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EUROPA ON THE MOVE



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Europe on the Move

New Realism and Lowered Expectations Show "Failures" to Be Achievements

RICHARD C. LONGWORTH, *European diplomatic correspondent for United Press International*

It is clearly not the best of times. Europe remains locked in a recession that promises to persist long after the American economy begins to recover. There are fears of new monetary crises and the threat of more energy troubles. No one can calculate the impact on Europe's future of the class war in Britain, the rise of Italy's Communist Party, the tension over Cyprus, and Portugal's shuttle of governments. Détente has arrived good and hard, but the dickering over the final European Security Conference document geared to the lowest common denominator of decency left a sour and cynical taste. And the victory of the American F-16 fighter in the so-called "arms deal of the century" displayed the relative weakness of European industry.

For all that, the European Community itself is showing signs of life just when many of its well-wishers had given it up for dead. For the first time in nearly three years, the Common Market has scored some victories and deserves to think well of itself. Some of these victories have been in foreign affairs; others have imperceptibly knitted the "Nine" more closely together. At the same time, the men who run Europe are moving toward a more modest and realistic vision of its future. If this vision disappoints the old federalists, it at least holds more promise of success.

Recognition of these accomplishments has been largely submerged in the prevailing gloom of the economic depression. Indeed, the accomplishments conceivably could be undone if the depression goes on too long. But this seems unlikely, for the history of the Community is one of cyclical ups and downs, and the mood within the corridors of the Berlaymont (EC Commission headquarters) is slowly reviving into an upbeat phase.

Leaders of the Nine met in July in the European Council—the new name for the thrice-yearly "summits"—and set studies in motion on such projects as direct elections to the European Parliament, a European passport, and European citizenship for citizens of the EC countries. In the autumn the Nine must deal with Switzerland's wish to join the monetary "snake" and start processing Greece's desire to become the Community's tenth member. Positions must be coordinated for the next round of talks with Arab oil countries. Plans for a European company law are taking shape. An important report outlining the future of European unity is due in December. All are forward-looking projects, a nice change from the morose introspection of recent years.

This change would not have seemed possible a few months ago, and it is worth recalling the melancholy mood of that period. Commission President François-Xavier Ortoli, who is not known for either over-reaction or vivid phrases, publicly deplored the Community's "weakness and dependence" and diagnosed "a crisis of confidence, a crisis of will, a crisis of lucidity." Commissioner Altiero Spinelli, the last of the old federalists still in the Community leadership, said that 15 years of integration had produced "the Europe of bureaucrats, the Europe of secret



Meeting in July in the European Council—the new name for the thrice-yearly "summits"—are (left to right) French President Valéry Giscard d'Estaing, British Prime Minister Harold Wilson, and German Chancellor Helmut Schmidt.

sessions, the Europe of perpetual intergovernmental negotiations, the Europe of the refusal of democratic participation." Another Commissioner confided to friends that he wanted to quit but was stopped by conscience from "leaving a sinking ship." A headline in *Time* magazine put it starkly: "Facing failure—a dream that went wrong."

What they lamented was a flock of problems that came home to roost at once. The membership of Britain, Denmark, and Ireland not only failed to provide the expected yeast to raise Europe toward new unity, but had the opposite effect. Edward Heath's Britain joined with Georges Pompidou's France to block new policies and projects, including the crucial energy policy. Harold Wilson's Britain threatened to pull out altogether then stymied all progress for a year while it put the Community through renegotiation and the uncertainties of the referendum.

Monetary crises nearly blew away the "snake" just as it was learning to crawl. France, once its loudest advocate, dropped out. Britain, Ireland, and Italy dropped out as well. What was left was a "rump snake" coiled around the Deutschmark. So, too, with the energy crisis, in which the Community fell apart into nine competing units, each scrambling for Arab oil and too frightened of reprisals to give even lip service to solidarity with embargoed Holland. If the past three years had a nadir, this probably was it.

The 1980 deadline for "European union," set by the Paris summit of 1972, had become a joke by the end of 1973. The Copenhagen summit agreement on immediate formation of energy and regional policies disintegrated within three days.

Deadlines set at Paris for integration in social, scientific, industrial, and other areas came and went with no action.

Italy, on the brink of collapse, nearly undermined the customs union by slapping punitive duties on imports. Only rapid intervention by the other eight EC countries exempted farm goods and saved the common agricultural policy. Germany, weary of being Europe's *Milchkuh* ("milk cow"), balked at bankrolling new and old projects. Jacques Chirac, then France's agricultural minister, accused Bonn of "keeping its distance from Europe," and Pompidou refused to disavow the words.

Inflation began to gallop, and attempts by finance ministers to slow it down produced nothing. On January 1, 1974, the Community announced it was entering "stage two" of economic and monetary union, but nothing changed. Recession presented the gravest challenge: Although an economic bloc, the Community appeared unable to cope with an economic crisis. US Secretary of State Henry A. Kissinger complained about the unwieldiness of negotiating with a nine-headed monster and began talking directly to Bonn and Paris, ignoring Brussels. Michel Jobert, then French foreign minister, irritated his European partners nearly as much as he did the Americans. And Willy Brandt, promoted into elder statesmanship, shocked Europe by suggesting that the stronger nations move toward unity, leaving Britain and Italy to catch up when they were able.

TURNABOUT IN MOOD

And today? There still is no energy policy. The recession goes on, and the search for a common policy to fight it has been abandoned. Britain and Italy are still the weak partners. Economic and monetary union is nowhere in sight, and that 1980 deadline is still a joke. What, then, has happened to account for the change in mood?

The turnabout probably began in February with the signing of the Lomé Convention between the Nine and 46 developing nations—mostly former colonies—in Africa, the Caribbean, and the Pacific. It was a good treaty, giving broad tariff concessions to the 46, avoiding the reverse preferences that so angered Washington, satisfying nearly everyone. Moreover, it was an important event on an international scale: As raw materials have come to dominate the thinking of statesmen, the treaty's "stabex" plan—offering partial compensation to the 46 if the prices of key commodities fall too far—is being held up as a model for the rest of the world. After years of defeat, Lomé provided an undeniable victory, with much of the credit due to Brussels and to Commissioner Claude Cheysson, responsible for EC development aid.

The Lomé Convention did not get the international attention it deserved, but another victory for the Community got a massive writeup—the overwhelming vote in the British referendum in favor of staying in Europe. The outcome was so one-sided that it silenced all but the most diehard anti-marketeters. Anthony

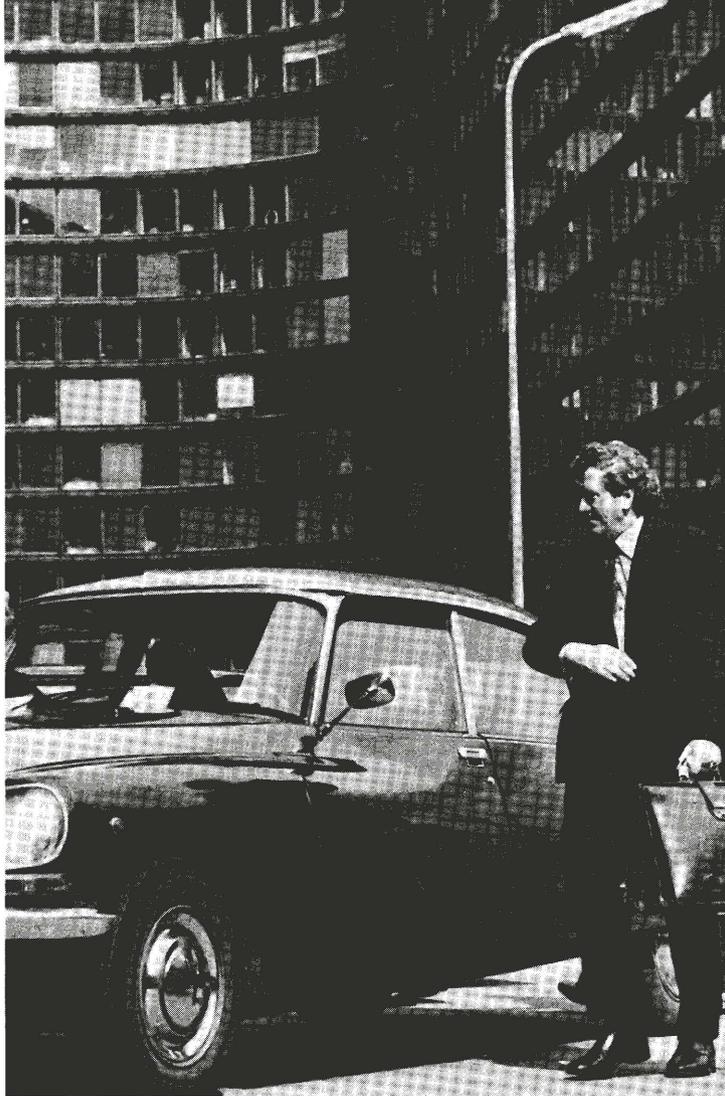
Wedgwood Benn, newly minted as Britain's energy minister, attended the Council of Ministers and promised cooperation. Harold Wilson told the July European Council that British membership was now "committed and total." Whether it was so total as to turn the British into active campaigners for unity was something else again, but at least the burr of the referendum was removed from beneath the Community saddle.

Along about the same time, Commission Vice President Christopher Soames, responsible for EC external relations, went to Peking and came home with the Chinese decision to recognize the Community and to negotiate a trade treaty with it. This was in contrast to the attitude of Moscow, where a Community team failed earlier in the year to nudge the Russians toward recognition. The Chinese made it clear that they saw the Common Market as the motor for a strong Western Europe, and viewed Western Europe in turn as a world power balancing Russia on the European scales (and keeping the Soviets from focusing their baleful, undivided attention on China). It was all very flattering, and the Community lapped it up.

Greece's decision to seek membership also restored some of the Nine's *amour propre*. It appeared that the Community would not only survive but also grow.

France repaired some of the damage it had caused 18 months earlier by rejoining the "snake." At the time it dropped out, the French Government pleaded inability to prop a weak franc up to the level of the German mark and other currencies; but its allies suspected a ploy to gain a one-sided trading edge with a falling franc. So the franc's return to the "snake" did more than expand its membership by 20 per cent (not counting the three non-EC nations which also belong). It erased a divisive suspicion that Paris was trying to beggar its neighbors, and it re-injected Latin influence into what had become a Teutonic club.

The French, in fact, seemed to have undergone a conversion. President Valéry Giscard d'Estaing, unlike Pompidou, never was a Gaullist; but how far he stood from the Gaullist creed was not realized until he started fleshing out his plans for "relaunching" the Common Market. Jobert departed. Although Giscard could play rough with his partners if necessary, the old abrasive tone was dropped. France, to the astonishment of the other eight, came out in favor of direct elections to the European Parliament (which itself was strengthened by the arrival of delegates from the British Labor Party). France's old insistence on keeping European politics sealed off from communitarian economics was discarded: Jobert once insisted that the nine foreign ministers go through the farce of political talks in Copenhagen in the morning and economic talks in Brussels at night, but his successor, Jean Sauvagnargues, cared little for such hair-splitting. The suspicion remains that France feels free now to take a European stance because it knows that Britain will veto any overly-ambitious projects, but this perhaps displays insuffi-



Arriving at Commission headquarters for the European Council is Garret FitzGerald. "the rumpled, brainy Irish foreign minister who chaired the EC Council of Ministers for the first half of 1975 and ran it with rare skill."

single policy, they at least avoided seeking individual salvation through savaging each other. This was such an improvement over the Europeans' behavior during the 1930's that it seemed proof positive of progress: The Community had met the crisis and had survived, if not prospered. A single economic solution had been impossible. What would work for basically healthy Germany would not work for basically unhealthy Britain. But at least the policies were "harmonized," no nation sought an unfair advantage, each did what little it could to help the others, and together the Nine faced the United States and the outside world.

But perhaps the single most valuable event of the year, with the greatest long-term impact, was the cold bath administered by the Marjolin report. The Commission had asked its former vice president, Robert Marjolin, to assess the state of economic and monetary union and to prescribe for the future. One day in April, Marjolin walked into the press room at the Berlaymont and delivered his verdict—that all attempts so far to achieve economic and monetary union had failed and that the Community was less united now than it had been two years ago.

cient gratitude for small favors.

The British say they are still wary of allowing direct elections to the European Parliament. But they did not stand in the way of a decision by the summit to order a study of the problem, with a view to instituting direct elections by 1978. If held, the elections could give Europe its first effective legislative body. But after so many disappointments, no one in Brussels or Strasbourg is celebrating yet.

France also agreed in the spring to end its insistence on unanimous votes in the Council of Ministers on each and every question. Simple majority votes, when they came, were on relatively minor issues. But at least they took place, breaching a major ideological barrier to progress.

The agreement on majority voting was largely the work of Garret FitzGerald, the rumpled, brainy Irish foreign minister who was chairman of the Council of Ministers for the first half of 1975 and ran it with rare skill. For six months, FitzGerald worked and traveled constantly on behalf of the Community. His relations with the Commission, the nine governments, and the press were excellent. The Lomé Convention owed much to his patience. The chore of chairing the Council's many committees stretched but did not snap the Irish diplomatic service. It was an impressive performance that left a good taste in Brussels—along with considerable uneasiness about how well Italy would follow the Irish act.

COLD BATH

Finally, the recession itself gave some cause for hope about the future. For if the Nine were unable to attack the slump with a



Succeeding FitzGerald as president in office of the EC Council of Ministers is Italian Foreign Minister Mariano Rumor, seen here leading the Italian delegation into the European Council.

Marjolin (who presented his report on the same day that Jean Monnet retired from the struggle for a United States of Europe) concluded that the old Monnet strategy of unity through stealth—the theory that many acts of cooperation, piled on top of each other, would suddenly produce a united Europe one fine day—had simply not worked and would not work. Marjolin said that only an exercise of political will would achieve unity. This will, he said, does not exist now. Until it does, it is useless to plot grand designs for future unity. He advised the Nine to forget about such designs for the moment and to work instead at recapturing the habit of cooperation. There would be time later, he said, to set grandiose goals.

Marjolin is one of the Community's grand old men. He had dreamed the dream with Monnet. The verdict of such a man made it impossible to pretend—as many in Brussels had pretended—that the problems involved no more than a little local turbulence. A new approach to the Community's future was needed, and it would have to be different from the old one.

That is where Leo Tindemans comes in. The Belgian premier was commissioned by the Paris summit of last December to take a new and fresh look at European unity and European union and to advise whether and how the former could lead to the latter. Since then he has been traveling around Europe,

"Perhaps the single most valuable event of the year, with the greatest long-term impact, was the cold bath administered by the Marjolin report." Photo shows Robert Marjolin, when he was a Commission vice president, on a visit to the United States.

collecting opinions from the governments and from the Community institutions. The report is to be delivered by the end of the year. There is no question that it will be a more sober and modest document than the blueprint for millennium composed by the 1972 summit. Even the Commission's contribution—which argued predictably for stronger institutions, a European foreign policy, and even a defense policy—acknowledged that this will come "only gradually over a fairly long period" and that "realism and political balance" counsel no "deadlines in advance." It adopted, however, one idea that has been floating around—that the Nine might hold a sort of constitutional convention when the time is ripe and write a new treaty, replacing the EEC Treaty of Rome, that would commit the nations in law to "union."

Well, maybe. But for this, as Marjolin said, the political will must be there first. This will does not exist now. To fix the Community's sights on the polestar of a new treaty might repeat one of the great problems created by the Treaty of Rome—its goal of eventual political and economic union. Such a goal is inspiring; but as the heady early Sixties gave way to the grimmer early Seventies, it became an increasingly distant target. Community achievements, not negligible in themselves, paled beside the ideal set out in the treaty. As the gap between promise and performance grew, morale sagged. The Common Market, by the standards it had set for itself, was a failure—but only by those standards. For there is no disgrace in belonging to a live and functioning customs union, with considerable cooperation among its members and the promise of more cooperation, if not union, to come. No other group of nations has ever achieved so much. To be disappointed in this achievement is to practice self-flagellation. Yet this is what so many Europeans do, by comparing the mundane reality with the glittering goal, and so damage the Community by demeaning its accomplishments. Ronald Grierson, the British businessman who spent a year trying to put the Commission's industrial policy in touch with reality before quitting in disgust, summed up his feelings in tones that are widely echoed in the capitals of the Nine:

"All European leaders see some kind of European identity at the end of the road and wish to work towards it. But when it becomes a question of actually transferring new powers to Brussels, entirely different attitudes prevail. . . . The wisdom of the founding fathers fitted the needs of an earlier period. The overriding need [now] is to make a much clearer distinction between long-term visions and practical possibilities. However attractive a united Europe may be as an ultimate ideal, its realization in the foreseeable future is hardly on the cards. Thus, while it may be stimulating to philosophize about the institutional pattern that could one day fit such a project, the practical problem for today is how the Community can coax step-by-step agreement on urgent issues out of governments conditioned to respond to separate and powerful national pressures."



Detente Means Trade

And/Or, as Seen by European Businessmen, Trade Means Détente

H. PETER DREYER, *European news editor for The (New York) Journal of Commerce*

While the European Security Conference and the new US-Soviet grain deal captured the summer headlines, trade between Eastern and Western Europe quietly keeps growing. At 9.4 billion units of account (UA) the 1974 European Community's sales to eight Communist countries (Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Rumania, and the Soviet Union) were more than double the 1971 total of UA 4.2 billion. (One UA equals approximately one 1970 dollar, or \$1.21 at current rates.)

Both sides are intent on, and hopeful of, a further expansion of their commercial activities. And the number of cooperation agreements between Western and Eastern firms and organizations is gaining steadily. These are difficult to quantify. But it is a reasonable assumption that even now their results supplement significantly the flow of export and import merchandise.

All the same, the picture is not entirely without flaws. Some trouble spots affect both the current business pattern and (at least) the short-term outlook. To begin with, although trade has advanced incisively in both directions, it has failed to do so uniformly. Four years ago, the EC countries bought virtually as much from the eight East European states as they sold to them. Since then, however, the European Community's 120 per cent export increase has far outpaced the 80 per cent rise of its pur-

chases from the East.

One should guard, too, against overestimating the significance of fast growing East-West trade values. The early Seventies were a period when EC trade with the outside world, and for that matter world trade altogether, forged briskly ahead—in part also because steep inflation rates boosted price tags. The above average gains of EC exports to the East lifted their share of the Community's sales to all third countries from 6.6 to 8.6 per cent between 1971 and 1974. Yet this does not look like quite such a spectacular performance and shows that such trade still is a fairly modest affair.

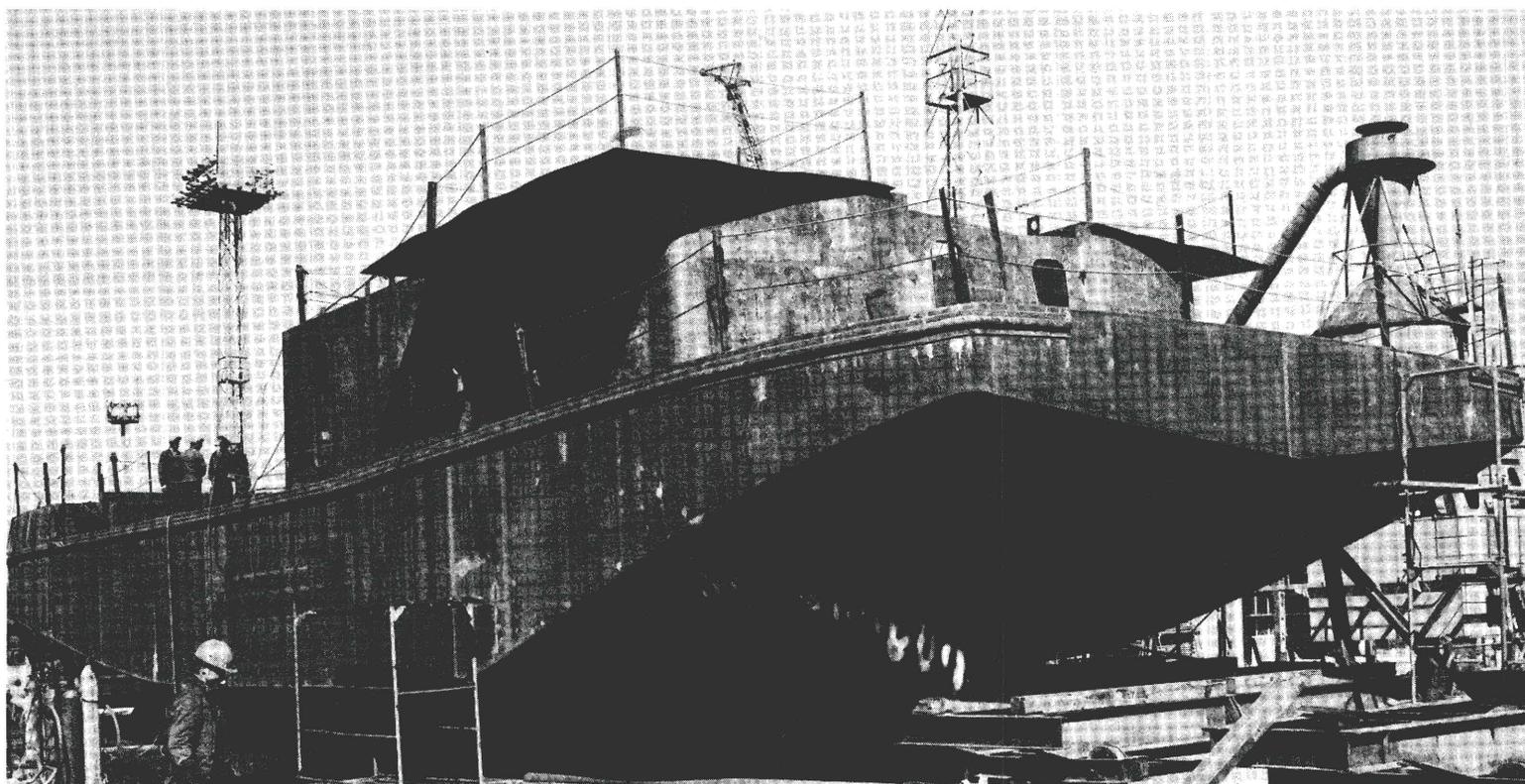
On the import side, things were actually less favorable. Purchases from Eastern Europe last year accounted for 6.2 per cent of the European Community's overall import bill, down from 6.6 per cent three years earlier. In fact, 1974 meant a quite substantial drop from the 7.7 per cent achieved in 1973.

EXPORT-IMPORT GAP

It is too early yet for 1975 results. Initial indications are, however, that last year's trends have remained operative. There would then be a wide gap again, possibly one still wider, between exports and imports.

Two main reasons are behind this development. One is that

The Plock shipyard—the biggest Polish river shipyard—builds barges for French shipowners. The barges are scheduled to be delivered to the French clients this autumn.





Russian tractors being loaded on ships for export to Western buyers.

the recession, which is plaguing so many Western economies, has caused them to curtail their imports. Closely linked to this, secondly, the East Europeans may not always be able to effect adequate size sales. Often their merchandise may not suit Western tastes or other requirements; alternatively, it may be caught up in EC import restrictions—East European beef shipments were a case in point last year.

There are West European industries which, as their wares owing to the recession run into difficulties in other markets, are more anxious than ever to ship more to the East. Complementing this is the unabated eagerness of East Europeans to buy more in the West. For frequently this means products which, on account of their advanced technology, they cannot lay their hands on elsewhere. What is more, they prefer to diversify their supply sources and become more independent from each other. Around 50 per cent of Poland's imports last year came from the non-Communist world, principally from the European Community.

In the long run, obviously, the flow of goods in either direction must be matched more or less, even if this need not be so between Western Country A and Eastern Country B. Until it is, or as long as it is not, there must be credits to bridge the gap. This is bound to create some headaches. The East European countries' ability to borrow will differ, naturally, as for various reasons does their credit standing. Poland, to mention only one aspect out of several, may appear a better risk than, say, Hungary: For thanks to its extensive coal deposits, Poland can cover around 80 per cent of its energy needs from domestic resources, whereas Hungary is relying almost entirely on imports.

This in fact is an inter-related problem. Since the beginning of this year the East Europeans have had to pay considerably more for their oil purchases, for all that they buy mainly from the Soviet Union. Prices are slated to go up again in 1976 to then reach the world market levels. This means that Hungary and others will have less money to pay for merchandise from the West, although some oil purchases are being covered by long-term Soviet loans.

The trade imbalance incurred vis-à-vis the European Community in 1974 certainly has not gone unnoticed. East European officials at one end of the scale, Western exporters and would-be exporters at the other, are worried by it. They may be casting around for remedial action instead of just letting things go on—and perhaps deteriorate.

Nowhere is this quandary so acute as in relation to the Ger-

man Federal Republic. There the disparity between sales and purchases has been especially marked. Most East European nations incurred huge trade deficits in their dealings with the West Germans last year; they ran as high as 2 billion Deutschmarks (DM), about \$800 million, in the case of Poland, for instance. For Hungary and Romania they were respectively DM 800 and DM 600 million.

BUSINESS COOPERATION

Cooperation deals between individual Western and Eastern companies and other agencies will certainly not resolve this problem altogether. But they will definitely reduce its magnitude. This is one reason why such arrangements have become so immensely popular of late. In some East European countries—Poland is a case in point—their number now runs into many hundreds; new ones are being negotiated all the time. It is not unusual for visiting Western trade teams and businessmen to be confronted right away with the question, “where can we cooperate?”

Basically, such agreements bestow benefits on both partners. Take the quite common case that an East European plant completes the manufacturing process on a product supplied by a Western firm (the reverse pattern also is familiar), in that event it will usually retain a part of the final output for its own use.

For the Eastern country this amounts to a foreign currency saving, as otherwise this item would have to be imported. On top of this, Western licenses, patents, and technological know-how generally are thus obtained without having to be paid for.

Against that, the Western company will profit primarily from a distinct wage differential, including especially the substantial fringe costs it confronts at home as a rule. In addition, this is one way—and conceivably the only one—of getting its product introduced in East European markets and establishing its reputation there.

Obviously, in practice it is not always quite as simple as this. By all accounts, many wrinkles remain to be ironed out. It is surely not pure chance that cooperation arrangements function much better in some East European countries than in others. It is equally significant that the time for genuine joint venture operations has not yet come. In a very few instances only has a Western firm chosen, or been permitted, to acquire equity in an East European enterprise. Where it has happened, the experience is too novel as to warrant any objective evaluation.

On balance it can be argued that industrial cooperation accords have opened up a new and potentially important trans-European integration development. It would plainly be wishful thinking to expect that it could or would weather adverse political conditions, were they to materialize. But conversely it is a reasonable assumption that, if this pattern is allowed to continue, it will yield benefits going well beyond the economic sphere.

Depository Libraries

Official EC Information Is Available Throughout the United States

ELLA KRUCOFF, chief of reference and documentation in the European Community Information Service, Washington.

This magazine is but one source of information on the European Community available to the American public. For readers interested in further information, another important source is the system of depository libraries around the United States. There follows a description of how the system works.

Depository libraries give the American public access to all official Community publications. These publications contain economic, social, and statistical information useful to scholars, businessmen, lawyers, journalists, and officials of local, state, federal, and international agencies.

The European Community's depository program began in the mid-Fifties not long after the institutions of the European Coal and Steel Community (ECSC) began to function. In 1958, when the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) were established, the depository program was expanded to include the new Communities.

The Community's institutions and decision-making process distinguish it from traditional international organizations. The EC institutions have legal status and legal powers in fields covered by common policies. The *Official Journal of the European Communities*, published daily, contains the legal acts of every institution, but each institution is autonomous and is responsible for its own publications and depository policy.

The Inter-Institutional Committee formulates and coordinates depository policy. In January 1969 an Office for Official Publications of the European Communities was established and given responsibility for publishing, printing, and editing publications, especially the Community's *Official Journal*. This office sits in the meetings in the Inter-Institutional Committee.

Created in 1954, the European Community Information Service (ECIS) in Washington, D.C. took an active role in developing the Community's depository program. Today, the ECIS advises the Community's institutions about the selection of depositories in the United States. The documents themselves are mailed to depositories from Europe. The ECIS also acts as a go-between in resolving any operational problems that might occur.

In September 1972 the ECIS sponsored a workshop for the Communities' depository librarians in the United States and Canada. The workshop offered each librarian and Community official involved in the depository program an opportunity to air their problems. It also offered the librarians a chance to learn more about the contents of the depository collection, maintenance, uses, and importance.

The Community would like to accept every applicant library into its depository system, but this is technically and financially impossible. The Community, therefore, selects libraries which are open to the public, located in major urban areas and commercial centers, and geographically distributed throughout the

United States.

Priority has been given to universities over public libraries to better reach the academic community and to libraries that are also depositories of the United Nations and other international agencies. Because of the complexity and the diversity of Community publications, preference is given to large universities over small liberal arts colleges.

Preference is also given to universities which offer courses on European integration or other course work which touches on European Community affairs. Finally, since many early Community documents are out of print, preference is given to libraries which already have an extensive collection of Community documents. If more than one library at an individual university applies for depository status, the university is allowed to decide where to house the collection.

The Community prefers its collection to be kept together in one place or room but realizes that frequently this is impossible. However, centralized bibliographic control is required. The collection must be available to the public during the library's regular working hours, free of charge, and without any conditions. The library must give each item in the collection descriptive and subject cataloging and provide proper shelving and maintenance. The Community reserves the right to withdraw the depository library status and to transfer it to another library in the same area if it is shown that a depository is not fulfilling its obligations.

Depositories in universities are asked to publicize the depository library on their campuses so that all interested persons are fully aware of the Community's collection. From time to time, depositories are asked to complete a questionnaire about the professors and departments in the university concerned with European courses and research.

All depositories are heartily encouraged to refer any persons who have additional questions or who may wish personal contact with the Community to the ECIS Washington office or, if they are in the New York area, to the ECIS New York office.

All depository libraries automatically receive, free of charge, one copy of each Community institution's periodical and non-periodical publications. Depositories may choose one of the Community's official languages in which to receive documents: English, French, German, Italian, Dutch, or Danish. (Not all documents published before January 1973, when Britain, Ireland, and Denmark joined the Community, are available in English or Danish.) Back numbers of basic texts are provided when available.

The ECIS Washington office helps depositories with any problems and can usually fill gaps in their collections as well. Washington stays in close contact with each depository and welcomes their inquiries. Non-depository libraries may also use all the services of the Washington office. Sometimes a charge must be made for Community documentation, but advice or research is free of charge.

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Community News

US-EC Relations

Italian Envoy and Ford Talk About EC

"A united and strong Europe will be an essential factor in establishing a growing cooperation with the United States, and the West in general, to find solutions to the great problems of our time—peace, balance of power, and a more harmonious progress of the world," said Roberto Gaja, the newly appointed Italian ambassador to the United States, presenting his credentials to President Gerald R. Ford in Washington July 14.

"European construction," Gaja continued, "aims at consolidating and strengthening the countries of Western Europe, but at the same time it aims at developing ever closer relations of cooperation, especially with the United States,

in the interest of détente and international economic and political stability."

In accepting the ambassador's credentials, President Ford said, "The United States recognizes the great importance that the members of the European Community attach to their efforts toward European union. For our part, we are encouraged by the Community's recognition of the importance of strengthening US-Community relations through enhanced consultations in the framework of Atlantic cooperation. . . . We have welcomed Italy's assumption of the Community presidency and look forward to working closely with you over the next six months."

Wine Labeling Discussed in Brussels

Technical aspects of US-EC trade in wine were the focus of July 9-11 talks in Brussels between trade officials from the EC Commission and the US Government.

The United States requested the meeting to clarify new labeling rules for wine, scheduled to take effect in the Community this September but now postponed until next year. The regulations stipulate that certain vintage wines must contain 85-to-100 per cent of the local grape variety under which the wines are labeled. The

US Treasury Department also is considering wine labeling requirements.

US-EC wine trade has been growing steadily in the last few years. European exporters see the big US market as a major outlet for the growing Community wine surplus, while US wine growers, who have increased their capacity in recent years, are looking toward the Community as a market for their wines, especially New York champagne and California burgundies.

US-EC Banking Consultations Increased

Officials from the US Federal Reserve Board and the EC Commission have stepped up consultations in an effort to avoid discriminatory measures against foreign banks on both sides of the Atlantic.

The increase in contacts results from a bill being considered by the US Congress which might restrict the freedom of European banks to compete on equal terms with American banks in the United States. The bill would require for-

foreign banks to belong to the Federal Reserve and to have deposit insurance.

The Commission hopes to propose European foreign banking legislation next year and wants to maintain "full liberalism and free competition in the banking sector," according to Robin Hutton, Commission director of financial institutions. Hutton was in Wash-

ington in June to discuss future US foreign bank legislation with Federal Reserve and banking officials.

On the American side, Assistant Director of the US Federal Reserve Board Frederick Dahl stopped in at the Commission for further talks en route from an international financial meeting in Basel, Switzerland, in July.

Economy

Unemployment Continues to Rise in EC

Unemployment is still on the increase throughout the European Community. Between June 1974 and June 1975—or the most recent available month and the corresponding month last year—unemployment has more than tripled in Denmark and more than doubled in Germany.

In absolute terms the problem is worst in Italy with 1,090,200 unemployed. As a percentage of the work force unemployed in Denmark appears to have the worst record with 10.3 per cent of those who are members of unemployment insurance funds out of work, although in terms of the active population the percentage is thought to be nearer 5.3 per cent. That would make Ireland, with 8.5 per cent unemployment, the worst off.

Northern Ireland is also faring

badly with 7.1 per cent unemployment, compared to 3.7 per cent in Great Britain—the best performance in the Community. Germany and France have identical unemployment rates of 4.4 per cent; the Netherlands is slightly worse off with 4.6 per cent. In Italy the percentage is 5.7 per cent; in Belgium it is 6.2 per cent. In Luxembourg 124 people are unemployed—too small a figure to be worth computing as a percentage.

The number of short-time workers is also reaching alarming levels—at 804,385 in Germany it is not far short of the unemployment figure of 1,002,000. In Italy there are 569,000 short-time workers; in France, 365,000; in Britain, 227,000; in Belgium, 96,700; in the Netherlands, 84,770; in Denmark, 15,000; in Ireland, 5,688; in Luxembourg, 1,571.

Consumer Prices Rise at Slower Rate

The Community's rocketing price indexes appear to be coming under control. In June there were signs that inflation was stabilizing in all the EC member states.

Even the biggest increase in the European Community—2.0 per cent in the United Kingdom—was a marked improvement over the

4.2 per cent increase in the preceding month. Everywhere else except Ireland (which computes figures on a quarterly basis and is showing a 6.1 per cent increase for the period mid-February to mid-May) the rate of inflation was kept to below 1 per cent in June. It was least in the Netherlands at

0.3 per cent.

The Germans were still by far the most effective at fighting inflation, however. At 6.4 per cent between June this year and last their annual consumer price increase rate was the only one registering an increase of under 10 per cent. The closest competitor was the Dutch (10.1 per cent), followed by Denmark (10.6 per cent), Luxembourg (10.7 per cent), France (11.7 per cent), Belgium

(12.5 per cent), Italy (19.0 per cent), Ireland (24.5 per cent), and the United Kingdom (26.2 per cent).

Since 1970 prices rose 35.4 per cent in Germany, 41.1 per cent in Luxembourg, 48.5 per cent in Belgium, 51.1 per cent in the Netherlands, 51.7 per cent in France, 55.8 per cent in Denmark, 70.7 per cent in Italy, 87.6 per cent in the United Kingdom, and 88.6 per cent in Ireland.

Productivity Slows, Wages Rise in EC

Wages and unemployment rose in both the European Community and the United States in 1974, with productivity per worker increasing little and staying well below the increases of 1973, according to recent economic analyses by the EC Commission.

Wages rose the most in Italy and Britain in 1974, the survey showed. British labor costs went up 26 per

cent in 1974, after a 7.5 per cent rise in 1973, while Italy's wages increased an average of 22 per cent in 1974, as opposed to 12.5 per cent in 1973.

The rise in EC labor costs was lowest in Germany (9 per cent in 1974 and 7 per cent in 1973), while in the United States, wages rose 8.5 per cent in 1974 against only 3.1 per cent in 1973.

Commission Recommends Action

Taking the July 10 discussions of EC finance ministers on the general economic situation as inspiration, the EC Commission published a recommendation to member states on July 23 on their future economic policy.

In the Commission's view the mutual consistency of economic policies in the Community demands that the greatest stimulus should be undertaken by the member countries whose balance of payments positions, inflation rate,

and public finances best allow it. The member states which currently fulfill these conditions are Germany, the Benelux, France, and, to a lesser extent, Denmark and Italy.

Emphasis should be placed on reducing unemployment, the Commission said, and measures should as far as possible be flexible and capable of reversal, so as not to jeopardize the future equilibrium of public finance.

External Relations

Dialogue for Euro-Arab Cooperation

The so-called Euro-Arab dialogue continued in Rome on July 22-24.

The meeting set up working groups to consider and report in

depth on potential areas of cooperation: industrialization, basic infrastructure, agricultural and rural development, financial co-

operation, trade, scientific and technological cooperation, and cultural, labor and social questions. A further meeting on the expert level was scheduled to take place in an Arab city in November.

Both sides said the Rome meeting had marked the beginning of a more detailed examination of pos-

sibilities for Euro-Arab cooperation and had reaffirmed their common determination to achieve tangible results in the interest of the Arab and the European peoples. The first meeting of Euro-Arab experts had taken place in Cairo on June 24.

EC-Mexican Trade Agreement Signed

Mexico became the fourth Latin American country—after Argentina, Uruguay, and Brazil—to conclude an agreement with the European Community when it signed a nonpreferential trade accord in Brussels July 15.

The agreement, which includes the principle of most-favored-nation status, seeks to develop trade for the benefit of both the Community and Mexico, taking into account Mexico's special situation as a developing country. Both parties have agreed to encourage and establish economic and commercial cooperation, especially in the

realm of investments, and have set up a joint EC-Mexican committee which will meet at least once a year to review the progress of relations.

Only one-fifth of Mexico's foreign trade is with the Community, which registered a 555 million unit of account (UA) trade surplus with Mexico last year. The United States is Mexico's principal trading partner, accounting for more than two-thirds of its foreign trade and providing 80 per cent of its foreign investment. (One UA equals approximately one 1970 dollar.)

Community Signs Helsinki Document

In addition to the nine EC member states, which individually signed the final document of the Conference on Security and Cooperation in Europe (CSCE) in Helsinki on July 30, the European Community signed as a unit. Italian Prime Minister Aldo Moro, current president in office of the EC Council, signed on behalf of the European Community as a whole.

The Community as a unit cooperated consistently since the idea of the conference was first

mooted in 1970 and throughout the negotiation of the document. The will to cooperate was reaffirmed by the 1972 EC Paris "summit," which called on the enlarged Community and its member states to make a concerted and constructive contribution to the conference.

The Commission as such put the Community viewpoint in the CSCE when economic and trade matters within the Commission's jurisdiction were being discussed.

EC-ASEAN Study Group Holds Meeting

The first meeting of the joint study group of the EC Commission and the Association of South East Asian Nations (ASEAN) took place in Brussels on June 26-27.

ASEAN is a regional alliance which links Indonesia, Malaysia, the Philippines, Singapore, and Thailand to promote economic collaboration. Though ASEAN's

chief trading partners are the United States and Japan, the association has been seeking increased trade relations with the Community.

The study group, formally established in May, aims to develop and

intensify trade relations between the two groups, taking into consideration the development needs of ASEAN and the situation of the Community. The joint study group will hold its next meeting in Manila in January 1976.

Sri Lanka Signs Cooperation Agreement

In line with its intent to improve trade relations with the independent developing Commonwealth countries in Asia, the European Community signed a commercial cooperation agreement with Sri Lanka on July 22 in Brussels.

The accord provides for the mutual granting of most-favored-nation status, by which the two parties give each other any trade liberalization extended to any third country. Sri Lanka and the Community also pledged to promote

trade development and diversification, to encourage economic contacts and cooperation, and to support institutions set up to this end. Where it serves their mutual interest, they will try to improve their trade and economic cooperation in third countries.

A joint EC-Sri Lanka commission will ensure the agreement's smooth operation. The accord, concluded for a five-year period, may thereafter be extended on a year-to-year basis.

Community Concludes Textile Agreements

The European Community and Pakistan concluded a bilateral agreement under the 1974 General Agreement on Tariffs and Trade (GATT) multifibers arrangement on July 3 in Brussels.

The agreement will ensure that the expansion of Pakistan's textile trade does not interfere with the operations of the Community's textile market. It is valid for 1975-77 and applies to Community-bound imports from Pakistan of cotton fabrics and specific cotton household linens.

Later in July, the Community

concluded negotiations in Brussels for a textiles agreement with Hong Kong. The agreement provides quantitative ceilings on Hong Kong's exports of 14 categories of Community-bound textiles, including knitted sweaters, outer garments such as coats, skirts, dresses, and trousers, bed and table and linens, and undergarments.

These were the second and third agreements reached by the Community under the GATT multifibers arrangement; the first was with India in April.

Food and Development Aid

EDF Projects Approved by Commission

Six development projects in five countries are to receive over 8 million units of account (UA) from the European Development Fund (EDF) following approval by the

EC Commission on July 17 of EDF recommendations. The projects are:

In Chad: UA 1.8 million to enlarge the technical and commercial high school in N'Djamena; it

will have room for 525, instead of the present 300, pupils.

In Niger: UA 1.76 million for reconstituting cattle herds seriously affected by the Sahel drought. The immediate objective is to enable 2,000 families to resume their nomadic existence. Also in Niger, UA 315,000 to meet unbudgeted expenditure on the 13-kilometer road being laid between Kafin Banka and Matameye in the Zinder department.

In Burundi: UA 594,000 to pro-

vide technical assistance, additional infrastructure, and replanting and reforestation of the Torotee plantation and factory, which has already received UA 4 million from the EDF.

In Mali: UA 261,000 to complete the regional health center at Mopti.

In Surinam: UA 3.39 million to build a landing strip on the island of Bonaire capable of taking DC-8's and Boeing 707's, in the hope of boosting the tourist industry.

Increased Capital for EIB Expansion

The way was opened for expansion of European Investment Bank (EIB) activity when EC finance ministers agreed July 10 to increase the bank's capital by 75 per cent to 3.54375 billion units of account.

The finance ministers were acting in their capacity as governors of the EIB. The Bank's lending is

not allowed to exceed 50 per cent of its capital.

Most of the expansion is likely to be outside the Community where the EIB is taking on a growing number of commitments; in the Mediterranean, for example, the network of preferential agreements will include financial aid.

President Ortolí Pays Visit to Zaire

Commission President François-Xavier Ortolí paid an official visit to Zaire June 27-July 3. Zaire is one of the 46 African, Caribbean, and Pacific countries party to the Community's Lomé Convention trade-and-aid agreement, which came into force July 1.

While in Zaire, Ortolí met with President Mobutu Sese Seko and other high government officials. The Commission president also paid a visit to the Kinshasa International Fair and visited several projects financed by the European Development Fund.

Agriculture

Egyptian Food Supply Contract Proposed

In a new venture for the Common Market, which has never been a systematic exporter of agricultural produce, the EC Commission asked the Council of Ministers this summer to approve a draft contract to supply foodstuffs to Egypt over the next three years.

One million tons of wheat and flour would be supplied in the

1975-76 marketing year, 75,000 tons of sugar annually over the next three years, 40,000 tons of dairy products (skimmed milk powder, cheese) over the next two years, and 10,000 tons of beef this year. The contract is worth around 280 million units of account (UA). (One UA equals approximately one 1970 dollar.)

The Commission's role is not to act as a trader as such but to establish a framework (of agreed price brackets, for example) within which Community exporters can work—thus guaranteeing them market outlets and Egyptian secur-

ity of supply and protection from price fluctuations.

If the contract gets the Council's blessing, it could be the precursor for others, since Algeria, Iran, and Israel have all expressed interest in such deals.

EC Farm Ministers Tackle Surpluses

Surpluses in a number of agricultural sectors are currently causing headaches for the Community's farm ministers—beef, skimmed milk powder, fodder cereals, wine. At their last meeting before the summer recess, EC farm ministers tried to come to grips with some of them—with only partial success.

Efforts to reform the wine market, control planting, and improve quality (rather than quantity) had to be postponed for a special session of the Council of Ministers scheduled for September 9.

In order to avoid the threat of vast surpluses of unusable cereals (and a shortage of cereals for bread) because of a shift to production of wheat not suitable for making bread (but only for fodder), ministers agreed to introduce a hierarchy in prices starting next year.

In an initial attempt to cut back the Community's 700,000-ton skimmed milk powder mountain, a series of Commission proposals

made only a few days previously were adopted: Aids are to be granted to private storage; skimmed milk powder from public stocks is to be made available for supply to charitable organizations and developing countries at one-quarter (and not one-half as previously) of the price at which it was taken off the market; and skimmed milk powder is excluded from inward-processing arrangements (i.e. import for re-export after processing).

Other Commission proposals which were to be looked at later include Community subsidies to increase school milk consumption and more food aid.

At the same meeting the ministers agreed to a 5 per cent devaluation of the "green" currency, the rate used for calculating agricultural prices, so that it now more closely resembles the actual rate rather than the Community's budgetary rate which has been overtaken by currency fluctuations.

economic, budgetary, foreign policy and defense matters, as well as providing for the protection of human rights. The union would give authority to common institutions in areas which would benefit Europe's prosperity, progress, and influence on the world. It would have direct decision-making and supervisory powers, such as those which already exist in the Community, as well as its own monetary instruments and a judicial function, to be created on the basis of

the current jurisdiction of the Court of Justice.

A single structure institutional system would cover all the union's areas of authority. As for the legislative and executive functions, a collegiate body, whose members would be independent of national governments, would be the executive organ. The legislative branch would be bicameral. A European Parliament—directly elected and exercising more power—would speed the move to European union.

Eurobarometer Gets Positive Results

The European Community is seen as a good thing by 59 per cent of its inhabitants, according to the latest public opinion poll (Eurobarometer), conducted this spring and published July 10 by the EC Commission.

Twenty-three per cent think their country's membership is neither a good nor a bad thing, 9 per cent don't know, and 9 per cent think it is a bad thing. The most fervent "Europeans" are in Italy (71 per cent endorse EC membership as a good thing). The least enthusiastic are the Danes (36 per cent for membership; 28 per cent neutral). The most outright opposition is also in Denmark (25 per cent), the least in Belgium, Italy, the Netherlands (3 per cent), followed by France (4 per cent), Luxembourg (7 per cent), Germany (8 per cent). The other two new member states' share Denmark's reticence—20 per cent of the Irish think membership is bad as do 21 per cent of the British. Next most enthusiastic after Italy is Luxembourg (65 per cent), the Netherlands and France (64 per cent), Belgium (57

per cent), Germany (56 per cent), Ireland (50 per cent), and the United Kingdom (47 per cent).

The picture is generally more favorable still with 69 per cent very much or somewhat for further unification of Europe: 79 per cent in Luxembourg, 75 per cent in France, 77 per cent in Italy and Germany, 66 per cent in the Netherlands, 57 per cent in Ireland, 55 per cent in Belgium, 50 per cent in the United Kingdom, and 41 per cent in Denmark.

Other facts emerging from the poll were that:

- Inflation is the number one personal problem in Ireland, the United Kingdom, Italy, and France, and the fight against price increases is felt to be the most important problem facing the European Community at present (followed by protection of the environment and consumers);
- Community, not independent national action, is seen as the way to tackle these problems;
- 71 per cent of EC citizens favor election of European Parliament members.

European Union

Commission Adopts Report on Union

A report on the possible shape and scope of a European union was adopted by the EC Commission on June 25.

Although no precise aims were detailed and no deadlines set for the goal, certain guidelines for the achievement of European union were suggested. The union must

be a single organization, the report noted, based on an act of constitution set down in a new treaty and having responsibility for those matters which the member states can no longer deal with efficiently.

The constitution would detail the union's authority, but it is hoped that it would cover social,

European Parliament Gives Opinion

A process of continual political development is a prerequisite for European union according to the European Parliament, which adopted a report and resolution on the

subject in Strasbourg, France, on July 10.

The Parliament came after the Court of Justice and the Commission in submitting its thoughts on

this subject, on which Belgian Prime Minister Leo Tindemans is due to submit a report the end of this year.

Like the other institutions (and the Economic and Social Committee, which followed a few days later), the Parliament makes no mention of a date for achieving European union. There is apparently consensus that the 1980 target set by the 1972 Paris "summit" was over-ambitious.

The Parliament envisages a union organizing the various forms of relations between member states in a more rational and effective

manner, taking existing Community achievements as its point of departure and working through the introduction of a single organization undertaking duties which the member states can no longer effectively carry out alone, thus avoiding wasted efforts or actions contrary to the cohesion of the union.

The key issues in the Parliament's view are foreign policy, social and regional policy, economic and monetary policy, budgetary policy, energy and raw material supply, and scientific and technical research policy.

Economic and Social Committee's Views

There are four priorities in implementing European union in the view of the EC Economic and Social Committee:

- speeding up achievement of economic and monetary union
- implementation of a Community employment policy
- implementation of a European regional policy
- definition of a European energy policy.

The Committee adopted its opinion on European union at its plenary session on July 16. It suggests that a charter setting out the objectives of European union be

drawn up, adopted by the European Parliament and then submitted to member states for a decision to accede.

European union must not confine itself to the economic sphere, in the committee's view. It must go beyond straightforward coordination under a system of intergovernmental links within a free trade area and must possess efficient institutions with clearly defined duties and relationships. The committee calls for direct elections to the European Parliament and a change in status of the committee which it feels should be renamed the Economic and Social Council.

President Ortoli Cites EC Progress

Summing up the progress made by the Community in the first six months of the year at a press conference in Brussels on July 14, EC Commission President François-Xavier Ortoli stated a belief that the overall picture was positive despite delays and failures.

The Community, he felt, was pulling itself together again and tackling the problems of the day with determination. He pointed to the successful referendum in the United Kingdom, the institutional

progress represented by the introduction of majority votes in the Council of Ministers, the spectacular strengthening of the Community's external image via the Lomé Convention, Mediterranean policy, the Euro-Arab dialogue, relations with China, and Community coordination in international organizations.

He admitted, however, the progress was less satisfactory internally despite a start to a regional policy, a timid start to a social pol-

icy, and a move toward greater economic coordination. The essential problems which in Ortoli's view the Community must tackle are finding the basis for juster and more durable economic progress, making the Community a moving

force in the resumption of the dialogue with the oil producers and developing countries, and bringing closer coordination of national economic and monetary policies and greater use of Community policies.

Institutions

Italians Assume EC Council Presidency

Italy assumed the presidency of the EC Council of Ministers on July 1.

Italy succeeded Ireland, whose six-month mandate expired that day. The Council presidency is rotated among all member states, giving each EC country a six-

month term in office.

Until next January, Italy will chair all Council of Ministers meetings as well as host European Council meetings, the thrice-yearly gathering of heads of state or government of the EC member states.

British Laborites Sit in EC Parliament

Representatives of the British Labor Party have finally taken their seats in the European Parliament.

Labor's attendance at the July 7 plenary session in Strasbourg, France, ended the party's two-year boycott of the European Parliament since Britain joined the European Community on January 1, 1973. With Britain's future in the Community firmly assured by the positive results of the June 5 referendum, the 18 Labor delegates

to the European Parliament agreed to take their seats beside members of the Socialist parties of the eight other EC member states.

The European Parliament now claims 36 British members—18 from the Labor Party, 16 Conservatives, one Liberal, and one Scottish Nationalist. With the Labor Party's participation in the European Parliament, Britain is fully represented in all Community institutions.

European Parliament Powers Enhanced

A treaty giving the European Parliament greater budgetary powers, as well as establishing an EC Court of Auditors, was signed by member state representatives on July 22 in Brussels.

The treaty, which amends certain financial provisions of the existing EC treaties, enables the Parliament to reject the EC budget and ask for a new draft. The Parliament can now also modify certain credits, provided they don't

increase overall expenditure in the EC budget.

The Court of Auditors will report yearly on all Community accounts. The Court will consist of nine members, appointed for a term of six years by the Council of Ministers, and will be completely independent of any government. In the member states, the audit will be carried out in conjunction with national audit bodies.

Regional Policy

Fund Committee Holds First Meeting

The EC Regional Development Fund Committee held its first meeting in Brussels on June 30-July 1 to lay down rules of operating procedure and to approve documents ensuring the uniformity of applications for fund assistance.

The committee, chaired by the Commission and composed of representatives of member state governments, is responsible for the fund's day-to-day operations and gives its opinion on each

Commission decision to grant aid from the fund.

The member states then began submitting investment projects for fund assistance to the committee, which was to examine the first application at its next meeting.

The Regional Development Fund encourages investment in the Community's less developed regions, supplementing the member states' national development projects.

Thomson Looks at Italian Regions

A June 23-25 visit to Rome and Sicily allowed George Thomson, EC Commission member responsible for regional policy, to better assess the current situation of Italy's underdeveloped regions.

In Sicily Thomson—traveling at the invitation of the Italian Government, the Sicilian Regional Executive Council, and the Cassa del Mezzogiorno—discussed development problems with regional officials, particularly problems of

water supplies and other infrastructure needs. In Rome, the Commissioner talked with national administration officials about preparing the Regional Development Fund's operations.

The Italian Government is the first EC member government to complete and present a list of requests to the fund. The requests include aid for industrial investment projects to improve agricultural and tourist development.

their product themselves before exporting. Imports of all petroleum products, therefore including refined oil, were up 4 per cent in Germany in the first four months of the year, 108.9 per cent in France (from a very low base), 2.8

per cent in the Netherlands, 3.8 per cent in the United Kingdom, and 0.5 per cent in Denmark. The total amounts involved, however, are slight compared to crude imports.

Commission Proposes Research Programs

Member states' backing for four new research programs to be carried out in laboratories in member countries at the Community's expense is being sought by the EC Commission.

The Commission announced on July 22 that it had sent to the Council of Ministers proposals on thermonuclear fusion and plasma physics, environmental projects, biology and health protection, and a materials and reference methods project. The most expensive—and the most important of the four, because it could help guarantee EC energy independence—is the 615 million units of account (UA) thermonuclear project involving con-

struction of a Joint European Torus (JET) for heating plasma material at very high temperatures. (One UA equals one 1970 dollar.)

The environmental program would study the effects on man and the environment of certain metals and create a databank to centralize available information. It will cost UA 18.5 million. The health protection program is designed to define maximum permissible radiation levels at a cost of UA 66.5 million. Finally, UA 3.9 million would be spent on improving harmonization of standards used to test materials in member states via the Community Reference Bureau set up in 1973.

Energy Projects to Be EC Financed

Permission to finance 38 industrial projects in the hydrocarbons sector considered to be of Community interest is being sought of the Council of Ministers by the EC Commission.

The Commission wants 44.7 million units of account (UA) allocated over the period 1975-1977 for projects which generally involve deepsea exploration, exploitations, or transport of oil and gas. (One UA equals approximately one 1970 dollar.)

These 38 projects were whittled down from an initial list of 120 applications. In 1974 the Council agreed to finance 21 similar projects. Theoretically there is only UA 25 million available in the budget for such projects, but ministers have already agreed in principle that this sum can be ex-

ceeded if the Council has the right to examine each case on its merits.

In the meantime, three major energy projects in Italy—the laying of gas pipelines in the Mezzogiorno, development of oil and natural gas resources in Northern Italy, and expansion of a petrochemicals complex in Sicily—are to benefit from loans from the European Investment Bank (EIB) totalling UA 33.5 million.

Also, the British Gas Corporation is to receive two loans totalling UA 40 million from the European Investment Bank. Both are for 10 years at 9.5 per cent and are designed to help the corporation finance phase two of an extension to the natural gas distribution grid to permit deliveries from the Frigg gas field in the North Sea, which

Energy

EC Oil Consumption Patterns Change

The effects of the quadrupling of oil prices are making themselves felt on consumption patterns in the European Community.

For the five countries for which statistics for January to April this year are available, the fall in crude oil imports ranges from 17 per cent in Germany to 23.4 per cent in France, with the Danes (18.4 per cent), the Dutch (21.7 per cent), and the British (22.5 per

cent) in between. This was not offset by any startling increase in crude oil production in the Community, which anyway only ever accounts for about .02 per cent of Community needs. Refineries were also less busy with the drop throughout the Community ranging from 13.6 per cent to 19.9 per cent in the same period.

Also making itself felt was the oil producers' tendency to refine

straddles both the British and Norwegian sectors. The first supplies from this field are expected to come ashore late in 1977 lead-

ing to a 33 per cent increase in the natural gas available for industrial, commercial, and domestic consumption in the United Kingdom.

Ministers Agree on Research Program

A four-year energy research program under Community auspices and Community financed was agreed on by EC foreign ministers on July 15.

The 59 million units of account (UA) program—for which UA 12 million has been made available immediately to fund the first 18 months of research, with the rest being linked to a subsequent review of the program—will involve research into the following areas:

- energy saving
- production and use of hydrogen
- solar energy
- geothermal energy
- systems analysis and drawing up

models.

At the same time foreign ministers agreed to UA 42.5 million being spent to complete programs being carried out at the Community's joint research centers which have overrun their budgets because of inflation. A further UA 5.2 million was allocated for a high-temperature materials and reference substances research program to be carried out at the Petten center in the Netherlands, and UA 0.9 million was allocated to meet the cost of working out future strategy for the joint research centers. (One UA equals approximately one 1970 dollar.)

Environment

EC Commission Combats Red Sludge

Proposals on controlling waste ("red sludge") from the titanium dioxide industry were announced by the EC Commission July 18.

Waste from this industry—which generates 2.6 tons of waste for every ton of the actual product—is harmful to the marine aquatic environment, mainly as a result of the acidity and presence of ferrous sulphate and other metals in the waste. It reduces the oxygenation of the water; leads to a temporary decline in the plankton biomass;

causes changes in the color, transparency, and turbidity of the water.

The Commission is proposing a system of prior authorization for dumping, of ecological monitoring, and of reducing pollution and nuisances by having industry progressively cut back their pollution levels so that by January 1, 1985, they have reduced it to 5 per cent of total gross pollution. These measures have been proposed in the framework of the Community's environmental action program.

Drinking Water Standards Proposed

A minimum quality for drinking water throughout the European Community was proposed to the Council of Ministers by the EC Commission in July.

The proposal, which applies to drinking water or water to be used for food preparation and non-gaseous bottled waters, set out 62 parameters for defining the qual-

ity of water for human consumption. The proposed standards cover five categories: organoleptic factors, physico-chemical factors, biological factors, undesirable or toxic factors, and microbiological factors.

The need to set Community-wide standards was first stated in

the Community's environmental action program, and the proposed draft directive is an outgrowth of that program. With the available resources not keeping pace with the constantly increasing requirements for good quality water, the Commission feels legislation on standards is becoming more urgent.

Lead Exposure Studied in Ireland

A pilot project on monitoring population exposure to lead is to be carried out in Ireland with the assistance of the Community's Scientific Steering Committee, on which both member states and the Commission are represented.

The project will test some elements of general guidelines on the subject worked out at a seminar on biological sampling for monitoring population exposure to lead organized in Galway, Ireland, July 7-9, under the joint sponsorship of the Commission and Ireland's Western Health Board, attended by more than 50 participants and gov-

ernment experts from all member states. The seminar considered the organizational aspects of biological lead surveys in member states, during which close to 15,000 blood analyses were performed.

During its three days of discussion the seminar developed guidelines on how populations should be biologically sampled for exposure to lead. The guidelines are intended to be used in conjunction with a Commission proposal for a Council directive on biological standards for lead and on screening of the population for lead.

Competition Policy

Commission Authorizes Steel Merger

Johnson and Firth Brown Ltd, (JFB) of Sheffield, England, will acquire the entire share capital of N. Greening and Sons Ltd., of Warrington, England, following EC Commission authorization in July.

JFB is the holding company of a group of manufacturers of steel

and steel products, including wire and wire rods, while Greening is the holding company of a group of manufacturers of wire and related products. The Commission found that this merger would not deter competition in the market for steel products.

Franco-German Patent Agreement Okayed

An exclusive patent and know-how licensing agreement between Kabel-und Metallwerke Gutehoffnungshutte (Kabelmetall), of Germany, and Ets Luchoire, of France, has been given the green light by

the EC Commission.

The Commission examined the agreement for conformity with EC competition rules and found that it satisfied the requirement that it should guarantee both sides' free-

dom to continue to export within the Common Market.

The Commission exempted the agreement from the normal ban on concerted practices in the Common Market Treaty because the exclusive rights accruing to the

two firms would promote technical and economic progress. This progress would come in the manufacture of steel parts for the electrical engineering industry using cold extrusion processes.

Continuing Free Competition Campaign

In the twice-yearly round-up of the EC efforts to ensure free competition in the Common Market and therefore a fair deal for the consumer, Commissioner Albert Borschette's July 24 Brussels news conference highlighted two major developments:

- Swiss pharmaceuticals manufacturer Hoffman La Roche is suspected of manipulating the market for vitamins (for both human and animal consumption) through abuse of its dominant position and has been asked to attend hearings in Brussels in September.
- Pechiney-Ugine-Kuhlmann, of France; Alusuisse, of Switzerland; Vereinigte Aluminum Werke, of

Germany—three of the world's leading aluminum producers—and a number of smaller EC firms have been asked to sever the links they have in the European Community under the International Fair Trade Rules Administration (IFTRA) agreement. IFTRA rules, which the Commission believes distort competition, bound the companies to an exchange of information on prices, rebates, sales terms, and common cost calculation methods.

Other sectors where Borschette revealed that investigations are continuing are sugar, computers, oil companies, tranquilizers, special steels, and publishing.

Hillery stressed that although the Community's founding treaty calls for equal pay for men and women for equal work, action in this area needs to be reinforced.

A directive, adopted by the Council of Ministers last December, obliges member states to translate the equal pay rule into national legislation by the end of

the year. The directive includes a provision giving women the right to take any discrimination complaints to court.

Hillery also cited a list of actions, presented by the Commission to the Council, to better the conditions of Europe's 35 million working women.

EC Consumer Consultative Group Meets

The EC Consumer Consultative Committee met in Brussels June 27 to discuss the Commission's stocktaking of the common agricultural policy and consumer attitudes toward it.

The committee, composed of representatives of all major European consumer organizations, was established in 1973 to represent consumers' interests to the Commission and to advise the Com-

mission on formulation and implementation of policies and actions for consumer protection and information.

The committee also discussed the Council's consumer program, adopted April 14, new regulations for consumer protection in chemical products, consumer credit, misleading advertising, and recycling of waste products.

Social Policy

Standards for Working Hours and Leave

Member states should introduce both the 40-hour week and the annual four-week paid vacation by the end of 1978 or as soon as possible beforehand.

This was the recommendation of the EC Council of Ministers, which reached agreement at a June 17 meeting in Luxembourg. The Council also agreed that the vaca-

tion should not result in reduced annual earnings or vacation pay and that paid public holidays falling during a period of annual leave would not be counted as part of the vacation.

It is now up to the member states to incorporate the Council's recommendation in their national legislation.

Hillery Addresses Women's Conference

"I believe that we should all work for a new world based on the sharing of responsibilities and opportunities between men and women," said Patrick J. Hillery, EC Commission Vice President re-

sponsible for social affairs, speaking at the United Nations World Conference of the International Women's Year in Mexico City June 27. Hillery led the Community's delegation to the conference.

ECSC Financing for Worker Housing

A sum of 25 million units of account (UA) is being made available from European Coal and Steel Community (ECSC) resources to finance housing for workers in these industries under the ECSC's eighth program of financial assistance for housing covering the period 1975-1978. (One UA equals approximately one 1970 dollar.)

It is estimated that this money will meet the cost of around 9,000 new houses as well as modernization of existing housing. Money has been allocated on the basis of four priority guidelines: housing for workers in new coastal iron

and steel centers; housing in connection with restructuring of traditional iron and steel centers and in coalfields scheduled to increase their production; special solutions for migrant workers; housing to be modernized as part of urban renewal schemes for mining and iron and steel communities.

On July 28 the EC Commission announced a series of loans and non-repayable grants to meet the cost of retraining and reemploying coal and steelworkers in the United Kingdom, Belgium, Germany, and France.

EC Education Plan for Migrant Children

The children of the 6,250,000 migrant workers employed in the European Community should have the same educational opportunities as children of nationals of the host country, according to the EC Commission's draft directive on

the education of migrant workers' children, published in July.

The draft calls for an "educational reception system" to teach migrants' children the language of the host country and to help them adjust to their new social and

educational environment.

The proposal says the language and culture of the children's native countries should be taught in school to avoid conflicts arising from the presence of one cultural environment at home and another at school. Teachers involved in

this program would be required to become familiar with the attitudes and culture of the children's native countries.

There are approximately 1,500,000 4-to-18 year-old children of migrant workers living in the European Community.

Food Labeling Problems Discussed

Problems of food labeling were the primary concern of the first meeting of the Commission's new consultative committee on food-stuffs July 3-4.

The EC Commission intends to introduce Community-wide standards on food labeling, and this initial examination by the committee enabled the Commission to better

grasp some of the difficulties. The committee discussed date stamping, instructions for preservation, and information to be included on the label about the manufacturer.

The committee, which represents food industries, consumers, agriculture, unions, and the Commission, was to resume work on the same subject in the autumn.

Education Expenses in EC Differ

Per capita spending on education in the European Community is highest in Denmark and lowest in Ireland.

The per capita spending figures are based on public expenditure on state schools and subsidies to private schools.

Although the figures recently put together by the EC Commis-

sion are for 1969—the most up-to-date available—there is little reason to suppose that the expenditure has changed drastically. At that time Denmark was spending approximately \$133 per head; Belgium, \$105; the Netherlands, \$92; Luxembourg, \$85; France, \$74; Germany and Great Britain, \$68; Italy, \$50; Ireland, \$42.

Harmonization

Toward Freedom of Movement for Lawyers

As an initial, limited step to lawyers being able to practice anywhere in the EC, the European Commission proposed to the Council of Ministers on July 29 that lawyers be allowed to plead before courts anywhere in the Community—in other words, mutual recognition by the courts of the lawyer's qualifications.

If the Council goes along with the Commission's proposals, lawyers would be free to plead their

client's case in civil and penal cases. However, member states could require that the approval of local lawyers be obtained before the foreign lawyer is allowed to plead.

Later the Commission hopes to make suggestions on enabling lawyers to open a practice in any member state, but at the moment there are still many technical problems such as the mutual recognition of diplomas.

Nursing Committee Would Set Standards

A committee to examine standards of nursing training in the European Community was proposed this summer by the EC Commission.

The Commission's hope is that the committee would find ways of bringing standards to comparable levels throughout the European Community, so as to enable member states subsequently to agree on mutual recognition of qualifications. Then, nurses—like doctors on whom agreement was reached in June—could work anywhere in the Common Market.

A Commission proposal on mu-

tual recognition of standards for general nurses is already under consideration by the Council but will probably be modified in the light of the committee proposal. Subsequently the Commission hopes that it can push through agreement on mutual recognition of qualifications in other branches of nursing care as well.

Three representatives of each member state would sit on the committee: one from the nursing profession; one from the appropriate government department; one from the training schools.

EC Tax Harmonization Program Proposed

The EC Commission came up in July with a comprehensive fiscal action program which it presented to the Council of Ministers. This program calls for immediate action on a number of proposals made by the Commission in this field in the past and promises some new ones.

The Commission feels it is indispensable to adopt tax harmonizing measures if economic and monetary union is to be achieved. In the short-term perspective of economic and monetary union, the Commission asks the Council to reach a swift decision on existing proposals on a uniform tax base for calculating value added tax (VAT), on harmonization of excise tax, on the tax system of mergers, and on the tax system of parent companies and their subsidiaries.

The Commission also intends to make proposals on uniform methods of meeting the Community's own resources involving value added tax, simplification of border formalities, for value added and excise taxes, harmonization of company taxation, and withholding tax on dividends.

The program, drawn up after consultation with professional, em-

ployers' trade union organizations, and national revenue departments, includes proposals to fight international tax evasion and avoidance.

In the longer term perspective of greater integration, the emphasis will be on progressive harmonization of tax burdens via closer relationships between the national levels of tax on profits, VAT, excise taxes, and company taxes.

The Commission made a start to this program on July 23 by adopting a draft directive on harmonization of company tax and systems for withholding tax on dividends. Such harmonization, the Commission believes, should enable free movement of capital and neutral conditions of competition throughout the European Community. Of the three systems currently applied in different Community countries for taxing companies, the Commission opts for the partial imputation system—granting the shareholder a tax credit which represents a fraction of the company tax and which is calculated together with personal tax and may be reimbursed if the personal tax rate is lower than the company rate.

Recent Books

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

Directory of Foreign Manufacturers in the United States. By Jeffrey S. Arpan and David A. Ricks. Publishing Services Division, School of Business Administration, Georgia State University, Atlanta, 1975. 151 pages with indexes. \$11.95 (cloth) and \$7.50 (paper).

An up-to-date listing of foreign-owned companies in the United States, including foreign manufacturing investments unlisted by the US Department of Commerce.

This directory of about 1,200 foreign-owned holdings in the United States is arranged alphabetically by American subsidiary giving addresses, SIC product classification numbers, major products produced, and the name and address of each parent company. In addition, the directory is indexed by parent company, by location, and by product.

The External Relations of the European Community: Perspectives, Policies, and Responses. Edited by Frans A. M. Alting von Geusau. Saxon House, D.C. Heath Ltd., Westmead, Farnborough, Hants, England; and Lexington Books, D.C. Heath and Co., Lexington, Massachusetts, 1974. 132 pages with index.

A critical study of the European Community's relations with other countries since its emergence as an economic world power.

The book provides a comprehensive analysis of Europe's search for a world role following

its postwar economic integration. Early chapters stress Europe's pursuit of policies reflecting an independence from the United States, while other chapters examine the responses of China, the Soviet Union, the United States, and Eastern Europe to the enlarged Community in light of the present international system. One section places particular emphasis on the reaction of the superpowers to the erosion of the bipolar system and the transitional role to be played by Europe in the development of a new international system.

La Commission des Communautés européennes et l'élargissement de l'Europe. Institute of European Studies, Editions de l'Université de Bruxelles, Brussels, 1974. 340 pages with index, tables, and list of participants.

A report on the November 23-25, 1972, colloquium, organized by the Institute for European Studies, on the role of the EC Commission in the building of Europe.

The book covers the colloquium's reports and subsequent discussions on the legal, political, and initiative powers of the Commission up to 1972. Also covered are the Commission's relations with the Council of Ministers and the Commission's role in the conclusion of international agreements.

American Banks Abroad: Edge Act Companies and Multinational Banking. By James C. Baker and M. Gerald Bradford. Praeger Publishers, New York, 1974. 182 pages with tables, figures, appendices, and index. \$16.50.

A study of international banking, in particular the role of the Edge Act in aiding American expansion of international banking operations.

In the first five chapters of the book, the authors examine the evolution of the "Edge Act" amendment of the Federal Re-

venue Act of 1919 as applied to corporations, and in its promotion of the expansion of American banking abroad. The last half of the book analyzes policies and operations of Edge finance corporations and financing provided by Edge corporations. The authors conclude with an evaluation of Edge Act companies and a consideration of the future prospects for these companies.

Economic Policy for the European Community: The Way Forward. By Sir Alec Cairncross, Herbert Giersch, Alexandre Lamfalussy, Giuseppe Petrilli, and Pierre Uri. Holmes and Meier Publishers, New York, 1975, for the Institut für Weltwirtschaft an der Universität Kiel. 245 pages with tables, illustrations, and abbreviations. \$25.00.

A study focusing on monetary and fiscal integration, regional balance, industrial structure and competition, the social environment, and the external economic relations of the Community.

The authors review the state of the Community and make proposals on "the way forward." They contend that the formulation of economic policies in the Community has been too much of the juridical approach and not enough economic analysis. The authors stress a fundamental thesis that on economic policy issues there are technical questions on which technical expertise is required—an elementary point, "yet when it is discounted at political level it is not surprising that policies break down."

An International Antitrust Primer: A Businessman's Guide to the International Aspects of United States Antitrust Law and to Key Foreign Antitrust Laws. By Earl W. Kintner and Mark R. Joelson. Macmillan Publishing Co., Inc., New York, 1974. 391 pages with preface, appendix, selected biography, and index. \$12.95.

A primer designed to help the businessman shape his activities intelligently and lawfully and to provide a current reference for the lawyer who counsels businessmen.

The book covers significant aspects of US antitrust law and practice, as well as examines "the laws of competition" as it functions in other countries. Specific aspects—such as contracts, conspiracies, vertical dealings, the Robinson-Patman Act, mergers, acquisitions, joint ventures, and licensing of patents—are examined in detail.

Patent Law Fundamentals. By Peter D. Rosenberg. Clark Boardman Company, Ltd., New York, 1975. 405 pages with appendix, table of cases, illustrations, and index. \$25.00.

An intellectual exposition and practical handbook of patent law for lawyers, researchers, businessmen, and inventors.

The book includes discussions of the following: definitions, comparisons of copyrights and trademarks, patent claims and claim drafting, statutory subject matter, novelty, utility and nonobviousness, competing rights to the same patent, patent protection, and patent rights in the global context. The author assumes no prior knowledge of patent law by his readers. Basic concepts and principles are developed and illustrated with pertinent case law integrated into the text.

Consumer Information Handbook: Europe and North America. By Hans B. Thorelli and Sara V. Thorelli. Praeger Publishers, New York, 1974. 526 pages with appendix, tables, lists of figures, and abbreviations.

A study of independent consumer information programs conducted by private and public organizations that have no direct interest in the sale of the products and services about which

they disseminate information.

The core of the book is a survey of each such program in the North Atlantic area, with the exception of Ireland, Iceland, and Luxembourg. The work is primarily directed to the students, makers and administrators of consumer policy in government, consumer organizations, business, and academia. This is the first of three volumes planned as the principal output of a five-year research project—the international consumer information survey.

From Free Trade to Integration in Western Europe? By Christopher Saunders. Chatham House: PEP, London, 1975. European Series. 107 pages with introduction, tables, and footnotes.

An investigation into a possible new phase of Western Europe's economic integration.

The author argues that the two forces which have driven European economics forward for the past 25 years may now be in need of replacement, namely: The further lowering of trade barriers may no longer yield much more than marginal gains; and that while industry benefited from the prosperity of the Fifties and Sixties, the inflationary Seventies have virtually wiped out these profits and reversed the terms of trade from industry to favor primary producers. The author believes that Community action should be redirected from the concept of a "common market"—already on its way to accomplishment—toward the concept of a more deeply integrated production structure in agriculture, energy, and industry.

La GmbH, guide pratique de la S.A.R.L. allemande. By Helmar Lang, Franklin Rist, and Marie-Elisabeth Hertz. Juridictionnaires Joly, Paris, 1974. 145 pages with annex, bibliography, and index.

Presentation of a complete model for French investors desir-

ing to set up business in Germany.

The book offers a precise guide to the legal, fiscal, and social aspects of establishing a French subsidiary in Germany. The model is based on the GmbH (Gesellschaft mit beschränkter Haftung), which is considered to be financially the most advantageous. A description of the basic elements making up the GmbH and its general functioning and a discussion of the problem of transfers, settlements, and mergers are included. A second part deals with German tax laws as they affect the French company. The last part sums up the laws which affect the worker-employer relationship, listing the legal obligations of the employer in the areas of work contracts and health, accident, retirement, and unemployment insurances. The annex provides various models for setting up subsidiaries.

Offshore Production in the Less Developed Countries: A Case Study of Multinationality in the Electronics Industry. By Richard W. Moxon. New York University, School of Business Administration, Institute of Finance, New York, July 1974. The Bulletin, Nos. 98-99. 76 pages with bibliography and appendix. \$2.00.

An analytical framework or paradigm for an understanding of the off-shore production activities of US electronics companies and the implications of those activities for the companies and the countries involved.

The work commences with a generic definition of the off-shore phenomenon and an overall evaluation of off-shore production not only in terms of the decision-making process but also in relation to the benefits, costs, and risks implicit in the off-shore model. Other topics which the author deals with encompass a case study of product selection for off-shore production as well as a long-term assessment of off-shore manufacturing and the implications for US

companies, the American economy, and the developing countries. In the introduction, the author explores the evolution of the off-shore production trend while emphasizing the saliency of the American initiative in this development.

Tax Guide to International Operations. By Stephen Audereth and Elmer M. Pergament. Panel Publishers, Greenvale, New York, 1975. Approximately 700 pages in a two-volume leaf binder with tables and sample tax forms. \$119.00, including supplementation for one year; \$89.95 (domestic) and \$97.50 (foreign) supplementation after one year.

A guide in which international business problems and opportunities are examined.

The contents include such areas as methods of doing business abroad, tax benefits, foreign tax havens, and tax incentives and restrictions. The authors examine non-tax areas which bear on a businessman's decisions such as the balance of payments, foreign exchange, overseas financing, and blocked currency. Suggestions are made to employees as how they can best manage their overseas income, minimize taxes, establish a foreign residence, and plan trips to the United States.

The Fate of the Atlantic Community. By Elliot R. Goodman. Praeger Publishers, New York, 1975. 583 pages with notes. \$27.50 (cloth) and \$5.95 (paper).

A view of the future of the Atlantic community with attention given to the evolution of political, military, economic, and monetary policies in the North Atlantic area.

The study analyzes the problems that have blocked Atlantic union—emphasizing the effects of De Gaulle's "politics of fragmentation"—and traces the theoretical and institutional development of the Atlantic partnership. The role of the North Atlantic

Treaty Organization as it relates to questions such as détente and the problem of nuclear sharing are considered both in the political as well as military context. The economics of the Atlantic community are reviewed, including a study of multinational corporations, the Organization for Economic Cooperation and Development, the International Monetary Fund, and the nature of the North-South relationship. The author also examines the functioning of international parliamentary assemblies in the Atlantic community with special interest on the North Atlantic Assembly.

Strategy for the West: American-Allied Relations in Transition.

Edited by Richard B. Foster, Andre Beaufre, and Wynfred Joshua. Crane, Russak and Company, Inc., New York, 1974. 258 pages with preface, appendix, and index. \$11.00.

A survey of current political, military, and economic problems in US-Western European relations and an evaluation of them in the context of the Atlantic alliance as well as within the context of East-West problems.

The book is based on a colloquium held in Juan-les-Pins, France, in May 1973. It includes contributions from distinguished Western strategists in the United States, the United Kingdom, France, Norway, Germany, and Italy. Among the topics discussed are the crisis of confidence in the Atlantic alliance and the problems of negotiations in the Strategic Arms Limitation Talks and the Mutual and Balanced Force Reduction (MBFR) talks.

A New US Farm Policy for Changing World Food Needs. By Research and Policy Committee of the Committee for Economic Development (CED), CED, New York, 1974. 78 pages with tables and memoranda. \$2.00.

A statement on national policy

to meet the challenges posed by potential farming productivity, the world need for food, and the inherent instability of the agricultural sector.

The study, in defining suggested revisions of US agricultural policy, investigates the evolving role and structure of US agriculture, adequate food supplies and stable prices, the necessity of creating reserve stocks for domestic as well as world needs, and the improvement of agricultural research and development. In the statement of purpose, Philip M. Klutznick, chairman of the Research and Policy Committee, discusses the new world food economy, changes in US agriculture, and the role to be assumed by government. He emphasizes the necessity of encouraging optimal food production and price stability while providing an adequate return on farmers' investment.

Italy: Development and Crisis in the Postwar Economy. By Gisele Podbielski. Oxford University Press, London, 1974. 209 pages with notes, reading list, and index. \$9.75.

A study into the economic development of Italy from the postwar period through the present.

Economic growth within the context of the Italian experience is evaluated upon the basis of developmental phases, recent developmental crises, budgetary and monetary policy, and the balance of payments. Structural problems and policies that are analyzed include the labor market, regional dualism in southern Italy, public corporations, economic planning, and reforms in the areas of housing, health, and public administration. The author briefly discusses the economically dysfunctional influence of sectoral, regional, and social divisions germane to Italian society. The volume concludes with a discussion of economic developments in 1973, the short-term

emergency program, long-term issues, and Italy's membership in the Common Market.

International Monetary Reconstruction: Problems and Issues. By Wilbur F. Monroe, Lexington Books, D.C. Heath and Company, Lexington, Massachusetts, 1974. 192 pages with notes and indexes. \$13.50.

An analysis of the problems and issues in reconstructing a framework for international monetary relations.

In the preface the author, an international economist at the US Department of the Treasury, explains that the book was designed to facilitate an understanding of international monetary reconstruction and the implications of such a reform. The book defines the current problems, presents historical background from Bretton Woods, traces the movement to reform with regard to issues and politics, and studies the implications of international monetary reform in light of the current economic environment and the relative status of the participants.

La Negociation CEE-Suisse dans le Kennedy Round. Edited by Norbert Kohlhasse and Henri Schwann. Centre de Recherches Europeennes, Lausanne, Switzerland, 1974. 224 pages with notes, tables, and bibliography.

A collection of interdisciplinary research studies on Switzerland's successful negotiations with the European Community during the 1963-1967 "Kennedy Round" within the General Agreement on Tariffs and Trade (GATT).

The articles give not only a detailed report on the EC-Switzerland negotiations but also the history of Switzerland's economic relations both with the European Community and the United States. The book also considers Switzerland's confederative system, based on "unity and diversity," as a possible micro-model for Eu-

rope. A preface is by former EC Commission President Jean Rey.

The Imperial Republic: The United States and the World, 1945-1973. By Raymond Aron. Winthrop Publisher, Inc., Cambridge, Massachusetts, 1974. 339 pages with notes and index. \$4.95.

A history of the foreign policy and actions of the United States from 1945-1973.

The book is divided into two parts. The first section—"The United States in the Inter-State System: The Success and Failure of Paramourcy"—includes an assessment of the Cold War with regard to its origins, bipolarity, and the successes or failures of the United States. The second section—"The United States in the World Market: The Privileges and Constraints of a Dominant Economy"—deals with the economic foundations of American diplomacy, the Marshall Plan, aid to the "Third World," the end of economic sovereignties, and the debate between imperial diplomacy and isolationism. In the preface the author explains that the structure of the volume was influenced by President Richard M. Nixon's visit to Communist China and the devaluation of the dollar in August 1971.

Europe: Journey to an Unknown Destination. By Andrew Shonfield. International Arts and Sciences Press, Inc., White Plains, New York, 1974. 98 pages. \$6.00.

An examination of the European Community's economic and political development in light of British entry and other new internal and external factors.

Subjects dealt with in the course of this study include French policy within the Community, the American connection, the accommodation of Japan, the role of the Soviet bloc, and the needs of the developing countries. In his introduction to the American edition of the book, Shonfield

notes that "unless the Community can achieve without too much delay the minimum of consensus among its own members that is necessary for the formulation of joint policies towards the United States on the major issues which concern both sides, it is most unlikely to be able to reach agreement on a number of domestic matters that have to be settled in common in order to make it possible to establish a European economic union."

Income Distribution: A Comparative Study of the United States, Sweden, West Germany, East Germany, the United Kingdom, and Japan. By Martin Schnitzer. Praeger Publishers, New York, 1974. 235 pages with notes and tables. \$16.50.

A study, based on tax returns, of income distribution in the United States, Sweden, West Germany, East Germany, the United Kingdom, and Japan.

Each case study investigates income distribution with regard to national and personal income, public finance, and income and wealth distribution throughout the country. The author prefaces his study with a description of income distribution in a capitalist market, income distribution under socialism, and an analysis of equity and income distribution. The author, professor of finance at the Virginia Polytechnic Institute, explains that comparisons between the countries were avoided due to the fact that no two countries use the same standards in terms of income.

A National Survey of the Unemployed. By W. W. Daniel, PEP, London, 1974. 164 pages with tables and appendix.

An examination of unemployment in Great Britain.

The author defines who the unemployed are with regard to sex, age, occupational level, race, color, state of health, and personal

problems. He includes the number of those unemployed, the costs of unemployment, the circumstances surrounding the loss of a job, the difficulties involved in finding a new job, the role of the employment exchange, a comparison of new to old jobs, and the effects of weekly benefits and redundancy payments. The study is based on a nationally representative sample of almost 1,500 unemployed workers drawn from the British Department of Employment's register of the unemployed.

Era of Negotiations: European Security and Force Reductions. By Wolfgang Klaiber, Laszlo Hadik, Joseph Harned, James Sattler, and Stanislaw Wasowski. D. C. Heath and Company, Lexington, Massachusetts, 1973. 193 pages with notes and appendixes. \$13.00.

A comparative study, published for the Atlantic Council, of the issues involved in the Conference on Security and Cooperation in Europe (CSCE) and the negotiations for Mutual and Balanced Force Reductions (MBFR).

The book includes an historical analysis of European security, a discussion of East-West dialogue on CSCE and MBFR, a study of the security perspectives of the North Atlantic Treaty Organization and the Warsaw Pact, a delineation of issues involved in CSCE and MBFR, as well as an overview of the risks and opportunities of the post-conference environment. The appendixes include the texts of relevant communiqués, declarations, treaties, and documents.

Europe and the United States: The Future of the Relationship. By Karl Kaiser. Columbia Books Inc., Washington, 1973. 146 pages with appendix. \$2.50 (paper), \$3.95 (cloth).

An analysis of the major issues and problems confronting both Europe and America, and their unique relationship.

The author focuses on the po-

tentialities of change and the opportunities for restructuring Atlantic relations through international economic reform, reconciliation of security, and new development strategies. He explores the future as well as present state of US-European affairs. Kaiser says a willingness to act in harmony with the prevailing social and cultural challenges of our time is imperative, not only for the Atlantic area but also for the well-being of the developing world. Kaiser's policy paper was used as a point of departure for conferences sponsored by the Aspen Institute for Humanistic Studies.

Le Danemark a l'heure du marché commun: Bloc-Notes 1971-1972. By Jens Otto Krag. Translated from the Danish by Anne Petry. Librairie Plon, Paris, 1974. 233 pages with notes.

Memoir by the former Danish Prime Minister, now head of the EC delegation to the United States, from his September 1971 election victory to the October 1972 referendum for Danish entry into the Common Market.

The book's intent, according to the author, is not a political analysis but, rather, a day-by-day, hour-by-hour report of his life as Denmark's Social Democratic Prime Minister and of his Government's efforts to bring Denmark continued progress, especially by joining the Common Market. He details the campaign leading up to the successful referendum, held one week after Norway's referendum saying "no" to EC membership. Throughout the book, Krag mixes the political and the human side of what it's like to be Danish Prime Minister. He reveals his personal reasons for resigning as prime minister at the peak of his career—the day following the successful EC referendum.

National Politics and International Technology: Nuclear Reactor Development in Western Europe. By

Henry R. Nau. The Johns Hopkins University Press, Baltimore, Maryland, 1974. 288 pages with notes, appendix, and index. \$12.50.

A study relevant to present concerns over global energy and technological problems which questions the assumption that governmental and non-governmental actors behave more cooperatively in technological and economic areas than in military-strategic ones.

The link between political interests and technological programs is developed in analyzing national and cooperative efforts to establish nuclear power reactors in Western Europe. Four detailed case studies are presented. The findings demonstrate that in most instances national interests motivate technological cooperation. The author concludes that "national politics, as opposed to what has been called world politics, may remain the most important perspective for analyzing the action and plans of global actors."

The New Sovereigns: Multinational Corporations as World Powers. Edited by Abdul A. Said and Luiz R. Simmons. Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1975. 186 pages with tables, notes, and charts. \$8.95 (cloth), \$3.50 (paper).

A collection of articles studying multinational corporations, including their rise to power and their impact—politically, technologically, and financially—upon host countries.

The articles' authors—scholars, government officials, businessmen, and labor leaders—examine the multinational corporation with hope, skepticism, and even fear. Are they benevolent giants, sources of worldwide wealth and development? Or are they parasites seriously threatening the competitive position of national firms, widening the gaps between "have" and "have-not" nations, and intending to overwhelm Euro-

pean industries with enormous capital? The contributors weigh the pros and cons of these questions and provide guidelines for directing the productive energies of multinationals into benefits for all mankind.

Regional Policy and Planning for Europe. Edited by Morgan Sant. Saxon House and Lexington Books, D.C. Heath & Co., Lexington, Massachusetts, 1974. 268 pages with charts, maps, tables, references, and list of figures.

A collection of urban and rural planning essays advocating that policy and planning should be treated in an integrated manner and exploring the practicability of this principle.

The papers fall broadly into five groups: examination of regional economic policies, in which a critical review of British problems and responses is outlined; concentration upon the fabric of regional development, with a prediction for an increasing convergence of urban and regional policies; focus upon the regional dimension based upon the premise that redistribution of resources ensuing from regional policies has to be accommodated within regional strategies; examination of institutional aspects of regional policies and policy-making; a study of the priorities for research in regional policy and planning. The contributions represent an attempt to meet the requirement for a more informed debate on regional policy.

Multinational Corporations and National Government: A Case Study of the United Kingdom's Experience, 1964-1970. By Michael Hodges. Saxon House, Lexington Books, D. C. Heath and Company, Lexington, Massachusetts, 1974. 307 pages with notes, appendix, and index. \$16.00.

An examination of the British Government's policy toward foreign-owned firms and foreign investments.

Publications Available

Publications listed may be obtained from the European Community Information Service, Suite 707, 2100 M Street, NW, Washington DC 20037. Persons in the New York area can order copies from the European Community Information Service, 277 Park Avenue, New York City 10017.

SECOND "EUROPEAN COUNCIL" MEETS IN BRUSSELS. Background Note No. 23/75, European Community Information Service, Washington, D.C., July 28, 1975, 4 pages free
Summary of decisions taken by the Heads of State or Government meeting in Brussels, July 16-17. Covers Portugal, oil consumer-producer dialogue, raw materials, the United Nations, CSCE, the economic situation, and direct elections to the European Parliament.

LOANS AND GUARANTEES IN THE MEMBER COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY. European Investment Bank, Luxembourg, April 1974, 20 pages free
Brochure explaining the operations of the Bank in the member states and the terms of its loans.

STOCKTAKING OF THE COMMON AGRICULTURAL POLICY. Supplement No. 2/75, Bulletin of the European Communities, Commission of the European Communities, Brussels, 1975, 40 pages. free
Communication to the Council and Parliament of February 27, 1975. Reviews the history of the common agricultural policy, its effectiveness, the main problems, and principal improvements to be made.

DIRECTORY OF THE COMMISSION OF THE EUROPEAN COMMUNITIES. Bulletin of the European Communities, Special Supplement, Commission of the European Communities, Brussels, April 1975, 80 pages \$1.00
Organization of the Commission. Lists Commissioners, Directors-General, Directors, and Heads of Division.

AGREEMENT BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE STATE OF ISRAEL. Official Journal of the European Communities L 136, Office of Official Publications, Luxembourg, May 28, 1975, 190 pages ... \$3.00
Full text, with protocols, of the preferential trade agreement signed with Israel on May 11, 1975.

THE EUROPEAN COMPANY STATUTE. Information Memo P-24/75, Commission of the European Communities, Brussels, May 1975, 8 pages free
Note on the revised draft European Company Statute, approved by the Commission on April 30. Covers the purpose, eligibility of firms, with a detailed analysis of worker participation provisions.

THE DEVELOPMENT OF FLEMISH ECONOMY IN THE INTERNATIONAL PERSPECTIVE. Regional Policy Series No. 1, 1973, Commission of the European Communities, Brussels, 1974, 83 pages. \$3.40
Synthesis report of a survey on the socio-economic development of Flanders. Part 1 describes the general economic structure, labor force, and location of industry. Part 2 outlines policy options for future economic growth.

SIMONET REVIEWS OIL PRODUCER-CONSUMER RELATIONS. Background Note No. 14/75, European Community Information Service, Washington, D.C., May 16, 1975, 9 pages free
Full text of speech given by EC Commission Vice President Henri Simonet, responsible for energy, before the Headliners Club on May 15 in Washington, D.C.

COMMUNITY MEASURES FOR THE APPROXIMATION OF LAWS (1972-1974). Supplement No. 3/75, Bulletin of the European Communities, Commission of the European Communities, Brussels, 1975, 33 pages \$1.00
List of directives, decisions, recommendations, opinions, conven-

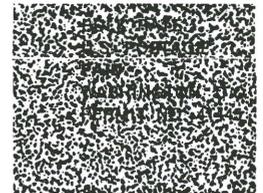
tions, and communications issued by the EEC to harmonize national laws. Covers agriculture, commercial and company law, energy, environment, monetary and financial matters, social affairs, transport, customs, statistics, product standards, and civil procedure.

REPORT ON THE NEED FOR AND POSSIBLE FEATURES OF A COMMUNITY POLICY TO PROMOTE THE PRODUCTION OF GAS FROM COAL. Working Document No. 325/74, European Parliament, Luxembourg, November 11, 1974, 35 pages \$0.50
Report by Friedrich Burgbacher on behalf of the Committee on Energy, Research and Technology. Examines the energy situation of Western Europe, its gas requirements, gasification processes, and future technological developments.

VOCATION TRAINING: INFORMATION BULLETIN. Commission of the European Communities, Brussels, Quarterly, 24 pages per issue. New magazine on activities and policy in the field of vocational training at the Community level. Contents divided into three parts: legal measures adopted by the member states; methods and techniques; and bibliography and brief notices of relevant activities. Issues Nos. 1, 2, and 3/4 for 1974 available free of charge. The 1975 subscription price is \$3.40. Subscriptions will be transmitted by the European Community Information Service, Washington, D.C. to the central Sales Office of the European Communities, Case postale 1003, Luxembourg 1, for invoicing and shipment.

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