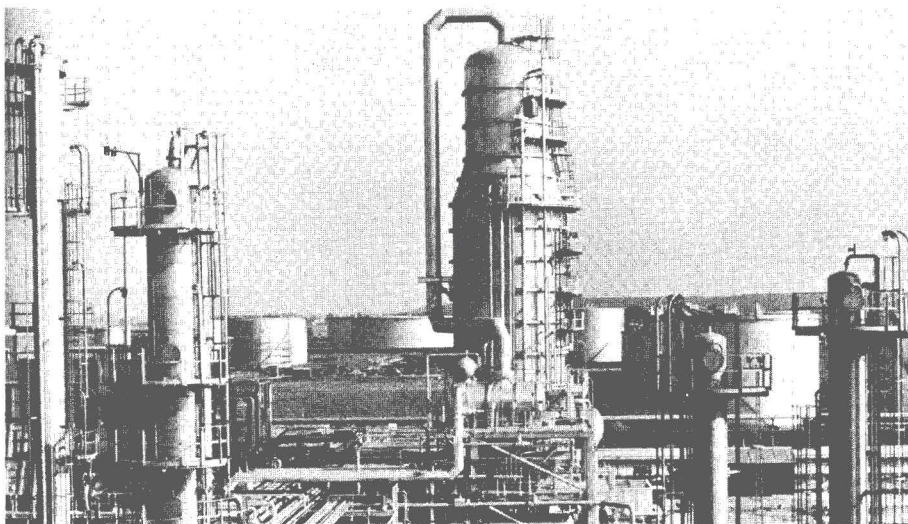
## Treaty Provisions

The Common Market Treaty provisions on state monopolies became legally binding upon member governments and industries on January 1, 1970, but not all state monopolies had completed the adjustments necessary to comply with the Treaty. Therefore, as the date approached, the Commission issued recommendations for action in the near future (*see European Community No. 131, page 12*). The monopolies in question were state match, alcohol, salt, and petroleum monopolies in France, Italy, and Germany; Thomas steel furnace slag and explosives monopolies in France, and the Italian monopoly on cigarette paper and lighter flints.

Article 37 of the Common Market Treaty bound the member states to ". . . progressively adjust any state monopolies of a commercial character in such a manner as will ensure the exclusion, at the date of the expiry of the transitional period, of all discrimination between the nationals of member states in regard to conditions of supply or marketing of goods. . . ." Since the end of the transition period on January 1, 1970, the Commission of the European Community has interpreted Article 37 by suggesting, through recommendations to state authorities of the countries concerned, measures to be taken to meet the Treaty provisions. However, the Commission has permitted a "reasonable" period of time for the governments to act or to enter into discussion with the Commission to determine what actions would be acceptable under the Treaty.

## Toward an Open Common Market

The reasons for adjusting state monopolies parallel those for prohibiting other agreements, decisions, and concerted practices among industries likely to restrict trade among the member countries. The purpose of Community supervisory action is to guarantee that the benefits of trade and growth are shared fairly by all participants and not restricted to a few. As explained by Hans von der Groeben, former member of the Commission responsible for competition policy, monopolies or cartels tend to be inefficient, to hinder economic and technical progress, and to shut off former domestic markets from each other. State monopolies are thus incompatible with



*State monopolies over products ranging from petroleum to matches and salt, are learning to compete with goods produced in other Common Market countries.*

the goals of a common market within the European Community and should be modified to permit competition and progress.

## The Response to the Recommendations

The Commission has set no time limit for the recommended actions to be taken, although it has emphasized the necessity for member states to carry out their obligations as soon as possible. Answering Mr. Vredeling's question, the Commission reported the following progress:

- France. In response to the Commission's recommendations, in two decrees, of August 28 and September 24, 1970, the French Government modified its import controls on petroleum in a manner acceptable to the Commission. Some petroleum products are, however, still excluded from Community regulation under the Commission's decision of December 22, 1969, valid until December 31, 1971.

The French Government has also promised to adjust its Thomas slag, match, and explosives monopolies in order to remove discrimination and to do away with its exclusive rights as against competing Community products.

Adjustment of the alcohol monopoly is difficult, in the absence of a common organization of the market. No specific action has yet been taken here.

- Italy. The Italian Government has not yet notified the Commission of its position on the Commission's recommendations. However, the Italian authorities are currently discussing actions they hope to take up with the Commission to determine their acceptability.

- Germany. The German Government plans to eliminate quantitative restrictions on alcoholic beverages and to introduce compensatory taxes, as suggested by the Commission. A bill to this effect has been submitted to the Bundestag. In the absence of a common organization for vegetable ethyl alcohol, adjustment of the non-vegetable ethyl alcohol monopoly is difficult, particularly as the two types of alcohol cannot be chemically or physically distinguished.

# COMMUNITY NEWS

## THE MONTH IN BRIEF

January 1971

**1** The European Community made its fourth out of five scheduled tariff cuts agreed upon during the 1967 Kennedy Round of negotiations (*see page 25*).

- The second Yaoundé Convention associating 18 African countries with the Community went into force. (*See European Community No. 141, page 14.*)

- The Arusha Convention associating Kenya, Uganda, and Tanzania with the Community went into force (*see page 20*).

- The Treaty increasing the European Parliament's budgetary powers and giving the Community its "own resources" went into force (*see page 8*).

**5** Austria and the European Community held exploratory talks about possible solutions to the problems posed by the Community's enlargement for the five European Free Trade Association members not applying for Community membership (*see page 15*).

**6** Finland, an EFTA associate not applying for membership, and the Community opened exploratory talks.

**7** Portugal, an EFTA member not applying for membership, and the Community opened exploratory talks.

**7-8** The Committee supervising the Common Market's trade agreement with Yugoslavia met for the first time, in Belgrade.

**12** Membership negotiations continued, at deputy level, between the European Community and the United Kingdom.

**14** Iranian Minister of Economy Hooshang Ansari met with Commission President Franco Maria Malfatti and Commissioner

Ralf Dahrendorf to discuss trade relations between the Community and Iran and their trade agreement.

**18** The Common Market and the United States opened two days of trade talks. U.S. Assistant Secretary of State for Economic Affairs Philip H. Trezise headed the American team. Ralf Dahrendorf, Commissioner with special responsibility for trade, led the Common Market delegation.

**19** Membership negotiations continued with Denmark and Ireland at deputy level.

**19-20** The European Parliament met in Luxembourg. Trade relations with the United States was one of the main topics of debate (*see page 24*).

**20** Membership negotiations continued with Norway at deputy level.

- The Committee supervising the association agreement between the Common Market and Israel held its first meeting, in Brussels.

**20-21** The first round of negotiations for the conclusion of a non-preferential trade agreement between Argentina and the Common Market took place in Brussels.

**26-27** Membership negotiations continued between the European Community and the United Kingdom.

**25-26** The Council of Ministers met in Brussels and finished work on the regulations necessary to put the common fisheries policy into effect.

**28** German Chancellor Willy Brandt and French President Georges Pompidou met in Paris within the context of the Franco-German Amity Treaty.

**31** Italian Prime Minister Emilio Colombo and Georges Pompidou met in Paris to discuss the Community's plan for economic and monetary union.

## EC SHOULD SEEK MEANS OF OPENING DIALOGUE WITH LATIN AMERICA, COMMISSION SAYS

The European Communities should accept the invitation extended by the Special Committee for Latin American Coordination (CECLA) and seek ways of entering into a dialogue with those countries, the Commission said on January 12.

Answering a written question from Pierre-Bernard Cousté, Gaullist member of the European Parliament, the Commission also indicated that exploratory conversations would soon be opened with Uruguay.

### Tariff Cuts Accelerated

In November 1970, the Community decided to accelerate by one year tariff cuts on products of interest to Latin America agreed upon in the Kennedy Round of negotiations in the General Agreement on Tariffs and Trade (GATT). This action was in response to the declaration made by the CECLA in Buenos Aires last July, calling upon the Six to decide on new forms of cooperation with Latin America. (*See European Community No. 139, page 18.*)

The tariff cut acceleration, covering 13 products, mainly agricultural, was only one of the actions which the Commission in a memorandum last November suggested the Community might consider. Other suggestions included: coordination of members' financial and technical assistance to Latin America; guarantees for private investment; and possible financing of Latin American development projects by the European Investment Bank.

However, the main suggestion was to open a dialogue with Latin America in an institutionalized setting. The Commission urged that any reply to the 22 CECLA nations be based on a common Community policy and not be a mere expression of good will. The Commission favored a ministerial meeting if exploratory talks between both sides showed that useful decisions could be made.

### No Preferential Agreements

The Six cannot offer Latin America any preferential trade agreements, the Commission said.

Negotiations with Argentina for a non-preferential trade agreement opened on January 19, 1971. They are the first Community-level negotiations with a Latin American country.

Underscoring Latin America's desire for closer cooperation with the Community, the Secretary General of the Organization of American States Galo Plaza said during a visit to Brussels on November 18 that the OAS was transferring its European liaison office from Geneva to Brussels.

## TOBACCO TAX STRUCTURE TO BE HARMONIZED IN EC

A draft directive on harmonization of the structure of excise duties within the Common Market on manufactured tobaccos was sent to the Council of Ministers on November 20, 1970.

It supersedes an earlier proposal for a Council regulation on taxes (other than turn-over taxes) on the consumption of manufactured tobaccos, and an annexed draft resolution on excise duties on manufactured tobaccos, submitted to the Council by the Commission on July 4, 1967.

### Major Points

In its proposal, the Commission called for:

- the harmonization of excise duties on manufactured tobaccos in a number of stages. The proposal outlines criteria for the first stage and for the harmonization process

as a whole. Criteria for subsequent stages will be set down in a second directive, to be adopted by the Council not later than January 1, 1973.

- the exemption of chewing tobaccos and snuff from excise duty. Cigarettes will be subject to an excise tax combining elements of both proportional and specific taxation.

- July 1, 1971, as the opening date of the harmonization process. The first stage will last for two and a half years. During this period, specific taxation on cigarettes may not be less than 5 per cent or more than 75 per cent of the total excise duty on the most popular brand of cigarettes as of January 1, 1971. Also, the proportion of excise duty in the retail selling price can not exceed 40 per cent for cigars and cigarillos, or 50 per cent for smoking tobaccos.

## GROUP DISCOUNT-SETTING BANNED; MODIFIED EXPORT AGREEMENT APPROVED

Wall-tiles and fertilizers are among two commodities affected by recent competition decisions made by the Commission of the European Communities.

In a December 29, 1970, decision, the Commission prohibited German producers of flagstones and ceramic wall-tiles from making concerted year-end price reductions. Such joint action on prices, the Commission said, violated the Common Market's ban on price-fixing. The Commission did not feel that the arrangement could qualify for an exemption from the competition laws since it did not improve production or distribution enough to justify such trade restraints.

### Fertilizer Agreement Approved

By the other decision, the Commission approved a sales agreement that four French producers of phosphate fertilizer had modified to comply with the Community's competition rules.

Under the original agreement, the producers channeled all their fertilizer exports through a joint company, Supexie, which offset price differences from one sale to another so that each company received the same price for its exports. The Commission had said that this agreement prevented competition among the four companies in their exports to other Common Market countries and was illegal.

According to the modified agreement, Supexie will now handle only exports to countries outside the Common Market. Each company will take over its own exports to other Common Market countries.

## NAM AND UNICE MEET TO IMPROVE RELATIONS

Industry on both sides of the Atlantic has decided that contact reduces friction.

Members of the National Association of Manufacturers (NAM) and Union des Industries de la Communauté Européenne (UNICE) met for the second time in Brussels on January 19-20 to exchange views on mutual problems. The American delegation was led by W. P. Gullander, President of the NAM, while European industrialists were led by Fritz Berg, President of UNICE.

After frank discussions of U.S.-European commercial relations, debate turned to questions of environmental protection and major economic and social problems facing both the United States and the Community. Both groups hope to maintain regular contacts as a means of understanding each others' problems and improving relations.

The next meeting has been set for early January 1972 in Washington.

## SIX RECEIVE NEW SDR's, PAY HIGHER IMF QUOTAS

The six members of the European Community received the equivalent of \$585,183,000 as their second allocation of "special drawing rights" (SDR's) from the International Monetary Fund (IMF) on January 1, 1971.

This total compares with allocations of \$299,600,000 to the United Kingdom and \$716,900,000 to the United States, also made on January 1.

SDR's, the new "paper gold" taking its place beside gold and the U.S. dollar as a major reserve currency, were first activated on January 1, 1970, to increase world liquidity. Each SDR is equivalent in value to one U.S. dollar. A total of \$6.363 billion in SDR's have now been activated.

The first and second allocations for individual Community countries were as follows:

Country	1970	1971
Germany	\$201,600,000	\$171,200,000
France	165,480,000	160,500,000
Italy	105,000,000	107,000,000
Netherlands	87,360,000	74,900,000
Belgium	70,896,000	69,550,000
Luxembourg	3,192,000	2,033,000
EC Total	633,528,000	585,183,000
United Kingdom	409,920,000	716,900,000
United States	866,880,000	299,600,000

The individual SDR allocations for 1971 represent 10.7 per cent of the member countries' existing quota within the Fund.

## BOND MARKETS CONVERGING BUT MORE PUSH IS NEEDED

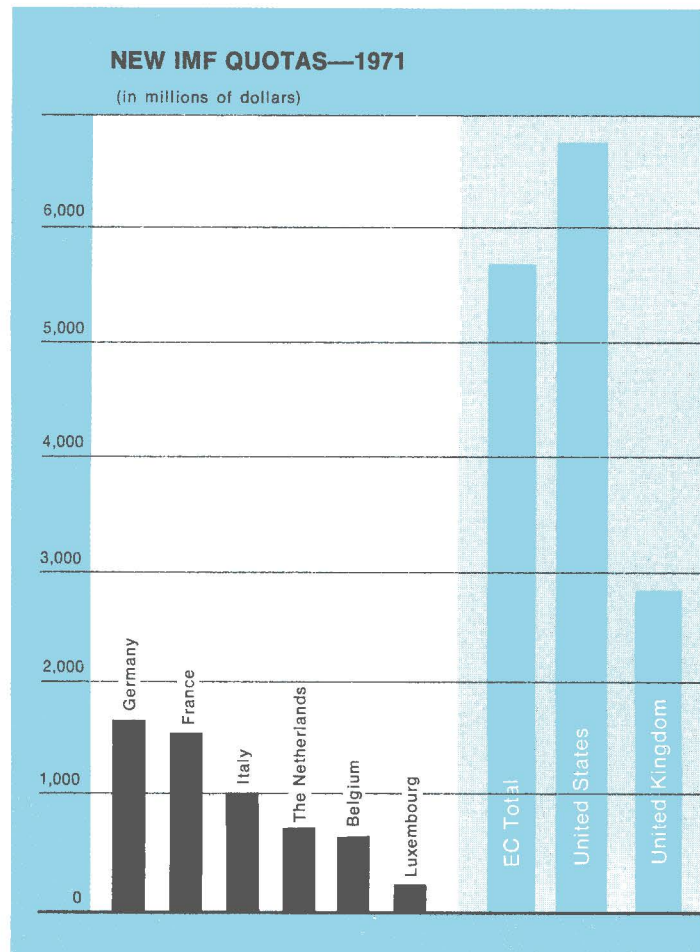
Europe's bond markets are growing closer together yet need more direct coordination, said a Working Party on Securities Markets.

In a report published in October 1970 in Brussels, the Working Party said that natural forces are bringing the bond markets of the European Community member states closer together but that a conscious policy of coordination beyond this is necessary for achieving economic and monetary union.

The Working Party was created to make the study late in 1967 by the Monetary Committee, which advises the Commission and the Council of Ministers on economic and monetary developments. The Working Party will continue to study developments in the bond markets and, if requested by the Monetary Committee, will suggest ways to promote their gradual integration.

### Natural Evolution

In 1966-69, due largely to French and German reforms, considerable progress was made towards narrowing policy differences in members' capital markets, the report said. Not only have member states taken the policies of other members into consideration in their re-



## BOND MARKETS CONVERGING BUT MORE PUSH IS NEEDED

forms, but they have also discovered that they face similar problems. A growing dependence of member markets on the broader European markets has also furthered integration.

Although market communication is hampered by exchange controls and other obstacles, expected interest rate fluctuations also serve to link the capital markets and to influence members' policies.

### More Coordination Needed

Unilateral actions by member states are not sufficient, according to the Working Party, to guarantee that members' policies will not contradict each other. A mutual exchange of information analyzing common problems and the results of actions taken to solve them is vital, as well as an exchange of forecasts of possible future problems. A coordination of national policies beyond this, particularly regarding interest rates and developments in the market for the new European currency, would lead to greater influence for the Community than that resulting from member policies taken in isolation, the Working Party concluded.

## PARLIAMENT DEBATES TRADE POLICY

Common Market Commissioner Ralf Dahrendorf has called upon the world's major trading powers—the United States, the United Kingdom, and Japan—to join the European Community in a new free-trade drive.

Now that the death of the U.S. trade bill in the last Congress has relieved protectionistic pressures on both sides of the Atlantic, the moment has come to open a new drive towards trade liberalization, Mr. Dahrendorf told the European Parliament on January 19. Relations with the United States was one of the topics of debate on the Parliament's agenda for its meeting in Luxembourg.

### Free Trade Still Endangered

Mr. Dahrendorf, who is responsible for trade and external affairs for the Community, was in the United States for talks with U.S. officials on trade issues affecting both sides of the Atlantic, on October 15-16, 1970. After his return to Europe, the Council of Ministers formally complained to the United States about the textile and shoe import quotas proposed in the trade bill, then before the Congress. The Council said it was afraid passage of the U.S. trade bill might unleash a barrage of restrictive trade reprisals around the world.

On January 19, Mr. Dahrendorf told the European Parliament that it was hard to tell what effect the Community's actions had had on the U.S. trade bill, but that these protests may have helped to prevent its passage. The danger, however, still exists, he acknowledged, and would be watched carefully.

### U.S. Allegations Refuted by Facts

Mr. Dahrendorf used a wide range of figures to disprove the contention that the European Communities had damaged U.S. trade through its agricultural policy or preferential agreements. He said that American trade with the Community had tripled since 1958, the year the Common Market began operating. American trade with the Community had thus risen faster than its trade with any other nation or group of nations in the world.

In the first nine months of 1970 Community imports from the United States increased by 24.5 per cent as compared to the first nine months of 1969. By contrast, Community exports to the United States only increased by 9.3 per cent. Direct American investments in the Community are currently valued at \$10 billion, while direct European investments in the United States total only \$3 billion.

The Community's trade balance with the United States has long run a deficit of more than \$1 billion a year. Even American farm exports have resumed a rising trend since last year, he added.

### U.S. Outsell Europe in Preference Products

America's trade record in the products covered by preferential agreements is also better than the Community's, Mr. Dahrendorf said. He contended that Europe's preference policy contributes to peaceful development, citing Mediterranean countries as a case in point.

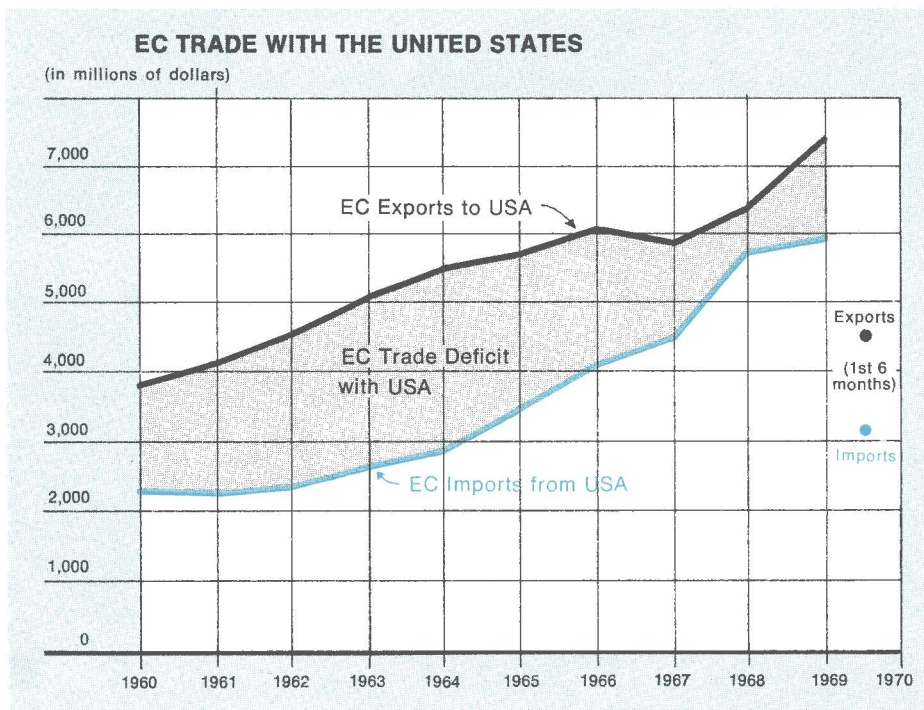
He added that the Community's system of generalized preferences on non-agricultural imports from the developing countries, more-

over, was a response to both American ideas and to the developing countries' desires to have access to industrial markets.

### Generalized Preferences

Most members of Parliament who took the floor after Mr. Dahrendorf expressed concern about protectionistic tendencies in world trade. Some supported his call for a new liberalization offensive, but others doubted that the United States would respond. With regard to the generalized preferences which the rich countries are to extend this year to industrial imports from developing countries, many members of Parliament expressed their hope that the Community would enact the preferences even if other industrial powers did not do so. French Socialist Member of Parliament Georges Spenale expressed fears for Community industry if the Community alone granted these preferences. He also criticized the Commission for having failed to keep the Parliament fully informed of its plans.

Mr. Dahrendorf said that while the Community could technically extend these preferences by summer, it would require a political decision which has not yet been made. Answering critics of the Community's decision to grant preferences on textile imports, although no other trading power had done so, Mr. Dahrendorf said that it would be politically difficult to eliminate textiles from the arrangement at this point. The Community has sufficient means at its disposal to forestall any harm to its textile industry, he said.



## SOME ADVICE FROM THE YOUNG BEING CONSIDERED

Some advice from the young is being considered at the Brussels headquarters of the Common Market.

On December 12, 1970, the Commission said it planned to follow up proposals made at the conference on "Youth and the European Community" held in Brussels June 12-14, 1970. (See *European Community No. 136*, page 18.)

Proposals made at the conference included the creation of a Community Youth Fund to support non-governmental youth groups and a European Youth Office which would be open to young people from all over the Continent.

Answering a written question from Horst Seefeld, German Socialist member of the European Parliament, the Commission said it planned to consult national youth organizations and conference participants about the proposals. The youth groups that participated in the June conference recently formed a liaison committee to deal with the Commission.



## PRIZES, RESEARCH GRANTS FOR INTEGRATION STUDIES

A Korean and a German have won European Community prizes of \$2,000 each for their theses on problems related to European integration. Five \$2,000 research grants for post-graduate study on European integration have also been awarded by the Commission of the European Communities.

Seung Soo Han, a Korean studying at the University of Heslington, York, England, received the Community prize for his economic thesis: "The Growth and Function of the European Budget." Hans Peter Muth, a German student at Columbia University, New York, received the prize for the best political science thesis: "Towards an Ever Closer Union Among the European Peoples." No prize for a law subject was awarded this year. The recipients were chosen by a jury from among 73 contestants.

Five 12-month research grants were also awarded to the following persons:

- Philippe Auverny-Bennetot, University of Grenoble, France, for research by a Franco-

Italian group on "The Franco-Italian Frontier Region in the Alps"

- Dr. Angelo Bolaffi, University of Rome, Italy, for research on "Trade Unions in Europe"

- Martin Robert Lees, British assistant at the College of Europe, Bruges, Belgium, for research on "The Application of Systems Analysis Techniques to the Process of European Integration"

- Eric Tollens, Michigan State University, for research on "Economics of Size in EEC Agriculture"

- Paolo Urio, University of Geneva, for research on "A Plan for the Formation of an Information System on European Groups."

Post-graduate students who are nationals of any country with which the Community maintains diplomatic relations were eligible for the grants. Grant recipients may ask to be invited to Luxembourg or Brussels for on-the-spot briefings and assistance in research.

## 2ND EMU ISSUE

Eurofima, a financing agency owned by major European railroads, in December placed 10 million European monetary units (EMU) of ten-year Eurobonds with a 7.75 per cent coupon and priced at 99.5. The issue is equivalent to \$10 million.

The second EMU issue, it carried the lowest coupon on a long-term Eurobond issue since the summer of 1969. It was placed semi-privately by a small group of banks.

The first EMU issue was the 50 million EMU European Coal and Steel Community offering. (See *European Community No. 141*, page 6.) The EMU is convertible into the six Common Market currencies and offers the holder protection against devaluation and profit from revaluation of any Community currency.

## DUNLOP-PIRELLI UNION

Dunlop shareholders on December 30 voted overwhelmingly in favor of the proposed link between Dunlop and Pirelli. This Anglo-Italian union, which had already been approved of by Pirelli shareholders, creates the world's third largest tire and rubber manufacturer, with an estimated annual turnover of \$2.16 billion. (See *European Community No. 135*, page 13.) The union became effective on January 1, and Dunlop is now known as Dunlop Holdings Ltd. The headquarters and separate identity of the two parent companies will remain the same and there is to be no change in the ownership or structure of the present share. The final cost of the union would be around \$1.5 million each for the two companies.

## TEXTILES, TRADE DEFICIT IN EC-YUGOSLAV TALKS

European Community textile preferences and the Yugoslav trade deficit with the Community were topics of discussions at the mixed EC-Yugoslavia Commission talks in Belgrade, January 7-8.

Marking the start of regular reviews of economic relations between the two parties, the Belgrade meeting was called to ensure the smooth execution of the March 19, 1970, agreement between Yugoslavia and the Community.

Yugoslavia ran a trade deficit of \$700 million with the Community in 1970 and hopes to increase its exports to correct the imbalance. It asked the Community for additional concessions.

The Community agreed to consider the requests but pointed out that Yugoslavia would benefit from the system of general preferences for developing countries.

## EC LOWERS TARIFFS

A new common external tariff for the European Community came into operation on January 1, 1971.

Most duties are now lower than before, mainly because the Six were among the 50 countries that on January 1 made the fourth of the five annual cuts agreed upon in the Kennedy Round of tariff reductions within the General Agreement on Tariffs and Trade (GATT).

The fourth round of cuts (the last will be made on January 1, 1972) applies to most industrial goods, and to some agricultural

products. Two sectors were excluded:

- chemicals. Reductions, other than those made in July 1968, are subject to U.S. elimination of the American-selling-price system of customs valuation.
- watches and clocks. Reductions depend on the outcome of talks between the Community and Switzerland.

The new EC tariff also takes into account accelerated reductions on some imports from Latin America, trade agreements with Iran (raisins and caviar) and New Zealand (mutton and lamb offals), and the new common policies in the wine and fishery sectors. There are also reductions in, or waivers of, duties on some tropical products (coffee, palm-oil, and cocoa). These cuts were timed to coincide with the entry into force of the new Yaoundé Convention on January 1.

## FUEL OIL TAX PLAN SENT TO COUNCIL

A draft directive for harmonizing specific consumer taxes on fuel oils was sent to the Council of Ministers on December 28, 1970.

The draft directive specifies that member states' specific consumer rates on fuel oils may not exceed \$2 per metric ton for heavy fuel oils and \$5 per metric ton for light fuel oils after January 1976. Countries now applying higher tax rates must reduce the difference by at least one half by January 1, 1974.

In November 1969, the Council of Ministers approved the Commission's overall guidelines for a common energy policy. Goals of the policy include free trade of energy products, elimination of distorted conditions of competition, and the assurance of a cheap and reliable energy supply.

## U.S. CONGRESSIONAL CONTACT WITH EUROPEAN COUNTERPARTS SUGGESTED

An increase in contact between the members of the U.S. Congress and members of European legislatures has been suggested as a means of improving U.S. relations with the Common Market.

Belgian Foreign Minister Gaston Thorn made this suggestion on December 16, 1970, when he addressed the American and Common Market Club in Brussels.

Members of European legislatures meet regularly with their African, Russian, Indian, and Japanese counterparts, Mr. Thorn said, but rarely with members of the American Congress. He also suggested that contacts should take place at other levels, such as between European and American "Departments" or "Agencies."

## EIB GRANTS FIVE LOANS, ANNOUNCES BOND ISSUE

December 1970 transactions of the European Investment Bank of the European Community included the awarding of three loans to Italy and one loan each to the Democratic Republic of the Congo and the Malagasy Republic.

In addition, the Bank concluded an agreement, on December 21, in Rome, concerning the issuing of bonds for \$30 million. Proceeds from the bonds, bearing interest at 8.75 per cent year with a maximum term of 15 years, will be used by the Bank for its ordinary lending operations.

### More Phones, Soap, Roads for Italy

Of the three Italian loans, two will be administered by the Cassa per il Mezzogiorno (Southern Italy Development Fund). One loan, of \$16.4 million, will help finance the construction of automatic telephone exchanges and the extension of urban and long-distance networks in the Abruzzi and Molise regions.

The second loan, of \$4 million, also to the Cassa per il Mezzogiorno, will partly finance the building of a soap and detergent factory at Ferentino.

A third loan, of \$16.4 million to the Con-

sorzio di Credito per le Opere Pubbliche (Credit Association for Public Works), is earmarked for the partial funding of construction of the Verona-Brenner Pass section of the Brenner Highway, connecting Italy and Austria.

### Electric Power for Congo

The Bank's loan of \$9 million to the Democratic Republic of the Congo will help finance the installation of electric power lines. The network will serve Kinshasa, the capital, and its suburbs as well as other towns in the province of Central Congo. The Malagasy Republic will use its loan of \$1.86 million to help finance construction of a cold-storage slaughterhouse in the industrial district of Tananarive at a total cost of \$3.31 million. Replacing existing facilities which date back to 1903, the new slaughterhouse will have exclusive slaughtering rights for Tananarive and its suburbs.

### Interest Rate Raised

The interest rate on loans of up to 12 years was raised from 8.5 per cent to 8.75 per cent on November 4. The new rate had previously applied only to loans of 12-20 years.

## PROJECT SUGGESTED FOR ENTERPRISING OENOLOGIST

Wine growers in the European Community might be good customers for anyone who wanted to codify the multiple national and Community regulations governing the wine industry, the Commission has suggested.

In reply to a question from Hans Richarts, German Christian Democrat member of the European Parliament, the Commission stated on January 12, 1971, it had no plans to make this codification itself. Member states or private publishers could equally well perform this service for judicial clarity. The multiplicity of laws in the wine industry, the Commission added, is not unusual. Nor, he added, has the Commission made indices of national and Community regulations in the other agricul-

tural sectors.

In answer to Mr. Richarts' question on whether France and Italy had less trouble than did the other members introducing Community wine regulations which largely incorporated their own highly developed national wine laws, the Commission said it didn't think so. Community regulations apply directly in every member state and become legally binding without any national legislative action. If Community law had to be also enacted as national law, national administrators in the face of such duplication might rely solely on national regulations. Such a practice could call into doubt the applicability of Community law.

## ROME TREATY QUOTED IN SOCCER ROW

Emile Jeunehomme, representative of the Belgian soccer club "Standard," cited Article 48 of the Rome Treaty to defend his club against charges that more than three foreign players were used during a match against Antwerp on October 25, 1970.

Mr. Jeunehomme maintained that the Common Market Treaty authorized his club to employ players from any of the six member states. Article 48 forbids "discrimination

based on nationality between workers of member states."

Antwerp had complained to the Belgian Union's Sporting Committee, which ruled that Antwerp's appeal was justified. According to the Union's rules, the Committee fined Standard 200 Belgian francs (\$4.00) and forced the club to forfeit 5 points.

Feelings are running so high that there is talk of appealing to the Community Court.

## NEGOTIATIONS TO OPEN ON HANDICRAFT EXEMPTIONS

The Philippines, Thailand, Indonesia, Iran, and Ceylon plan to negotiate with the European Community for separate agreements on trade in handicrafts. The Council of Ministers on December 15 authorized the Commission to open the negotiations.

As a result an agreement reached in 1967 during the Kennedy Round of trade negotiations within the General Agreement on Tariffs and Trade (GATT), the Community opened a zero-duty tariff quota for handicrafts. The quota applied to up to \$500 million of all kinds of handicrafts imported into the Community provided that imports per tariff heading, or specific type of import, did not exceed \$500,000. In July 1970, the Council added 25 products to the list of handicrafts that could be imported duty free.

India and Pakistan were the first to benefit from this quota. The Philippines, Thailand, Indonesia, Iran, and Ceylon have asked the Commission to grant them similar concessions.

## STATES REIMBURSED FOR RETRAINING WORKERS

European Social Fund aid allocations for retraining and resettling of workers in EC member states were announced on December 16, 1970, by the Commission of the European Communities. They were as follows:

Country	Use	Amount
Belgium	Retraining	\$ 1,426,930
	Resettling	69,121
Germany	Retraining	10,630,931
	Resettling	69,121
France	Retraining	3,695,360
	Resettling	183,501
Italy	Retraining	6,442,709
	Resettling	223,121
Netherlands	Retraining	1,149,780
	Resettling	1,550

These reimbursements represent up to 50 per cent of the member state's expenses for retraining and resettling workers whose income decreased or ceased as a result of heightened competition due to the Common Market.

## NATIONAL POLLUTION CONTROLS COULD RESTRAIN TRADE

The battle against environmental pollution must not be allowed to turn into a new source of protection against foreign competition, a Common Market official said on January 15 in Washington.

The official, Robert Toulemon, Director General for Industry at the Commission of the European Communities in Brussels, ad-

dressed the opening session of a three-day conference on "Goals and Strategy for Environmental Quality Improvement in the 1970's." The conference was sponsored by the Atlantic Council of the United States of Washington, D.C., and the Battelle Memorial Institute of Columbus, Ohio.

After the Community's enlargement, the United States will be able to cooperate far more easily than now with West European countries, Mr. Toulemon said. It will then have to deal with only one entity. (The United Kingdom, Denmark, Ireland, and Norway are now negotiating for membership in the Common Market.)

He also said that the Commission intends to draw up a Community plan for environmental protection in its six member countries. Common regulations have already been passed for controlling pollution by motor vehicles, one of the most serious sources of pollution on both sides of the Atlantic.

## RECENT BOOKS ON COMMUNITY TOPICS

EUROPEAN COMMUNITY periodically lists books dealing with Community and Atlantic topics. Prices are also given, whenever known. This presentation does not indicate approval or recommendation of these publications which can be purchased or ordered from most booksellers.

**Great Britain and the Common Market 1957-69.** Edited by William J. Swift. Facts on File Inc., New York, 1970, 430 pages with index, \$4.45

A review of the relations between Great Britain and the European Community since 1957.

The authors have compiled a chronological study of developments within the British economy, within the European Community as a body, and within Community member nations as background for the narration of the British-EC "confrontation." This study includes quotations from major documents, press conferences, and government statements.

**Western European Labor and the American Corporation.** Edited by Alfred Kamin. Bureau of National Affairs, Washington, D.C., 1970, 546 pages with annexes and index. \$16.50

A study of European labor relations and labor law affecting the American corporation in Europe, with articles by European and American observers.

Based on the Summer Institute on Business and Law sponsored by Loyola University of

Chicago, July 7-12, 1968, this book contains the revised edition of papers presented at the conference. Topics covered include the supranational corporation, social policy of the European Community, labor disputes and collective bargaining, labor relations and the law, wage and employment benefits, manpower mobility and training, and American management and investment in Western Europe.

**Regional Policy in Britain and the Six: The Problem of Development Areas**—by Harold Lind, and **Community Regional Policy**—by Christopher Flockton. European Series No. 15, Chatham House. PEP, London, 1970, 76 pages.

Two studies of regional economic policy in Britain and in the Six with implications for British entry into the European Community.

The authors analyze the policies for the development of depressed areas within the Community and Britain. Noting that the Six have not yet set a common regional policy, the authors conclude that there should not be any serious difficulties in adjusting British and Community policies, except for the British Regional Employment Premiums.

**The Inter-European Industrial, Technical and Scientific Agreements.** European League for Economic Cooperation, Brussels, 221 pages. Summary of proceedings at the Third East-West Round Table on inter-European industrial cooperation sponsored by the European League for Economic Cooperation, Brussels, December 4-6, 1969.

Speakers at the conference included Jean-François Deniau, a member of the Commission of the European Communities, and Janez Stanovnik, Executive Secretary of the United Nations Economic Commission for Europe. Reports cover technical, legal, commercial, and financial aspects of East-West industrial cooperation. Statements by Bulgaria, East Germany, Rumania, the Soviet Union, and Yugoslavia are also included.

**Europe and America: The Next Ten Years.** By W. Randolph Burgess and James Robert Huntley. Waler and Company, New York, 1970, 232 pages with index. \$8.50

An appraisal of current trends, forces of change, and future needs within the Atlantic Community.

The authors' study, sponsored by the Atlantic Council of the United States, examines the Atlantic society, the Atlantic economy, and the Atlantic political future. The authors discuss the youth revolt, technological change, free trade, the Common Market, international business, aid to developing countries, and the need for the North Atlantic Treaty Organization, arguing throughout for a strengthening of the Atlantic Community.

**French Agriculture and the Political Integration of Western Europe.** By Hanns Peter Muth, A. W. Sijthoff, Leyden, 1970, 320 pages with bibliography and index.

A study of the popular basis of support for the European Community as a result of economic integration.

The author examines the quest for a common agricultural policy as background to an analysis of the "political dynamics of economic integration." He focuses on French agriculture and the French farmer's reaction to Community policies. This year, Mr. Muth won a \$2,000 European Community prize for his political science thesis: "Towards an Ever Closer Union Among the European Peoples."

**The European Capital Market.** Federal Trust for Education and Research, London, 1967, 60 pages.

A collection of papers delivered at a Federal Trust conference on November 23-24, 1966, on "The Future of the European Capital Market," and summary of the discussions.

The report includes papers by Sir George Bolton, Chairman of the Bank of London and South American, on "The International Money Market 1958-1966"; Dr. Milton Gilbert, Bank for International Settlements, "The Euro-Currency Market"; Niall MacDermot, Financial Secretary to the Treasury, "Changing Trends in the European Capital Market"; and Dr. Claudio Segré of Lazard Frères, Paris, who was at the time of the conference Director of Research on Economic and Financial Affairs for the Commission of the European Community, "The Future of the European Capital Market." Other papers explored the problems of raising capital on the European money markets.

**Done This Day.** By Oliver Crawford. Rupert Hart-Davis Ltd., London, 1970, 399 pages with charts and index.

The author traces the development of the European idea, focusing on the history and workings of the Council of Europe, the first European organization of the postwar period. He explains the functioning of the Council's annual Work Program and explores the possibilities of extending the European idea to include a European federal government.

**Britain Faces Europe.** By Robert L. Pfaltzgraff, Jr. University of Pennsylvania Press, 1969, 228 pages, with bibliography and index. \$7.50

A study of evolving British attitudes towards greater integration in Europe. The author's focal point is the response of the British government to changing international and domestic environments, including demands by domestic elite groups. He also examines the Common Market case in Britain.

## PUBLICATIONS AVAILABLE

TRAVAIL MENTAL ET AUTOMATISATION. *Etudes de Physiologie et de Psychologie du Travail* No. 6, Commission of the European Communities, Luxembourg, 1969, 163 pages. .... \$3.60

*A study of the mental activity and fatigue of workers in semi-automated industries. The function of the worker in the overall factory system and his physiological and psychological problems are analyzed. A bibliography is attached to the study.*

EVOLUTION OF FINANCIAL AND TECHNICAL COOPERATION BETWEEN THE EEC AND ASSOCIATED DEVELOPING COUNTRIES. By Charles Van der Vaeren, Commission of the European Communities, Brussels, March 1970, 22 pages. .... free

*A paper submitted to the Columbia University Conference on International Economic Development. Covers the economic aid given by the Community to the 18 African states associated with it by the Yaoundé Convention. The European Development Fund and the Community's efforts to coordinate with other aid agencies are described.*

L'INDUSTRIE ET LE MARCHE COMMUNAUTAIRE DES PATES DE BOIS A PAPIER. *Série Industrie* No. 5, Commission of the European Communities, Brussels, 1970, 47 pages .....\$3.00

*Part One describes the market structure of the Community's paper pulp industry. Includes information and statistics on production, consumption, trade, and supplies. Forecasts are given for the period up to 1975. Part Two*

*discusses state aids and taxes which apply to the industry. Also treats customs tariffs and tariff quotas as well as tariff reductions resulting from the Kennedy Round of negotiations. German text also available.*

L'UNIVERSITE EUROPEENNE. The European Parliament, Luxembourg, December 1967, 109 pages .....\$2.00

*A collection of documents since 1958 on the establishment of a European University. Includes documents of the member states, Council of Ministers, Commission, European Parliament, and the European "summit conferences" of 1961 and 1967.*

LES RESSOURCES PROPRES AUX COMMUNAUTES EUROPEENNES ET LES POUVOIRS BUDGETAIRES DU PARLEMENT EUROPEEN. The European Parliament, Luxembourg, June 1970, 226 pages .....\$2.40

*A collection of documents on the European Community's "own resources" and the budgetary powers of the European Parliament. Includes speeches and documents prepared for the European Parliament and the member states' national legislatures, the Commission, and the Council of Ministers. Shows positions taken by member states, unions, political parties, and other pressure groups.*

REPORT ON THE COMMISSION PROPOSAL TO THE COUNCIL RELATING TO A REGULATION EXTENDING THE ARRANGEMENTS APPLICABLE TO CERTAIN AGRICULTURAL PRODUCTS ORIGINATING IN THE ASSOCIATED AFRICAN STATES AND MADAGASCAR OR THE OVERSEAS COUNTRIES AND TERRITORIES TO THE SAME PRODUCTS ORIGINATING IN THE UNITED REPUBLIC OF TANZANIA, THE

REPUBLIC OF UGANDA AND THE REPUBLIC OF KENYA. Working Documents No. 93/Revised, European Parliament, Luxembourg, September 30, 1970, 11 pages .....\$0.15

*Report by Maurice Dewulf for the European Parliament's Committee on Relations with African Associates.*

REPORT ON THE THIRD GENERAL REPORT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES ON THE ACTIVITY OF THE COMMUNITIES IN 1969. Working Documents No. 58. The European Parliament, Luxembourg, June 12, 1970, 57 pages .....\$0.50

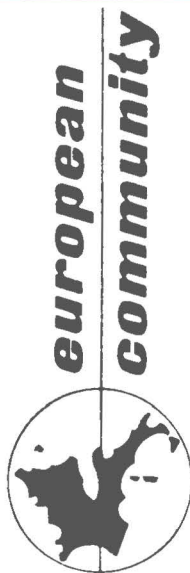
*Report by Colette Flesch reviewing the activities of the Commission during 1969 and advising the Commission on its work program for 1970.*

TREIZIEME RAPPORT ANNUEL DU CONSEIL D'ASSOCIATION ENTRE LE GOUVERNEMENT DU ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD ET LA COMMISSION DES COMMUNAUTES EUROPEENNES. Official Publications Office of the European Communities, Luxembourg, 1970, 38 pages .....free

*Covers the period from January 1, 1968, to January 31, 1969. This association between the Community and the United Kingdom covers only products governed by the European Community for Coal and Steel. German text is also available.*

THE VALUE-ADDED TAX IN THE EUROPEAN COMMUNITY. *Community Topics* No. 36, European Community Information Service, London, July 1970, 12 pages ..... free

*Revised edition of Topic 29.*



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