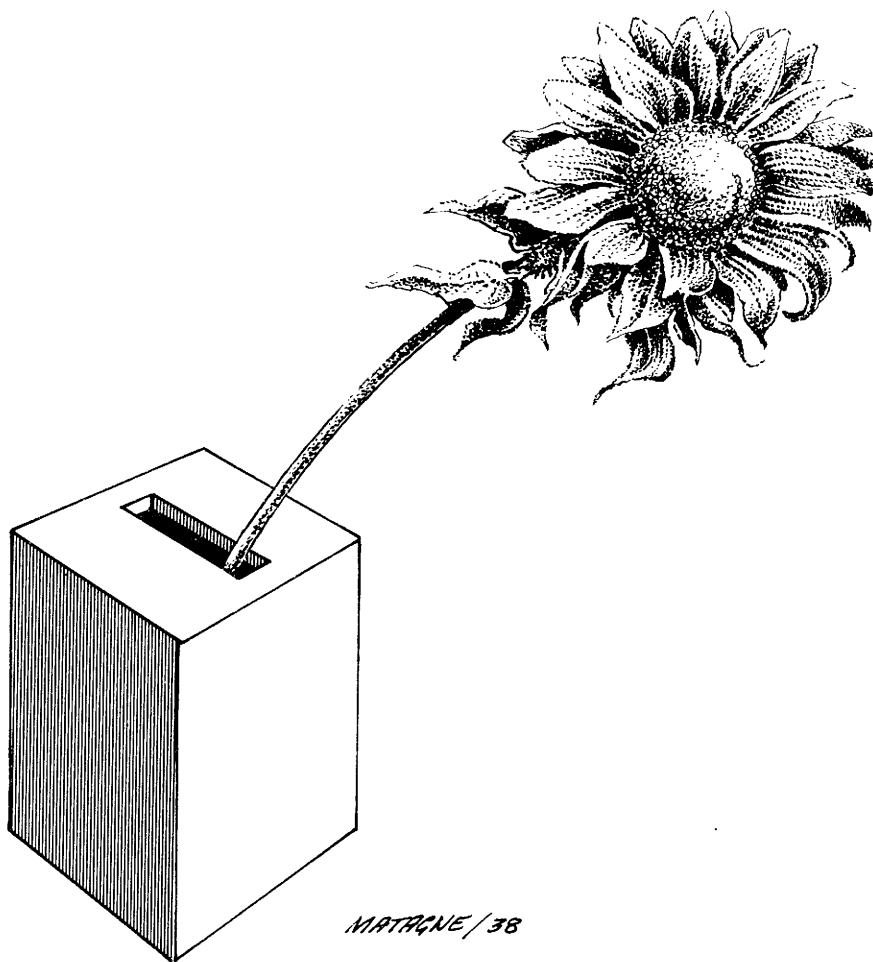


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europa day by day

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N° 40/77



Environmental protection should be given high priority by candidates for the European Parliament (see page 3).

X/609/77 -

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Commission of the European Communities
Directorate General of Information
Rue de la Loi 200
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IN THIS ISSUE

++ Monetary union : Jenkins' Florence speech (p. 3)

++ Environment : only one Europe (p. 3)

++ Common noise language (p. 3)

++ Women, youth and social policy (p. 3)

++ Consumer credit : no surprises (p. 3)

++ Christmas butter (p. 5)

++ Help for shipbuilding (p. 5)

++ Buses and frontiers (p. 5)

++ Hidden oil (p. 6)

++ Radioactive sea (p. 6)

++ MONETARY UNION : JENKINS' FLORENCE SPEECH

Strong arguments in favour of European monetary union were put forward by European Commission President Roy Jenkins in a recent speech in Florence.

In Annex 1 Euroforum presents the main points of his argument.

++ ENVIRONMENT : ONLY ONE EUROPE

The European Environment Bureau have just made an appeal to all future candidates for the European Parliament impelling them to give environmental protection a high priority in their electoral programmes both before and after direct elections.

The details of the EEB's argument are presented in Annex 2.

++ COMMON NOISE LANGUAGE

Europe's noise experts seem to have a deaf ear towards each other. In Annex 3 Euroforum looks at ways of improving their hearing.

++ WOMEN, YOUTH AND SOCIAL POLICY

The European Social Fund is to be used more generously to benefit women (see Euroforum N° 35/77) following an agreement of principle reached at a Council of Ministers meeting for social affairs.

To make progress towards helping young people out of work (see Euroforum 37/77) the ministers have requested the European Commission to present detailed proposals so that the new aids for the young can be implemented in the shortest possible time.

++ CONSUMER CREDIT : NO SURPRISES

Richard Burke, European Commissioner responsible for consumer affairs, has outlined the Commission's thinking on consumer credit and its ideas for a directive to restore the citizen to his rightful dominance in the economic process. The ordinary individual is vulnerable when he borrows. The slogan "easy terms" often covers massive interest charges. Many borrowers do not realise the true extent of what they undertake when they enter into a credit agreement.

The proposed directive would provide the borrower with some defences, and improve the balance between borrower and lender.

The directive would apply to virtually all credit agreements, said Mr. Burke, the main exception being the ordinary bank overdraft, which is a particularly flexible and well-regulated form of credit.

The most important innovation in the directive will be a provision that all credit agreements (apart from overdrafts) be made in writing. The exact information to be set out would depend on the type of agreement, but in the case of hire-purchase agreements, the following elements would have to be included:

- the cash price of the goods
- the credit price
- the effective annual charge for credit, expressed as a percentage
- specification as to whether or not title is reserved to the creditor.

This information, together with the other information to be included in the written agreement, would put the borrower in a better position to make a rational choice, and to decide whether or not the agreement being offered was worth the price.

Mr. Burke also made a plea for banks to give their customers more information on the interest and charges applicable to overdrafts. It is not enough, he said, to tell the customer what the rate of interest is. Neither is it sufficient to tell him how the interest is calculated. This job is done in the banks by computers, so that the information is available and should be given to the customer.

The provisions of the directive will include:

- a "cooling-off" period of seven days during which the consumer who has, at a place other than the place of business of the creditor or supplier, entered into a credit agreement for the supply of goods and services can cancel the agreement;
- a provision enabling the debtor to discharge his obligations under an agreement at any time before that fixed by the agreement, and to receive a refund of a proportion of the interest and other charges;
- a provision disallowing the use of negotiable instruments as security or means of payment for credit agreements: the intention of this provision is to ensure equity between the creditor and the debtor.

In conclusion, Mr. Burke said that, while the directive would not directly reduce the exorbitant charges made by disreputable operators, a greater level of borrower information would make borrowers more selective, and thus help to curb excesses of exploitation.

++ CHRISTMAS BUTTER

72,000 tonnes of cut-price butter will be put on the market of certain Community countries at the end of the year as a Christmas present from the European Commission to Europe's consumers. The price reduction should be about 70 units of account per 100 kilos (1 u.a. = 1.12 US dollars approx.).

National governments will have to give an assurance that this butter will go exclusively to consumers and that the price reduction will be respected at the retail level (by establishing a maximum retail price). Between 15 November and 15 January, 250 and 500 gramme packets will be on sale and will be easily recognisable by the special label "Christmas butter" which will be compulsory for all packets.

All Community countries except the UK will benefit. And why not the UK? Because butter is already regularly subsidised by the Community.

++ HELP FOR SHIPBUILDING

The shipbuilding industry has been in trouble for some time and between 1975 and 1980, world production is expected to decrease by 40%, which is bad news for the yards which have invested in costly plant, and for the workers who risk losing their jobs. The Community's shipyards are also threatened by fierce competition from third countries which could put them in even worse straits.

National policies of Community countries currently aim on giving support to production and jobs through subsidies. This presents serious long term dangers and could maintain a productive potential which could never be competitive. The Community might then have to depend on third world shipyards, and employment in the Community's own yards would suffer badly.

Faced with this situation, the European Commission has drawn up a global strategy whose main objective is to ensure that all national aids are used to adapt production to real demand. New work should also be created to use the professional talents and expertise of the unnecessary work force.

In practice this will mean that Member States can continue to subsidise shipyards as a sort of crisis measure, but these aids will be closely scrutinised by the European Commission. The intention is for government money to be used for restructuring the shipyards, not keeping them alive artificially.

++ BUSES AND FRONTIERS

Public transport buses which frequently cross and recross national frontiers benefit from a number of favourable arrangements to make life easier for the passengers.

To benefit from these arrangements a bus must not travel more than 100 km - a maximum of 50 km either side of the frontier. Naturally enough this presents a number of difficulties for the officials who have to authorise the favoured treatment. One particularly tricky problem concerns buses which cross the channel. Where does the frontier start? To put their minds at rest, the Community's Council of Ministers has decided that the channel does not count in the calculation.

++ HIDDEN OIL

Geologists consulted by the European Commission are certain that there are vast unexplored areas in the Community with suitable geological structures for containing hydrocarbons. Checking this out is expensive, but the European Commission has decided to lend the money to organisations willing to undertake the geophysical work and the drilling research in certain areas : the sedimentary basin of the eastern Mediterranean, the continental shelf south east of Greenland, in the Netherlands, in France's Midi region and in the south of Italy.

The loans will have to be paid back to the Community if the hydrocarbon discoveries are exploited (loans total over 24 million units of account, approx. 25 million US dollars).

Exploration funds will only be given to Community citizens however, or to European companies working for the benefit of the Community.

++ RADIOACTIVE SEA

A study group on the radioactive contamination of the sea has been meeting under the auspices of the European Commission on the French coast near Cherbourg. With regard to marine pollution from nuclear power plants, it has now been proved that transfers between the land and the sea are not negligible and that these interactions and the radioecology requires serious consideration when power station sites are being chosen.

Radionucleides dumped into the sea can, by either mechanical or biological means end up in the atmosphere and then be inhaled by man. On the other hand, certain radioisotopes (such as iodine 129) can contaminate the terrestrial ecosystem and then enter the sea, or be dumped directly.

The experts have concluded that complementary studies have to be undertaken to indicate how plutonium, americium and neptunium, not to mention radioelements such as iodine and technetium, work their way back from the sea into man.

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MONETARY UNION : ROY JENKINS' FLORENCE SPEECH

"We must now look afresh at the case for monetary union because there are new arguments, new needs and new approaches to be assessed." This was the theme of a speech given in Florence by European Commission President, Roy Jenkins where he argued strongly in favour of monetary union. To cope with the current state of international monetary affairs and the world and European economy, he put forward seven arguments.

Rationalise industry and commerce

Monetary union favours a more efficient and developed rationalisation of industry and commerce than is possible under a Customs Union alone. Discussion with businessmen across Europe produces a clear and consistent complaint that it is difficult, almost impossible, to plan a rational European dimension to their enterprises with the present exchange rate risks and inflation uncertainties as between Member States. The same complaint is often heard from those outside who wish to increase their investment in, and trade with Europe. This means that the potential benefits of the Community as a common market are far from fully achieved.

Major new international currency

The second argument is based on the advantages of creating a major new international currency backed by the economic spread and strength of the Community, which would be comparable to that of the United States, were it not for our monetary divisions and differences. The benefits of a European currency, as a joint and alternative pillar of the world monetary system, would be great, and made still more necessary by the current problems of the dollar, with its possible de-stabilizing effects. National balance of payments problems, in the sense that these are experienced today by the Community's Member States, would be largely removed as an immediate constraint on economic management. The Community is the right size of unit for monetary policy in the particular setting of our highly interdependent, closely packed, advanced industrialised societies.

Anti-inflation weapon

My third argument concerns inflation. It is fairly certain that monetary union would radically change the present landscape by leading to a common rate of price movement. But I would also like to argue, although I accept this to be more controversial, that monetary union could help establish a new era of price stability in Europe and achieve a decisive break with the present chronic inflationary disorder.

Boost demand to ease unemployment

In economic terms, I believe that our unemployment problem is essentially one of demand deficiency stemming from the constraints on our ability to cause a smooth, powerful, sustained ground-swell of demand. I do not accept that Europe's capacity for creating new wealth, providing new employment and stimulating growth in the right direction is at an end.

There is already broad agreement on what we need for a fundamental turn in the tide of Europe's employment prospects :

- there has to be confidence in steady and more uniform economic policies favouring investment and expansion;
- there has to be a strengthening of demand with a wide geographical base;
- if inflation is to continue, it must be at a lower and more even rate than Europe has known in recent years;
- we have to ensure that spasmodic, local economic difficulties will not be magnified by exchange rates and capital movements into general crises of confidence.

These four requirements may seem obvious enough. The challenge is how to change radically and for the better the institutional weaknesses that have been hindering our ability to restore high employment in conditions of price stability and a sound external payments position. I believe that monetary union can open perspectives of this kind.

Regional balance

The fifth argument to which I now turn concerns the regional distribution of employment and economic welfare in Europe.

Monetary union will not of itself act as some invisible hand to ensure a smooth regional distribution of the gains from increased economic integration and union. If the Community is to take seriously its declared aim of monetary union - and there are great dangers in having declared aims which are not taken seriously - it is indispensable that an associated system of public finance should also be envisaged. The weak regions of the Community must have a convincing insurance against the fear that monetary union would aggravate their economic difficulties. The strong regions must for their part have a counterpart in terms of more stable, secure and prosperous markets. Their interest in the underpinning of the unity of the market is overwhelming. In the context of the enlarged Community, it should also be made clear that we are here talking of the means whereby we can avoid or reduce excessive movement of people from poorer to richer areas. This could all too easily lead to the further impoverishment of one and the intolerable congestion of the other.

Balance of power

The sixth argument concerns institutional questions, the level at which decisions have to be made, or the degree of decentralisation that we should seek to maintain in the Community. Monetary union would imply a major new authority to manage the exchange rate, external reserves and the main lines of internal monetary policy.

The public finance underpinning of monetary union which I have just described would involve a substantial increase in the transfer of resources through the Community institutions. The question then is : can monetary union be reconciled with the profound pressures that are manifest in almost all our Member States in favour of more, rather than less, decentralised government? I believe the answer can and should be yes. But this requires us to envisage a very special and original model for the future division of functions between levels of government.

For the Community, there is a new and realistic model for a highly decentralised type of monetary union in which the public procurement of goods and services is primarily in national, regional and other hands. The public finance function of such a Community would be stripped down to a few high-powered types of financial transfer, fulfilling specific tasks in sectors of particular Community concern, and assuring the flow of resources necessary to sustain monetary union. These characteristics also make for a quite small central bureaucracy, which I think we would all consider an advantage.

Monetary union : a political development

On the seventh and final argument, I can be quite short since, like the first, it is a traditional one. It is the straight political argument that monetary union stands on offer as a vehicle for European political integration. Jacques Rueff said in 1949 "L'Europe se fera par la monnaie ou ne se fera pas". I would not necessarily be quite so categorical. It should, however, be clear that the successful creation of a European monetary union would take Europe over a political threshold.

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Roy Jenkins concluded his lecture by paying tribute to the realism of Jean Monnet : "We must not only do what is best in the circumstances. We must give our people an aim beyond the immediately possible. Politics is not only the art of the possible, but, as Jean Monnet said, it is also the art of making possible tomorrow what may seem impossible today."

ENVIRONMENT : THE ONLY EUROPE WE HAVE

The first major ecological alert was raised in 1972. In the face of the preachers of economic growth, the Club of Rome - whose ideas were popularised by Sicco Mansholt -, a number of people including Barry Commoner and Robert Lattes put forward more pessimistic predictions. Their attitudes were summed up in the title of a book by Barbara Ward and Rene Dubos - "We only have one earth".

One earth and only one. We dare not waste our resources or poison the soil and the seas. What sort of earth shall we leave for our children? was the basic question they asked. The European Environment Bureau (EEB) has just issued a similar warning: "We Europeans only have one environment". They have made an appeal to all future candidates for election to the European Parliament. These people, in the opinion of the EEB, should openly declare the importance they place on protecting the environment and, consequently the quality of life of their electors. The voters want to know whether the Community, which is about to reach adult age, can be a "force of dissuasion" against disasters like the Ekofisk accident, Seveso or even worse.

European Environment Bureau

The European Environment Bureau is an independent association representing the interests of 38 national and regional environmental protection organisations and has both scientific and educational objectives. A variety of ecological options are represented by EEB ranging from those of Britain's Civic Trust, to France's Friends of the Earth, not to mention Belgium's Nature Preservation Fund.

Address : European Environment Bureau, rue Vautier 31, 1040 Brussels, Tel : 32 2 647.01.99.

Another strategy

The old unlimited economic growth dogma has had a long run. Europe now has to find a new development model which can meet the needs of both its own inhabitants and the people of the third world. EEB call this the model of "developed growth and maturity".

In less enigmatic terms they mean a policy which does not waste resources, (neither their own or those of the third world), which puts the emphasis on quality rather than quantity,

which is not obsessed by profit only but is conscious of long term viability, and which uses its energy to reduce the inequality of the distribution of wealth and social goods.

EEB's manifesto (published on recycled paper, naturally enough) is not limited to these rather general principles but makes precise suggestions for Community action. To discourage wastage, they talk about taxes on the extraction and import of certain raw materials, measures to render recycled articles less expensive, and an obligation to provide a resale service for spare parts, etc.

More industrial farming

The EEB has also cast a critical eye over the common agricultural policy (CAP). Rather than consider agriculture as simply another industry, we should be ready to pay for a certain number of unquantifiable benefits. EEB is concerned for human health and the quality of our food and is opposed to the drive for productivity and the inevitable use of chemicals to achieve this. The first stage has nearly been reached and the Community is almost self-sufficient in food. This self-sufficiency should now be better distributed throughout the Community to ensure a harmonious development of the regions.

The common energy policy should itself aim at a better use of non-renewable resources (coal, oil and gas) and put more effort into research into renewable types of energy (such as solar energy). EEB is in favour of abandoning the use of fast breeder reactors and proposes a moratorium on the construction of all new nuclear power stations. It argues that the major risk of the proliferation of nuclear weapons has not been solved and there are still big question marks hanging over nuclear safety and the reprocessing of radioactive waste, not to mention the threat to civil liberty posed by the nuclear programme.

Transport and cities

Increasingly, people are leaving the rural areas and heading towards the large cities. This trend threatens the quality of life, in EEB's opinion. Community policy should aim at balanced decentralisation and regionalisation. This movement of people and goods can not go on indefinitely without ultimately harming ecological interests. A possible measure to counter this might be to penalise the types of transport which do most ecological and social damage.

And the whales

The protection of certain species of animals is regarded as wasted effort by many people. But could we imagine leaving our children a countryside deprived of the sound of birds singing and biologically dead water courses? They would be forced to visit the zoo to see the other animal species on our planet.

We must also consider the ecological impact : if the birds disappeared from the trees then we would have to resort to toxic chemicals to remove rodent pests. Certain measures can be taken such as protecting migration areas or banning trade in substances derived from animals threatened with extermination (whales frequently end up as cosmetics!)

To introduce a real environment policy it will be necessary to generalise the "ecological impact statement" procedure. This can only take place with the participation of the general public. People concerned will have to be better informed however, so they can express their views and have them taken into account.

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Before direct elections, the European Environment Bureau wishes all voters to make known their wish to preserve "our irreplaceable Europe". EEB also wants politicians with European ambitions to take up the cause of the environment before the elections and remember their promises once the elections have taken place.

COMMON NOISE LANGUAGE

"House in the centre of town with category 2 silence". "In our apartments, silence has a price : category 1 costs only 5% extra...." This could become the typical sort of property advertisement in a few years time, given the importance now being placed on noise. The increasing importance many countries are now giving to noise prevention has encouraged the European Commission to undertake a study of the various levels of acoustic comfort in the home, with a view to proposing standards which could be adopted by the whole Community.

Deaf dialogue

Paradoxically, the noise experts themselves seem to have difficulties in communicating, probably because the movement against noise pollution is relatively new. Apart from the problem of different national languages, there is the greater problem of the different scientific languages used. In terms of the methods used for measuring noise, complete anarchy rules. The criteria used for estimating the degree of comfort are basically national, and can not be used for comparison with other countries.

Three possible advantages could accrue from creating a common language: it would permit engineers to increase their exchanges of information; materials manufactured would be able to operate on a Community scale if the regulations were uniform; the standardisation of noise measurement should help improve our quality of life by raising acoustic standards. The countries which are "noisy" (i.e. do not apply any anti-noise regulations) will be encouraged to improve their noise standards.

Legal recommended comfort

For this acoustic language to achieve its principal objectives it should be simple and provide useful information to the consumer. The study undertaken for the European Commission defines five levels of acoustic comfort of which the main one, category three, is the "legal recommended comfort".

This is the reference position. Category four corresponds broadly to older buildings where the sound protection level was low on the level of the builder's priorities, without being zero. Class five represents rather poor acoustic qualities. Class two on the other hand offers greater comfort in a normal urban area, or normal comfort in a quiet area.

The top class is defined as the superior level of comfort one would expect to find in a quiet area, and can be considered as the optimal level for those who believe silence is golden, e.g hospitals, convalescent homes etc.

These seemingly abstract and subjective levels of comfort are, however, based on concrete data and it is clear that in practice an ininitiated consumer could immediately 'hear' the differences, and once accustomed to the classification, would be able to distinguish between the class three and the class two.

Large inventory

These concrete classifications are in the result of a vast inventory of all the anti-noise regulations in force in Community countries and the study has tried to work out the common denominator by taking the criteria and parameters most commonly used or seem the most appropriate.

Four main noise categories have been taken:

- noise travelling through the air and caused by people living in a building : human voice, radio and TV emissions, household work, etc.
- impact noise also caused by the inhabitants : feet on the stairs, dropping objects, moving furniture, etc.
- noise produced by communal items in the building such as the lifts, central heating, air vents, etc.
- noise produced by external sources: cars, railways, aircraft, factories, school playgrounds, etc.

PRICE OF SILENCE

Any economic study of the impact of such a classification system should take into account the effects on building construction. Thicker walls in a story building presupposes larger foundations. The increase in cost resulting from improved sound insulation varies according to region. If the price of land and other costs are more expensive, then the relative importance of anti-noise provisions will be less.

By way of example the study cites figures from observations taken in the Paris region based on a three roomed apartment of 75 square meters. To jump from class five to four, the cost of the apartment would increase by between 24,000 and 36,000 dollars. To rise into the upper classes the cost would increase by 3.2%, 5.9% and 10% respectively.

Concrete and reasonable system

The system is also flexible. Some of the parameters and criteria can change according to progress in acoustics research.

They can also be varied slightly : a building which meets 40% of the requirements of a class one house could be designated 2+. Also the classification can be adapted to the type of building in question since a building standing on its own does not have the same noise problems as a terraced house. Buildings in the middle of the countryside experience less noise pollution than houses in the centre of large cities, due to the low amount of noise coming from outside sources.

The criteria chosen correspond to concrete and reasonable technical realities. By increasing the thickness of a wall from 16 to 21 centimetres and by putting thick linoleum or carpet on the floor, the decibel level can be reduced sufficiently to move from class three to two. The jump to class one involves the use of double walls with cavities filled with fibre glass.

Quality of life language

Today many materials manufacturers or entrepreneurs may be able to meet the good insulation specifications laid down by his own national authorities, but if he wishes to work in another Community country he may have to pass the test again. To avoid such situations, a common anti-noise language is necessary, one that is valid at the Community level.

The use of a common classification could be generalised at the present moment without causing too much disruption or expense. But this will not be true for long as the Member States are continuing to develop their own systems disregarding what their neighbouring countries are doing.

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PRESS AND INFORMATION OFFICES OF THE EUROPEAN COMMUNITIES

BELGIUM

1049 BRUSSELS
Rue Archimède 73
Tel. 735 00 40/735 80 40

DENMARK

1045 COPENHAGEN K
4 Gammeltorv
Postbox 144
Tel. 14 41 40

FRANCE

75782 PARIS CEDEX 16
61, rue des Belles-Feuilles
Tel. 553 53 26

GERMANY

53 BONN
Zitelmannstrasse 22
Tel. 23 80 41

1 BERLIN 31
Kurfürstendamm 102
Tel. 8 92 40 28

IRELAND

DUBLIN 2
29 Merrion Square
Tel. 76 03 53

ITALY

00187 ROME
Via Poli, 29
Tel. 68 97 22 à 26

LUXEMBOURG

LUXEMBOURG
Bâtiment Jean Monnet B/O
Plateau du Kirchberg
Tel. 43011

NETHERLANDS

THE HAGUE
29, Lange Voorhout
Tel. 070-46 93 26

UNITED KINGDOM

LONDON W8 4QQ
20, Kensington Palace Gardens
Tel. 727 8090

CARDIFF CF1 1WF
4 Cathedral Road
P.O. Box 15
Tel. 371 631

EDINBURGH EH2 4PH
7, Alva Street
Tel. (031) 225.2058

CANADA

OTTAWA, Ont. K1R 7S8
350 Sparks St.
Suite 1110
Tel. 2386464

CHILE

SANTIAGO 9
Avenida Ricardo Lyon 1177
Casilla 10093
Tel. 25 05 55

GREECE

ATHENS 134
Vassilis Sofias 2
Tel. 743 982/83/84

JAPAN

102 TOKYO
Kowa 25 Building
8-7 Sanbancho
Chiyoda-Ku
Tel. 239-0441

SWITZERLAND

1202 GENEVA
37-39, rue de Vermont
Tel. 34 97 50

TURKEY

ANKARA
Kavaklidere
13, Bogaz Sokak
Tel. 27 61 45/46

UNITED STATES

WASHINGTON, D.C. 20037
2100 M Street, N.W.
Suite 707
Tel. (202) 872-8350

NEW YORK, N.Y. 10017
245 East 47th Street
1 Dag Hammarskjöld Plaza
Tel. (212) 3713804