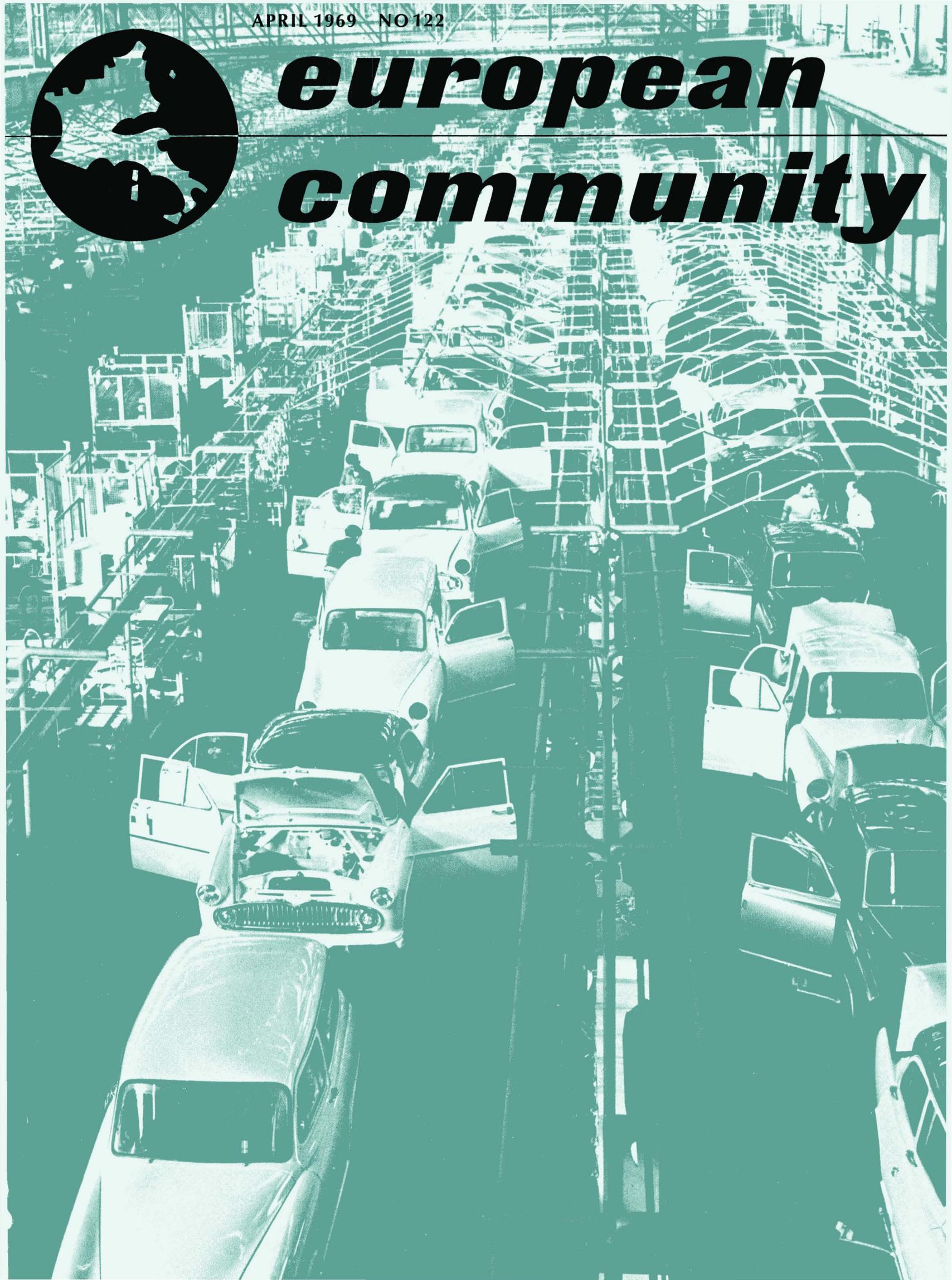


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COVER: The Simca plant at Poissy, France.

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Jean Rey, President of the European Communities Commission, and President Richard M. Nixon agreed that neither side could settle single-handedly any of the problems in relations between the United States and Europe. Both are "committed to responsibilities we must shoulder together," Mr. Rey said.

Rey Comments on Nixon Visit

My colleagues and I had an opportunity to speak to President Nixon at some length and to thank him for crossing the Atlantic to see the Europeans at home at the beginning of his new term of office. Despite the limited time available, we had a fairly detailed round-up of the problems in relations between the United States and Europe.

Three matters were taken up. We enumerated the problems which have existed since the Kennedy Round ended nearly two years ago and which have caused concern and sometimes bad feeling between the United States and us.

The Americans complain about our agricultural policy: that it is too protectionist, that we use subsidies to make war on them in the markets of other countries, and that we are not zealous enough in eliminating certain non-tariff obstacles to trade. We made it clear to President Nixon that we were quite aware of this list of problems, which in fact we had drawn up ourselves, and that we intend to treat them seriously.

We also had an opportunity to tell him of our worries about measures taken by the United States on trade in certain farm products. In the industrial field, we spoke of U.S. actions in the wool sector which are especially troublesome for one Community country. We said we were not happy about the private negotiations – in which we thought the public authorities had all been involved to some extent – relating to quantitative restrictions on steel, and our concern that this method, which we do not like, might be applied in other industries, such as textiles. We reminded President Nixon that we were still awaiting the abolition of the American Selling Price which had been agreed on in Geneva a year and a half ago. We found President Nixon perfectly aware of these problems.

In this way, both sides noted that there were a number of questions, none of which perhaps is of major importance in itself but which, when taken together, form a fairly impressive array and, unfortunately, create a disagreeable climate between us.

We then took up our second topic of our common responsibilities, and what we said seemed to please President Nixon. We told the President that we did not think these problems

could be solved unilaterally either by his country or by the Community and that to solve them we would have to join forces. Once again – for he has done it several times in public – the President emphasized in this conversation how anxious he was that his country should not get involved in a series of protectionist measures. Both sides noted that such measures could not possibly be settled on just one side of the Atlantic, that there could be no question of the United States' pursuing a liberal policy if the Community did not do the same, that, conversely, we would have difficulties in maintaining our liberal commercial policies if protectionist measures were taken in the United States. This common responsibility, the most important point highlighted during the visit of the President of the United States, exists in the field of trade, in the field of development, and in the monetary field. We – the United States and ourselves – are committed to responsibilities we must shoulder together.

The third point noted was that we would now have to resume with the new Administration joint reviews of our common problems once a year or even on a semi-permanent basis. The last such review took place a year ago in February 1968, when I paid an official visit to the President of the United States. I must say that it was extremely useful, and the results were appreciable.

We therefore told President Nixon that we would like to resume this procedure and he agreed. We made arrangements for deciding who would go to the United States and who would come to Europe, and when. All would be done in the simplest and most friendly fashion. We got the impression that this would be the best way to settle our problems or at least to eliminate a certain number of them and also to get to understand each other's points of view better and seek solutions together. It seems to me that this is really the essential task awaiting the United States and the Community.

*JEAN REY, President of the European Communities Commission
Excerpts from Address to the European Parliament March 12, 1969,
Strasbourg, France*

The European Patent Is Alive and

Ever since the "Age of Technology" began, national patent offices have been swamped. Any inventor who wants to capitalize on his innovation takes out a patent to protect it from unauthorized use. If the product incorporating the patented device or process is to be sold in more than one country, the patent holder then submits to the multiple, tedious formalities involved in patent applications in as many countries as he may need protection.

Since this legal maze could impede free trade, the Common Market member countries and the Commission, shortly after the Common Market began to function, began looking for less bothersome ways of protecting patentable discoveries. In 1962, the Committee formed for this purpose published an initial draft convention on European patent law.

Great Legal Security for Inventors

The 1962 draft was prepared under the chairmanship of Dr. Kurt Haertel, head of the German Patent Office. It provided for an autonomous, modern, and complete law of patents giving inventions uniform protection within the six Community members' territory by means of a single application and a single issuance procedure. Protection would be granted only after a strict examination by a European patent office. The new system of examination contained in the draft has since been written into some countries' national legislation. Examination can be deferred for up to seven years after the application is filed to give inventors time to judge the industrial potential of an invention and decide whether or not to proceed with the examination. Such a system would considerably reduce the number of examinations to be conducted by the office.

The 1962 draft left a number of questions open. The first concerned the participation in the convention by non-member states that had indicated their intention of taking part in the studies and signing it. Other questions were also raised. Would nationals of countries not signatories to the convention have free access to the European patent, or not? Should the convention contain special clauses forbidding patent-holders and licensees from using the patent law to fragment the market? Should the grant of certain obligatory licences be decided at national or at European level?

What Happened?

These problems came before the Council for the first time in 1964. Their examination lasted until July 1965, but no agreement was reached despite the Commission's efforts. Work was suspended for more than three years. Nevertheless, during this period, especially in 1966 and 1967, the Council continued to show its interest in the early creation of a European patent. As part of the governments' efforts to strengthen the Communities, the French Government in November 1968 suggested resuming work on the European patent and putting it in a wider territorial setting than the Community of Six. This formula had been proposed on a number of occasions by the Netherlands Government, which thought that a patent conferring protection over as wide a geographical area as possible would better serve the interests of industry than one limited to the Six.

The Council welcomed the French proposal, and the Permanent Representatives of the Ministers instructed a group of

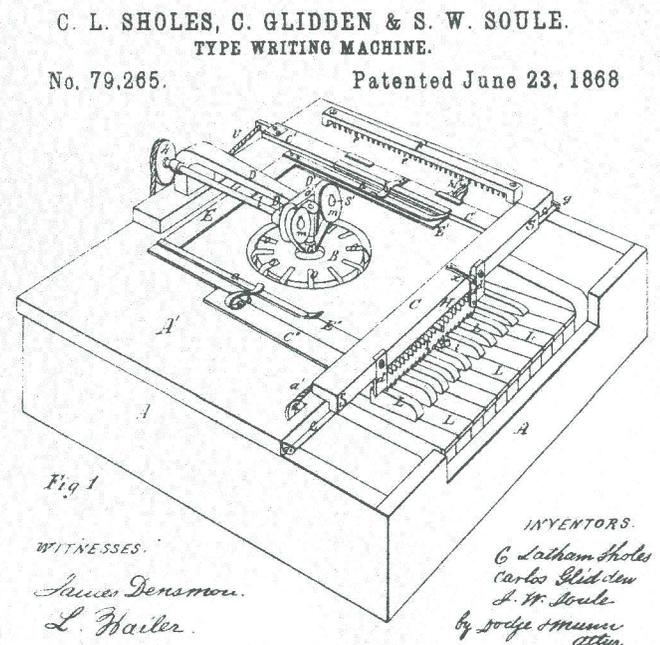
experts led by Dr. Haertel to draft, in conjunction with Commission representatives, the main lines of an international patents system which, it was hoped, the Community members and European non-member countries would join. On the basis of this report, the Council decided on March 3, 1969, to invite seven other European nations to take part in the negotiations: Austria, Denmark, Ireland, Norway, Sweden, Switzerland, and the United Kingdom.

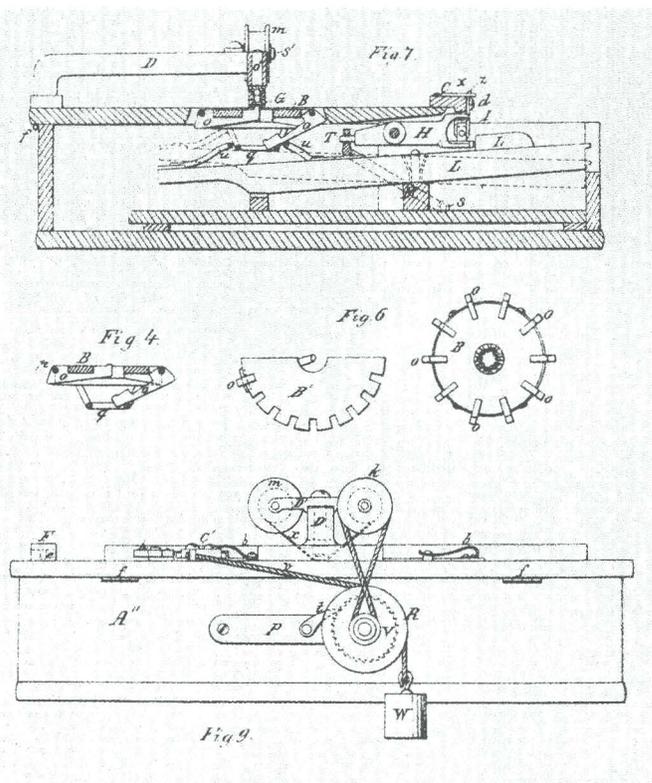
How Would It Work?

The proposed new system is in the form of two conventions. One, concluded by a large number of European countries, will establish the rules of law and procedure for granting patents by an international organization, the European Patents Office. The European patent would consist of two distinct parts: a set of national patents for countries outside the Community and a single patent for the Common Market. The other convention will prescribe the uniform legal system applicable to the patent in the territory of the Six. Since it will take into account the Community links existing between the Six and remove the barriers resulting from protection on a territorial basis, this convention will be open only to the Community members.

The Community members think the rules of law and procedure for issuing patents should follow the provisions of the Brussels preliminary draft published in 1962 and the Council of Europe Convention for the Unification of Certain Points of Substantive Law on Patents for Inventions of November 27, 1963. The patent granted by the European Patents Office would constitute a legal title assuring the holder maximum protection. The patent application would therefore be scrupulously examined for patentability, novelty, display of inventive

Typewriting Machine, U.S. Patent No. 79,265, June 23, 1868, by C. L. Sholes, C. Glidden, and S. W. Soule. To obtain a U.S. patent, inventors have always had to show improvements in technology. This typewriter featured "a better way of working the type-bars, of holding the paper on the carriage, of moving and regulating the movement of the carriage, of moving the inking ribbon, a self-adjusting platen, and a rest or cushion for the type-bars to follow." The line-drawing opposite shows a cross section of the same machine.





for signature and ratification at the same time as the first, though confined to the Six. It would take into account the Community's competition rules and determine the scope of the exclusive rights carried by the single patent, thus giving it uniform protection.

Finally, national laws would not be directly affected by either convention since the single patent would coexist with the countries' national patents. Once signed and ratified, both conventions will help reinforce, in the field of patent law, both international collaboration and Community ties between the members of the Common Market.

EUROPE'S FOUR CENTURIES OF PATENTS

The patent dates from the Renaissance. From the sixteenth century on, princes granted "patent-letters" recognizing the inventor's monopoly right to exploit his work. The Republic of Venice first regulated the concession of patent monopolies. In 1594, Venice granted Galileo an exclusive patent for "a structure to raise the level of water and irrigate land." In 1623, the English Parliament put an end to the King's power of discretion over patents by deciding that the Kingdom of England could issue patent-letters only for new techniques. In 1790, the U.S. Congress passed a law making examination of the merits of an invention a condition for issuing patents. A year later, the French Revolution, by the law of January 7, 1791, formally recognized the rights of inventors.

In the nineteenth century, patent legislation caught on in the other European countries. The desire for international regulation of industrial property, first voiced at the time of the Paris World Fair in 1879, culminated in 1883 in the International Convention of the Union for the Protection of Industrial Property. The Union, with headquarters in Geneva, made it possible to eliminate all discrimination between inventors of different nationalities. German, Belgian, and American inventors applying for patents in Paris had exactly the same rights as French inventors.

In some European countries, because millions of patents have been issued over four centuries, applications are subject to rigorous technical examination by powerful investigating bodies. In France patents can be obtained without examination ("without guarantee of the government"). The French system has the advantage of permitting inventors to obtain protection in less than a year, but also the inconvenience of granting guarantees for dubious innovations. To relieve difficulties caused by automatic examination which, for example, in Germany requires an office of 2,000 employees, including 800 engineers (with more than 4 million patents on file), the Netherlands has applied since 1964 the system of "differentiated examination." Requests for patents are published but confer no rights for seven years, unless the filer asks for an examination before then and is in a position to rapidly exploit his invention.

activity, and industrial applicability. While it would allow the applicant to postpone the examination, it would also permit the applicant or a third party to instigate the examination as soon as the application was filed.

Applications for a European patent would be considered in a documentary opinion on the "state of the art" used in the invention, rendered by the International Patent Institute in The Hague. Applications and opinions would be published together 18 months after submission of the applications and would receive protection upon publication. Examination of the patent application would begin upon receipt if accompanied by a documentary opinion. After examination, claims determining the scope of protection would be published to enable third parties to contest them within a certain time limit.

Compatible with Private and Public Law

This system is compatible with the draft treaty for cooperation in the patents field recently prepared by the United International Bureaus for the Protection of Intellectual Property. It is actually its logical extension. Moreover, in harmony with the rule stipulated by Article 2 of the Paris Union Convention, the European patent would be accessible to nations or countries not signatories to the convention establishing the patent, provided, of course, that there were reciprocity.

An applicant for a European patent should not have to solicit protection from every party to the convention, but rather only from those countries where he planned to exercise it. He would need a right of option. The six Community members, however, could only be named jointly since they are trying to establish a single patent valid throughout their territories. Thus, the second convention would have to be ready

European University Degrees

by WERNER FELD

Diversity and proliferation in many directions have caused considerable confusion and legal uncertainty about the value, acceptability, and transferability of European university degrees.

In the last decade, the six members of the European Community have managed to create a common market which now permits free movement of goods among them. The Common Market Treaty also provides for free movement of persons and guarantees their right to establish themselves in business or practice a profession in any of the Six. In these areas much remains to be done, and the lack of uniformity in university degrees is one major problem.

Loose-Leaf Guide to the Degree Maze

Ample illustration of the current state of confusion can be found in a loose-leaf folder, published by the International Bureau of Universities of Paris, containing complete documentation on the equivalence of university qualifications in Europe. For example, a law doctorate requires a minimum of four years of study in Italy, five years in Belgium, and six years in France. On the other hand, for the lower *Licence en Droit* the minimum requirements in France are four years of study, which is the same as for the doctorate in Italy.

The term "licence" generally denotes a first university degree, but the number of years required to obtain it depends on the country, the university, and the field of study. Moreover, individual study programs vary in their emphasis on research. In France, the *Licence en Sciences Economiques* requires four years of study and can be followed up by the *Diplome d'Etudes Superieures* after one year's study which stresses research and resembles the American M.A.

However, the term "diploma" is also applied to other degrees and may then require more or less years of study and may have a different emphasis. For example, in Germany, the *Diplom-Volkswirt*, the first university degree in economics, requires a minimum of three to four years of study, whereas the *Diplom-Chemiker* must devote at least six years to his studies. However, to obtain a doctorate, the *Diplom-Chemiker* need only write a dissertation after receiving his diploma, while in other fields additional study or practical work is required before the dissertation. Problems of variations in degree requirements are compounded in Germany because no federal ministry for education exists, and the states run the programs of higher education without coordination at a higher level.

Finally, the institutions of higher learning in most European countries range from universities and technical "high schools," similar to the institutes of technology in the United States, to advanced trade schools stressing commerce and applied arts. Graduates of advanced trade schools may also have a license or diploma, but obviously their value is not equal to that of degrees of the same name granted by the universities. Some institutions also issue "certificates," a term that usually denotes the lowest rank of achievement.

Dissimilarity in Preparation

The dissimilarity in preparation for degrees bearing the same name in different countries causes two sets of problems affecting the free movement of persons in the Common Market:

- the admission of students from another country to a member state's universities
- the acceptance of national degrees for the practice of professional activities throughout the Community area.

A number of bilateral agreements, including cultural accords, have been concluded between European countries, that deal with the transferability of degrees and examinations from universities in one country to those of another country; but most of them merely establish mixed commissions to work out details. In only a few instances do the agreements contain specific rules. In 1953 the Council of Europe adopted a rather general draft convention on the equivalence of diplomas leading to university admission. Though signed by 14 European countries, it was ratified by only a few. Despite international agreements, the tasks of university admission officials faced with admission requests from foreign students remain formidable. To aid admission officials, the national authorities of the Community's member countries have set up appropriate guidelines. At times, unfortunately, the official guidelines tend to favor graduates of national institutions of higher learning. Thus, they are likely to impede the cultural cross-fertilization process, so important for the progress of European integration, that accompanies study in a foreign university.

Of particular significance for the full realization of the Common Market is the second set of problems, namely, the mutual recognition of university degrees for the purpose of professional practice. This was well understood by the framers of the Common Market Treaty which in Article 57 (1) authorizes the Council of Ministers to facilitate the engagement in and exercise of professional activities by issue of directives for the "mutual recognition of diplomas, certificates, and other qualifications."

The retiring Rector of the Free University of Berlin, Professor Ernst Heinitz (left) and the Rector who succeeded him, Professor Herbert Lurs, wear full academic regalia for the investiture ceremony. European academic gowns of various colors and designs reflect the multiplicity of university degrees. PHOTO: Inter Naciones, Bonn, courtesy of the German Information Center, New York, N.Y.



Mr. Feld, professor of government at Louisiana State University, New Orleans, is visiting professor at the College of Europe, Bruges, for the 1968/69 Academic Year.

Here again, the basic difficulty is the great variety of university degree requirements and the proliferation of degrees in the Common Market. It is important to note, however, that Article 57 does not try to bring about equivalence of degrees, only their mutual recognition by the member states' authorities. Therefore, this provision does not solve all problems arising from differences in various degree programs, nor can it produce uniform programs. The lack of provision for uniform programs may be just as well, since it could seriously curtail the autonomy of the universities and dilute cultural diversity. Nevertheless, in cases of wide divergences between national degree programs, any reasonable solution for the mutual recognition of degrees will have to include either the establishment of minimum study programs, which the member governments must commit themselves to maintaining, or the institution of complementary examinations.

The Immediate Task, a Lengthy One

Considering the great variety of professional activities in society, the Commission will have to prepare innumerable directives to cover the field. Although many Commission working groups, composed of national experts from both government and universities, have begun deliberations in many fields, they decided to deal in their first proposals with architects, engineers, accountants, and the medical arts. Since the practice of these professions does not depend on national particularities (as does, for example, the practice of law) they are the most readily amenable to Community-wide action.

The Commission's draft directive on architects was submitted to the Council of Ministers, after having received favorable opinions from the European Parliament and the Economic and Social Committee (see *European Community* No. 106, page 15). It contains a list of institutions of higher learning whose academic conditions are considered to be equivalent. If an individual has not been graduated from one of the institutions listed, he may still benefit from the mutual recognition of degrees if he meets requirements specified in the directive.

Ceremonies opening the academic year at the Sorbonne, Paris, one of the many European universities in the midst of extensive reorganization. PHOTO: Courtesy of the French Embassy Press and Information Office, New York, N. Y.



The formulation of a directive concerning engineers is considerably more complicated because the term is applied to a multitude of activities. Some types of engineers in certain member states receive mainly technical training, rather than a university education in science. On the other hand, in Italy and to some extent in Luxembourg, the title is reserved for university graduates, so that the Community directive had to recognize two broad categories of engineers.

In medicine the academic training of general practitioners is more or less equivalent in all member states, and mutual recognition of degrees is no problem. However, in the area of specialization, the differences in educational and training requirements vary considerably, and no acceptable solution for this difficulty has been found. For pharmacists, who may either dispense drugs, manufacture them, or do pharmaceutical research, the directive envisages a single minimum academic program of five years with two years of postgraduate work, depending on which of the three areas of specialization they choose.

Although according to the Common Market Treaty, Article 57 should be in full effect by 1969, the end of the transitional period, it is doubtful that the Council of Ministers will pass all the necessary directives by that time. The immense technical difficulties, the low priority given this task by the Commission and the Council, and perhaps the strength of vested national interests are responsible for this delay. Nevertheless, it is important for the Common Market to get on with the mutual recognition of university degrees.

Many university programs in Europe are now in a state of evolution so that it would be a most propitious moment to concentrate on eliminating the most radical differences in the Community members' degree programs. Such actions may, in a subtle, indirect way, contribute to the process of European integration. Once mutual recognition of degrees is assured and, for example, German medical students can plan on practicing in France without any difficulty, or Italian architects in the Netherlands, European unification will benefit significantly.

Tariff Preferences for the Developing Countries

The European Communities Council of Ministers on March 3-4 approved the text of a note to the Organization for Economic Cooperation and Development outlining the Community's initial assessment of the possibility of granting generalized tariff preferences on manufactures and semimanufactures from developing countries. The Council reached its decision, after numerous discussions within the appropriate Community institutions, on the basis of Commission documents, particularly a memorandum sent by the Commission to the Council on January 29, 1969.

The question of generalized tariff preferences has been studied for a long time by various organizations dealing with international trade.

At the second session of the United Nations Conference on Trade and Development (UNCTAD II) held in New Delhi from February 1 to March 29, 1968, unanimous agreement was reached on the "early establishment of a mutually acceptable system of generalized non-reciprocal and non-discriminatory preferences which would be beneficial to the developing countries." The outcome of many years of discussion in UNCTAD and OECD, the mere recognition of the principle of generalized preferences constituted a fundamental turning-point in postwar international economic relations and trade policy.

The Community had taken an active part in the work leading to this achievement and had recommended the introduction of a preference system for developing countries as early as 1963, when some of the largest industrialized countries still opposed it.

The Community members and the Commission reiterated their support for the idea at the first session of UNCTAD (Geneva, March 23 – June 15, 1964) and in the Special Committee on Preferences formed by the Conference. They had a large share in the work of OECD on this matter. Two Community members (France and Germany) were members of OECD's Special Group on Trade with Developing Countries, known as the "Group of Four," whose report served as a common basis for the OECD countries' delegations in the discussions on preferences at UNCTAD II.

The agreement reached at UNCTAD II on the principle of granting preferences did not settle the numerous problems involved in putting such a plan into effect. This task was entrusted by the Conference to the Special Committee on Preferences, which first met in Geneva from November 29 to December 6, 1968, when it drew up a work program for UNCTAD to meet the December 31, 1969, deadline, set in New Delhi, for completing work on preferences.

Within OECD, where the Western countries coordinate their positions on the subject, it had been agreed that countries intending to grant preferences should submit provisional lists of products. In a statement, each prospective donor country would also give as full an idea as possible of the action envisaged under a generalized system of preferences. The lists and statements were due at the beginning of March 1969.

For manufactures and semimanufactures, it had been agreed that each donor country would make a list of products to be excluded from the general preferences which it was prepared to grant. For processed agricultural products, it was agreed that each donor country would list products which might receive preferential treatment.

The Community's System

Under the Community's plan, preferential arrangements would generally apply to all manufactures and semimanufactures originating in developing countries. At this stage, then, it would not incorporate a list of products excluded from preferential treatment. Preferences would consist of exemptions from customs duties. Preferential imports would be admitted from developing countries up to a certain maximum value calculated for each product on the basis of uniform criteria. These ceilings would normally correspond to the value of imports from countries enjoying preferential arrangements plus a given percentage of the value of imports from other countries.

Special provision would be made for cotton and jute textiles and some other products covered by special international or bilateral agreements. Moreover, to guarantee the least competitive developing countries a substantial share of preferential imports such imports from any one developing country could not normally exceed half the maximum set for each product.

Processed agricultural products pose a special problem. In agriculture, the developing countries are already more than competitive, and some developed countries would find it difficult to grant concessions in view of their own farmers' economic troubles. Consequently, it was found in the course of OECD discussions that it would not be practicable for any country to grant special tariff treatment for processed agricultural products without case-by-case examinations. However, in view of the significance of exports of these products for some developing countries, the developed countries said at UNCTAD II that within the general framework of their agricultural policies, they would consider including processed agricultural products in the preferential system, provided that all developed countries would, in the normal way, make more or less equivalent concessions.

The Community has given OECD a preliminary list of processed agricultural products for which it is ready to grant tariff preferences, indicating the preferential rate proposed for each.

Unilateral Granting of Preferences

All of the Community's preliminary proposals are subject to changes, which may be made after consultation with the associated countries, as required by the association agreements. It is also to be understood that the Community's position may be altered to keep it in line with the other developed countries' concessions.

Intensive consultations between donor countries are to begin in OECD during the coming months. As a result of this agreement on its preliminary position, the Community will be able to participate actively in the work in the OECD, and later in UNCTAD's Special Committee on Preferences. In these talks, all industrialized countries will try to reach agreement on their individual concessions to establish a system of tariff preferences that will give the developing countries a real chance of increasing their exports to the developed countries. The preferences granted by the industrialized countries will not, however, be embodied in an international agreement. They will be granted by the industrialized countries autonomously and unilaterally and will not constitute a commitment.

The European Revolution in Ready-to-wear

by DANIELLE HEYMANN

See-through black jumpsuits by Yves Saint Laurent, joyful patchworks by Dior, vampish printed and beaded silk dresses by Louis Feraud have been featured since early March in hundreds of magazines throughout the world.

Obituaries have recorded the last gasp of French haute couture many times, but today it still sounds the hour in fashion twice a year and women everywhere set their watches by it. Even financially, the couturiers look well-off, but only because within the space of two or three years they have carried off a spectacular revolution in the industry.

Haute couture, exposed to modern profit realities, had been wilting. A single collection cost thousands and thousands of dollars, but private clients who could afford such prices were growing scarce, too scarce to pay the costs of a season. Foreign manufacturers (mostly American) still bought patterns from which they would turn out line-for-line copies bearing the designer's label, but even there an unnerving slackening of sales had begun. Five years ago 12 American companies methodically bought patterns from Cardin, Dior, and Saint Laurent,

Mrs. Heymann is a reporter for the French weekly magazine L'Express.

Heinz Oestergaard, one of Germany's celebrated designers, in his studio in the Charlottenburg section of Berlin. Unlike many other fashion designers whose employees carry out their inspirations, Mr. Oestergaard designs and sketches his clothes himself down to the smallest detail. PHOTO: Inter Nationes, Berlin, Courtesy of the German Information Center, New York, N.Y.

but only two of them are left today, Ohrbach's and Alexander's.

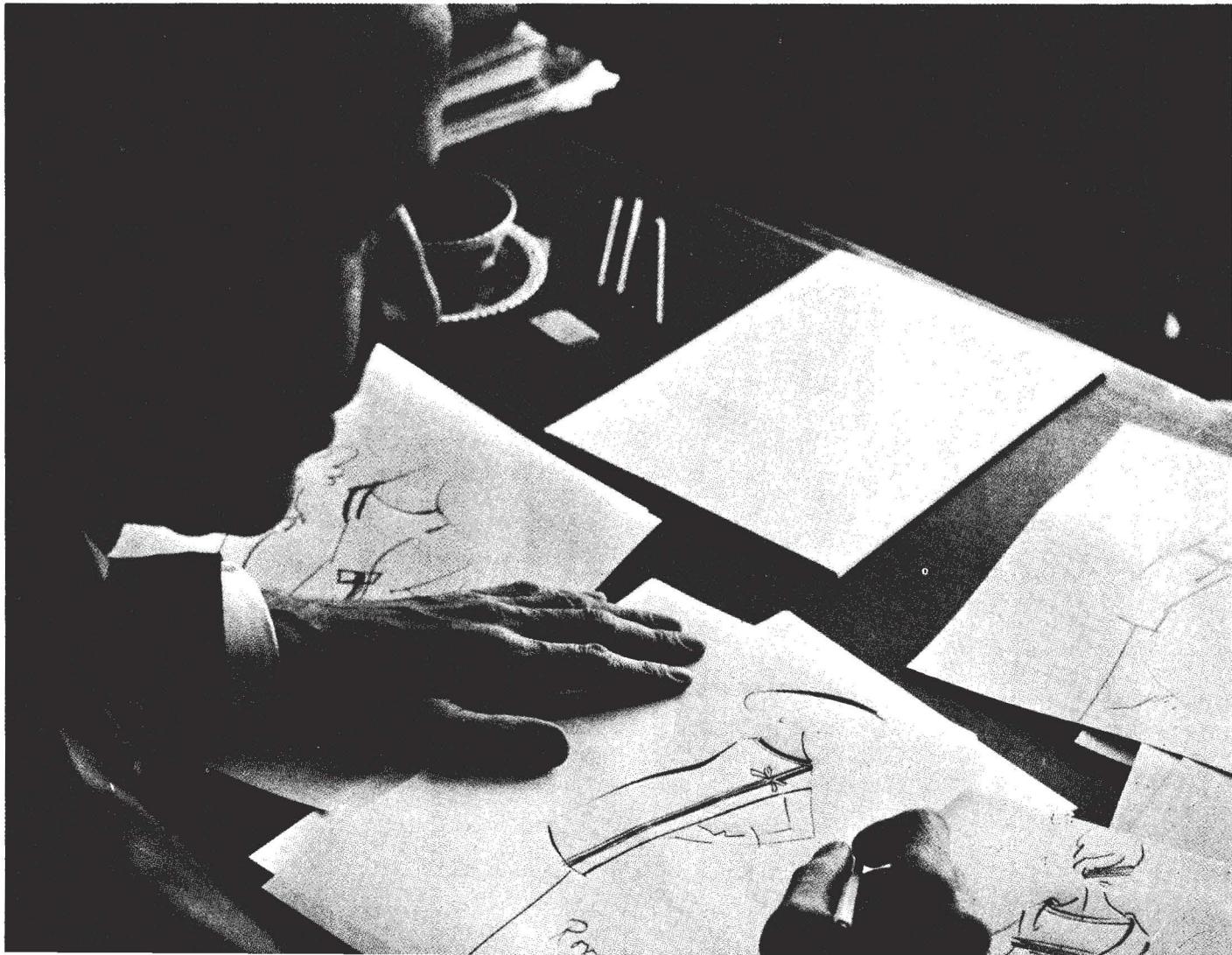
While the haute couture languished, ready-to-wear was in the midst of a fantastic expansion. Daring and talented designers, such as Michele Rosier, Emmanuelle Khan, and Christiane Bailly charged into the couturiers' private preserves at a full gallop, in France, Belgium, Germany — all over Europe. They left the haute couture only two choices:

- cling to past glories and die, as one or two houses have done
- change its ideas and working habits completely, abandon its aristocracy in favor of mass distribution, and win back lost ground.

The Couturiers Chose Survival

Most designers understood these options, if not they themselves, their business managers, like Pierre Berge of Saint Laurent, who tend the seamy-side of haute couture, finances.

Pierre Cardin was one of the first to make up his mind, in 1962: "Manufacturers are already copying the haute couture and will never copy it as well as we could. Why not go where the action is?" Several months later, "little Cardin's" with the



Cardin label were being sold in Paris at the Au Printemps department store at ready-to-wear prices.

Even the spirit of the collections changed. The once big, sumptuous, sumptuary parades staged for beautiful, rich foreigners became proving-grounds for prototypes that would be modified for mass production in increasingly standardized sizes for wearers with increasingly similar tastes and shapes in every country.

In the process, French couturiers lost none of their marvelous flair for attracting free publicity. No advertising campaign at any cost could have induced their fans to buy not only designs from the collection, but also stockings, scarves, perfumes, cosmetics, and everything else marketed under a famous fashion signature. Today, the accessory "sideline" is one of the most profitable parts of the business.

Their new outlook raised two problems for the designers. One was minor, a matter of discipline which they accepted. Since ready-to-wear production had to begin long before the haute couture showings, the designers had to decide on the general lines of both collections at the same time, but sooner than usual. The haute couture collections couldn't very well deny fashion statements made in their ready-to-wear collections for the same season.

The second problem was a major one. No couturier worthy of the name could allow himself to sell badly manufactured or badly finished products. In comparison with the Germans and the Americans, the French garment industry was not half so well organized on the technical level, and designers went through unbelievable torture to get exact copies of the original.

Dior solved the problem by establishing two factories, one in Orleans, the other in Blois. With the help of 3,000 employees and a computer, these plants turn out Dior's entire line. Saint Laurent and Cardin went to well-established garment makers: one to Mendes, the other to Bril and Vaskene. Feraud entrusted his interests to the Gabardin house, whose operations he controls very closely.

The Boutique: Distributor of "Total Look"

One change caused others. Once the couturiers had decided to take on their own ready-to-wear lines, they discovered they could also take care of distribution, in their own distinctive settings where the main item, clothing, could be sold with a complete line of accessories, such as handbags, scarves, gloves, jewelry, and shoes. From that moment on, the "total look" would be associated with the individual, the truly elegant man or woman. The "boutique era" was beginning.

First in the French provinces, then throughout Europe, then all over the world. Saint Laurent opened eight boutiques in 1967: in Lyon, Marseille, Grenoble, Toulouse, Brussels, Milan, Zurich, and Geneva. In 1968, new shops in Nice, Turin, London, and New York enlarged the family – now 18 all-told. The "little" Miss Dior collection is sold in boutiques in 19 French cities and throughout the rest of the world. "A well-managed provincial boutique," said Pierre Berge, should bring in \$200,000 a year."

Cardin's boutiques are now famous, and there are still more – Lanvin, Courreges, Ungaro, and even Givenchy, one of the last defenders of the feudal haute couture. They keep growing and multiplying, from one end of the globe to the other.



*The "Total Look," as interpreted by the Italian designer Valentino.
PHOTO: Courtesy Lord & Taylor, New York, N.Y.*



German designers borrow Mexican motifs in an industry that bypasses national borders. PHOTO: Inter Naciones, Bad Godesberg, courtesy of the German Information Center, New York, N. Y.



The Louis Feraud label does a turnover of \$24 million each year. PHOTO: Courtesy of Saks Fifth Avenue, New York, N. Y.

"The International Style"

By modernizing and catching up with the times, haute couture scrambled out of the quicksand, and the extent of its recovery can be measured in a few figures.

The Louis Feraud label does a turnover of \$24 million. "Japan," he says laughing, "is not included in that figure; I've never been able to find out how much I earned there in royalties." In 1967, Cardin's turnover amounted to \$22 million. At "Hit Lapidus," in Brussels alone, Ted Lapidus did a turnover of \$1.6 million. Since 1965, when haute couture got its second wind, ready-to-wear sales have quintupled.

These figures don't even take into account the latest initiatives of several young designers. Jacques Delahaie, Ted Lapidus, Louis Feraud, among others, have actually discovered that they could, and quite easily, send patterns to Hong Kong or Japan and have their clothes manufactured under the best possible technical and cost conditions, reducing costs further. (Garments made in Japan or Hong Kong won't be sold in France.)

Germans, Americans, Swedes, and Italians will soon look like sisters, and haute couture will have helped to create this international style in feminine dress. For that, a revolution was necessary.



Every Sixth Person in Community

The Simca plant at Poissy, France.

Ten years ago every tenth Community inhabitant owned a car. Today one person in six has one. (The Community population has increased ten per cent to about 184 million since 1958.)

The Community's car production, too, has shot ahead. In 1958, 2,622,000 passenger cars were manufactured in the Community. Germany headed the table with 1,300,000 units; France produced 969,000 cars, and Italy 369,000. The Nether-

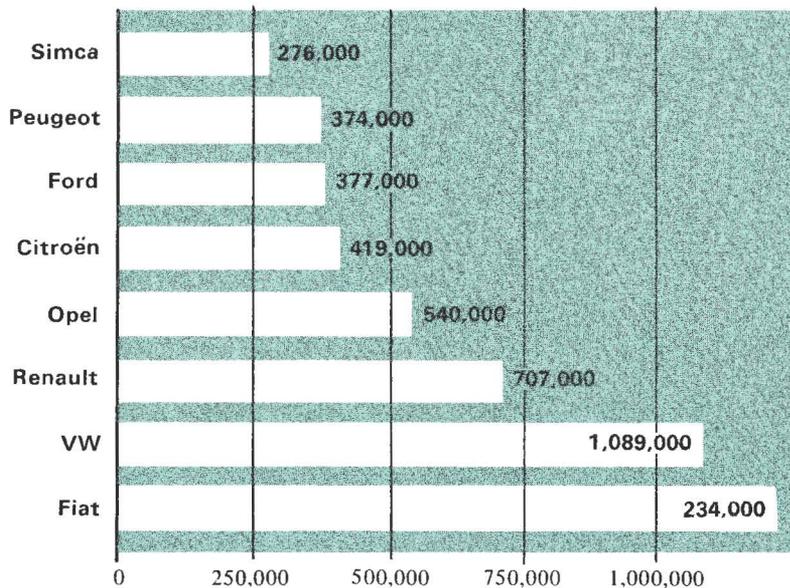
lands and Belgium only assembled cars at the time, their combined output being 136,000. Together these five countries exported 1,200,000 units, 280,000 of them to Community countries and a further 900,000 to the rest of the world.

Since then, average production figures have doubled. In 1967, 5,700,000 cars were manufactured in the Community — 2,300,000 in Germany, 1,800,000 in France, and 1,400,000 in

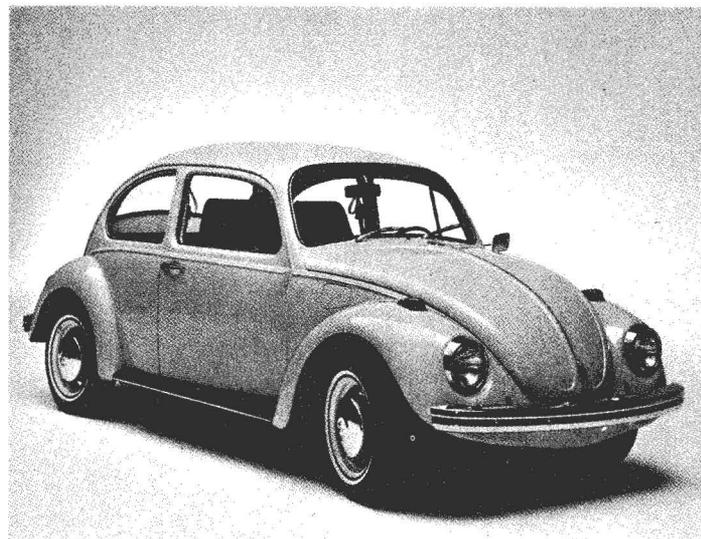
The Community's largest car producers

Number of passenger vehicles manufactured in 1967

Source: *Der Spiegel*.



Volkswagen, one of the pillars of Germany's postwar "economic miracle" and almost a national symbol, has based its success on sticking to one model. Below, the basic 1969 "beetle."



Italy. In the Netherlands 49,000 cars were manufactured and 26,000 foreign cars were assembled. The Belgians manufactured 164,000 of their own vehicles and assembled 285,000 of foreign manufacture. Of the cars produced, 2,700,000 were exported, 1,200,000 of them to Community countries.

Although the growth of production was virtually constant in the other countries throughout the ten-year period, 1967 saw a considerable fall in German production, despite an increased export drive. Monthly output figures now show that the dip in the curve has been corrected. In October 1966, the German motor industry produced 253,000 passenger cars; the figure was only 166,000 in March 1967, but by March this year it had risen again to 239,000.

The United States is still the world's largest car manufacturer. In 1958, 4,200,000 cars came off American assembly



The 1969 Renault. Renault, a wholly nationalized company, has recently attempted rapid expansion, both in America and Russia.

Now Owns a Car

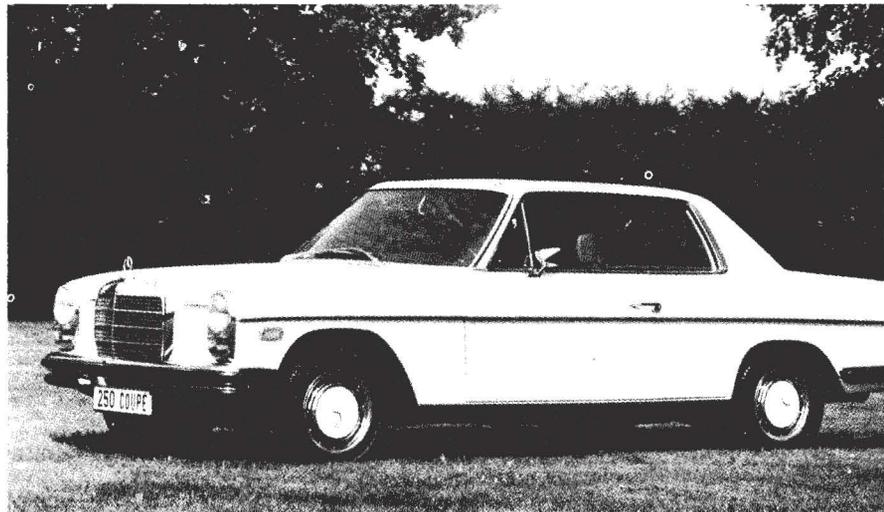


Above: The Taunus 15 M, manufactured in Germany and exported to the United States by the Ford Motor Company.

Since World War II, Daimler-Benz has shown spectacular growth, and the Mercedes model line remains the symbol of luxury and German craftsmanship. Right: The 1969 Mercedes-Benz 250 Coupe.

lines. The United States reached a record level of production in 1965 with 9,300,000 cars, falling back to 7,400,000 in 1967. In the last ten years Britain has stepped up production from 1 million to 1.5 million cars. The newest competitor on the world market is Japan. In 1958, it manufactured only 51,000 cars; last year's figure was 1,400,000, of which 223,000 were exported.

Between 1958 and 1967 the total number of cars in the world — excluding China — increased from 86 million to 155 million. In the United States one person in three owns a car, compared with one in 213 in the Soviet Union.



COMMUNITY NEWS

COMMISSION'S WORK PROGRAM LISTS 1969 PRIORITIES

The European Community has its work cut out for the next three years, according to the Commission.

In March, the Commission sent to the Council of Ministers a document containing proposals for the Community's program for the next three years, setting priorities for 1969, and taking inventory of the main proposals before the Council and proposals still to be submitted. The Commission pointed out that establishment of the customs union and the common agricultural market by themselves did not make a Common Market of the Six comparable to a single internal market. While barriers to free movements of persons, goods, capital, and services are being removed, common policies are still needed, for without them freedom of movement could decrease.

The program for the next three years dealt with about fifteen sectors. It stressed measures to eliminate restrictions on economic exchanges within the Community and, at the same time, to develop a general policy.

As the main legal problem involved in enacting the program, the document cited the coexistence of the three Treaties with three different legal bases. Financing the Community program will require decisions on the powers of the institutions, particularly over budgetary matters.

In the Commission's view, the Community's essential tasks for 1969 were:

- to coordinate economic policies and monetary cooperation
- to establish a common commercial policy towards non-member countries
- to decide on final arrangements for financing the common agricultural policy
- to choose the means of reforming the structure of agriculture
- to decide on the means of reforming the European Social Fund so that workers can be retrained before serious labor imbalances arise
- to adopt a multi-annual program for the Atomic Energy Community and put into effect the Council's resolution of October 1967 assigning priority to seven key areas.

COMMISSION SEES EC BENEFITS IN FREE CAPITAL MOVEMENT

The Commission has submitted two memoranda to the Council suggesting tax and other measures to create a European capital market in which capital could move freely without being influenced by differences in the kinds and rates of taxes.

The first memorandum, on capital movements, urged deeper interpenetration between the member countries' capital markets. Because

the Common Market Treaty clauses on free movement of capital are ambiguous, the Commission used an economic and political, rather than legal, line of reasoning. Free movement of capital was necessary to achieve objectives included in, or implied by, the Treaty: steady and balanced expansion throughout the Community, freedom of establishment, fair competition among firms, and development of an industrial policy.

Increased interpenetration would also improve the functioning of the Community's capital markets, since fragmentation causes the narrowness of the markets and their defective facilities. It would also help solve some problems raised by the development of the "international" market (a reference to the Eurodollar market, in particular).

Governments maintain restrictions on capital movements for fear that mobility may disturb monetary and budgetary equilibrium and hamper the financing of certain industrial or regional priority projects. The Commission did not, therefore, recommend completely free capital markets, although the long-term aim should be a high degree of mobility of capital and a unified European capital market. It proposed a gradual dismantling of barriers between markets so that hasty measures would not disrupt the member states' economic policy objectives. The Commission suggested that increased coordination of economic policy should accompany liberalization measures.

As a first stage, the Commission proposed:

- liberalizing capital movements and reducing discrimination. These steps would not appreciably increase the risks of capital movements or sharply disturb present priorities in coordinating budgetary and monetary policies.
- harmonizing the organization of national capital markets and tax regulations affecting capital movements
- adjusting certain tax rules (double taxation and withholding tax) concerning incomes on securities, improving information for the public, relaxing institutional investment rules, and diversifying the types of securities offered to the public.

The Commission also advocated the abolition of withholding tax on bond interest to encourage the creation of a European capital market from which Community firms could benefit. The growing importance of the Eurobond market is evidence that this form of investment - which attracts no withholding tax - is a magnet for international capital, the memorandum stated.

Dividends present a more complex, but also less urgent, problem partly because some member states do not tax dividends both as a profit of the distributing company and as shareholder's income. The Commission is now examining ways of lightening double taxation of dividends.

Taxes: Equalizing the Burden

The second memorandum called for measures to prevent taxation from determining capital movements in the Community. The measures relate mainly to the taxes withheld from income from securities and bonds and debentures. The chief aim would be avoidance of all double taxation, because bilateral conventions are not adequate, the memorandum stated. Rules on withholding tax should be revised so that amounts withheld could be claimed and refunded. secondly, withholding tax rates should be harmonized. This tax is often a final, non-reimbursable tax. Differences in rates from country to country therefore mean different tax burdens, which could affect the choice of location of investment or issue.

FARMERS UNIONS VOICE DOUBTS ABOUT MANSHOLT PLAN

Farmers' organizations in the European Community are sceptical about some aspects of the Commission's proposals for reorganizing agriculture by 1980.

Jean Deleau, President of COPA (Committee of Professional Agricultural Organizations of the European Community), the joint national farming organizations' lobby in Brussels, said at a press conference in Brussels on March 6 that he thought the Mansholt plan overly optimistic in its estimates of the number of new jobs that would be created in the Community for farmers leaving the land. The Commission had claimed that an annual Community growth rate of 3 per cent would create 80,000 new jobs a year, but Mr. Deleau said that even a growth rate of 6 per cent did not produce new jobs in industry, according to studies made by the Organization for Economic Cooperation and Development.

Mr. Deleau admitted that the general structure of agriculture would probably develop along the lines predicted in the Mansholt plan, but he criticized the Commission for trying to "pre-determine" developments. He also doubted whether the plan's aim of reducing the amount of arable land in the Community would have the intended result of reducing production.

EDF ANNOUNCES THREE FINANCING DECISIONS

Total commitments of the second European Development Fund were raised to \$586,077,000 by three financing decisions by the European Communities Commission on March 11. These decisions involve a total amount of \$3,473,000:

- Senegal: \$1,134,000 to increase peanut production by cultivating more land
- Senegal: \$1,205,000 to develop more productive varieties of millet using radiation. The project was prepared in cooperation with the European Atomic Energy Community.
- Togo: \$1,134,000 to complete the Atakpame-Badou road.

LEVI SANDRI, GIVING HIGHLIGHTS OF SOCIAL REPORT TO PARLIAMENT, STRESSES NEED FOR IMPROVING VOCATIONAL ADAPTATION

Vast changes in employment patterns are occurring as the markets of the six members of the European Community become more closely integrated and there is no reason why workers should be the victims of these changes, Lionello Levi Sandri, told the European Parliament on March 12. The European Social Fund and other instruments must be available for use when needed, he said.

The Commission Vice President, who has special responsibility for labor and social affairs, made these remarks in presenting the Commission's second annual report on the social situation during 1968, appended to the second general report. He also reviewed the Community's major achievements during the year in this area.

Free Movement of Labor Completed

The most important Community achievement in 1968, according to Mr. Levi Sandri, was the passage by the Council of Ministers of a new regulation for free movement of labor which eliminated the last vestige of legal discrimination in employment between national workers and workers from other Community countries. The next most important event was the passage of a regulation for harmonizing working conditions in trucking. Third, a draft proposal is almost ready, Mr. Levi Sandri said, which will guarantee workers who have held salaried jobs in a member country other than their own the right to take up residence there.

Turning to the application of existing regulations, Mr. Levi Sandri noted increases in the number of requests for assistance from the Social Fund to the member countries for projects to alleviate difficulties caused by changes in employment patterns. The amounts refunded had also risen but, compared with the efforts required in this field, were still "relatively moderate." The regulations governing their operations needed modification, since they were too rigid, detailed, and cumbersome to respond to requirements in the national markets and a



Commission Vice President Lionello Levi Sandri

modern employment policy.

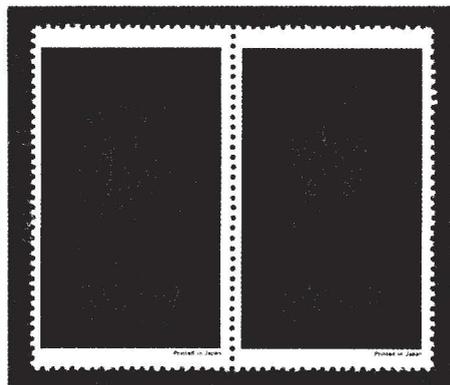
In the course of preparing proposals for agricultural reform and for energy policy, the Commission had reached the conclusion that priority had to be given employment problems. Not only must unemployment pockets be eliminated, but also the use of employed manpower must be improved and workers given the chance to train for new opportunities opened up by technological change. During 1968, unemployment persisted, though unfilled jobs remained.

The principle of a broadly-based vocational training is now generally accepted throughout the Community, Mr. Levi Sandri said, though differences in national traditions and educational systems result in practical differences in reforms. Nevertheless, harmonization had occurred in such matters as skill standards for certain trades. He mentioned the transport sector, where Community criteria for training were being defined, which would govern access to various professions, and the coal and steel industries, where a "marked harmonization" in teaching methods and training had taken place.

FIRST STONE LAID OF EC PAVILION AT OSAKA

Karl-Heinz Narjes, the Commission's Director General for Information, on March 19 laid the first stone of the Community's pavilion for the 1970 Osaka International and Universal Exhibition in Japan.

The pavilion, designed by a young Belgian architect, J. de Hoe, and a German architect, F. Bornemann, will be built partly underground. Its flat roof, six and a half feet above ground level, will provide a wide public terrace, which may be called "Place de l'Europe." The focal point of the pavilion will be provided by a sculpture 60 feet high by the Italian C. Carlucci, symbolizing the "new departure" given to Europe by the European Community.



PARLIAMENT URGES RATIFICATION OF PACT WITH EAST AFRICA

The European Parliament has called upon all signatories of the East Africa-European Community agreement to ratify it.

On March 10, at the close of its 1968-69 session, the Parliament adopted two resolutions on the Community's relations with Africa. The first calls for the establishment of effective links between the European Parliament and the parliamentary institutions of the three East African countries (Kenya, Uganda, and Tanzania) associated with the Six under the 1968 Arusha Convention; the ratification of the Convention; and immediate negotiations to renew the agreement after it expires on May 31 this year.

The second resolution, concerning the Yaounde Convention associating 18 African countries with the Community, urged the Council and Commission to consider recommendations made by European and African politicians at the parliamentary conference in Tananarive, Madagascar, on January 10-15 this year; complete the negotiations for renewal of the Yaounde Convention by May 31; speed up the industrialization of the Eighteen; and help the African countries sell their products at higher, and more stable prices.

Commission member Henri Rochereau said the Commission hoped negotiations to renew the Arusha Convention would be held at the same time as those to renew the Yaounde Convention, so that both sets of talks could be concluded at the same time. He thought it was too early to envisage a single convention applicable to all Africa. The Yaounde Convention should remain the basis for other association agreements with African states. Mr. Rochereau also pointed out that as a third European Development Fund would not be ready on May 31, when the second EDF's commitments end, transitional measures would be needed.

FRANCE TAKES COMMUNITY COMMISSION TO COURT

The French Government has filed suit against the European Communities Commission in the European Court of Justice.

The petition seeks annulment of the Commission's decision last December calling on the French Government to revoke its special export rebates for sales to other Community countries. When France took no action to abolish the export credit at the end of January, the Commission itself filed a suit against the French Government.

The French brief is limited to steel products. Under the European Coal and Steel Community Treaty the Commission can take legal action in such cases, whereas under the Common Market Treaty its action is limited to recommendations.

FREEDOM OF ESTABLISHMENT FOR DOCTORS AND DENTISTS

Doctors and dentists will soon be able to practice anywhere in the European Community without changing the permanent location of their practice.

Freedom of movement would be guaranteed doctors and dentists by six proposals put before the Council of Ministers in March by the European Communities Commission. When passed, they would remove restrictions on entering and exercising these professions, secure mutual recognition of degrees and diplomas, and coordinate the conditions under which a doctor or dentist may practice. These were the Commission's first proposals relating to the medical professions. They provided all the necessary guarantees that both professions might be practiced anywhere in the Community by nationals of any member country; the statutory rules concerning training and discipline will be analogous throughout the Community.

The Commission's proposals, by providing the groundwork for freedom of movement in these professions, were supposed to facilitate exchanges of people and information, participation in joint research, and the execution of common projects, especially in connection with hospitals.

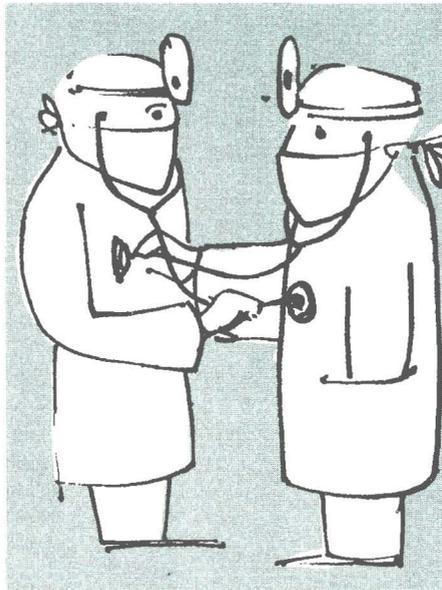
Removal of Restrictions

The proposals enumerated the principal restrictions which must be removed from member countries' legislation. Other clauses reflected the special nature of medical work and were more detailed than directives relating to trade and industry, particularly in dealing with membership in professional associations and rules of professional behavior. Other clauses:

- regulated exchange of professional information about practitioners between professional associations
- made arrangements for the mutual recognition of degrees and diplomas
- prescribed minimum training conditions.

In addition to general provisions common both to doctors and dentists, arrangements were made to solve certain problems peculiar to each profession.

For doctors, the arrangements included the mutual recognition of the qualifications of specialists, depending on whether or not the specialty existed in all member countries. The proposals specified quantitative and qualitative criteria for the training period, which could be spent in any of the member states. One provision related to the "preparatory period" which doctors in Germany had to serve after graduation if they were to be entitled to treat patients registered with the social insurance institutions. Nationals of the other member countries would be permitted to substitute equivalent practical experience in their home country.



Mutual recognition in the medical profession.

For dentists, the arrangements attempted to solve problems caused by the differences in the member countries' training requirements, especially between Italy and the other five countries. The goal was to keep dental training

separate from medical training. Accordingly, the proposals provided a sphere of activity for dentists similar to, but separate from, that of doctors. Attached to the directives was a recommendation to Italy suggesting that it should institute a type of dental training which does not have to be preceded by a course of study leading to qualification as a doctor.

The directives on coordination also contained provisions relating to the use of titles. As drafted, the rules on mutual recognition of degrees and diplomas applied to doctors and dentists in both salaried and private practice. Special arrangements would be made for degrees and diplomas awarded in East Germany since the end of the war.

Significance of Proposals

These joint arrangements would have wide repercussions on the Community's medical profession, though they were only the first step towards harmonization. A proposal for a Council statement stressing the importance of making a detailed study of the basic conditions for the practice of medicine accompanied the proposed directives. The Commission also has under consideration a series of directives relating to pharmacy and it will soon have to draft proposals on other occupations in this field, including veterinarians, nurses, and opticians.

COMPLETION OF COMMON PHARMACY MARKET PROPOSED

The European pharmacy industry faces some basic choices about its future as a result of draft directives which the European Communities Commission sent to the Council of Ministers in March.

If passed by the Council, the proposals would secure the right of freedom of movement to persons and the right of establishment to companies in the entire pharmacy sector. These directives would apply to the pharmaceuticals industry, wholesale and retail trade, pharmacies, and all self-employed and salaried pharmacists.

They provide for the harmonization of national legislation governing these endeavors. This harmonization relates chiefly to the supervision and control of medicine production, storage, wholesale distribution, and dispensing by pharmacies. They outline the responsibilities and competence of members of the profession at the various stages of manufacture and wholesale and retail distribution, thus completing a previous Council decision.

The Commission's proposals enumerate Community criteria for controlling the manufacture of pharmaceuticals and define the minimum training needed by pharmacists for duties in industry, shop, and laboratory. The proposals stipulate that medications should be distributed solely through pharmacies whose aims should

not be purely commercial. The prime object is the satisfaction of public health requirements without interfering with research and economic development in the industry.



"The aims of pharmacies should not be purely commercial..."

NEW TACK BY MONNET COMMITTEE TO GET BRITAIN INTO COMMUNITY

The Action Committee for the United States of Europe plans to prepare proposals by July 15 which, it hopes, will lead to negotiations for Britain's entry into the European Community.

Arrangements for working out solutions for the most important technical obstacles to British membership were approved at the Committee's last meeting in London on March 11. Committee President Jean Monnet told the press, "The process we have begun today will not only help to solve technical problems, but it will also change their political context." The Committee asked experts to work out solutions for submission to the governments of the Six and Britain. It emphasized that this work was not intended to take the place of government negotiations but to facilitate them and prove that Britain and the Six could be united in the same Community. The Committee consists of leaders from the British Labour, Conservative, and Liberal parties, politicians from most parties in the Community, and leaders from most non-Communist labor unions in both the Community and Britain.

The experts chosen were:

- for monetary matters: Guido Carli, Governor of the Banca d'Italia
- for institutions: Professor Walter Hallstein, former President of the Common Market Commission
- for agriculture: Edgar Pisani, former French Minister of Agriculture
- for technological development: a small working party headed by Lord Plowden, President of Tube Investments, and Professor Karl Winnacker, director general of Hoechst.

At the same time, the Committee will develop proposals for political integration, including national security, and submit them to the seven governments. The Committee plans to meet in Hamburg on May 22 to review its work, and in Brussels on July 15 to draw up its conclusions.

In a declaration adopted at the meeting, the Committee said the entry of Great Britain would "strengthen the material and democratic foundations of Europe." The united Europe, speaking with a single voice, would "be strong enough to exert a peaceful influence on East-West relations and on world affairs."

The Committee said it believed that nothing was more important than "to strengthen and continue European integration which the Six have already begun by furthering economic integration and to ensure that Great Britain joins in the political and economic integration of Europe with the same rights and the same obligations as the other member countries." "There must be a dialogue between the Six and Great Britain which until now has been impossible..."

The Committee said it intended to show that the problems involved in British membership



Jean Monnet

also offered opportunities. "By demonstrating the nature and the scope of the opportunities offered by enlargement and by showing that these problems can be solved, the Committee will prove that negotiations can and must begin without delay because they can succeed and because there is no time to lose if Europe is to take its rightful place in the councils of the world."

Four Parties Joining Action Committee

The meeting on March 11 was the first meeting of the Committee in London; and the first meeting in which British representatives from the three political parties took part. They joined the Committee on October 25, 1968. On March 13, the Action Committee announced that France's Independent Republican Party had also decided to join the Committee. It will be represented by its President, Valery Giscard d'Estaing.

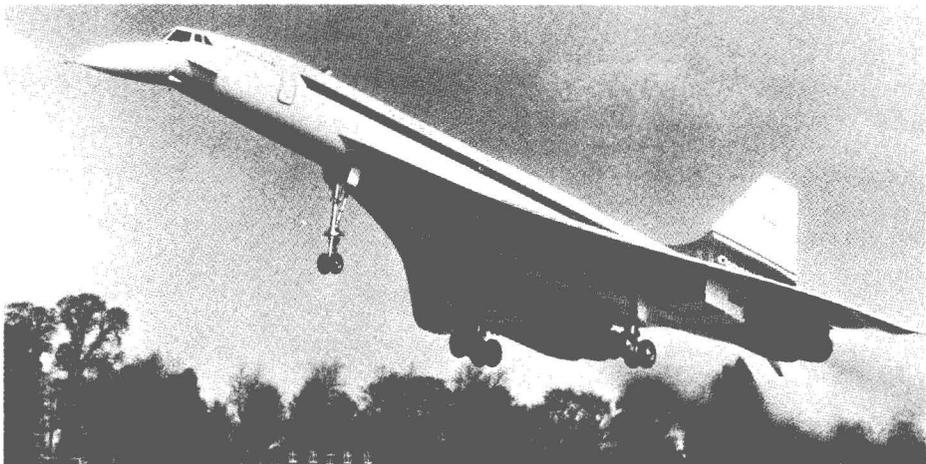
Founded in 1955 with Jean Monnet as its President, the Action Committee for the United

States of Europe consists of representatives of socialist, christian democratic and liberal parties, and of the non-Communist labor unions of the six European Community countries. Together, they represent 60 million voters and 12 million members of labor unions, i.e. 67 per cent of the electorate and 70 per cent of organized labor in the European Community.

The Committee's aim, as stated at its inception, is to "arrive by concrete achievements at the United States of Europe." Though an unofficial body, the Committee played an important part in shaping the Treaties creating the European Economic and Atomic Energy Communities and securing their parliamentary ratification. It has successfully promoted further steps towards unity, such as the merger of the three Community executives. It has generated support for strengthening and enlarging the existing Communities; for establishing a relationship of equals between a uniting Europe and the United States; for organizing lasting peaceful coexistence between the West and the Soviet bloc, including the reunification of the German people within a united Europe; and for carrying out Europe's role in helping the world's underdeveloped areas.

To mark the London meeting, Chatham House and PEP (Political and Economic Planning) have jointly published the first English version of the Action Committee's statements and declarations from its inception up to the present. The booklet (No. 9 in the Chatham House/PEP European Series) also contains a list of past and present delegates to the Committee and the exchange of letters and the communique on the three British political parties' accession to membership of the Committee. It will be available from Committee for Economic Development, 711 Fifth Avenue, New York, N.Y. 10022.

Concorde 002, the British prototype of the Anglo-French supersonic airliner, on its maiden flight from Fairford, England, April 9. The British Aircraft Corp. and Sud Aviation cooperated in designing and constructing the airframe; the engines were built jointly by Rolls Royce and Snecma of France. In four years' time a London-New York flight will take 3½ hours instead of today's 7¼ hours. PHOTO: Courtesy British Aircraft Corp. (U.S.A.) Inc., Arlington, Va.



REY AT STRASBOURG CALLS VETO "DETESTABLE PROCEDURE"

The veto is a "detestable procedure"; the Community must find a better way of overcoming its differences, Commission President Jean Rey told the European Parliament on March 12, in introducing the Commission's 1968 annual report. Mr. Rey referred to, but did not name, three member governments currently using the veto to block the Community's development: the French veto on enlargement, the Italian veto on negotiations with Austria, and the Netherlands' veto on the establishment of a European form of company.

Some member states, weary of vetoes that last too long, were seeking to overcome them by proposing action bypassing Community institutions. Mr. Rey did not think well of such initiatives, but said he was not surprised that they were taken.

The future of the European Atomic Energy Community was a second source of anxiety for the Commission, Mr. Rey said. He understood that there might be different views about the scope of the Community's activities in the nuclear sector and that member countries that had to reduce their national programs might ask for reductions in the Community program. But, he said, the system was "profoundly dangerous" for the Community, whereby half the projects were financed by all member states and the other half by only those states that were actively interested in them.

President Rey said that he had told the French authorities to imagine what would happen if the financing method used by the French in the nuclear field were applied to agri-

culture, for which final arrangements have to be discussed by the end of the year. In 1969 France would receive \$300 million from other member states through the European Agricultural Fund, Mr. Rey said, adding, "That is Community policy, and rightly so!" However, France had been asked to contribute \$15 million to Euratom, a twentieth of the amount it would receive under the farm policy, and had replied that it would contribute only half of it. Mr. Rey said he had asked the French authorities "to reconsider this dangerous attitude."

Earlier, after recalling the Community's accomplishments last year as evidence that it was not paralyzed, Mr. Rey announced that the Commission was drawing up a three-year program of work for the Community.

On strengthening the Community, he thought the time had come for the Community to get its own financial resources — an issue connected with the coming discussions on the European Agricultural Fund — so that its day-to-day activities would no longer depend on fluctuations in national policies. Mr. Rey also repeated the Commission's earlier calls for strengthening the Parliament and for merging the three Treaties. He did not believe that strengthening the Community would make negotiations for its enlargement more difficult.

Mr. Rey told the Parliament that during President Nixon's visit to Brussels he had agreed to further meetings between Community and U.S. officials, possibly in the form of an annual review of relevant problems. (See page 3).

COMMUNIST LABOR LEADERS MEET WITH PRESIDENT REY

Representatives of the two leading Communist trade union organizations in the European Community, the French Confederation Generale du Travail and the Italian Confederazione Generale Italiana del Lavoro, on February 28 held official talks with Commission President Jean Rey. Until recently, the Communists had been hostile towards the Community.

The delegations were headed by Henri Krasucky for the CGT and Luciano Lama for the CGIL. Both unions, represented in Brussels by a liaison committee, have applied to become members of the Economic and Social Committee, the body responsible for bringing the views of labor, management, and consumers to the attention of Community institutions.

During the meeting with Mr. Rey, who was accompanied by Vice President Lionello Levi-Sandri, both union representatives made it clear that while they had their own ideas on European integration, they would work within the framework of the existing organization. They intend to seek revision of the Rome Treaty clauses dealing with the Economic and Social Committee to increase the Committee's power. In particular, they would give the Committee the right to decide on its own agenda and require the Community's decision-making bodies to consult it more frequently on important matters than they now do.

PARLIAMENT REJECTS EURATOM'S "MINI-BUDGET"

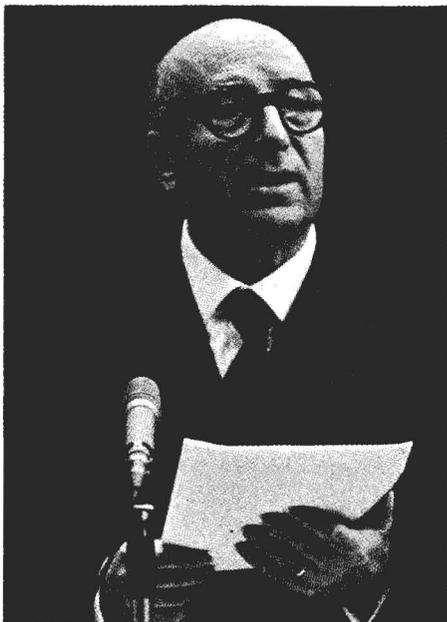
The European Parliament on March 13 rejected the Euratom research budget for the current year. (See *European Community*, No. 121, page 13.)

Members attacked the Council's decision to cut Euratom's resources to \$48.9 million from the \$69 million proposed by the Commission and to divide it into joint and complementary national projects. They warned that the cut jeopardized the future of the European Atomic Energy Community and urged the Council to change its mind.

In floor debate, Commission member Albert Coppe pointed out that the \$24 million allocated for Euratom's joint research program represented 1 per cent of the European Agricultural Fund's total 1969 budget, half the amount to be spent this year on supporting the Community's rice farmers, or about half the annual research budget of a large automotive manufacturer.

Commission Vice President Fritz Hellwig warned that the a la carte principle underlying complementary national programs could reverse the process of integration. When it drew up Euratom's next long-term program, the Commission would not include any complementary projects.

At the meeting of the Council of Ministers



Mario Scelba

SCELBA ELECTED PRESIDENT OF EUROPEAN PARLIAMENT

Mario Scelba, former Italian Prime Minister, was elected President of the European Parliament on March 11, succeeding Alain Poher, who is now President of the French Senate.

Mr. Scelba, one of the founders of Italy's Christian Democrat Party, was elected on the fourth ballot, by 52 votes to 50 over Rene Lefebvre (Belgian Liberal). Two other candidates, J.A.W. Burger (Netherlands Socialist), and Ferruccio Parri (Italian Independent Socialist), dropped out after the third ballot. The Italian Communist delegation, attending a parliamentary session for the first time, and most Socialists abstained in the final ballot.

Mr. Scelba has been a member of the European Parliament since 1959 and was chairman of its Political Committee. As Italian Prime Minister in 1954-55, he took part in the six-nation ministerial meeting at Messina in 1955, which led to the signing in Rome of the Common Market and Euratom Treaties.

on March 25, Commission President Jean Rey said that, in view of the European Parliament's objections to the budget, the Commission would maintain formal reservations to the budget decision. Asked by Gaston Thorn, presiding Council chairman, whether the Council wished to revise or confirm its decision on the budget, the Council unanimously endorsed its decision.

UK, GERMANY, NETHERLANDS TO DEVELOP GAS CENTRIFUGE URANIUM ENRICHMENT PROCESS

The United Kingdom, Germany, and the Netherlands have agreed to collaborate in developing and exploiting the gas centrifuge method of enriching uranium for the production of atomic energy.

A communique issued after a ministerial meeting in London on March 11 said the ministers recognized the importance of creating in Europe an independent capacity to provide enriched uranium. They took the view that results of experiments with the gas centrifuge method at its present stage of development in their respective countries offered good prospects for the creation of enrichment capacity on a competitive basis.

The three countries decided to form two organizations: a "prime contractor" to manufacture centrifuges and construct enrichment plants, and an "enrichment company" to operate the enrichment plants. Industrial firms from all three countries will take part.

Research and development on the centrifuge process will be integrated, and existing national and industrial laboratories will be used as far as possible. An inter-governmental joint committee will supervise the venture and deal with such questions as security procedures, relations with other countries, and plant siting. The European Atomic Energy Community safeguards will apply to the use of the enriched material inside the Community, as required by the safety control provisions of the Rome Treaty creating the European Atomic Energy Community.

Construction of the first two joint enrichment plants will begin simultaneously in Britain and in the Netherlands. The administrative and managerial headquarters of the prime contractor will be in Germany.

As agreed at The Hague in November 1968, these arrangements will be consistent with the policies of the three governments on non-proliferation of nuclear weapons. Other interested European countries will be able to take part in the joint venture after its establishment. Officials of the three countries are now preparing a draft agreement on centrifuge collaboration. The next ministerial meeting will be held in Bonn on June 9, 1969.



The student demonstration was non-violent but noisy.

STUDENT PROTEST HOLDS UP EUROPEAN PARLIAMENT

Shouting "Down with frontiers!" and "A federal Europe!" about 50 German and French students held up proceedings for 40 minutes in the European Parliament on March 11.

They flung leaflets into the assembly hall urging that the parliamentarians be elected by direct universal suffrage. The leaflets identified the students as "European Federalists." Other visiting groups of various nationalities in the hall and some members of the Parliament applauded as the demonstrators chanted anti-nationalist slogans and unfurled banners calling for a federal Europe.

Gaullist deputies protested strongly and marched out until plainclothesmen had cleared the public galleries. When Parliament resumed its business, only the press and officials were present.

The oldest member present, Ferruccio Parri, an Italian left-wing independent, who was presiding over the meeting pending the election of a new president, said that although he deplored the incident, he thought young demonstrators should be listened to. He was loudly applauded by the Socialists, but drew new cries of protest from the Gaullists who condemned the "pseudo-students" and later called for an inquiry to prevent further demonstrations.

CORRECTIONS

Issue No. 121, page 14, column two: from the subhead "Reasons for Concern" to the end of the story should appear at the end of the lead story on page 12.

Issue No. 120, page 8, column two: first paragraph: The new government was formed by Mariano Rumor on December 12, 1968. The error was editorial and not the author's. Pietro Nenni is Foreign Minister in the Rumor Cabinet.

PARLIAMENT ISSUES NEW CALL FOR DIRECT ELECTIONS

The European Parliament may take the Council of Ministers to the European Communities Court of Justice if the Council fails to take action on the Parliament's resolution of March 12. The resolution called on the Council to introduce direct universal suffrage for the election of members of the European Parliament, as laid down in the Rome Treaty.

The Gaullist group voted against the resolution, which was based on a report written by Fernand Dehousse, Belgian Socialist member of the Parliament's Legal Affairs Committee. Among the reasons given for reviving the direct elections issue now, the report stressed the urgency of maintaining democratic control over decisions that directly affected citizens' juridical positions, as powers formerly invested in the national parliaments (for example, over such matters as agriculture and taxation) were increasingly transferred to Community institutions.

In May 1960, the Parliament adopted a draft convention providing for a uniform method of direct election, but the six member governments disagreed on the next step when they met in Bonn in July 1961. Concerned about this impasse, the Parliament is now considering acting under Article 175 of the Rome Treaty. This article authorizes member states and other institutions to file a suit against the Council or Commission if they "refrain from reaching a conclusion" two months after called upon to act. Any decision the Council reaches on this problem must be unanimous.

At its meeting on March 25, the Council of Ministers decided to send the proposal for direct elections to the Committee of Permanent Representatives.

RESTRICTIVE PRACTICES HALTED

The International Cable Development Corporation has agreed to stop restrictive practices in selling insulated cables within the Common Market.

A Commission investigation had shown that the corporation, which consists of various European companies (including British and Scandinavian ones), and its affiliates had operated a cartel incompatible with the Common Market Treaty. The companies had forbidden investment and partial takeovers among themselves, refused to advertise in each other's territory, and agreed not to undercut a partner in his own area or to deliver goods there.

The Commission suspended its investigation following the Liechtenstein-based corporation's change of heart but said it would keep a watch on this market.

PUBLICATIONS AVAILABLE

EUROPEAN STUDIES: TEACHERS' SERIES NO. 1. Centre for Contemporary European Studies, University of Sussex, and the European Community Information Service, London, 1968, 18 pagesfree

Folder containing several four-page leaflets on aspects of European integration and illustrations on separate sheets. Number 1 consists of leaflets entitled:

- *The European Community: Historical Background*
- *The Population of the European Community*
- *The Institutions: How the Community Works*
- *The European Community and World Trade.*

UNIVERSITY STUDIES ON EUROPEAN INTEGRATION, No. 5, 1969 Research. European Community Institute for University Studies, Brussels, 1969, 313 pages \$3.00

Lists research projects in progress on aspects of European integration and describes centers for European studies and research.

ELABORATION OF COMMUNITY CUSTOMS LEGISLATION. *Information Memo P-7,* Commission of the European Communities, Brussels, February 1969, 5 pagesfree
Review of customs legislation passed by the Community to facilitate trade between the member states and with the world.

THE COMMON MARKET AND THE CONSUMER. *Information Memo P-5,* Commission of the European Communities, Brussels, February 1969, 10 pagesfree

STATEMENT BY HENRI ROCHEREAU, MEMBER OF THE COMMISSION, TO THE PARLIAMENTARY CONFERENCE ON THE PROBLEM OF INDUSTRIALIZATION. Commission of the European Communities, Tananarive, January 7, 1969, 10 pagesfree
Address by Mr. Rochereau on the problems of industrialization in Africa.



QUESTIONS AND ANSWERS: THE EUROPEAN COMMON MARKET, THE EUROPEAN COMMUNITIES Manhattan Publishing Company, New York, 1968, 79 pagesfree

This booklet contains a 55-page section of questions and answers with a table of contents. The second section contains a factual account of the Community's achievements. Also includes a bibliography and list of additional sources of information.

EUROPEAN MONETARY POLICY: TOWARDS THE GRADUAL ESTABLISHMENT OF A EUROPEAN MONETARY SYSTEM. By Dr. Hans von der Groeben, Commission of the European Communities, Brussels, November 1968, 18 pagesfree

Dr. von der Groeben sets forth his personal views on monetary questions in the Common Market.

MAIN LINES OF SOCIAL POLICY AS SHOWN IN THE SOCIAL REPORT. *Information Memo P-8,* Commission of the European Communities, Brussels, March 1969, 5 pagesfree

MEMORANDUM ON THE REFORM OF AGRICULTURE IN THE EUROPEAN ECONOMIC COMMUNITY, Part A & B. Commission of the European Communities, Brussels, December 18, 1969, 113 pagesfree

The first two parts of the Commission's new plan for agriculture. Part A "Agriculture 1980" outlines a 10-year program of structural reform. Part B is a statistical annex relating to Part A. These parts are the only sections of the plan to be translated into English. Other sections are available in French and German on a lending basis.



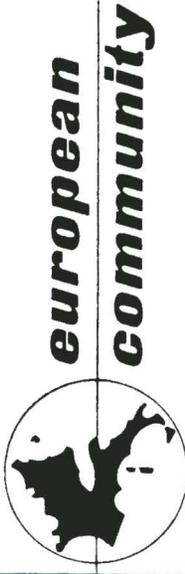
Q & A ON THE EEC: SOME OF THE QUESTIONS ASKED ABOUT THE EUROPEAN COMMUNITY - AND SOME OF THE RELEVANT FACTS. European Community Information Service, London, 8 pagesfree

ADDRESS BY JEAN REY, PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES, PRESENTING THE SECOND GENERAL REPORT OF THE COMMUNITIES TO THE EUROPEAN PARLIAMENT. Commission of the European Communities, Strasbourg, March 12, 1969, 23 pagesfree

INTRODUCTION TO THE SECOND GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITIES. Commission of the European Communities, Brussels, February 1969, 9 pagesfree
The Commission discusses major advances and set-backs in European integration during 1968.

LA SECURITE SOCIALE DES PAYS MEMBRES DE LA COMMUNAUTE ET LES TRAVAILLEURS MIGRANTS DES PAYS TIERS. High Authority of the European Coal and Steel Community, Luxembourg, 1966, 90 pages .free
Describes the Community members' social security systems as of July 1, 1966, for workers from non-member countries.

L'ANALYSE DES TACHES ET LA QUALIFICATION DU TRAVAIL. *Collection d'Economie du Travail No. III.* High Authority of the European Coal and Steel Community, Luxembourg, June 1967, 149 pages \$2.80
A study by Mr. Hans Porschlegel on the basic principles, methods, and practices in job description and classification in the iron, steel, and coal industries of the Community, Great Britain, and the United States.



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