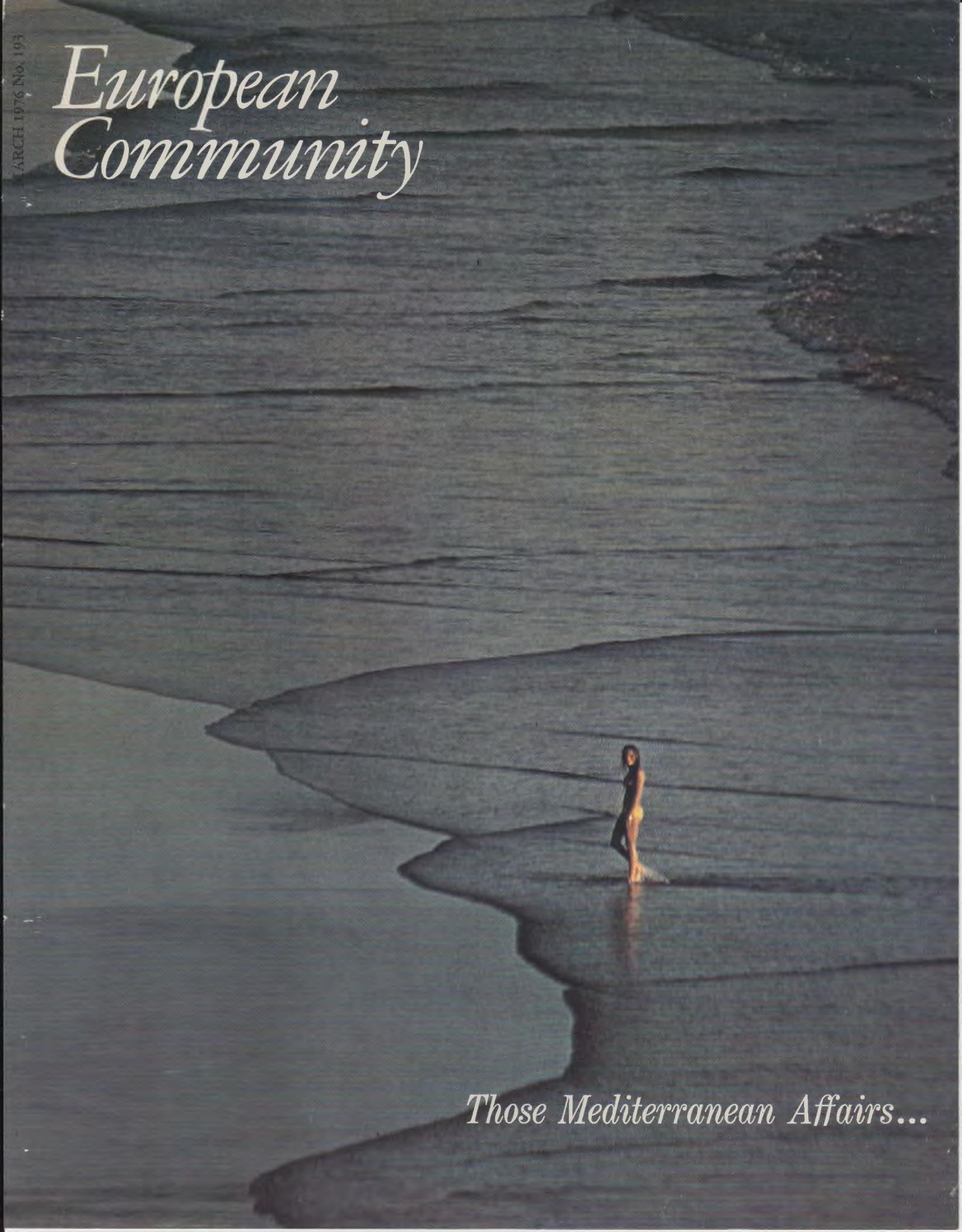


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European Community

A woman in a dark swimsuit stands in shallow water on a beach at sunset. The water is calm, reflecting the sky and the woman. The beach is visible in the foreground, and the ocean extends to the horizon. The overall mood is serene and contemplative.

Those Mediterranean Affairs...

CONTENTS

Institutions

- 3 Tindemans on His Report *An Interview*

Transportation

- 9 The Rhine-Rhône Canal *James O. Goldsborough*

Member States

- 13 The Cod War *Richard C. Longworth*

Mediterranean Survey

- 17 The Greek-EC Love Affair *Stephen Milligan*

- 20 The EC "Global" Approach
Marion Bywater

- 23 The Spanish Problem *Walter Nicklin*

Business

- 28 Advertising in Europe *Barbara Farnsworth*

Around the Capitals

- 35 London, The Hague, Luxembourg,
Rome, Dublin, Bonn, Paris,
Copenhagen, Brussels

Media

- 40 Covering the Community *Reginald Dale*

- 45 Policy Reports

- 46 Community News

- 50 Recent Books

- 50 Publications Available

- 51 People

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Publisher ANDREW A. MULLIGAN
European Community Information Service
2100 M Street, N.W. Suite 707
Washington, D.C. 20037
telephone: 202-872-8350
277 Park Avenue
New York, New York 10017
telephone: 212-371-3805

WALTER NICKLIN, Editor

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On the Washington end of a transatlantic radio hookup, Henry Owen (foreground) and Philip Trezise interview Belgian Prime Minister Leo Tindemans in Brussels.

Photo by Tenney Mason, Gaither, Maryland.



THE TINDEMANS REPORT

HENRY OWEN, PHILIP TREZISE, and
CHARLES WHEELER interview the author

The long-anticipated Tindemans report on European Union is provoking discussion on both sides of the Atlantic. The following interview with the report's author, Belgian Prime Minister Leo Tindemans, gives a glimpse of what the report is, and of its implications for both Europe and the United States. The transcribed and edited interview comes from the Washington-based National Public Radio (NPR), broadcast on March 2, after an unprecedented transatlantic radio hook-up. Moderating the interview from Washington was Henry Owen, director of foreign policy studies at the Brookings Institution, former deputy to the Under Secretary of State for Political Affairs, and former chairman of the Policy Planning Committee. Also participating on the Washington end was Philip Trezise, senior fellow at Brookings, former US Ambassador to the Organization for Economic Cooperation and Development (OECD), and former Assistant Secretary of State for Economic Affairs. The British Broadcasting Corporation's (BBC) chief European correspondent, Charles Wheeler, was with the Prime Minister in the EC's Brussels studio.

Owen: *Would you summarize the main thrust of your report, its general philosophy, and particularly, its implications for the future of European unity?*

Tindemans: My fellow heads of government asked me at the summit conference held in Paris in December 1974 to write a report on European Union, to define it. Generally speaking, I may say that in the Fifties we always spoke of the Community, or the Communities in the plural. In the Sixties we spoke of political union, and since 1972 we used the expression "European Union," but nobody knows exactly what it means. So they asked me to make a report and to define European Union.

I speak of the proper identity of Europe; how can we reinforce that identity? My conclusion is that we must speak with one voice in some big problems of world politics. That is the best means to have our own identity. We must improve the situation of the citizens in Europe because we are making Europe for people, not for the institutions. Then I develop some ideas in the field of a common economic and monetary policy. In 1972 at another summit conference it was decided to create economic and monetary union. But the devaluation of the dollar, the floating of currencies, and all the difficulties we have known since 1972 have had an influence—an influence so big that for the moment, even with the worldwide economic recession, it is still impossible to have a convergence of economic policies, of budgetary policies, notwithstanding inflation, unemployment, and so on.

So, I develop a new approach to that problem in my report, and say that since the EC currency "snake" now exists, we must put it in the framework of the Community. The snake can be the basis of a future common economic and monetary policy. At the same time, we must develop the other policies that necessarily must accompany such a policy; that means regional policy, social policy, and so on. And then I make proposals in the field of the institutions. How can we improve the working of the existing institutions? And what will we do with a thing like the summit meeting called "European Council?" How can we improve the working of the Council of Ministers, of the Commission, the position of the Commission president, and what will we do with the European Parliament?

Based upon the existing treaties, the Treaty of Rome and the Treaty of Paris, we must now reach a qualitative change in Europe. My proposals should be taken as a whole. If they are accepted in themselves with what exists and what will be, that will mean European Union. It's not a final phase of European evolution. It's impossible for the moment to define that final phase. I don't want to start a new theological war, for instance between federalists and those who want a European confederation or those who are speaking of the functional Europe. I accept, and I think I make proposals to strengthen, the basic philosophy of the Treaty of Rome. That in a nutshell is what you can read in my report.

Also, I think that it is absolutely necessary to define clearly the relationship between the United States and Europe. You remember that in 1962 President Kennedy spoke of equal partnership between the United States and Europe. But since Europe didn't develop in such a way that it could act as an equal partner, we lost every sense of relationship between the United States and Europe. We had some difficulties—remember the "chicken war," monetary problems, and other things—and now and then it was a rather sharp situation between the United States and Europe, although we remained partners, for instance

in the Atlantic alliance, and competitors in some fields. But our relationship is so special that I think that it absolutely necessary to define these relations, and I propose to send a special envoy, a delegate of Europe, for talks with the President of the United States, and to prepare a new definition of that relationship.

Treize: One should begin—I believe every American should begin—by saying to his European friends that despite the concerns that are often expressed among European intellectuals and political leaders, there is no feature of American foreign policy that's more formally founded in conviction, and in belief in the American interest, than the relationship with Western Europe. And belief in the desirability of European Union is strongly held, I believe, in almost all circles of American opinion. This goes back, as you know, to World War II, to our strong view that steps must be taken to end the internal rivalries in Western Europe which led to two wars and then which were reinforced by the appearance in the East of a potentially aggressive power, militarily and politically.

Now, at the popular level in the United States, it would be too much, of course, to say that European Union is a matter that is crucially attended to, because it is not. Indeed, in this year when we are having a national election, preoccupation with domestic affairs will be overriding, and Europe and other aspects of our foreign affairs will get relatively less attention. Nonetheless, I would say that if you tested American opinion, you would find most Americans saying the Europeans are not really getting on with it, why don't they go ahead and achieve union. There's a tendency here, of course, to draw a lesson from our own experience, tending to forget that it took us 75 years and a civil war to achieve a full federal union. The American body politic, I believe, is disposed to say, well, the West Europeans ought to follow us and ought to finish up and get West European Union in place.

Now at the official level and in the private community among the better informed people, I believe the attachment to the goal of European Union is just as strong as ever. There have been misgivings, as Mr. Tindemans suggested, about agricultural policy, sometimes about the Community's commercial policy when it appears to discriminate against our trade, but I think the general view is that these matters can either be negotiated or that time will mitigate their implications for us. Furthermore, I think there's a good deal more realism here now than there was 10 years ago about the pace, the likely pace, and the consequences of European Union, a less naive approach, a more hard-headed recognition that Europe once unified will be a separate entity not following the United States in all respects. But, of course, with all that, as union progresses, there will be particular areas, particular issues that will cause misgivings and trouble, no doubt, in our

relationship. And those will probably fall in the areas of defense policy, European foreign policy, and economic and monetary policy.

Owen: *What is the reaction in Europe to the general thrust of the Prime Minister's report, in the prospect that it holds out for European unity?*

Wheeler: The reaction was very mixed at the beginning. It really depends whom you talk to, whom you listen to. The theologians in the Community, that is many of the people who actually work in Brussels at the EC Commission headquarters, did find it, on first reading, an overcautious document, and I think many of Mr. Tindemans' countrymen did. They were expecting something quite different; many of them were expecting a blueprint for European Union.

Mr. Treize just now talked about an assumption in America, a feeling in America, that Europeans aren't moving fast enough toward European Union. I think one has to accept that not all Europeans want European Union at all. Certainly, many people in Britain say they don't want it; they may come to want it in 50 years, but they don't now. So that people of that kind, people who are suspicious of a federal solution, people with strong feelings about their own national sovereignty, particularly people in the countries that have only recently become members of the Community, praise Mr. Tindemans' report for its realism, that he didn't sit down and do a blueprint for something called European Union. Some even went so far as to suggest that the title of this report was, in fact, misleading, that what he was really writing about was European unity, which was something different.

It's a very useful contribution to debate. But the idea that's got across is that European Union as an institution, as a sort of political entity, as a development, is something so far off that we really don't need to start worrying about it yet and that what Mr. Tindemans has really done is to produce a series of recommendations for making Europe more united and making the European Community work better, for more efficient coordination of its various policies.

Owen: *Let's proceed directly to the substance of that debate, and start with an area which is of particular concern to Americans, the field of defense policy, of security policy.*

Tindemans: Defense for Europe is a very difficult subject. You know the struggle and the difficulties you had, for instance, with a country like France, France being a member of the Atlantic alliance but not being a member of the military organization. Ireland is neutral, and the seven other EC member states are members of NATO. I say in my report that defense policy is an essential element of com-



Uniforms of the NATO partners. "When I make proposals in my report about a better European security policy, I do it in order to strengthen the European pillar of the Atlantic defense system," says Tindemans. German Defense Ministry Information Photo.

plete European Union. But the difficulties in Europe are so great and the differences in judgment about defense are so great that it is unthinkable for the moment to make proposals in that field. But—and this is my personal, very strong opinion—we must have the courage to have a debate, a regular debate, about security problems, the security of Europe. For instance, at the Helsinki Conference on Security and Cooperation in Europe, the European Community spoke with one voice. But it is impossible to speak on other big problems of international policy with one voice if we haven't the courage to examine the position internally.

Treize: I think most Americans would agree that a union of Europe implies very strongly that Europe would have a defense policy as well as a foreign policy and as well as a common economic policy. But here I suppose we would be concerned with the implications for NATO. Now, if at this stage, developments in the Community should work to strengthen NATO, there could only be applause in the United States. It could only be welcomed. For it has been noticed and remarked upon often and recently that the Soviet Union has been steadily and somewhat alarmingly improving and modernizing its own forces at the same time as military budgets in the United States and in the West generally have come under increasing strain and downward pressures. In this respect, the Prime Minister's suggestion for common arms manufacture within the Com-

munity could contribute to the strengthening of the organization—or, of course, it could work in the other direction, and that would be the American concern. Anything that diverted the progress away from standardizing, harmonizing equipment within NATO would be looked at with some alarm. On the other hand, I'm not suggesting that the American position should be one of providing all the arms for NATO or being other than another partner in a general process or strengthening and modernizing.

Wheeler: What we're thinking about now are two things: One, rationalizing our defense production in Europe and, therefore, making the pound or the franc or mark stretch further. But secondly, standardization to us means a two-way street; it means America buying more European weapons as well as Europe buying more of its own or more American. In other words, I think that the greater European effort has to be connected with a greater American willingness than in the past to look to Europe for its weapon supplies as well as to its own production.

Treize: I think we've come some distance away from the period when we believed that we were the arms supplier for NATO, pretty much to the exclusion of everybody. But I think there are some difficulties involved here. The United States is, after all, probably the most efficient producer in many fields of armament and will be indefinitely—primarily because of the very large economies of scale that can be obtained in a country where output can be in such a large volume. But in principle, it seems to me that this is an area where it would be well for the United States to make feasible concessions in the direction of getting a more harmonized, a more nearly standardized NATO force.

Owen: *Mr. Prime Minister, as a political man, comment on the European attitude toward defense. First, do the Europeans share the concern about what's coming to be seen in this country as an imbalance between the Soviet effort, which has placed great emphasis on the qualitative improvement of their forces in Europe, and the Western effort, which is not seen here as keeping pace? And, second, do you see the insistence on national prerogatives and national parochialism as abating in Europe in the face of an evident need for more effective European concert in the defense field?*

Tindemans: I personally am strongly in favor of NATO. When I make proposals in my report about a better European security policy, I do it in order to strengthen the European pillar of the Atlantic defense system. I want to make it clear because there are other voices in Europe.

Are we keeping pace with the development in the Soviet Union? A few days ago the Belgian defense minister was delivering a speech developing the same idea, that the development is unbalanced, and he was attacked by some

political parties, by newspapers, and he has to defend himself now in the Belgian Parliament about what he said. So, you see that not everybody in Europe is convinced or knows what is going on for the moment. But the feeling is growing that there is, indeed, an unbalanced development in the field of defense, or armament, and so on. All responsible political leaders should carefully study that development and have the courage to say what they think we have to do.

The nation-state is still very strong in Europe. And it is still an extremely difficult task to share sovereignty in common. You know that problem of sovereignty is always the big difficulty in order to reach some achievement in Europe. You called it parochialism. Nationalism in Europe is still very strong, especially in the field of defense. It's clear in France, for instance, the moment you speak of defense immediately you arouse passions. The idea of a European defense community was killed in August 1954 because France—one of the big members of Europe, of the European Community—did reject the proposal. So we must have a more flexible attitude but always in the framework of NATO, for not everybody, not the Nine, but only seven EC countries, are members of NATO. That's the main problem in the field of defense for the moment.

Owen: *Let's move now to the second of the specific areas, the area of foreign policy, what does your report recommend?*

Tindemans: Foreign policy is not covered by the Rome Treaty. We always make a distinction between "integration" (the competences given to the institutions by the Rome Treaty) and what we call "cooperation" (political cooperation among the member states). It's always based upon the free-will of the member states to reach an agreement in the field of foreign policy. On the other hand, the Community as such has no influence at all in foreign policy, even if there was some fire at the entrance of Europe, in the Middle East, for instance. And that's one of the reasons why people in Europe have a feeling that the influence of their state and of Europe as such have very much diminished since the end of the Second World War.

If we want to signify something in the world, if we want to have a proper identity, the best possibility is to speak with one voice in some big problem. For instance, if we decide to act as Europe, as the European Community or the European Union, at the North-South Conference, then we must have the courage to say to ourselves: Now we will have a discussion, we will speak with one voice, and it will be the majority rule to fix our attitude, because if we insist upon the principle of unanimity, the result will be that Europe will have no voice at all. Because seldom we will reach unanimity in these questions. That's the essential part of my proposal.



Henry Owen (right): "I'd like to ask Phil Trezise to speak to a question raised in your recent book The Atlantic Connection. . . ." Trezise (left): "The American view in general is sympathetic to the notion of a unified, common EC foreign policy."

Owen: *I'd like to ask Phil Trezise to speak to a question which is raised in your own recent book The Atlantic Connection as to whether we may not be wise to distinguish between certain areas, such as East-West relations where close concert is necessary, and other areas where close concert may not only be less necessary, but less feasible.*

Trezise: The American view in general is sympathetic toward the notion of a unified, common EC foreign policy. It's been very difficult over the years to talk about dealing with Europe but then to find that you were dealing with four, five, or six, or nine different political entities. And while one would not expect that these entities, once operating in a common fashion, would always agree with us, nevertheless, I think it would be a step forward for Western policy if Europe was more nearly able to approach matters as a unit. A single approach, even when it differs somewhat from that of the United States, would be tolerable simply because it would be known and could be managed and dealt with.

It's quite clear that in some areas we are not going to have identical points of view. I think the relationships with the South are going to be different if only because of the strong tendency in Europe to maintain attachments to colonies and former associated states. And in many cases, this will involve discrimination against our commerce, and that will cause some problems. It may well be, furthermore, that Europe will see relations with the South somewhat less stringently than will the United States. I don't think we are prepared to go, in principle, as far as some of the European countries in conceding positions to the less developed world. But realism tells us that these are inevitable and, furthermore, mostly the differences will be bridgeable.

Then again, there are some areas where a more nearly common and effective European policy would be very much desired on our part. In the present period in southern Europe and the Mediterranean, where we're clearly going through a transitional period, it's possible that the Community, with its immediate interests engaged and its special capacities, may help the trend toward democracy more effectively than we can. And in that area, one would look to a unified European policy with hope. If we ever do manage a settlement in the Middle East, one would hope that Western Europe would be, in one form or another, able to help assure its durability.

Wheeler: There are certain areas in which Europe perhaps can be a more useful or more effective influence than the United States can. I think we have seen an interesting example of this when the European Community recently took what I happen to think is a very radical decision from the Community's point of view, namely to admit Greece to possible membership. It is pretty clear that the reason the governments of the Nine decided to do this was because they wanted to anchor Greece within the Community and anchor Greek democracy. It's an interesting example of what the Community is setting out to do, and perhaps will succeed in doing. And if the admission of Greece is followed by the admission, for instance, of Spain and Portugal, and perhaps other countries too, we may see a distinct trend within the Community that, although its expansion may inhibit its internal development toward unity, toward greater cohesion in foreign policy, it may at the same time help to bring these vastly strategically important peripheral countries into the West European family, as it were, and what's more important, keep them there.

Tindemans: I think that Europe still has an influence in the world or some prestige, maybe a cultural prestige, especially upon less developed countries, and that using that influence could play a positive part in world politics without opposing ourselves systematically to the United States. That fear exists, that Europe in affirming itself would



Listening to the waves across the Atlantic in the Brussels EC radio studio are Belgian Prime Minister Leo Tindemans (facing camera) and Charles Wheeler, the BBC's chief European correspondent.

oppose the United States. My personal opinion is that a proper attitude, a very specific attitude of Europe as such in international policy, could have a good result with our partners and our allies, and where it is possible playing even a part a little bit alone.

You mentioned the enormous question of the relations between North and South. You even used the word discrimination. Europe in certain fields has special relations, for instance, with African countries, and I know that in the United States this is considered as being discrimination, for instance, with the North African countries. But I think you forget too easily that thanks to these relations, we can develop a good influence in these countries, and if Europe were absent from these countries or if Europe had not that economic influence, other countries could take the place of Europe, and 'other countries' does not always mean the United States.

Treize: It seems the main economic point raised by the Prime Minister in the report is to focus on the "snake." He suggested that to make the snake effective and durable will require a commonality of monetary and, perhaps, fiscal policies among the participants. And on that, he is surely right. But, again, one approaches this with some scepticism, for here we are touching on one of the very sensitive areas of political life. Monetary policy and fiscal policy bear directly on employment, and it's been my experience that politicians are extremely sensitive to changes in levels of employment. In the European context, I suspect even more sensitive than to questions of defense policy in some cases.

Tindemans: I am convinced that what we have reached already in the Community—for example, the common agricultural policy—will not continue if we don't find a solution for monetary problems, because nowadays we already have to adapt the prices of agricultural products at the national frontiers due to floating currencies and the differences that arise everyday. So, the notion of common market and customs union will disappear if we don't find a solution for the monetary problem. But it's extremely difficult. I consulted professors, bankers, financial experts, and finally the only thing I could propose was to put the snake into the EC framework and to develop some policies starting from that basis, because currency, the value of a currency, is the expression of the economic strength of a country.

A certain convergence of important points of economic policy, of social policy, of fiscal policy, of budgetary policy, is only possible for those who accept discipline. And that's the reason why I proposed to decide in common what objectives we want to reach within the framework of the Union, of the Common Market, and then to make proposals by the Commission for the Council to decide. The Council could decide at the same time the help we could

give those member states that are not yet able to follow the decisions of the stronger ones. That's, in a nutshell, the difficulty. But I am convinced that in the Western world things will not improve if we don't find a solution for monetary problems.

Wheeler: The one aspect of this report that really stirred up a hornet's nest was the question of the snake. The report said basically that the snake should be used, should be developed, in order to bring the European Community closer to an economic and monetary union, that states within the snake or states which are more able to progress because they are economically healthier than other states in the Community have a duty to forge ahead, in other words, at a faster pace than the others. Now, this led to an immediate outcry—it's the only word—in many parts of Europe that what Mr. Tindemans was doing was proposing a two-speed Europe, a two-tier Europe, a convoy which would move at different paces. And it was alleged that this proposal of his would deepen the gulf that already exists between the economically stronger states like Germany and the weaker states like Britain.

Mr Tindemans, as he will tell you, has several times denied that this is what, in fact, he was proposing. But, nevertheless, the impression that he was proposing this has been made a great deal of, and it has not been totally possible to disperse it. And so, there has been a lot of discussion, which has been joined by the discussion of the question of Greek membership. In other words, the question of bringing in new members has exacerbated this dispute, and we are still at a stage where nobody is really quite sure whether Mr. Tindemans was suggesting a two-speed Europe or not.

Tindemans: You put it in an excellent way. There exist two Europes for the moment. There is a Europe at two speeds or a two-tier Europe because member states are participating in the snake and other member states are not. And the Commission is not participating in the activities of the snake. So, when I propose to put it in the framework of the Community, I'm trying to find a solution for that very specific question. And there was one small phrase, I think, in my report, that was overlooked because I said "following the rules of the Community." That means the Commission must make proposals following the philosophy of the Treaty of Rome and that the Council of Ministers will decide. So, nothing can be done without that specific EC framework. And, at the same time, when they propose decisions which cannot be accepted or implemented immediately by weaker member states, they must propose at the same time intermediate steps to enable these member states eventually to accept and implement the same measures. I think it's the only possibility to make some progress. Otherwise, we will fall apart, and it will be the end of the Common Market. ■

THE RHINE-RHÔNE CANAL



JAMES O. GOLDSBOROUGH, *Paris-based correspondent for the International Herald Tribune*

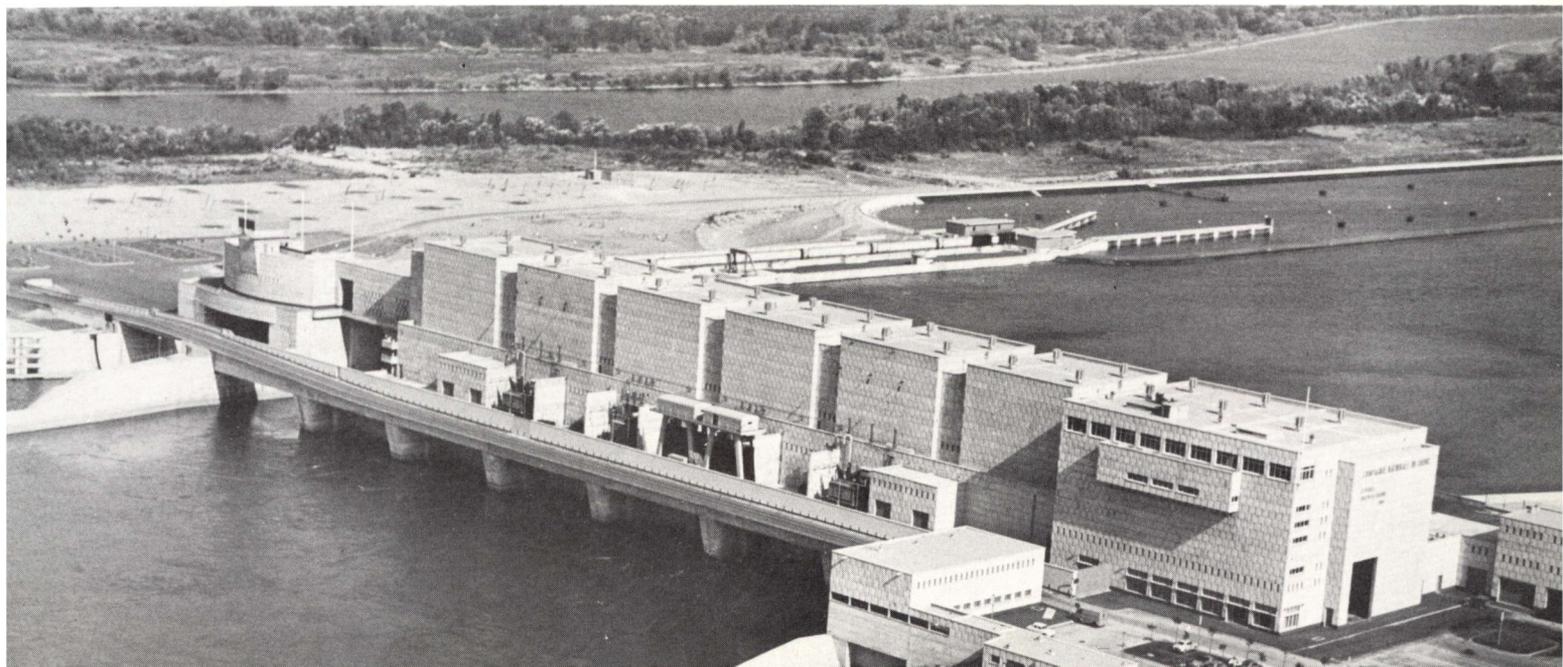
WHEN FRENCH PRESIDENT VALÉRY GISCARD D'ESTAING announced that the Rhine-Rhône canal would finally get underway this year, he gave the go-ahead to a project that Europeans have dreamed of since Charlemagne: the linking of the North Sea to the Mediterranean by an inland waterway. Not only that, but with completion by the West Germans of the Rhine-Danube canal now set for about the same time—the mid-1980's—the final link will be provided in another European dream: the bridging of East and West Europe by water, from the Dutch dikes to the Black Sea.

Both these expensive projects have their opponents, but both governments have decided that, despite unsure projections about profitability, Europe no longer can put

them off. When he gave the green light to the Rhine-Rhône canal in a November speech in Dijon, Giscard d'Estaing stressed the project's historical and symbolic importance, creating a "river to irrigate economies and unify peoples." It is in the "interest of all Europe," the French President said, to connect the great French and German rivers. For France, it would enable her "to be present at the great economic and geopolitical rendezvous of Europe at the end of the next decade"—a clear reference to the European Community's plans for European union.

The Rhône-Rhine canal, which will cost an estimated \$1.3 billion by the time it is finished, is expected to open up whole new regions of eastern and central France to

The Rhine River near Bonn (above) and (below) a hydroelectric plant with canal lock on the Rhône River. Photos by the German Information Center and M. Brigand, Electricité de France.



industrialization. No longer will the broad Rhine—so crucial to the life of Belgium, Holland, and West Germany, end in a *cul de sac* in Switzerland, as it does today. Instead, it will flow across Alsace and into the Saône, emptying into the Rhone at Lyons and flowing on to the Mediterranean. The French, ever interested in attracting West German capital beyond the narrow border area of Alsace it now serves, hope that this broad valley of central France stretching down to Marseilles and the new industrial complex at Fos, will become an axis of Franco-German cooperation, linking the overpopulated industrial north of Europe with the growth potential of central France.

Both the German and French projects are part of a new European economic strategy to improve inland waterways in coming years, take the pressure off road and rail building, and further improve the interaction among their several economies. The French and Germans are not alone in the effort. The completion last fall by Belgium and the Netherlands of the inland canal linking Antwerp and Rotterdam reflects the same thinking. For more than 100 years the Belgians had wanted to complete that link, which also shortens their passage to the Rhine by several locks and 20 miles.

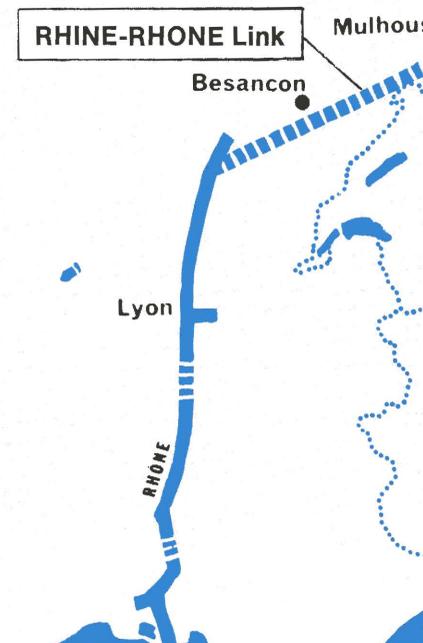
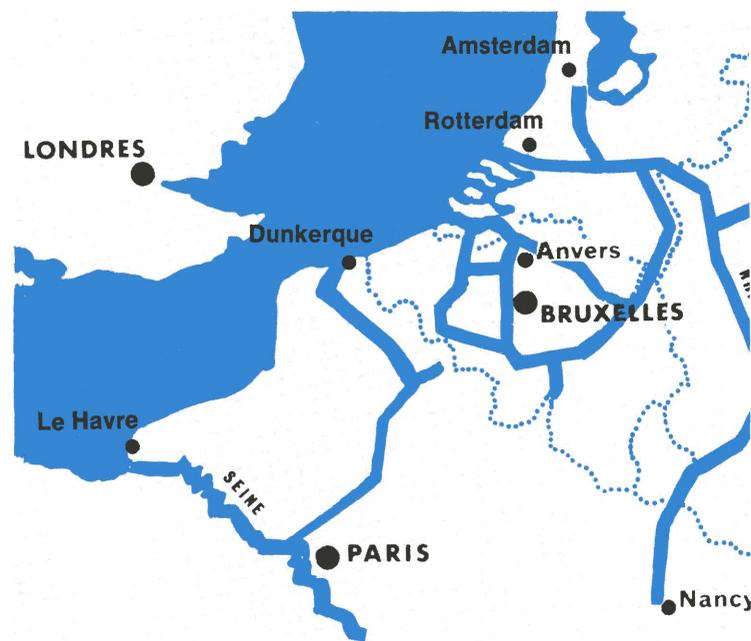
French hesitation over the cost of the Rhône-Rhine link was long-standing. Critics of the project, such as former Gaullist Minister Edgar Pisani, have argued that the money could be better spent, that for the same cost 1,000 kilometers of freeway, 2,000 kilometers of railroad expressway, or 65,000 new apartments could be built. He said that the same \$1.3 billion would finance 100,000 new jobs. Impressive arguments, especially when even the champions of Rhône-Rhine admit that the rate of return will not exceed 4 per cent per year (when 10 per cent is estimated as a reasonable return), and that even among canals there would be better investments, for example building a new Paris-Lille link.

The deciding factor for Giscard d'Estaing appears to have been the success of the Moselle canal, from the Rhine through Luxembourg to Metz and Nancy in the Lorraine. That canal, completed last year after 10 years of work, has passed all projections in performance.

"THERE ARE CERTAIN INTANGIBLES that never can be precisely evaluated," explains Pierre Guérin, engineer at the French Public Works Ministry. Guérin points out, moreover, that French statistical and actuarial methods tend to leave out the intangibles more than do, for example, West German methods. The result is that while the prevision for the Moselle canal was for 7 to 8 million tons of traffic in 1975, the canal actually did 10 million tons of business. "A new project such as Rhine-Rhône," say Guérin, "can generate new patterns that are impossible to foresee."

The French long have had something of an inferiority complex about their canals vis-à-vis the Germans, just as they do over their freeways. The West Germans use their inland waterways for over 30 per cent of total transport, and the Belgians and Dutch reach even higher percentages. The French, on the other hand, ship only 8 per cent of their tonnage by inland waterway. Barely 10 per cent of the French system is capable of taking barges of 3,000 tons or more, standard size for the new fleet of pushed, flat-bottomed giants that now ply the German waterways. Anyone who has ever ridden the French canals, mostly built by Colbert under Louis XIV, knows their delights, especially in the summer months. But despite their charms—or perhaps because of them—the network remains highly inefficient for modern transport.

In fact, a modest canal of such scale already connects the Rhine and Rhône, but it is largely unused. Built in the



last century, its course will be followed for about half of the new 140-mile route, but none of its facilities will be saved, for they cannot be used for the huge barges of today. The new canal will be all new, with 24 locks, newly dredged beds, and a depth of 3.5 meters, extended to 4 meters in the locks. Instead of 40 yards wide, as is the old canal, it will be 200.

It is a mighty project, in a sense something the French have been looking for since the British withdrew from the English Channel tunnel project last year. It is arguable, and is argued at the French Public Works Ministry, that Rhône-Rhine is possible only because the British abandoned the Channel tunnel. There always is a limit to the amount of financing available for these mammoth projects without putting too much strain on the capital markets. Moreover, many of the firms to have been engaged in cutting under the Channel now will be working instead

cutting a wide trench across eastern France. Of the two, the Public Works Ministry probably would have preferred the Channel, for all studies showed it would have been an immediately profitable investment. But with the new link to Britain impossible for the moment, the French will concentrate on this new link to West Germany, and beyond.

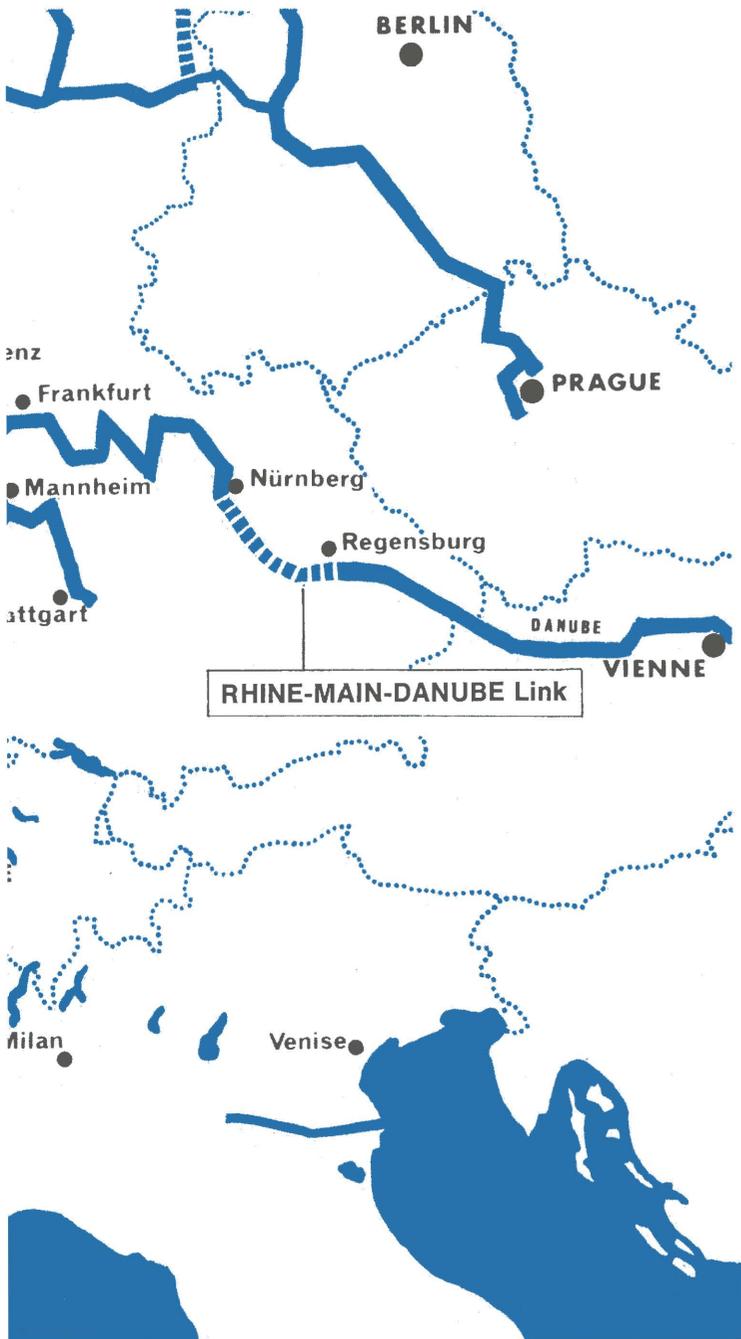
For France, it is not simply a matter of opening cities such as Strasbourg, Mulhouse, Besançon, and Lyons to the commerce from the North, but of attacking the problems of regional development that have plagued the country since Henry IV. French life is still so centered on Paris that economic ties among the nation's regions are stifled. It is almost impossible, for example, to go from Strasbourg to Marseilles, the capital of the East to the capital of the South. The canal will open up new patterns of regional life, in addition to providing traffic for the industrial complex at Fos, the multi-billion dollar development near Marseilles the French hope will grow to become the Hamburg or Rotterdam of the Mediterranean.

Six major French regions will be touched by the canal, and politicians from all parties in those areas have cheered its beginning, though some of them, such as Socialist Jean-Pierre Chevènement, have warned Paris not to expect the regions to put up any of the financing. The six regions are Alsace, Franche-Comté, Bourgogne, Rhône-Alps, Provence-Côte d'Azur, and Languedoc-Roussillon.

The present planning calls for about half the land to be acquired this year, with digging to begin from the Alsace end before the end of the year. About \$90 million has been allocated for land acquisition, mostly farming land along the river banks. The scale of the project is impressive. Its 24 locks will accommodate a change in altitude of 275 yards. Fifteen dams will need to be constructed, plus 86 bridges. It will be able to take barges of 4,000 tons, and, when the depth is increased to 4 meters, of 6,000 tons.

It is a project destined to change the life of much of the area, and its scale alone is enough to give pause in much of the region affected. For there is serious, well-founded opposition to the project from farmers, environmentalists, fishermen—the people who for one reason or another have elected to stay in these areas precisely because they are unindustrialized, have retained their beauty, and provide an escape from the sound and fury of French ports and cities, and the urban sprawls mushrooming around them.

Already these people have banded together in the six *départements* concerned, and they will be certain to speak out when the public hearings begin this year. For the first step to be held throughout the area will be the posting up on the walls of towns and villages notices of intention to build, notices that are certain to arouse and divide the townspeople.





Commercial barges share the Rhine in springtime with pleasure boats along the river's vine-covered and castle-dotted banks. UPI Photo.

TAKE THE FISHERMEN, for example. For countless hundreds of years they have dropped their lines into one of the cleanest rivers of France, the Doubs, which springs from the valleys of the Alps and flows across a part of rural France still untouched by industry and development. Quoted in a local newspaper soon after the decision was announced, an inhabitant of Belfort had this to say: "They are going to open the Doubs to water from the Rhine? That sewer!" Referring to the place the Doubs occupies in local life, he said, "A river, even slightly polluted, flows and nourishes life. But a canalized river is simply a chain of stagnant pools. It is dead."

Marcel Verneaux, head of the Association for the Protection of the Doubs, added this: "The entire basin is going to be drained, all the way to the Swiss border. Already this river is supposed to feed the cities of Montbéliard and Besançon. How will it be able to feed the canal without emptying it?"

The farmers associations, which only recently spent long months and considerable money lobbying against new highway construction in the region, are reluctant to enter a new fight, though sentiment in them clearly runs against the canal. The leading farmers' group from the Doubs area estimates that 1,500 hectares of cultivated land will be lost to the canal.

Serious arguments, all of them. They will be taken into account, and the Public Works Ministry claims that the

best solutions will be found to solve all of them. But the ministry doesn't expect them to block the canal. It simply has taken on too much symbolic importance to the nation.

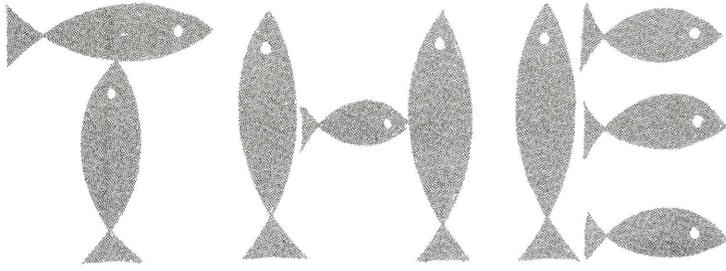
The French see the canal as literally changing historical patterns of trade and commerce. Says Pierre Pflimlin, mayor of Strasbourg: "This can be a particularly effective instrument for expanding not only toward the rest of Europe but toward the Middle East. It will provide an effective link between the Rhine and the Middle East. No longer can it be said the Mediterranean has become an Arab lake destined for economic stagnation."

In a sense the Rhine-Rhône canal is a reaction to the Rhine-Danube effort, opening West German might to the East European Socialist countries. The French, indeed much of Western Europe, long have feared that Western Europe might one day grow too small for West Germany. That thinking was the key reason that prompted Georges Pompidou to reverse Gaullist policy and open the Community to Great Britain. With the completion of Rhine-Danube, which the Soviet Union has backed politically though without contributing anything financially, commerce between East and West will increase, and it is clear that France does not intend to be cut off from the new currents.

But if part of the French thinking is that French trade too will find its way down the Danube, the main consideration in the Rhône-Rhine decision was the Franco-German relationship. These two giants of Western Europe have become each other's largest buyer and seller. The Franco-German economic relationship, reversing historic patterns, now is the third largest bilateral trade relationship in the world, ranking only behind US-Canada and US-Japan. Given this scale, all must be done to maintain and enlarge it. Thus the Rhine-Rhône canal will exert as strong an attraction on West Germany as the Rhine-Danube, and given the greater importance of France in the West German economy than Eastern Europe, the Rhine-Rhône is expected to be the big success.

With the re-opening of the Suez Canal, however, the Mediterranean is coming back to life. Perhaps the giant oil tankers have found other routes, but ordinary business shipping is on the increase, and ports like Marseilles, with Fos, are beginning to get part of the action. The East-West connection is being increasingly talked about today, and it is certain to be helped by the completion of both canals.

"The relations that we have built up with the Black Sea Socialist countries would have been short-circuited by the Danube-Rhine canal alone," says Gaston Defferre, the Socialist mayor of Marseilles. With both canals, however, the French feel such trade can only be stimulated. "It goes beyond regional interests," says Pflimlin. "It is a great question of overall political and economic strategy." ■



COD WAR

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

ON BRITAIN'S EAST COAST, AN OLD SIDE-WINDING TRAWLER limps up the Humber, toward its berth on St. Andrew's dock in the port of Hull. It's a dismal homecoming: A stinging south-easter is blowing and the old ship didn't make a profit on its run—didn't "get its trip," as Britain's trawlermen say. Instead, it lost valuable fishing time dodging Icelandic gunboats, then suffered a mechanical breakdown and, denied the repair docks of Iceland's ports, had to head home. After three days on the town, its 21 crewmen will join 12,500 other unemployed men in Hull in competing for a place on the next ship out. As for the old ship itself, it may never put to sea again. Some 30 other ships at Hull—and more at Grimsby and Fleetwood—were left to rust within the past year alone. None was replaced.

Eight hundred miles to the north, British trawlers and frigates dance a dangerous quadrille with Icelandic gunboats in the cold Atlantic off Iceland's Seydisfjord. Sometimes the gunboats surprise the trawlers to try to arrest them as they shelter in the fjord from a winter gale. Sometimes they swoop as the trawlers are fishing, nipping in aft to cut their nets with the v-shaped steel blades they tow behind them. Sometimes the frigates get between, to protect the trawlers. Then there are threats, and occasional rammings, and even shots, not always blanks. Somehow, no one has been killed, but it's a miserable way to earn a living.

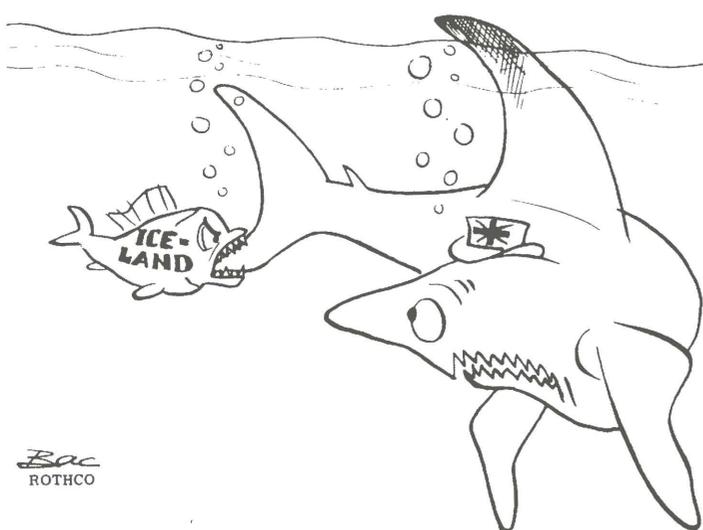
Over on the western side of Iceland, this misery has company on a flat and stony peninsula, 35 miles along a winding road out from Reykjavik. Three thousand American servicemen and their 2,500 dependents live and work at the Keflavik air and naval base, keeping an eye on Soviet activity in the North Atlantic. Although the base is the result of a bilateral American-Icelandic treaty, it comes under the general umbrella of the North Atlantic Treaty Organization (NATO) and has become a pawn in the struggle over fishing: Icelanders, never fond of this foreign presence anyway, have demonstrated against it and have threatened to close it unless the NATO allies force the British frigates to go away. At Keflavik, the American soldier on behind storm fences in a landscape that is stark and lunar, even by Iceland's standards. Children play in rocky yards around rusting stationwagons outside their barracks home. The NCO club offers the only entertainment. The whine of jets is a constant noise. The wind blows and blows.

Go back 1,000 miles southeast, to Brussels. There, the NATO Council—the ambassadors of the 15 NATO nations—meets in worried conclave in Conference Room One at the alliance headquarters and puts ever greater pressure on Britain and Iceland, both NATO nations, to reach a settlement. Two NATO countries had never broken diplomatic relations, but Iceland did on February 19. No NATO nation has ever quit the alliance, but Iceland is threatening that, too.

A few miles away, closer to the heart of Brussels, the Common Market Commission maintains its refusal to reduce the Community's tariffs on imports from Iceland—reductions to which Iceland, as a member of the European Free Trade Association (EFTA), is otherwise entitled—until it settles its fishing dispute with Britain. At the same time, the Commission must prepare a new fisheries policy in preparation for the day which may come this year—when the whole world will adopt the principle of 200-mile territorial waters. The Commission knows that the two problems will, in the end, only complicate each other.

These are some of the landmarks of the Cod War, which is probably the oldest established permanent floating fish story—or saga—in the world. It began in 1952, has erupted periodically over the years like an Icelandic volcano, and is in its fourth round now. As in most wars, there are more losers than winners. Like the British fishermen, Icelandic coast guards, American servicemen, and Western diplomats mentioned above. Or the British Government in Whitehall, retreating step by step in the face of Icelandic demands, yet never able to get a settlement. Or the Icelandic Government in its house overlooking Reykjavik harbor, locked in a hard line by a xenophobic public, dependent on fish for the nation's living, yet aware that this line is alienating it from the Europe to which, by history and tradition, it belongs.

THE COD WAR HAS ITS ORIGINS in the geography, sociology, and history of Iceland. The tiny nation (only 218,000 persons) hangs like an appendix from the Arctic Circle, hundreds of miles from anywhere, locked in cold and darkness much of the winter, buffeted not only by weather but by earthquakes and volcanos. Most of the island is rock. Steam geysers puff from the ground inside the capital of Reykjavik itself. It's a bleak, tough environment, and it has produced a bleak, tough people, totally dependent on themselves and their own hardihood for survival. These are circumstances that breed a stern patriotism, a defensive cultural pride, an isolationism, a self-reliance that takes little notice of the outside world, and a disinclination to compromise with adversity.



Bac, Nuernberger Zeitung, Germany.

The Keflavik base is Iceland's only contribution to NATO. Apart from the coast guard gunboats, it has no military budget at all. The Americans at Keflavik have run up against Iceland's cultural pride: The Icelandic language, benefiting from so much isolation, is the purest Scandinavian tongue, and the government has forced the American television station on the peninsula to black out the rest of the nation, lest it blight the cultural and linguistic heritages of Iceland's youth.

Iceland's economy is equally inward-looking and, increasingly, a troubled one. The inflation rate, varying from 30 to 55 per cent annually, is the highest in the Western world. Only two devaluations of the krónur, amounting to 37 per cent altogether, have kept Icelandic fish prices competitive, but have shoved up the cost of the many necessities which the country must import. Over the past two years, world fish prices—especially in the United States, which takes 70 per cent of Iceland's fish exports—have fallen drastically, and the country's trade deficit is a whopping \$120 million.

The only foreign investment is a Swiss-owned aluminum mill. Other foreign firms would like to locate there,

to take advantage of all that cheap thermal electricity underground (basically, Iceland is the world's biggest tea kettle). But the Icelanders say "no" and instead have based their economy on the huge schools of fish off their shores. These fish, even after the collapse of world prices, provide more than 80 per cent of Iceland's export income. Without them, Iceland—which has one of the world's highest living standards—would go broke. And that, of course, is the cause of the Cod War.

Iceland, once a colony of Denmark, has been independent only since 1944. Eight years later, in 1952, it extended its fishing limits, for the first time, from three to four miles. Britain temporarily closed its port to Icelandic fish imports, but this incident—Cod War I—was quickly settled.

Cod War II came in 1958, when Iceland proclaimed a 12-mile zone. Then as now, there were daily conflicts between Icelandic gunboats and British navy vessels. A Reykjavik newspaper printed pictures of Queen Elizabeth captioned "Her Majesty the Thief" and the British embassy was under police protection. A British-Icelandic agreement in 1961 ended these hostilities, and British trawlers fished the Icelandic banks unhindered for the next 12 years, fueling Britain's appetite both for fish and chips and for fish fingers, usually made from cod.

Cod War III broke out in 1972 when Iceland proclaimed a 50-mile limit. Once again, the gunboats and frigates appeared. Once again, Iceland justified its action on the special, vital role that cod (which British trawlers fished almost exclusively) plays in Iceland's economy: Unless fishing of cod could be controlled and conservation promoted, the government said, the stocks might be decimated and Iceland's economic future imperiled. For the first time, Iceland threatened to break diplomatic relations, leave NATO, and kick the Americans out of Keflavik. The International Court of Justice issued an injunction against Iceland, which ignored it.

THE COMMON MARKET GOT INVOLVED in the Cod War at this stage. Iceland, like the other EFTA nations, made a special treaty with the Community when Britain, the leading EFTA nation, entered the Common Market. This treaty provided for a huge EFTA-EC free trade area, with progressive dismantling of tariffs between EC and EFTA nations. For most of the EFTA nations, these tariffs have fallen since 1973 to only 20 per cent of their previous levels and will vanish altogether next year. But the treaty with Iceland was made dependent on a satisfactory fishing agreement between Iceland and the EC nations—specifically, Britain and West Germany. Otherwise, Brussels said, EC tariffs against Icelandic goods would stay as high as ever. And so they have.

Cod War III continued into late 1973. British planes were banned from Keflavik. The gunboats began to open

fire. Rioters in Reykjavik smashed windows at the British embassy. NATO Secretary General Joseph Luns went to Reykjavik and London to mediate. Finally, Iceland delivered an ultimatum: Either British warships left Icelandic waters by October 3 or relations would be severed. On October 2, the then British Prime Minister Edward Heath announced that the warships were leaving "on the assumption" that British trawlers would not be "harassed." The then Icelandic Premier Olafur Johannesson went to London, and within a month a temporary, two-year agreement was sealed. The number of British trawlers authorized to fish in Icelandic waters was cut from 169 to 139. (The number has fallen since through attrition to about 100.) These trawlers were allowed to fish within the 50-mile limit but only within six specified areas. Five of these areas could be fished at any one time; each area would be closed, on a rotating basis, for two months per year.

The agreement specified no catch limit, but the new rules presupposed a maximum British catch of some 130,000 tons of cod per year. It's a figure worth noting, because it shows the erosion in British fishing around Iceland over the years. Between 1960 and 1969, Britain caught an average 210,000 tons per year. In 1969 itself, it caught 233,000 tons. During the 1972-73 war, Britain first offered to lower this to 185,000 tons, then went down to 170,000 tons on World Court orders, then offered 163,000 tons, then 158,000, and finally settled on 130,000 tons. Lower figures were to come, as we shall see.

This agreement would have cleared the way for Iceland's free trade deal with the Common Market, except that Reykjavik could not work out a similar agreement with Germany. By the time an agreement with Germany was fixed in 1975, the agreement with Britain had expired.

The most interesting thing about the first three Cod Wars is the way they have repeated themselves in Cod War IV, which began on July 15, 1975, with Iceland's announcement that its fisheries limit would go out to 200 miles on October 15, giving it control over an area six times the size of Iceland itself. Britain and Germany protested, and the EC Commission said that plans in the works to lower the 15 per cent tariff on Icelandic fish exports to the Community would have to be suspended.

Iceland based its 200-mile decision both on the familiar arguments about sovereignty and fish conservation and on the expectation that the other coastal nations of the world—including Britain—will probably adopt the 200-mile limit sometime this year. In this, it was perhaps guilty of no more than jumping the gun.

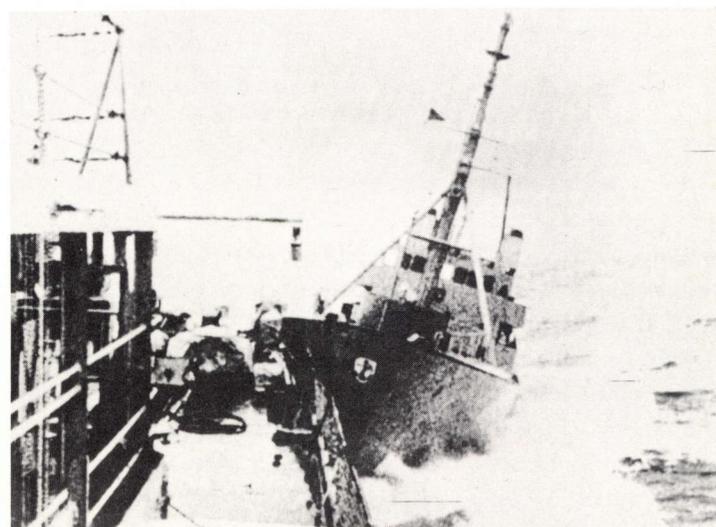
Last November 13 the 1973 two-year agreement between Britain and Iceland expired. On November 15 Icelandic gunboats began cutting British trawls. On November 25 British navy frigates were ordered into Icelandic waters, and Icelandic Premier Gier Hallgrimsson threat-



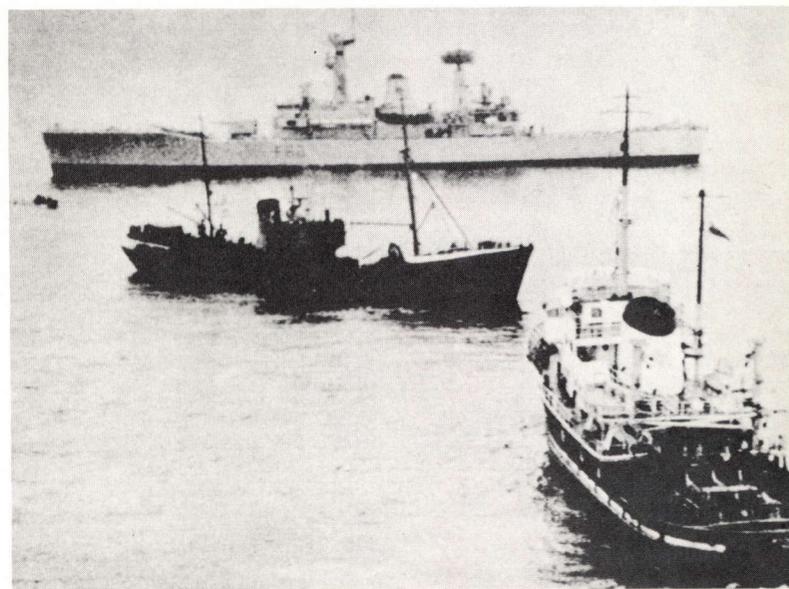
Fisherman on the British trawler "Lord Jellicoe" yells to the photographer: "It's our fish and we'll never let them shoot it out of our hands!"

The moment when, according to the British Defense Ministry, the Icelandic gunboat "Thor" rammed the British frigate "HMS Andromeda" off northeast Iceland in January.

UPI Photos.



The British trawler "Everton" covered by the British frigate "HMS Jupiter" and the tugboat "Statesman" after taking fire from the Icelandic gunboat "Aegir" off the island of Grimsey.



ened to break diplomatic relations to protest this "unmasked armed violence." Icelandic airspace and airports were closed to the RAF, and in December Iceland threatened once again to quit NATO and close Keflavik. Britain offered formally to lower its catch limit to 110,000 tons and made it clear it would go below 100,000 tons if necessary—maybe all the way down to 85,000 tons, barely one-third of its 1969 catch. But Iceland offered only 65,000 tons, said it was "not negotiable," then withdrew even this offer, and began hinting at lower levels.

EVENTUALLY, ICELAND SAID, it wants no British fishing at all within the 200-mile zone. In addition, Iceland demanded British support for free entry of Icelandic fish exports into the Community. Britain agreed that some conservation was necessary and said it could agree to nets with larger mesh and other methods to let smaller fish escape and promote spawning. But the British said the Icelanders were the prime culprits in the decimation of cod stocks, and even scientists disagreed on just how serious the conservation problem really was. Accompanying this debate was the familiar tinkle of glass as demonstrators in Reykjavik broke British embassy windows with snowballs.

Luns went to Reykjavik to talk with Hallgrimsson and returned with the Icelander's promise to go to London if Britain withdrew its frigates. But just as Luns was meeting with British Foreign Secretary James Callaghan to formalize this deal, the Icelandic premier suddenly issued a public ultimatum, threatening to break relations unless the frigates left. Luns, furious, telephoned Hallgrimsson, who quickly backed down. The ultimatum was withdrawn. The frigates left. No Icelandic promises were made, but Britain was "given to understand" that its trawlers were safe. Hallgrimsson flew to London for talks. The NATO Council heaved a sigh of relief and publicly praised British restraint—a sign that, in the NATO allies' eyes, Iceland

was beginning to overplay the David-and-Goliath angle. It all seemed to be heading once again for a truce, 1973-style.

But the script went sour. The talks ended inconclusively. Britain, under pressure from its fishermen, sent the frigates back in. Iceland went to the brink of breaking relations, then—arm-twisting—pulled back. Then, on February 19, Iceland *did* break diplomatic relations with Britain.

In the meantime, the EC Commission prepared its new common fisheries policy, to keep cod wars from breaking out all over when the 200-mile limit becomes common. The new limit will give Community nations thousands of square miles of new coastal waters; but the same will be true of non-EC nations whose coasts are now fished by EC trawlers. On balance, Community fishermen stand to lose more than they gain: Britain in particular takes about one third of its 1 million tons of fish each year in non-EC waters; and its fishermen, if shut out of these waters altogether, could lose \$190 million. At the same time, some 60 per cent of the Community fish stocks in the North Atlantic lie within Britain's 200-mile limit; Community rules say these waters should be open to fishing by trawlers from all EC nations, which is more competition than Britain wants.

The Commission recognized the problem and suggested several ways to get around it—"coastal bands" reserved for local fishermen, subsidies or compensation for hard-hit ports, quotas. The danger lay in delay: The 200-mile limits could be international law before the new policy is ready.

That is how things stand at this writing, leaving little but uncertainty in the ports at which we called as this report began:

- In Hull, the trawlermen wait. It's estimated that, for every 1,200 tons that Britain's catch limit falls, another trawler will go out of service and its 21 crewmen (and 100 other persons in connected shore-based jobs) will go out of work. The limit will almost certainly fall by 50,000 tons per year, and that means 5,000 jobs.
- Off Seydisfjord, 40 British trawlers have returned to the banks. The frigates are there to protect them, ramming and being rammed. Still, no one has been killed—yet.
- In Brussels, NATO seeks both a solution and an alternate eye on the Russians should Keflavik close.
- In Reykjavik, the government maneuvers between its NATO allies and the powerful nationalist sentiment at home. With each day, its elbowroom gets smaller. In Iceland, fish equal politics, and real concessions to Britain would be political suicide.
- In London, a Britain that once ruled the waves tries to keep its fishermen in business and its people in fish fingers. Weariness clearly is settling in. As the *Guardian* said in a recent editorial, "cod-catching with a bodyguard cannot go on forever." ■



"Active volcano!" E. A. Harris, Canada.

Mediterranean Survey

GREECE

*"The suitor is Greece, its beloved is Europe.
Now at last the confetti is being prepared.*

STEPHEN MILLIGAN, Brussels correspondent for *The Economist*

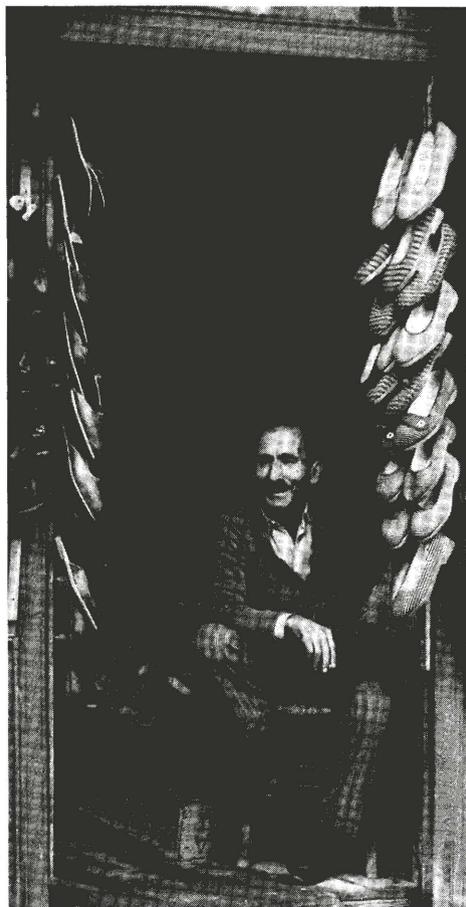
An old love-affair is on the road again. The suitor is Greece, its beloved is Europe. For 2000 years, Greece has flirted with its West European neighbors to the north, but marriage has never before been on the cards. Now at last, the confetti is being prepared. But this latest affair is likely to be slow-moving. Neither the bride nor the groom expect a wedding before 1979 at the earliest.

The Greeks first expressed their wish to join the European Community back in 1962 when they signed an EC association agreement. This deal provided for the slow removal of tariffs and other barriers to trade between the Community and Greece and for the gradual harmonization of the economies—for example in farm policies. The idea was that by 1984 Greece would be able to become a full-fledged member of the European Community. So far, so good. At that time Greece was a democracy. It belonged to the Council of Europe (a kind of parliamentary talking shop set up after the war in Strasbourg on the German border of France to discuss European affairs). It also belonged to the North Atlantic Treaty Organization (NATO) and played a key role in defending the Western alliance's Mediterranean frontiers. So it was quite natural to think of Greece joining the European Community.

Then in 1967 came a hammer blow. The colonels' coup which overthrew the Greek Democratic system was viewed with horror by the rest of Europe. Greece was chucked out of the Council of Europe, and the European Community decided to freeze most of the planned steps aimed at harmonizing the Greek and the EC economies. Between 1967 and 1974, relations between Greece and the Europeans were abysmal. The Europeans regarded Greece as an outcast and put the plans to include Greece in the European Community on the back-burner.

Then in 1974 the Cyprus crisis led to the overthrow of the Colonels' regime. Almost miraculously, democracy again returned to Athens—where it had first been born so long ago. On June 23, 1974, the telephone rang in the Paris apartment of the former Greek Prime Minister Constantine Karamanlis, to summon him home to lead a provisional government. By November, Karamanlis's own center-right party, known simply as "New Democracy," had triumphed in an election, winning 54 per cent of the votes and a parliamentary majority of over two-thirds.

"Walking toward Europe": A shoe shop in Janina.
Robert Mottar, for OECD, Paris.



One of the principal planks in Karamanlis's platform was a promise to reestablish links with the European Community. He reckoned that if Greece could join the Community, it would help anchor the fragile ship of democracy in Greece and would also bring economic gains which themselves would increase the chances of stability in Greece. Karamanlis's views on the European Community were not opposed by the main opposition party, the Center Union, which got 21 per cent of the votes. The only opposition to the European Community came from the far left—the Pasok Party (Socialists), led by Andreas Papandreu, which got 14 per cent, and the Communists, who got 9 per cent of the votes.

Both these parties are semi-Marxist and do not want to see Greece operate either in the Western alliance or as a free-market economy; so naturally they do not think much of the capitalist European Community. Papandreu is a bright, charismatic politician who was engaged in an academic career in the United States, until he was recalled to head an economic research team by—ironically—none other than Karamanlis during one of his earlier administrations before the Colonels' coup. Although Papandreu did not pull many votes in the 1974 election, he is regarded as a future threat to centrist rule in Greece, and Karamanlis is unlikely to ignore him. One measure of the power of the left in Greece was that within a few months of taking power, Karamanlis felt obliged to pull Greece out of NATO's military command structure, although Greece remained a member of the alliance.

Karamanlis did not officially submit the Greek application to join the European Community until last June, but he had already sounded out European reactions and found a warm and friendly response. Poli-

ticians of all shades in Western Europe were determined to do what they could to help the cause of Greek democracy. As a first step, the EC Commission was asked to give an opinion on the problems involved with Greek entry. In the meantime, other European politicians waxed more and more enthusiastic. German Chancellor Helmut Schmidt traveled to Athens for his New Year holiday at the start of 1976 and held a televised press conference at which he emphasized German support for the Greek application. The Germans are especially worried by the instability throughout southern Europe: Spain and Portugal are in turmoil. Italy is poised for a semi-Communist government, and Yugoslavia could be in

European scale, and there has been some progress toward the harmonization of standards in industry and commerce. But most of the grand political targets have been missed. There is still no semblance of a common foreign policy.

The most glaring recent example of this came over Angola. The British tried to establish a common EC policy toward the Angolan war, calling for the withdrawal of all foreign troops. But the French refused to agree and so the Community could not even make a statement on the war. Later, when the Marxist MPLA had won the war, the nine EC governments made a desperate attempt to coordinate their announcements of recognition of the new regime—but once

decisions than in the original Six, for example over energy policy.

Thus the Commission naturally fears that if Greece joins the Community, this will yet again delay integration. What is more, if Greece is allowed to join the Community, it will be hard to say "no" to Spain, Portugal, or Turkey—all of whom might also want to join at a later date. The bigger the European Community becomes, the more unwieldy it is likely to become and the harder it will be to reach common decisions.

THE CHALLENGE to the European Community's foreign policy: Clearly, it would be harder to reach agreement on foreign issues with 10 members of the Community. But there is another more specific problem. The Commission fears that a Community including Greece would have its hands tied on policy toward the Mediterranean, thanks to Greece's unceasing quarrel with Turkey, notably in Cyprus. Greece might also use its power as an EC member (with the right of veto over EC decisions) to stop Turkey improving its links with Europe. In fact, Karamanlis has publicly said that if Greece were inside the European Community, he would support any application by Turkey to become a member. But this has not quashed suspicions of Greek motives, both in Brussels and in Ankara.

ADMINISTRATION SNAGS: The Commission did not officially list these in its paper, but Commission officials are all too well aware of them. If Greece joined the Community, a host of Greek civil servants would have to be brought to Brussels, and many existing Commission officials would have to be thrown out. Privately, some EC observers wonder if the Greeks could find enough

Gathering tobacco in a country where a third of the people work in agriculture.



Signing the April 1975 protocol extended the 1961 EC-Greek association agreement to include the three new EC member states, and the love affair was out of the deep freeze.

chaos when President Tito dies. So they want to do all they can to help stability in Greece.

BUT IT WAS NOT THE POLITICIANS of the Nine who raised the first objections. These came from the EC Commission, which began to consider the problems if Greece was allowed to join. These were listed in a paper which the Commission agreed to at the end of January 1976 and delivered to the Council of Ministers. The main problems the Commission considered were the threat to further EC integration. For the last 10 years, the European Community has steadily failed to meet most of its targets for further integration, both of political decision-making and for economic and monetary union. The Community has succeeded in creating a full customs union, with no tariffs on trade and in creating an EC-wide agricultural policy. There are a variety of funds—like the regional and social funds—usefully redistributing resources on a Eu-

again they failed thanks to non-cooperation from the French.

The one hopeful feature on the scene is that the nine governments have now agreed to hold direct elections for the European Parliament. Until now this parliament has been a toothless wonder, with no real powers. But fans of further European integration reckon that, once the parliament is given genuine democratic legitimacy by being directly elected rather than (as now) merely appointed from individual parliaments, this will provide a major spur to integration.

The long, tortuous negotiations to bring Britain (plus Denmark and Ireland) into the European Community and the period of uncertainty from 1961, when British Prime Minister Harold Macmillan first suggested that Britain should join, until 1975, when the British referendum finally confirmed that Britain would stay in, did much to delay progress on integration in the European Community. And since Britain joined, it has proved even tougher to get common



Two-thirds of all goods traded between Greece and the Community, such as these being shipped at the port of Piraeus, are already tariff-free.

men of adequate caliber. A Greek Commissioner would also have to be appointed to join the other Commissioners who sit on the board which runs the Commission. Even more of a problem is that Greek would have to be adopted as one of the EC official languages. There are already six, and it caused quite enough pain when Britain, Denmark, and Ireland joined—every single piece of EC paper had to be translated into English and Danish. But, as the Greeks can fairly point out, the Community was also ready to admit Norway at the same time—which would also have meant the inclusion of an extra language.

COST: If Greece joined the European Community, it would have to pay out large sums to Greece under its existing policies, including the farm fund, the regional fund, and the social fund. Like low-income Ireland, Greece would stand to benefit financially from nearly all the present EC policies. Preliminary calculations by the Commission show that Greece would be entitled to some \$450 billion from the Community and would only have to pay some \$151 million a year. At a time when there is budget stringency in every treasury in Europe, this will not be popular and will divert funds from much needed areas inside the existing Community.

COMPETITION HAZARDS: Some members of the existing European Community are a little scary about the effects of having to compete with Greece. The French and Italian farms and vineyards are not wild about having to compete with cheap tomatoes, peaches, olive oil, and wine from Greece. But this problem has been exaggerated. Greek farm exports are not large and are declining in relative importance. Ten years ago, four-fifths of Greek exports were farm goods. Today, only one-fifth of exports are farm goods (although a third of Greeks still work in agriculture). As for Greek

wine imports, these only account for a tiny 1.6 per cent of all EC wine imports—so there is little need for the southern wine-growers in the Community to shake their bottles.

Much more important, however, is the impact of free competition on Greece itself. Extra industrial competition from the European Community would not matter too much: Two-thirds of all goods traded between Greece and the Community are already tariff-free under the customs union section of the 1962 association agreement. But recent accords signed between the European Community and third countries, including European Free Trade Association (EFTA) countries (like Norway and Portugal), Third World countries, and other Mediterranean states, mean that Greece will be exposed to tough competition especially in farm goods. According to the Commission paper, "this aspect of membership could give rise to serious problems."

WEAKNESS of the Greek economy: If Greece joined the Community, it would be easily the poorest nation of the Ten, with an income per head even lower than that of Ireland. This would not help progress toward monetary and economic union inside the European Community. However, Greece has been industrializing rapidly, and between 1968 and 1974 its average growth rate was 6.6 per cent—nearly half as fast again as the EC average. True, it has experienced higher inflation, but this now seems to be falling (15 per cent at the last count). A bigger problem is the Greek trade balance. It is in persistent deficit with all nine EC countries and overall is badly in the red. According to the Commission, this will probably "constitute a major constraint on economic growth in the coming five-year period."

GREEK EMIGRATION: Some Europeans have

been afraid that if poor Greece joined the rich European Community, there would be a stampede of Greeks emigrating to jobs in the rest of the Community. Already some 290,000 Greeks have jobs in the European Community. However, this fear seems illusory. The recent trend in Greek emigration to the Community has been dropping fast. In 1970, 68,000 Greeks emigrated to the European Community, but in 1974 only 10,000 Greeks emigrated to the Community. In any case, the Greek Government is keen to keep emigration low because it wants to retain the labor to work Greece's new developing industries.

When the Commission discussed these problems, there was a heated debate, but it decided—against opposition from several Commissioners—to recommend some delay in letting Greece join. It advocated a pre-membership phase for Greece, in which Greece could adjust slowly and in which the rest of the European Community could provide aid to help it do so.

This suggestion did not go down at all well either with the Greeks or with the nine EC governments. The Greek Government reacted angrily. Karamanlis summoned all his EC ambassadors home and explained that Greece did not want to become a second-class member of the European Community but wanted to press ahead for full integration. Greek newspapers headlined their reports of the Commission's views "EC Blackmails Greece."

But the Greeks need not have worried. Two weeks later, the EC Council of Foreign Ministers specifically rejected the Commission's plans for a pre-membership phase and ordered negotiations to start as soon as possible. Talks will probably start in the summer. On the most optimistic timetable, they could be concluded within a year, followed by another year for ratification. This would allow Greece to join in 1979, perhaps with a five-year transitional period to full membership in 1984.

The negotiations and the battles over Greek entry are likely to be one of the central preoccupations of the European Community for the next three years. If Greece does succeed in joining the Community, then there would be momentous consequences for both. For Greece, it would mean the strongest political link it has ever enjoyed with West Europe. For the European Community, it would mean a new frontier—and, for the first time, a gap in the Community's frontier (Yugoslavia lies between Greece and the rest of the Community). More important it would give the European Community a foot in the eastern Mediterranean.

The EC "Global" Approach

"This common economic adventure affects 350 million people and provides every country in the region a better assurance of peace."

MARION BYWATER, *editorial adviser to the Brussels-based newsletter European Report*

The maxim that EC foreign ministers should have better things to talk about than fish fingers is attributed to that old-school statesman, Sir Alec Douglas-Home, whose outburst came when, as British foreign secretary, he had to attend an interminable late-night discussion in Brussels on negotiations with Norway. Whether he was right or not, he personally must have been thankful—if the story is true—that he was only around for the design stage of the Community's overall, or "global," approach to the Mediterranean.

Foreign ministers who survived the basic philosophy discussions of late 1972 were condemned subsequently to learning about the importance of canned fruit salad to the

the British market than yarn from a factory in EC associate Turkey, which was built with a financial subsidy from the Community's investment bank. Over the last three and a half years observers could easily have been forgiven for losing sight of the forest of political vision for the trees of tariff reductions and social security improvements.

But by the beginning of 1975, the vision was beginning to get the upper hand again—that dream described by EC Commissioner Claude Cheysson, responsible for the Community's development policy, as "a common economic adventure affecting 350 million people, providing every country in the region a better guarantee of its independence, a better protection against external interference, a better assurance of peace. In this way, the industrial and economic experience, the human and economic wealth, and the very large European market will be brought together on the one hand with the resources, the space, the peoples, and the ambitions of our southern neighbors on the other." And in Cheysson's view it is not just the citizens of Marseilles, where he was speaking, who are affected, but those of northeastern Europe, the Ruhr, the Hansa, Scotland, and Jutland—"even if sometimes they may have the feeling that the requirements of their defense, that their concept of

economic organization, that their search for secure energy supplies lead them to look across the Atlantic rather than the Mediterranean."

But it is early yet for the man in the street to feel much impact from the overall Mediterranean policy: Tariff concessions at best slow the rate of price increase, they do not bring prices down. Better social security for Europe's migrant workers—the 700,000 Turks, for example—are regrettably more likely to cause resentment than anything else. In the transitional period until EC industry has adjusted better concessions for Portuguese textiles exports, when employment in European textiles firms has dropped by 10-20 per cent in the last five years, resentment is also likely. And if the tourists who flock to the Dalmatian Coast each year are at all aware that the European Investment Bank is putting up the money for the new Adriatic motorway, they are unlikely to appreciate, or care, that with one \$50 million loan, if it comes about, the Community will have killed three political birds—bettering relations with Yugoslavia, keeping Yugoslavia from the arms of Comecon (the alternative source of financing), and building a much-needed road link between Greece and Austria (the only surface route to the rest of the European Community for



At January 20 EC Council of Foreign Ministers meeting, "which had better things to talk about than fish fingers." (left to right) Council President and Luxembourg Foreign Minister Gaston Thorn, Commission President François-Xavier Ortoli, and French Foreign Minister Jean Sauvagnargues.

British housewife, to discussing the competing claims of Italian and Tunisian olive oil, to deciding whether Italian oranges were really any substitute for Israeli grapefruit, to defining the extent of Europe's commitment to importing Algerian wine (after all it was the French who planted the vines in teetotal Moslem Algeria in the first place) at a time when the European Community was swimming in a wine overflow of 650 million gallons, to deciding whether cotton yarn from Commonwealth Pakistan has a stronger claim to access to

Main street in Dubrovnik, Yugoslavia, a country which could have had closer EC ties but preferred to preserve its political neutrality.

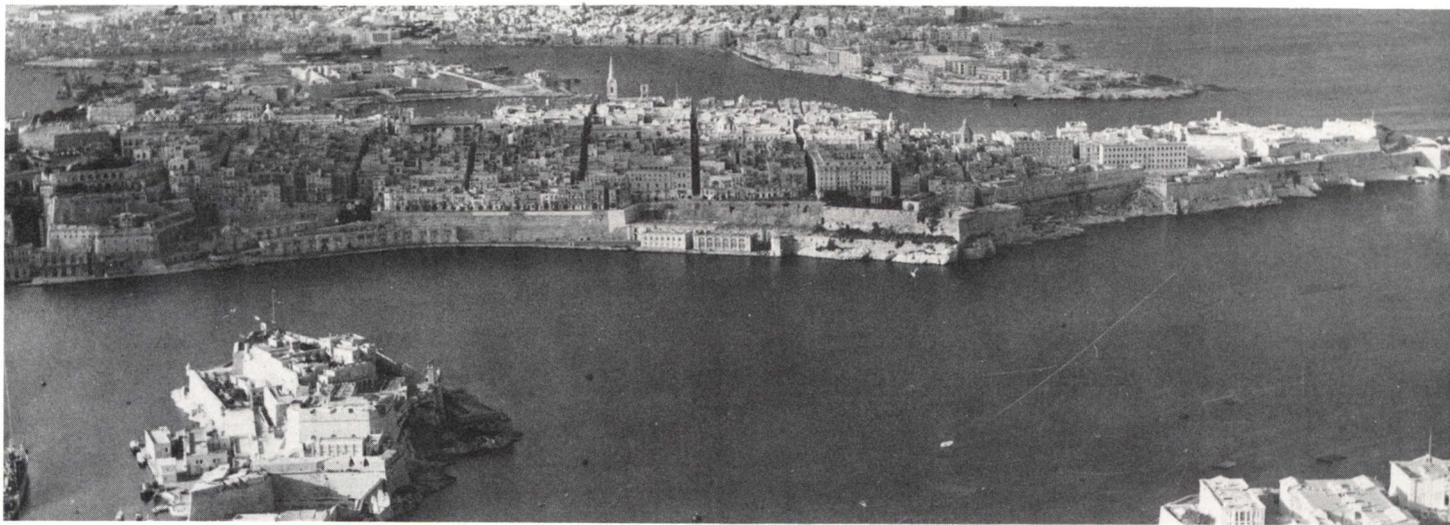


Greek merchandise if and when Greece becomes a member).

IT ALL CAME ABOUT essentially because of EC enlargement to take Britain, Denmark, and Ireland on board in 1973. By the early Seventies, the Six had a piecemeal network of trade arrangements scattered around the Mediterranean that had arisen more by luck than judgment: A preferential trade agreement with Spain, concluded in 1970. Preferential association agreements (the difference being that association agreements in some cases come with the option of eventual

by Commonwealth preference in trade. (Cyprus was kept at bay in the interim with a limited association agreement, which came into effect in May 1973, and temporary protocols were concluded with a number of other countries to prevent a legal vacuum where possible.) In addition, Britain had long-standing trade relations with Spain and Israel, which in particular sold large quantities of agricultural produce to the less protected British market. This fact has added a certain disincentive to the Spaniards to negotiations in the past couple of years since

out of this patchwork, the Community decided in November 1972 that it would offer preferential deals to any country bordering the Mediterranean. The approach was not originally conceived in quite such generous terms as finally emerged after three years of haggling. This was essentially due to the efforts of Algeria, Tunisia, and Morocco. Their hand was strengthened in the meantime by their post-energy crisis position of power. Having seen what the African countries to the south of them (some of them fellow Arab states) had obtained when they



Valletta, the capital of Malta, whose reviewed and expanded agreement with the Community is expected to go into effect later this year.
Malta Government Tourist Board.

membership) with Greece and Turkey, concluded in 1962 and 1964. A non-preferential trade deal in the pipeline (it was concluded in 1973) with Yugoslavia (which could have had closer ties but preferred to preserve its political neutrality and which in consequence hovers on the edge of the EC global approach). Preferential trade agreements with Morocco and Tunisia, dating from 1969. A commercial and technical cooperation agreement with Lebanon, going back to 1965, and a still unratified preferential trade agreement with the same country, signed in 1972, the year a similar agreement was signed with Egypt. And an association agreement with Malta, which took effect in 1971. With Algeria the Community had never reached agreement, and Algiers maintained privileged bilateral arrangements with France.

All these had to be adapted to enlargement. It was mostly at Spanish insistence, that technical adjustments were not enough but that adaptation to a new economic reality was needed, that the overall approach was born. And obligations of the new member states had to be grafted on as well: There were Britain's political commitments to Malta and Cyprus, which were reinforced

any agreement would mean higher British tariff walls to jump in Spain's biggest EC market for farm produce—hence part of Spain's emphasis on a more sweeping approach than the Community originally envisaged. Israel was in a similar position but less inclined to balk, since the political advantages of an agreement were so considerable whatever the economic cost.

Then there was Portugal, one quarter of whose exports go to its former European Free Trade Association (EFTA) partners, Britain and Denmark, and for whom the industrial free trade agreement formula devised for the other EFTA countries was hardly suitable because most of Portuguese trade is in agricultural goods (canned sardines, tomato concentrate, and of course yet more wine). But while Portugal was still a dictatorship, the Community was extremely circumspect, and EFTA treatment with some extra concessions had to do. Since the change of regime, however, Portugal has been welcomed into the EC Mediterranean policy fold, though it remains something of an odd country out, rejecting association or membership and working out its own solutions.

Faced with making a meaningful whole

signed the Lomé Convention, they saw no reason why they should not do as well. (The unspoken reason in the Community's mind for disagreeing being that these countries are a far more realistic competitive threat.)

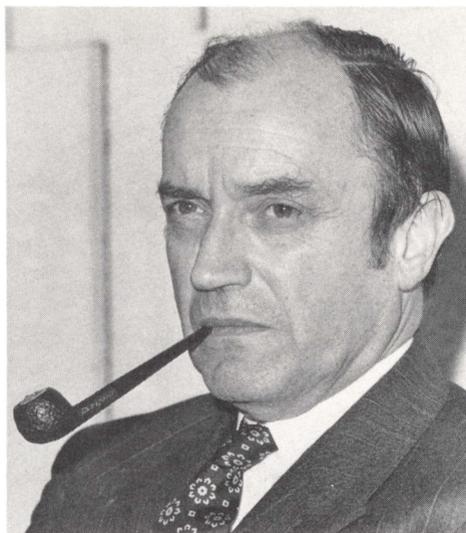
The resulting compromise for the countries of the southern side of the Mediterranean included: Completely free access to EC markets for industrial goods with only the vaguest commitment to reciprocate at some "appropriate" undefined date in the future. Generous access for their most important agricultural produce (much of which competes with that of southern EC countries and is better quality because it gets more sun). A better deal for their migrant workers in EC factories and their families, whether they accompanied them or stayed at home, and financial and technical assistance. In some cases this has been backed up by a special food aid effort and most recently an agreement on agricultural supplies with Egypt. In addition, the fact that the Community is now almost the sole support of the United Nations Relief and Works Agency (UNRWA), which looks after Palestinian refugees, has not gone unnoticed in that part of the world. (The

Arabs themselves decline to support UNRWA because they do not want it to be inferred that they recognize the permanence of the situation.) Of all the countries on the southern side of the Mediterranean only Libya has never responded to the Community's advances.

Countries on northern side of the Mediterranean were to get largely the same except that they were expected to reciprocate the trade concessions and do without the money. In practice, as far as the money is concerned, exceptions are becoming the rule: Portugal is getting concessionary grants; the Yugoslavs will be able to borrow from the European Investment Bank at its normal (slightly lower than market) rates, and Israel has been promised financial help as well when the deals with the Arab countries are complete.

AT THE SAME TIME GREECE and Turkey were promised that the Community would make sure that, if they turned out to be getting less favorable terms, their arrangements would be brought up to par. Greece has solved its own problems and stayed one jump ahead of the others by applying to compete from inside. Turkey—always sensitive and already dubious that the Turkish Cypriot areas of Cyprus were getting what it would regard as a fair deal under the Cyprus agreement—is currently feeling hard done by. While the Community seems in no hurry to align agricultural concessions (the main bone of contention) until the last Mediterranean agreement has been concluded, Turkey felt it had a right to shout "foul" as soon as Israel concluded its deal last year. The experts have so far turned a deaf ear to repeated pleas by foreign ministers to consider the political implications of more delay.

"And then there was Portugal." Here Portuguese Foreign Minister Melo Antunes (center) visits Brussels in January to meet with Commission President François-Xavier Ortoli (right) and Commission Vice President Christopher Soames.



Commissioner Claude Cheysson: "Creating a competitive threat."

The implications of this zone of privileged relationships in the Mediterranean—in addition to customs union with the EFTA countries and the preferential Lomé Convention with 46 African, Caribbean, and Pacific states—is that the Community has more preferential than non-preferential ties. A situation which had to be squared at the outset with the General Agreements on Tariffs and Trade (GATT) partners, particularly the United States, which had with much reluctance agreed that the European Community could go this far and no further—a pledge it has recently been trying to explain to non-GATT member Iran. So far it has succeeded in holding the line.

But it has not been roses all the way. Even the ever-optimistic EC Commission was admitting in February 1974, by which time it had been hoped that the first wave of talks would be complete, that "the Community's position on this matter is still impre-

cise and in some respects sketchy." This followed rejection by the first wave of negotiating partners—the Maghreb countries (Algeria, Morocco, Tunisia), Israel, and Spain—of the Community's initial offers.

Moreover, the Community's careful plans for Israeli-Arab balance, with Spain thrown in to broaden the base, soon came unstuck: Spain proved the most intransigent and lagged behind. Israel was mainly interested in the politics and forged ahead. After concluding negotiations with Israel in January 1975, the Community dragged its feet on signature as long as it decently could in the hope that the Maghreb agreements could be implemented at the same time. It was not to be, and Israel's pact took effect on July 1, 1975.

In fact, the negotiations with the "setting sun" Maghreb countries were finished just before and after Christmas—not without some last minute crossing of fingers: What if either Algeria or Morocco refused to sign if the other did because of their conflict over the Spanish Sahara; and how ironic that this conflict should occur at the time the Community was busy selling as one of the agreements' advantages that products which have undergone different stages of processing in different Maghreb countries would be able to count them as one for purposes of proving origin to qualify for preferential trade terms. Then the Moroccan and Tunisian Governments showed signs of wanting to disavow their negotiators by rejecting the whole package, but despite last-minute alarms, it is now all expected to come out right in the end. The agreements, along with a reviewed and expanded agreement with Malta, are expected to be implemented late this year.

So now the Community can go on to tackling the "rising sun" Machrak countries (Egypt, Syria, the Lebanon, Jordan) and then Cyprus. At the same time it can come to some arrangement with Spain, finish talks on a better deal with Portugal, and then do something about Turkey. By that time, as Commissioner Cheysson pointed out when presenting the final Maghreb agreements, and making projections about the resulting potential for triangular cooperation involving use of EC know-how plus Arab capital and these countries' manpower—the Community will be faced with a competitive threat far more real than any dangers it exposed its economy to via the Lomé Convention. The challenge will be in emphasizing the complementarity and minimizing the constraints. If it works, these EC "development contracts" may prove a model for dealings with the Third World.



SPAIN

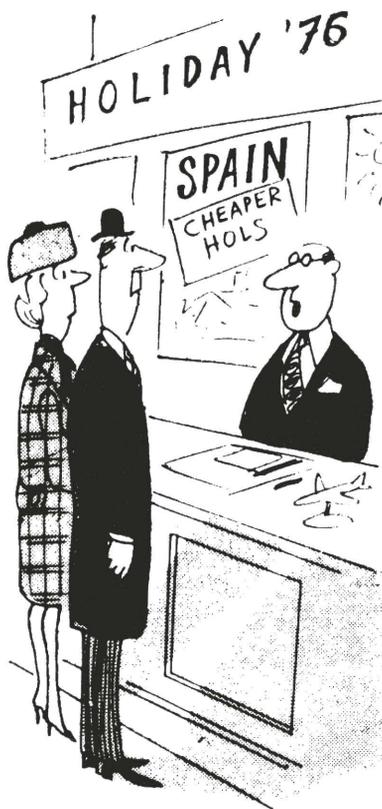
"Spain is the problem, Europe is the solution," said Ortega y Gasset 65 years ago. He could have been talking about today.

WALTER NICKLIN, European Community's editor and a recent visitor to Spain

As the train jerked to a start from Irun to Madrid, the bereted, old man and his wife bowed and crossed themselves. It would be a long trip (eight hours)—particularly long in second class on the Spanish railway, notoriously bad by West European standards. From the border town near the French coast where trains from the Common Market countries must switch wheels for Spain's broad gauge tracks, the train would wind through the Basque country, that ethnic ache in the false heart of Spanish unity; through the Pyrenees passes, with their great trout fishing and beautiful evocations of *déjà vu* to the Hemingway-schooled Western imagination; over the Rappahannock River of Spain's Civil War, the Ebro; onto the beaten plateau paths of the two Castiles, which, to quote philosopher Ortega y Gasset, "made Spain," gave it a language, nationhood, and a capital.

The next morning, after another eight-hour wait, the couple would genuflect and cross themselves again. This time in front of Generalissimo Francisco Franco's corpse and coffin. They had waited in a line, up to six abreast, that began at the National Palace, crossed the Plaza de Oriente, wound its way to the Puerta del Sol and beyond, almost to the Prado, doubling back on itself in the narrow, sixteenth-century side streets like a stream near the source. And it was merely one of several lines—officially estimated at a total of 1 million persons—all emptying before the captain-general-uniformed body in the mahogany casket, the center of Spain for 48 hours.

They waited for Franco, even in death. And they had waited 34 days for him to die—through influenza, Parkinson's disease, phlebitis, peritonitis, pneumonia, kidney failure, internal hemorrhages, ulcerated stomach, cardiac infarctus and arrest. But they had also waited several years: "Franco was too old," is a typical remark even from a far-rightist, who then goes on to describe the Caudillo as a "soft dictator." Of course,



"Assuming there isn't a coup, civil war, revolution, strike . . ."

Cookson, *The Evening News*, London.
Bas, *Tachydromos*, Greece.



those on the left, whether in or out of Spain, had waited too. You could even find some members of Spain's outlawed political parties in the mourning lines—as if to make certain, with their own eyes, that Franco was indeed dead . . . finally. (A joke making the rounds in Brussels had a punchline about the necessity of driving a wooden stake through Franco's heart.) For the most part, however, the left was not on the streets, wanting neither to swell the homage nor to stimulate countermeasures with premature celebration. They were behind closed doors, toasting Spain's rebirth with champagne and, when that ran out, *roija*. Perhaps more to the point in the puzzle of Spain's future, there were those who stayed in the privacy and bourgeois comfort of their homes simply because they could see it all on television: Once tuned in, they sang along with the Falangist hymn "Face to the Sun" and rendered their last glimpse of Franco in straight-armed salutes.

"Viva Franco . . . Viva Juan Carlos . . . Viva El Rey!" The funeral procession—Franco's coffin on a flatbed army truck followed by Prince, now King, Juan Carlos and the palace guard of lancers on horseback—left a wake of anachronistic shouts along the street-lined crowds. That is to say, "The king is dead, long live the king." As dictator, Franco had been more king than those who have the title, a king in the way kings used to rule. The emotions that November day are hard to understand for anyone who shared the almost universal distaste for Franco. But, not too simply put, Franco was (or pretended to be) Spain, and vice versa. ("Long live Spain! Up with Spain!" were his last words to the Spanish people.) Time—36 of his 82 years as chief of state—had something to do with it: He was the only leader most living Spaniards had ever known. Even if a man hates his father, the father's death brings emotion; familiarity breeds senti-

mentality. Thus the pulsing chants of "Franco Franco Franco," the blown kisses, the reverent bows, the tears. Grief, sublimated in ritual, then turned to relief that the inevitable death was over, the waiting finally finished; as Juan Carlos passed, the crowds gave deferring applause to El Caudillo's last will and testament, the peaceful transfer of power to the Borbón grandson of Spain's last king. Then, in the same life-goes-on stability of the Franco regime, the street cleaners got quickly to work. They were shaded by the changing leaves of 40-foot sycamores, planted in Madrid's Civil War rubble not long after the 37-year-old Juan Carlos was born. No matter what happens in Spain this year, they will endure longer.

THE REST OF WESTERN EUROPE had waited as well, but usually less patiently and less passively. There had been no CIA-like assassination plots, to be sure; but there had been other, more reasonable attempts to influence internal Spanish policy. The last public act for which Franco, brutally in character, will be remembered outside Spain is illustrative—the summary trial and execution of five alleged Spanish terrorists, despite pleas for mercy from other West European governments and even the Pope. Outraged Europeans immediately responded with public demonstrations; at Leuven University the students were particularly furious in their "Franco assassin" graffiti, as if the ghost of Erasmus, whose books had been burned in the Spanish Inquisition Low Countries, was at work; Danish transport workers staged a 48-hour boycott on all traffic to Spain; outside Paris a Spanish military attaché was gunned down with automatic weapon fire. Within days most West European governments had recalled their ambassadors from Madrid. Also within days the European Community's Commission decided it was not possible to continue discussions for a new Spanish trade agreement, a decision quickly ratified by the nine EC foreign ministers.

Across the Atlantic, meanwhile, it was business as usual for the US Government, in the process of renegotiating its "friendship and cooperation agreement" with Spain. ("Europe can afford the luxury of moral self-righteousness," said one State Department official in Brussels. "It doesn't have the weight of our higher responsibilities.") Buddying around with an international pariah is certainly nothing new for Washington, which in 1953 first concluded its Spanish pact, a year when Cold War realities made the 1946 United Nations exclusion of Spain seem a naïveté from a



The EC-Spain handshake: Spanish Foreign Minister Jose Maria de Areilza (right) visits EC Commission President François-Xavier Ortoli in Brussels in February.

fairyland world. With détente, not Cold War, the conceptual catchword emanating from the Executive Branch, 1976 is not 1953; and unless Juan Carlos puts more distance between himself and his predecessor, Administration policy doesn't taste so good to American liberal opinion, which on the other hand was full of praise for the European Community's Spanish policy. *The New York Times* commented in an editorial: "In these as well as other recent events, it has not been the United States but its European allies who have demonstrated that they take seriously the Atlantic alliance's commitment to 'the principles of democracy, individual liberty, and the rule of law.' Ironically, it will almost surely turn out that in taking these ideals seriously, the Europeans also took the path of realism and enlightened Western self-interest." *The New Yorker*, in its post-Vietnam "Talk of the Town": "The Common Market, which may be the only political association, in the world composed entirely of democratic governments, has shown a willingness to do what the United States has so conspicuously failed to do in recent decades: to make judicious use of its political power in order to support liberty."

There's parallax in the Iberian Peninsula. The same day the EC Commission announced its suspension of trade talks, Spaniards answered with dancing-in-the-streets rallies displaying massive support for their Government. Even discothèque proprietors responded, by forbidding music from "anti-Spanish" countries. True, the public demonstrations were well orchestrated, in a country prone to dropping leaflets on itself; but that they could be orchestrated at all affirms nationalistic, not

"European," loyalties. "Spaniards are grown up. . . . Europe wants to suck our blood," read the banners in the Plaza de Oriente, where a month later Franco's final mass would be given. "If European governments and organizations seek once again to influence the course of events in our country, they are again misjudging the Spanish character," said Gregorio Lopez Bravo, who as foreign minister had executed the Spanish policy seeking membership in the Common Market and relations with Eastern Europe. "It is not on the basis of shameless pressure against our institutions that the goal of incorporating the Spanish people into common European tasks can be achieved."

Even liberal Spaniards condemned the West Europeans for forgetting what the perception of outside pressures can do—the postwar Soviet menace had forged European cohesion. In an emotionally charged atmosphere where an attack upon Franco was felt to be an attack upon Spain, Western Europe's actions strengthened only the right-wing "bunker." This "outside threat" thus provided rationalization for the regime's rounding up potentially trouble-making dissidents, in a campaign of repression known as "Operation Lucero" to ensure domestic peace and unity during frail Franco's lingering death. In short, the foreign meddling—reminiscent of the Spanish Civil War—was counterproductive. The Spanish Civil War:

ALONG WITH THE PYRENEES, a time warp separates the Iberian Peninsula from the rest of Europe. Portugal—it took Western Europe two years of turmoil to recognize—is a developing country. And only now is

democratic Europe learning that Spain's 1937-39 Civil War is over. For 37 years, stability and sanity at stake, Spain has been trying to forget it; the hotflashes of memory are of the bloodshed and the cruelty on both sides, "never again." For the "new" Europe it is a war that would not be forgotten. Indeed a uniting Western Europe doesn't want to forget it—the prelude to its own great civil war, World War Two, itself the negative catalyst for European integration. As long as the Franco legacy lives, Europe will never be united.

The romance of a lost cause—not present-day realities—propelled anti-Franco demonstrators into the streets of Western Europe. That, together with the perception of Spain as integral to Western Europe's fate, helps explain the lack of similar protest against similar, often worse, repression in Eastern Europe. Thus, too, the outcries from West European governments, whose leaders spent their youth fighting fascism. Also their re-election means courting domestic, not Spanish, opinion. Their constituents include not only student demonstrators but also families of Spanish Civil War dead (for France alone an estimated 3,000) and those Spanish Republican exiles who renewed their political activism in the host countries (for example, through the postwar "European Movement" toward a United States of Europe.)

Privately many government officials now admit that, in the diplomatic world where form equals substance, it was indeed counterproductive to withdraw their ambassadors from Madrid and to refuse representation at Franco's funeral. (Of all the EC countries, only Ireland kept its ambassador at his Madrid post, for a complex of reasons: In the pot-calling-the-kettle syndrome, Ireland has its own urban guerrilla problem; given the historical, racial, religious affinity with Spain that only the Irish can explain, "Dublin knew it would serve no useful purpose," said one Irish official. French diplomacy chose Cartesian logic: To most Spaniards, the French ambassador was vacationing; to the rest of Western Europe, he was recalled in protest.) The one foreign action that could perhaps force Spanish liberalization—the suspension of EC trade talks—did more to help the Common Market's self-image than to influence events in Spain. "Suddenly the word 'Europe,' which up to now has meant boredom to the young, has taken on attractive colors," said the French weekly *Le Nouvel Observateur*. But in Spain the EC action was diluted by its timing, the passion of the moment. For the talks were already in a state of de facto suspension

over purely bread-and-butter negotiating issues. Thus the EC Commission's public announcement was branded by even "European" Spaniards as "an infuriating, bandwagon gesture heightening emotion and solidifying extremism."

The question of whether one or several countries can, short of war or other violence, effect desired changes in another country's domestic politics is as old as the notion of country itself. And remains unanswered; indeed, a country's foreign policy is schizophrenic to the degree it vacillates between an idealistic "yes" and a status quo "no" (witness imperial versus isolationist America). But there can be little argument about the influence of the international environment; in the characteristic fatalism of El Caudillo and his

ose. This was the conclusion of Franco technocrats in a secretive, lay Catholic society called Opus Dei, which had studied the booming economies of the rest of Western Europe. Rigid capital controls were relaxed; foreign investment and trade, promoted.

The Spanish economic miracle—an apt phrase in view of the country's now liberal and pragmatic Catholicism—was on its way. Per capita income, less than \$300 in 1960, reached over \$2,000 in 1974. The economic growth rate, averaging nearly 7 per cent a year, has been second only to Japan's and industrial capacity now ranks tenth in the world. Other statistics (from the Organization for Economic Cooperation and Development, OECD): The infant mortality rate, at 15.1 deaths per 1,



Attending accession ceremonies for Juan Carlos in Madrid are: (front row, left to right) German President Walter Scheel and French President Valéry Giscard d'Estaing; (third row) US Vice President and Mrs. Nelson Rockefeller, and Princess Grace of Monaco. "And their lingering figurative presence will probably help exorcise Franco's ghost."

countrymen, Spain adapted to a world without Hitler. And today's International Brigade is made up, not of rusty-rifle-toting poets, but of tourists, traders, and investors.

The irony is that the US military base agreement probably did more to open up Spain than any conscious outside efforts ever would have. For the American military presence brought dollars, then tourists and more dollars. Not to mention the cultural baggage that Americans, whether soldiers or tourists, don't check onto returning planes. By the late Fifties, the proliferation of dollars, and the attendant mentality of consumptive consumerism, posed a bigger menace to the archaic regime than all the clandestine liberals combined, indeed the greatest internal threat to Spanish stability since the Civil War. The National Socialistic autarky would have to pollute itself with Western economics to survive or, rather, metamorph-

000 live births, is lower than that of the United States, at 17.6. There are almost as many telephones per 1,000 inhabitants, at 164, as there are in France, at 199. Take the high road north from Madrid and you'll see suburban homes-cum-pools, the opulent architecture of which makes you think you're in Dallas, Texas. Go south toward Toledo and you'll see, juxtaposed with one-room shanties and mule-drawn carts, rush-hour traffic jams of Seat-Fiat 500's and low-cost highrises to equal any low-income housing in the United States. And you'll see perhaps the truest index of uneven economic progress—goats eating the road-strewn litter and refuse of a newly imbibing consumer society.

"JUST BECAUSE I LIKE GOOD RESTAURANTS," a young Madrid resident says of her visit last year to old friends in Lisbon, "they call me a fascist. . . . If freedom is what's happening in Portugal, I don't want

it. I like living. I like life." The woman, in her mid-twenties and representative of Spain's not-long-ago-nonexistent middle class, has traveled elsewhere in Europe: "Everywhere I go they say Franco was awful, but I live better here than anywhere I've visited." She has recently completed a three-year course in "tourism techniques" and continues her studies at Madrid University in philosophy and art. (According to OECD figures, a higher percentage of the relevant age group receives college-level education in Spain than in most Western countries—despite new, tough entrance exams designed to keep enrollment in Spain's overcrowded schools down, and, critics say, to keep the less privileged anti-status quo classes out.)

For a young woman whose father fought on the Republican side during the Civil War, her opinions seem out of joint. But the father now has a high-paying job as an economist with a Spanish firm; and, while his Francophobia persisted, he admired El Caudillo's "honesty, which matched his cruelty." What memories have been passed onto the daughter of Republican Spain are of paranoia: "Maybe the Russians are giving guns to the Basques," she posits. And of never-again: "If the left takes over Spain, we would have the same situation as now, only worse—no freedom and no prosperity. . . . We are politically uneducated. People scream for democracy without knowing what it means. We must go slow."

Like Pavlov's dog, Spain is being slowly led to the socio-economic goodies of a pluralistic society. And the European Community can play the behavioral scientist. Forty per cent of Spain's external trade, both export and import, goes to and comes from the EC Nine. Without the foreign currency of vacationing European neighbors, Spain (which generates the most, at almost \$3 billion annually, net tourist revenue among the OECD countries) would have a payments deficit near economic anarchy. If almost a million Spaniards (one-thirteenth of the country's labor force) couldn't find jobs as migrant workers in the rest of Europe, the consequent tripling of Spain's unemployment rate might lead to civil disorder, if not war. Direct foreign investment, though mostly American and attracted in part by a favorable tax base, would have little reason to flow into a Spain whose access to other European markets was limited.

Not that the Common Market would ever withhold these rewards as punishment for Spain's not joining the Western democratic club—the damage to the

Nine's economics would be intolerable, particularly those of France and Germany. (True, the European Parliament, the nominal Common Market legislature, and European trade unions did call for economic sanctions last autumn; their voices may be loud but, in this particular matter, lacked power and thus responsibility.) On the other hand, the mere maintenance of economic bonds serves as positive reinforcement in Spain's long march of rising expectations into Western Europe. And the grandest reward of all—Spanish membership in the Common Market—hangs like a lure before all Spanish policy-making, and must inevitably seduce the Franco legacy.

Indeed, "godless capitalism" had seduced Franco himself, when in 1962 Spain began its overtures to the Common Market. Spain wanted an association agreement, like the 1962 EC accord with Greece, that would lead first to customs union and ultimately perhaps to full Common Market membership. What Spain got in 1970 was a six-year preferential trade agreement with limited tariff reductions on specific products. Negotiations to expand the existing trade arrangements into a free trade area began in 1972 but deadlocked in 1974 over agricultural issues: The Community agreed to give duty-free access for Spanish industrial products beginning July 1977 if Spain would do likewise by 1980 (with a possible extension to 1982); Spain, however, conditioned its industrial tariff cutting on free trade for farm goods. The Community—that is to say, Italy in an EC decision-making process that requires unanimity—finds this unacceptable. One Spanish government official was not

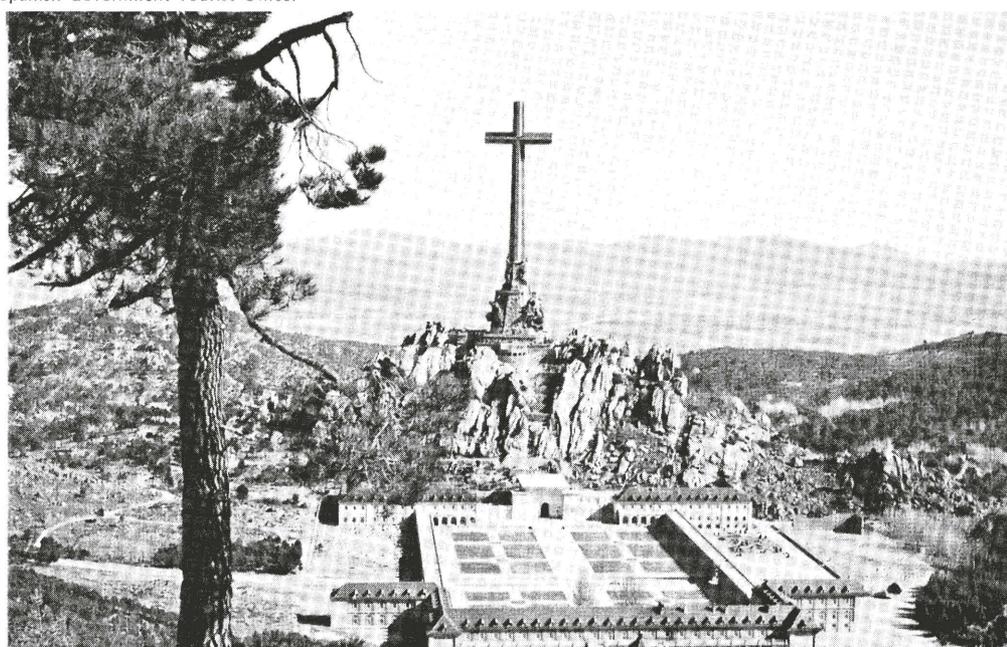
far wrong when he told me, "Italian farm interests are to Spanish integration in the Common Market as De Gaulle was to British entry."

But at stake is more "than trade in citrus fruits," as West German President Walter Scheel put it. A European Parliament report agreed: "The Community is in the paradoxical situation of being the main customer and the main supplier of the Mediterranean countries, whereas the US and the USSR, whose trade relations with the Mediterranean are on a smaller scale, enjoy far greater influence. It is true that economic power is not the only source of power, but here it is definitely being undersold. And this is because the Community lived and operated on a day-to-day basis." No longer:

If the European Community is ever to develop a common foreign policy, it will be in the Mediterranean area, where flexing economic power in political ways has lately proved healthy (perhaps addictive) exercise for a uniting Europe. 1. The EC Commission "froze" the Greek association after the 1967 colonels' coup; what real effect this had on Greece's return to parliamentary democracy is still unknown, but at the very least it let the Greek "resistance" know that it had not been forgotten. Now the new, Caramanlis Government has formally applied for full membership in the Common Market and staked its political cards, both domestic and foreign, on Western Europe, even at the expense of NATO. 2. Turkey too, has EC associate status, providing a 22-year transitional period to full EC membership. The resultant, potential leverage in the Cyprus dispute has not gone unnoticed in Brus-

The Valley of the Fallen, Franco's Pharaonic monument to himself and the Civil War dead, hewed out of living rock largely by political prisoners, is where El Caudillo was buried "before God and history."

Spanish Government Tourist Office.





A few miles south in the foothills of the Guadarama Mountains stands the Escorial, built in the sixteenth century by Philip II, whose blood and dominions bound Spain to the rest of Europe.

sels—or in Washington, where Dr. Kissinger's triangular diplomacy might soon have to expand to the multipolarity of economic superpowers. 3. Although initially slow to respond to events in Portugal, when the Community finally did act, its economic aid was premised on a desired political outcome. 4. EC negotiations are underway for an industrial free trade area, coupled with financial assistance and agricultural access for the entire Mediterranean area, including Israel, Egypt, Syria, Jordan, Libya, Malta, and the Maghreb countries. 5. And, finally, Spain: Beyond the fate of 35 million Spaniards, whatever happens in Spain this year will tell a lot about what the rest of Western Europe is, and will become, whether it's more than a customs union and en route to political unity and clout. Spain's future is thus Europe's future if "Europe" is ever to have the meaning the Common Market's supranational Eurocrats say it has.

"WE SPANIARDS, we are Europeans," declared Juan Carlos I during his accession ceremonies, at which most of Western Europe's leaders were present, the same leaders who had made it a point to be absent from Franco's funeral. And their lingering figurative presence will probably help exorcise Franco's ghost. But the trip from Franco Spain to reunion with the rest of Europe is a long one. The question is how fast or how slow to make that trip. Like a man on an Inquisition rack, Juan Carlos is being pulled many ways. But the pulls are of varying rhythm not of substance. Except for the ultra-right, which still equates xenophobia with national unity, all Spain's divergent forces seem united in the belief that their future lies in Europe, in particular Common Market membership. Even the Communists, for

example, have turned their back on the Portuguese example and cast their fate with comrades in France and Italy, in seeking power through parliamentary democracy. And the workers' strikes, surging through Madrid and Barcelona in January, were based on demands any West European trade unionist would feel comfortable with—higher pay and political expression. Most Basques and Catalans recognize they can have a larger voice in a larger Europe, as the recent examples of the Scots and Bretons attest. The Spanish military, seemingly content with the chivalrous surrender of the Sahara, is ready to join Europe's post-colonial age. But unhappy with what it views as security arrangements without representation, the military would be glad to gain a voice in NATO, possibly only if EC countries are satisfied that voice would be democratically legitimate.

In a society that still knows the meaning of *mañana* and *siesta* (not to mention the fascist salute), the rhythm of change finally established won't be too fast. While Juan Carlos spoke of democratic evolution, he also pledged allegiance to Franco's "fundamental principles." An amnesty was granted, but a limited amnesty. Parliamentary elections were promised, then postponed. Franco's Council of the Realm blocked the king's first two choices for premier. But, in the resulting compromise, Franco's relatively moderate premier (Carlos Arias Navarro) stayed on as head of government, and Jose Maria de Areilza and Manuel Fraga (the king's original premier nominees, both with "European" credentials) became respectively foreign minister and interior minister. Another cabinet officer, Lieutenant General Fernando de Santiago, on taking office as defense minister, said the Spanish people wanted a life "without swift breaks" and

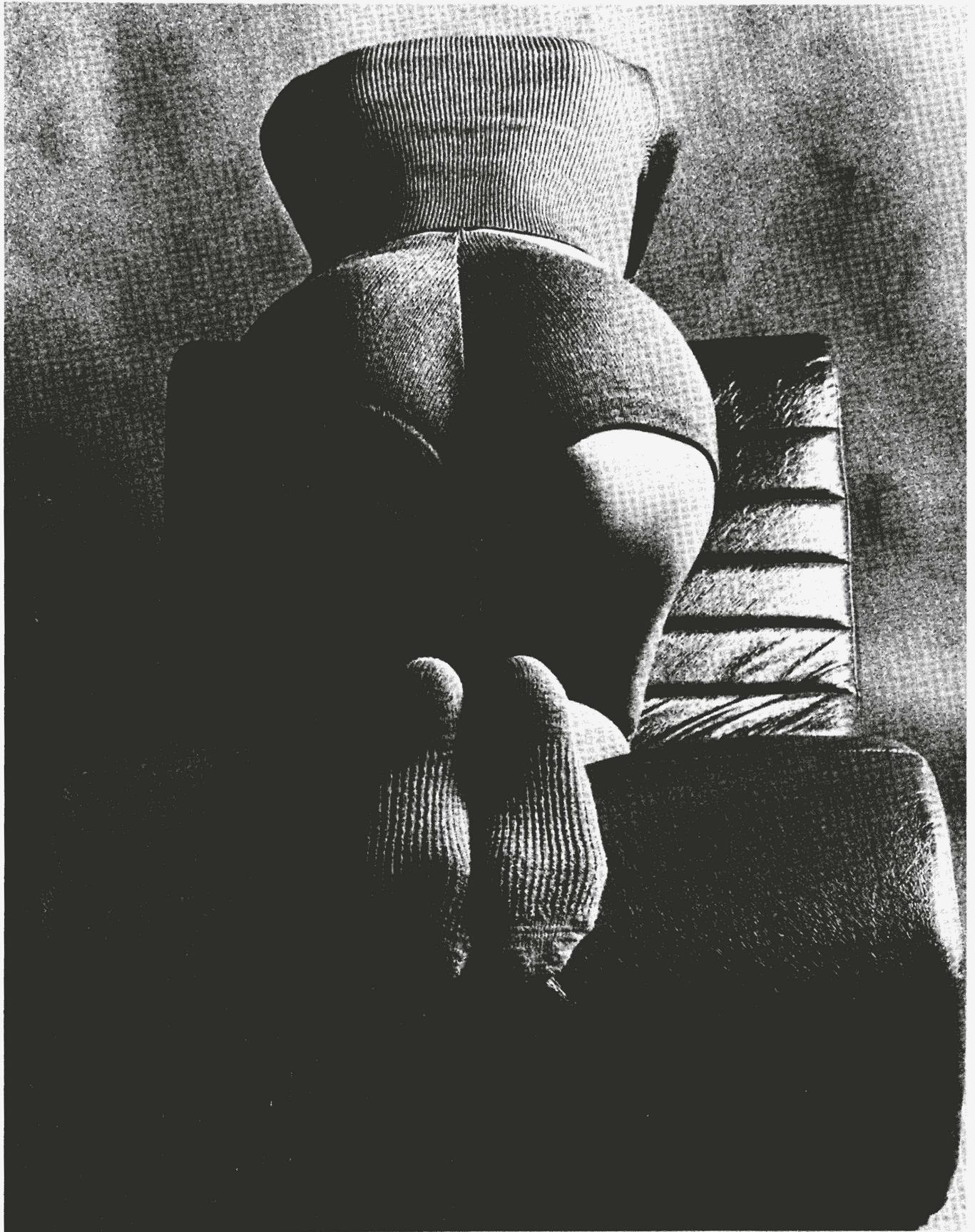
"without adventure." But if the rhythm of change is too slow, yes, there could be violence.

So the Spanish watch continues. At NATO headquarters in Brussels, "it's wait and see," says chief spokesman David Kidd. NATO Secretary-General Joseph Luns has publicly recognized Spain's strategic importance, particularly in view of the alliance's deteriorating southern flank; but, without significant political change in Spain, the Dutch in particular will never "let it out of the sidecar into the motorcar," says Kidd. First Spain must prove itself within an EC context. The same reservations hold for the Danes. Italy's economic objections to closer EC-Spanish ties could be easily overcome in the member state trade-offs so familiar to Common Market decision-making. France and Germany have the biggest economic interest in a Spain more closely knit with democratic Europe, and France has traditionally supported an EC Latin orientation to balance the Community's Nordic enlargement. Britain's interests in the whole matter are tied up in a satisfactory resolution of the Gibraltar question.

The Spanish Civil War may finally be ending for the rest of Western Europe. And the European Community should thus do what the Allies did for Germany after World War Two, says one high German official in the EC Commission—"hold out the bait of a kind of Marshall Plan, to keep the Spanish situation stable yet evolving." Spain, which in fact was the only European country not offered Marshall Plan aid, needs it: Inflation averages 15 per cent annually, unemployment is rising, investment capital is low, as the industrialized world's stagflation has now brought natural law to the Spanish economic miracle. "The question is," continues the Commission official, "is Juan Carlos another Adenauer?"

Whatever the answer, the great-great-grandson of Queen Victoria and his Greek wife Sophia won't be laid to rest in the Valley of the Fallen, Franco's Pharaonic monument to himself and the Civil War dead, hewed out of living rock largely by political prisoners, where El Caudillo was buried "before God and history." A few miles south in the foothills of the Guadarama Mountains stands the Escorial, built in the sixteenth century by Philip II, whose blood and dominions irrevocably bound Spain to the rest of Europe. Within the labyrinths of El Escorial is the "Pantheon of Kings," where 26 marble sepulchers contain the remains of Spain's past kings and queens. There are two left. ■

Eurobottom.



There are nearly 200 million Eurobottoms in the Common Market. Not all of them as dainty as the one belonging to the young lady above. But they're all in the market for a Fisons product called Genitron.

Genitron makes Europe a more comfortable place

to be. All over. In the form of a blowing agent, it makes film and foils soft, more supple and more comfortable to sit on.

We're not used to starting at the bottom in any market. But in the Common Market it pays.

 **FISONS**
looks forward to Europe

ADVERTISING IN EUROPE

BARBARA FARNSWORTH, *Paris-based freelance writer specializing in economic affairs*

"THE DAY YOU FIND A PRODUCT LABELED 'MADE IN Europe,' send it to me and I'll frame it as an historic document." So speaks the head of a French advertising agency.

"Europe?" questions another. "It's a concept, no more. Certainly we advertise all over the continent, but it's a lot more difficult than it is in the United States. Do you know how many languages there are here?" (In the Common Market alone, there are six languages: English, French, German, Italian, Danish, and Dutch, without counting Flemish, Luxembourgish, Gaelic, or the various—and numerous—regional dialects.)

"A Euro-product?" asks another ad agency man. "What's that? The only one I know of that's acceptable anywhere is a Eurocheque. Money is one of the few things that can be internationalized."

A generation ago, advertising and marketing were still in their adolescence in Europe. Today, thanks to a rather massive import of American techniques and selling methods, it is possible to say that the trade has grown up but has not yet matured. "Modern techniques of advertising, publicity, and public relations are recent arrivals in France, but now they are sweeping through the land with hurricane force," says a well-known writer. There are many problems in Europe that are by now past history in the United States, and several fields, such as consumer protectionism and misleading advertising, have only come up for serious consideration in Europe within the past few years.

Even among the nine members of the European Community, the laws governing advertising have not yet been harmonized, leaving a glaring "gap" that works both against the consumer and against the company or advertiser trying to sell a product on a European level, which is more and more the case as trade barriers disappear.

The differences between the American market and European markets can be expressed in any number of ways. According to Marcel Bleustein-Blanchet, the presi-

dent of Publicis, one of France's largest advertising and marketing agencies, "There is a fundamental difference in selling that strikes straight across Europe, without even mentioning the United States. On one side, you have the Anglo-Saxons, who basically accept publicity, and, in fact, read it. On the other side, you have the Latins. They do not like publicity; they simply put up with it, and go around saying, 'Oh, I never read the ads.' This is a silly form of snobbism, besides being quite untrue, but the point is that one generally cannot run exactly the same sort of marketing program in Italy that one could run, for example, in Denmark."

"The idea of actually *marketing* a product," says French advertising pioneer Bleustein-Blanchet, "or of spending money on an advertising campaign, is not a Latin idea. There is not the same Puritan work-ethic that exists in the United States, and money, in so much of Europe, is something that, if not actually sinful, is at least not spoken about. Modern marketing and advertising techniques were initially very difficult to apply to Europe."

Another point of view was expressed, at a recent conference, by a London-based, direct-marketing executive: "We found that we could run a very successful campaign in the United States by mailing our sales letters from a European address, such as Geneva. Then we tried the same thing in Europe, and the idea flopped completely. A foreign stamp doesn't impress anyone here. That's a small point, but Europe is no place to be naive."

Two factors are particularly important for large companies selling their products across Europe: First, language, and second, national regulations, which vary widely. Claude Marcus, assistant director of Publicis, which handles the advertising for Renault cars, can show a foot-thick stack of sales brochures for a single model, each in a different language. "In principle," he says, "the illustrations are the same, but notice, for example, the brochure for Sweden. It shows two outside rear-view mir-

There does exist a general ruling on the registration of trademarks, which depends on the OMPI, the *Organisation Mondiale de Propriété Industrielle*, in Geneva. Its base for action is the Madrid Arrangement for the Repression of False Indications of Merchandise, drawn up in 1891, and revised, most recently, in Lisbon in 1958. Advertisers consider that this agreement—if they even remember it—is outdated and ineffective. The European Community has in hand a project for a patents and trademarks convention, which should be implemented within the next few years, but there is, for the moment, no central law of any kind. Lindsay Armstrong, of the EC Commission office in Paris, as well as Berthold Schwab, administrator for internal affairs at the EC Commission headquarters in Brussels, say that an advertiser or marketer is well advised to register his trade-name, or the names of various products, in each of the countries in which he proposes to operate.

(In the interest of research, the following question was posed to a number of advertising agencies, to government bodies, and to the EC Commission: "As an American tire manufacturer, I would like to produce and sell tires in the Common Market countries under the trade-name 'Flab.' What should I do next?" The response, without exception, was "That's a very interesting question . . .," followed by a strong recommendation to apply to some *national* body first.)

There has undoubtedly been a tremendous impetus to advertisers and marketers because of the lowering and eliminating of trade barriers within the Common Market, and the subsequent broadening of operations to a continental level. However, the general feeling in the trade is that a great deal remains to be done in order to harmonize trade practices from one country to another. Although all EC member countries have laws relating to misleading advertising, for example, there is still a wide gap, in practice, between those countries which apply their laws severely and those which don't.

According to John Braun, head of the EC Commission's consumer protection department, "The Community has, so far, proposed a draft directive for a consumer protection and information policy. The committee first met in November 1972, and will meet again in March 1976. There is still a lot of work to be done before the policy becomes a law, mainly because we have to mesh the different sets of laws now in existence in the different countries. Some have specific laws concerning unfair competition; others don't. However, I do feel that it is important to come up with some sort of clear code of practice, so that an advertiser who wants to promote a product in all nine countries will have to work with only a single code, which will mean that an ad that is acceptable in one country will thereby be acceptable in the entire Common Market."

"Surveys of our own," he says, "show that misleading advertising is a chief consumer complaint in each country."

Until only a few years ago, the emphasis of laws regarding misleading advertising were aimed more at curbing unfair competition between producers than at protecting consumers. The Commission's preliminary report mentions that "practices which were once regarded in many countries as unfair solely in terms of competition between producers (misleading advertising, for example), are now also considered from the point of view of relations between producers and consumers."

Among the ideas listed in the Commission's preliminary program are propositions that "no form of advertising—visual or aural—should mislead the potential buyer of the product or service. Any advertiser in any medium should be able to justify, by appropriate means, the validity of any claims he makes."

Among measures envisaged for protecting the consumer, the committee feels that "principles should be established to assess the extent to which an advertisement is false; and that the problems arising in connection with reversal of the burden of proof should be studied."

The last measure is of particular importance because, in many countries, the burden of proof as to whether or not an advertisement is misleading or false rests with the prosecutor, i.e., the consumer, who normally does not have at his disposal the means for tackling the advertiser, the advertising agency, or whoever else is held to blame under national laws. This, too, varies widely.

The Council of Europe, in Strasbourg, also published, in 1972, a lengthy report on misleading advertising, which, in 53 pages of country-by-country annexes to the main report covering most European countries, gives an excellent—if sometimes bewildering—example of how *very* different national laws relating to marketing and advertising still are. The Council's recommendations are not very different from those proposed by the EC Commission.

At the present time, all EC member countries adhere to the International Chamber of Commerce's "International Code of Advertising Practices," which is not legally binding. Statutory measures are varied in the extreme, and, for the most part, date only from the Sixties. In the section of the Council of Europe's report dealing with France, for example, it is stated that "prior to the act of 2 July 1963, there was no general prohibition of misleading advertising under French law." Considering the relative youth of modern advertising and marketing techniques in Europe, it is scarcely surprising that the laws concerning them are still in a confused state.

THAT EUROPEAN CONSUMERS will launch Nader-type attacks in the near future is unlikely, but consumer aware-

ness of advertising has grown sharply in the last decade, as is evidenced by the increased circulation of such consumer-oriented magazines as *Which?* in Great Britain, *Que Choisir* and *50 Millions de Consommateurs* in France. Says Marcel Bleustein-Blanchet: "The era is past when a company could write an ad saying, 'My product is the best,' and leave it at that. In the first place, how could he know? Perhaps it wasn't the best. In the second place, who was he talking to? Until I introduced them myself, after a trip to the United States, nobody in France had any idea of what a market survey was, or who he was selling to. A consumer has a right to know *exactly* what he is being sold, and an advertiser, by now, should know his market."

"I think you can take it as real that there are going to be far more government controls in the future, even considering that measures such as our Trade Descriptions Act have been effective," says John Methven, the present head of Great Britain's Office of Fair Trading, and the next president of the Confederation of British Industries. "But this will depend to a large extent on how well advertising controls itself." Methven, while recognizing that consumer legislation is on the increase in Europe, warns that "legislation is an extremely blunt instrument, which it is wiser to avoid by severe self-controls within the industry."

From a European point of view, two points are evident. First, advertising on a large scale is still relatively new to Europe, and, second, consumer concern with advertising has jumped the Atlantic rather more swiftly than the latest marketing techniques.

Great Britain, for example, has a private Advertising Standards Authority, with membership drawn from the media, agencies, and industry. It has a current budget of \$600,000 per year, which is five times more than it had three years ago, and is now advertising its existence to consumers.

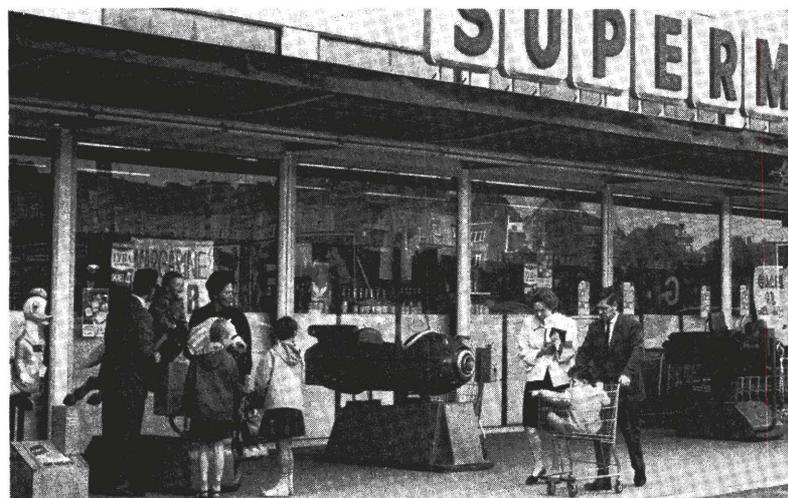
France has its Advertising Verification Bureau, to which many advertisers and publications belong. According to Jean-Charles Benchetrit, there are very few controls on advertising copy in France, and the bureau normally acts only after an advertisement has appeared. For example, the bureau forced a property company to withdraw its publicity in a morning newspaper when it was found that price information in an advertisement was false.

The only really strict product control in France is on pharmaceuticals, which are laboratory-tested and, in ads, carry a visa saying so. This does not apply to the parapharmaceuticals that are sold in pharmacies, which gives many of them a certain "cachet" that they have not perhaps merited.

Where really strict advertising controls come into play is in television, which Benchetrit calls "highly difficult."



"Marketing food products throughout Europe is extremely difficult without due regard for national preferences. . . . And most Europeans are fully aware that, were it not for American influences and techniques, hardly a company in Europe would know how to sell a product on a large scale."



Each country has extremely specific rules about whether or not advertising is allowed on television, and, if allowed, what sort of advertising can be shown. Television in France is a good example. There are three television channels, all of which are state-owned and controlled. Advertising is permitted on two of the channels. All TV advertising is controlled by the *Régie Française de Publicité*, which is also state-run. This group sets the rules as to what can be advertised—no liquor, no tobacco, no newspapers, periodicals, or books. An advertiser or agency must first submit a script to the *Régie*, then take it back for possible corrections until it is considered satisfactory. Commercials are shown in clusters, at logical time breaks, under the *Régie's* own "label," and never interrupt a program in progress. Nor can an advertiser "sponsor" a show, as is done in the United States.

This is not the end of an advertiser's problems. Since the *Régie* operates independently of the three TV networks, an agency might sign a year's contract (the minimum) for a spot on channel 1 at 8:30 pm on Friday, which at the moment falls just before an extremely popular pro-

example, French furniture in Germany or vice versa. Neither nation likes the other's furniture, for undoubtedly subconscious reasons of taste. Why? Who knows? It's just a fact of marketing, like knowing that it's a waste of time and money to launch a product in France in August, when everyone is on vacation."

This holds true in other fields as well. James L. Mercer, managing director for Time-Life International in Amsterdam, which sells different-language editions of books in Europe, said at a recent marketing conference that their editions are "regionalized" by language, that non-fiction books are rewritten rather than just translated, and that even photographs are occasionally changed to suit the market. The *Reader's Digest* also publishes different-language editions both for their magazine and for their book club, using different editorial matter in each case. Says one book-marketing report, "The French don't want to read what the English read or what the Germans read, except perhaps the latest Agatha Christie. It is really a group of quite different local markets."

However, in direct marketing, which is an increasingly important way of selling in Europe, there have been some breakthroughs in the selling procedure, thanks to the lowering of trade barriers in the European Community. "Quelle," the German mail order firm, now sells outside its home country, as does the French company "Trois Suis-ses." Both use modified catalogs outside their home countries, cutting out merchandise that won't sell in another country, and quoting prices in the local currency at the point of sale, because transfers of payments by individuals from country to country is still a laborious business.

Another problem is pricing outside the local market. Setting a price in German marks to appear on an advertisement for an Italian car due to appear in a German magazine six weeks hence is, according to one specialist, "a quick way to get grey hairs." Jean-Charles Benchetrit feels that the wider the possible audience for an ad, the less precise the ad should be.

AMERICAN-TYPE SOPHISTICATION is gradually catching up with European advertisers, however. Gerardi cites, admiringly, a Dutch bulb grower—and Dutch bulbs fall into the category of a national product that can be sold anywhere—who sends out over 10 million catalogs a year. He has considerably reduced his expenses by confining written comments in his color catalog to black ink, so that only descriptions and prices in his catalog need be printed separately for each country.

An anomaly that direct marketers in Europe complain about is the differing, but generally very high, rate of postage. Europeans are rarely surprised to find a foreign stamp on a magazine subscription offer, because the stamp is generally Dutch, and the Dutch have the lowest mailing rates. Considering the size of Europe by comparison with

the United States, where a letter costs the same whether it is going from New York to New Haven or New York to Houston, marketers would like to see a rather more equal system of postal costs.

One area in which direct marketing has not yet caught up with the United States is in the computerizing of mailing lists, without which leads to an enormous amount of wasteful duplication. Nor is there in existence an across-the-board law that protects a consumer from offers made in bad faith, or gives him a legal system of redress in case merchandise is not what it is advertised to be. In the United States, the Federal Trade Commission has recently come up with stringent requirements regarding mail-order selling, but little has been done as yet in Europe, except, sketchily, on a country-to-country basis. Even then, a consumer has to be extremely clever, or patient, to find out which trade organization can cope with his complaint.

Nor is there in Europe any way for a consumer to get off mailing lists if he wants to, a process that is now possible in the United States. The rather hit-and-miss practices still prevalent in Europe were epitomized by a wry editorial in the French newspaper *Le Monde*, which complained that it had been put on various mailing lists, and was being deluged by free offers addressed to "Monsieur Le Monde."

In some ways, though, European advertising and marketing are going beyond the lessons that were learned in the United States. Many European advertising men and company executives have worked in the United States and are fully aware that, were it not for American influences and techniques, hardly a company in Europe would know how to sell a product on a large scale. Marcel Bleustein-Blanchet recounts with astonishment the indifference, or even hostility, of major companies to any form of publicity and to unaccustomed ways of selling. "And this wasn't that long ago, either."

The progress made in the past few years has been considerable. The technical skills have all come from the United States, with as yet no reverse flow, but the end products, the expanded European-scale advertising and marketing campaigns, have been adapted to suit the continent's specific habits and tastes. A good example of this is Bleustein-Blanchet's picking up the American idea of a drugstore, open at all hours and selling everything from aspirin to paperbacks, and turning it into "Le Drugstore," which is very French. A recent attempt to install a French-type "drugstore" in the United States was not a brilliant success.

Jean-François Planté claims that advertising in Europe is "far more sophisticated" than in the United States. Bleustein-Blanchet says that is "softer," because American hard-sell techniques don't work well in Europe. "What we try to do," he says "is to *seduce* the buyer." ■

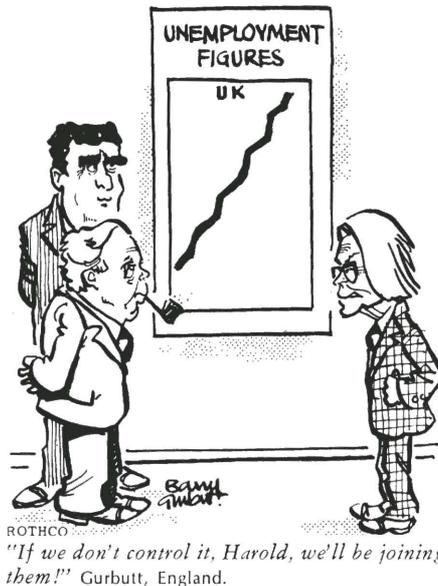
around **THE** capitals

London

One and a third million people are out of work in Britain, and things could get worse before they get better. Yet Harold Wilson says he is for full employment, and Harold Wilson is an honorable man. Indeed, the Labour Government is acutely aware of the gap between what its socialist goals are and what recession has actually meant to the worker foisted on the dole.

That awareness may explain the very noticeable change of heart come over Chancellor of the Exchequer Denis Healey, who holds the purse strings for Britain's economic recovery. He and Industry Minister Eric Varley, with Wilson's blessing, have decided to plump for industry rather than bash it. ("Bashing," for readers on the other side of the Atlantic, is what Labour Governments are reckoned to have done to business, and Tory Governments to have done to trade unions.) Unfortunately, this wry penitency may have come too late. One losing company after another has run to the Exchequer for a bail-out. And the Government has had to show a certain amount of reserve when a rescue operation could not wholly be justified on the grounds that so-and-so many jobs would be saved. (In the case of Chrysler's Scottish factory, there seems even to have been a gross exaggeration of what the adverse effects would have been if the money-loser had simply been closed down.)

All of which comes to (one hopes) the bottom of Britain's deepest recession since the Twenties. Some of the answers will once again be found in pumping more money into new jobs. But done too soon, that could throw the country back into a new bout with hyperinflation. If many more people lose their jobs, this may prove a dire temptation. So far, Healey has kept a tight rein on the situation, and his package of unemployment measures in mid-February were small enough not to make short shrift of his anti-inflation policy. But it was also small enough not to usher in any real let-up on the tide of layoffs. At best 140,000 jobs will be saved or created with the \$450 million to be spent, and economists expect the actual figure to be much less. But at current rates of unemployment, that could mean those out of work will stay at around 6 per cent of



the working population for the rest of this year. Unless. . .

There is one important "unless." Both Foreign Secretary James Callaghan and trade union leader Len Murray have detected a silver lining to what they used to see as the European Community cloud. In February both, separately, called for a joint attack on unemployment. There are various EC funds to help create jobs, but until now they have been kept under close surveillance by wary, and jealous, national administrations. Britain, it is fair to say, has been among the most wary, and the funds could come in handy for channelling money from the rich countries (mainly West Germany) to the poor (Britain, Italy, and Ireland). And that is precisely what Callaghan and Murray mean by a "joint" strategy to curb unemployment. Britain's jobless are a big chunk of the 5.3 million people unemployed in the European Community, and although Germany has nearly as many on the dole, its economic prospects seem far brighter in the short run.

This, then, is the main challenge for London in coming months as it tries to sort out the unemployment dilemma: To somehow convince Germany that it should proffer economic aid, or else let Britain take some drastic measures (import controls, for instance) to save companies from going bust in Britain. The Government's economic performance at home, therefore, is pegged to whether its European offensive succeeds.

—DOUGLAS RAMSEY

The Hague

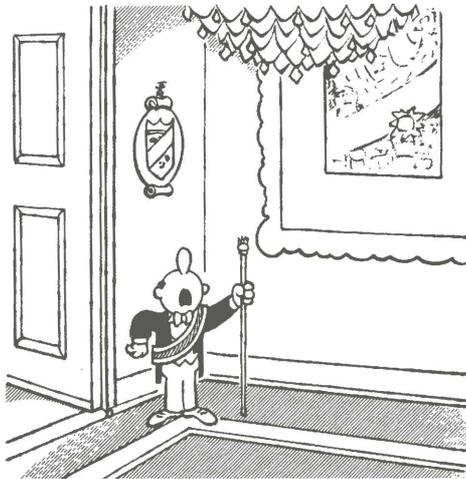
George Washington, motherhood, apple pie: The Royal House of Orange-Nassau means this and much more to most Dutch people. Because of these sentimental connections, the Dutch simply do not believe charges leveled in the US Senate in early February that Prince Bernhard of The Netherlands had taken bribe money from the Lockheed Aircraft Company. "The prince is an honest man and he would never do anything to hurt the Royal House, never," said one Dutch Government official who is a close friend of the prince, reflecting the general opinion.

The urbane, witty prince has been popular in The Netherlands since 1936 when he arrived from Germany to marry the then Princess Juliana. His popularity steadily increased through the war years when he bitterly resisted the Nazis and later when, as husband of the queen, he represented Dutch business interests throughout the world. When Prince Bernhard stated he never received money from Lockheed, the public accepted the denial and, if anything, became angry at the Americans for making irresponsible charges. But an unusual gloom descended on The Hague, where many politicians feared the charges would be difficult either to prove or to disprove, leaving a major weight on the sensitive Dutch public conscience.

The Social Democrat-led Dutch Government, which supports the monarchy, has nevertheless resented the prince's freewheeling style in dealing with foreign politicians and businessmen in the past. When the controversy broke, it took a cautious, neutral stand. Prime Minister Joop Den Uyl sternly warned the public not to jump to conclusions until solid evidence turned up, and a three-man, blue-ribbon commission was set up to investigate the explosive allegations. The group, which included an international law expert, a top government accountant, and a banking expert, immediately ran into a wall of secrecy concerning the bank transactions among various Lockheed representatives in Switzerland who were said to handle the bribe funds. Also the commission was hampered by its non-judicial character, which meant it could not subpoena evidence or hear testimony under

oath.

This situation symbolizes the Government's dilemma. In order to give the commission real teeth, the Government would have to admit, in effect, that it thought Bernhard had done something wrong. This is simply not politically possible in The Netherlands now. If in fact the prince were found guilty of taking a bribe, the present cloud would become a national catastrophe. Most Dutch remember waving orange flags



"Sire . . . His Royalness, the Ambassador from the Kingdom of Lockheed, bearing gifts!"

Graham, Arkansas Gazette, Little Rock.

at Juliana as schoolchildren and have a warm, surprisingly human attachment to her. An abdication of the 67-year-old queen, which would surely follow a verdict against the prince, would be pure heartbreak.

Beatrix, 38, Juliana's eldest daughter who would come to the throne, is refreshing and intelligent, but she has not the same warmth of her mother. Her husband, Prince Claus, who received a frosty welcome in Holland in 1966 because of his German background, is popular with left-of-center, social-minded groups, but unlike Bernhard does not have crowd appeal or business touch. Prince Bernhard himself has kept an admirable stiff upper lip. He has attended functions, gone skiing in Austria, and plans a swing to the United States in April. But it will clearly be a long time before things get back to normal either at the Royal Palace or in The Hague.

—PAUL KEMEZIS

Luxembourg

Unemployment, literally unknown here until a year ago, has suddenly become a major issue in this tight little country. For decades the Luxembourgers had had a zero unemployment rate and expended great effort

to bring in foreign workers to fill construction jobs and work at the mammoth steel mills, which are the bedrock of the national economy. Suddenly however, a European steel slump arrived greater than any since the depression of the Thirties, driving the output of the dominant ARBED Steel Company down 27 per cent in 1975 to 4.1 million tons. The number of unemployed in the 50,000-man work force began to rise, reaching by year's end 600 hard-core unemployed and another 1,000-to-1,500 on part-time work. When the impact of the slump hit last summer, the Government was totally unprepared, and there were few if any programs on the books to meet the problem.

The Luxembourgers, however, were quick to improvise a unique program whereby about 1,000 excess steel workers were leased out by their firms to the Government to do work fixing roads and cleaning forests. The idea of the "emergency work" programs was to keep persons technically on factory payrolls and not create a large group of persons sitting at home with no job. The Luxembourg Government pumped about \$175 million from a cash reserve into the program, which finally stopped in December because of the winter weather and lack of new funding. The men are now partially employed in factories and get a wage supplement from the Government, but may go back to road in the summer. Fully unemployed persons get up to 80 per cent of their salary reimbursed.

At the same time, in an unprecedented move, the Government decided to charge taxpayers a special extra levy of 2.5 per cent of their normal tax bill, which will go into an unemployment fund to pay benefits for the jobless. According to one Government official, part of the hoped-for result of the tax is "to make people here aware of how serious the situation really is." A bit isolated and used to things going well at home, the Luxembourgers were slow to realize the consequences of the steel slump. Last year, for example, they kept buying cars at a high rate with no sign of fear about a drop in national prosperity.

One factor that has spared the Luxembourgers an even sharper problem is the presence of a number of American manufacturing firms, which were drawn into the country in the Sixties. At that time the Government sought to diversify away from the steel industry in case of an emergency, and this year the policy has paid off well. Automotive firms like General Motors and Royal Tires are now beginning to pick up again, even though ARBED, tied to the sluggish steel market, is still in the deep doldrums. Even with the diversification,

steel-making accounts for 20 per cent of the national product, 40 per cent of the work force, and 60 per cent of exports.

Not only the lost sales but also the severe steel price decline have been a national disaster in terms of earnings flowing in from abroad. The slump has even cut a major hole in the freight revenues of the tiny national railroad and reduced national corporate tax revenue by \$25 million or about one-tenth of Government spending requirements. Steel company and Government officials expect a small improvement in the situation this year, but the time when Luxembourg listed a mythical one man as unemployed in their report for statistical reasons will not return quickly.

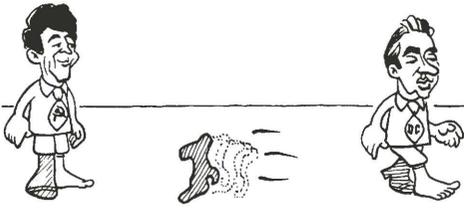
—PAUL KEMEZIS

Rome

In Rome's political rhetoric, "historical compromise," the Italian Communist Party's catchphrase since it was coined by Party Secretary Enrico Berlinguer two and one half years ago, is still controversial. To the despair of those forced to explain it, the phrase has never been clearly defined by the Communist Party itself. Attempts at definitions run the gamut from a "sharing of cabinet seats" by the Communists with the traditionally dominant, but weakened, Christian Democrats, to "developing a new relationship" with them, which presumably means at least consultation with the Communists on specific programs before voting in parliament.

While Rome politicians staunchly maintain their relative party stands on the feasibility of such a proposal, in hundreds of communities outside the capital, compromises (historical or not) are taking place every day between the Communists and the centrist parties. And the way it works on a local level suggests that the real "historical compromise" is among us. That, despite the catchy phrase, it is a situation more than an event, an ongoing process reflecting the attitudes of many average Italians who are more concerned about solutions to their problems than about taking sides in the rhetorical sweepstakes of Rome.

Take Cesena, a small agricultural city in the fertile Po Valley, about an hour's drive southeast of Bologna and only eight miles from the Adriatic coast. In 1970, the city voted for a council in which Communists, with the help of the Socialists, had a majority, and a 25-year dominance by the moderate Republican Party came to an end. Angelo Mini, a Communist leader there, claimed recently: "There is a more open



"Will the boot fit?" Bac, *Allgemeine Zeitung*, Mainz, Germany.

relationship between the voters and the party since we won, because people have seen what we could do." And what the party did during its first five-year term in office is the kind of things that make a difference in a small city.

Bodies now make major decisions regarding zoning regulations, family assistance programs, and other matters in which direct knowledge of neighborhood problems make their solution more effective. The new administration got nine bus lines going where previously there had been a single bus to service the entire city—from the main square to the railroad station and back, and only at train times. Day-care centers for infants and nursery schools for preschoolers sprung up around the city, freeing many of the city's women to work, if they wished, in one of the few areas in Italy with full employment. The party also set up regular meetings with local private industry to discuss the city's needs and formulate development programs for Cesena's agriculture.

The odd thing about all this is that these measures have been voted with the support of the opposition—apparently an unproclaimed "historical compromise." After local voting last year, the Communists alone emerged with a majority of one in the 40-member city council. But they consistently get more than 90 per cent support of the council on their programs, they say. The projects have left Cesena with a sizeable deficit—another innovation brought by the Communists, and the main point on which their administration is criticized. Yet even a leader of the opposition Republican Party admits grudgingly that "paved roads and buses are what people seem to like."

Angelo Mini says of Cesena that "our problems reflect national problems." And it is true that Italy badly needs a more effective national administration and more direct involvement of its citizens. But in Rome, the capital, there are still questions being raised of whether the national Communist Party can really function as local branches do and devote itself simply to good government without being sidetracked by doctrinaire issues in the international field.

—CHRISTINA LORD

Dublin

The increasingly independent line being taken by the Italian and French Communist Parties, which feel the need to free themselves from the Moscow yoke, has not left the shrimp-sized Irish Communist Party unscathed. Only one month after the 43-year-old party won official recognition for the first time by persuading the authorities to allow it to be registered as a political party (which entitles its candidates to appear under the party's official name on the ballot and gives the party time on the state-owned radio and television during election campaigns), it has been split down the middle.

The anti-Moscow line of their French and Italian comrades is being attacked by the two-thirds of the Irish membership who have remained faithful, and being quoted as a good example by the breakaway one-third who have now formed themselves into the Irish Marxist Society. The French and Italian new departures were, in any event, only the catalyst for the dissension which has been boiling ever since the 1968 invasion of Czechoslovakia, when the Irish Communist Party's official line was to support Moscow despite the opposition of many of its own members.

The split among the party's 600-odd members marks yet a further fragmentation of the far left wing of Irish politics. There are now around a dozen more or less organized political groupings on the extreme left, ranging from the Marxist Official IRA to Maoists. None of them holds a seat in either the Dail (House) or in the Senate.

The Irish Labour Party, is, in fact, the only party of the left to command a degree of support from the electorate. It now holds 19 out of 144 seats in the Dail and five cabinet seats, including the deputy premiership, in the coalition government it formed three years ago with the somewhat conservative Fine Gael Party. (The Fine Gael has teamed up with the Christian Democrats in the European Parliament. The representatives of the Labour Party, which manages to cover a broad spectrum of leftist opinion, are, on the other hand, part of the European Parliament's Socialist Group.)

The largest single party remains Fianna Fail, which was founded by former President Eamon de Valera and which has been out of government office for only eight years since it first came to power in 1932. Given the voting patterns over recent decades and the general Roman Catholic conservatism of the Irish people, it is unlikely that the Communist Party in any form will match that record in the foreseeable future.

—PETER DOYLE



"Getting ready for the 1976 German electoral contest. . . ." Bac, *Nordwest Zeitung*, Germany.

Bonn

The national election campaign in West Germany, which runs closely parallel to this year's American presidential campaign, with the vote for a new parliament due October 3, had long been pegged as a battle over economic issues. But in February, as the first round of heavy slugging opened between the Social Democrat-Liberal coalition of Chancellor Helmut Schmidt and the Christian Democrat opposition, the main issue has suddenly become foreign policy, and in particular Germany's delicate, emotion-charged relations with Eastern Europe.

A major treaty with Poland which Schmidt sealed with Polish leaders during the 1975 Helsinki peace conference, had been slowly moving toward ratification in Bonn during the winter, stirring little interest. Suddenly in February, due to an unforeseen vote flip-flop in the German State of Lower Saxony, the opposition Christian Democrats found themselves in a position to kill the accord, which in essence is a tradeoff of German war reparations against exit visas for ethnic-Germans still living in Poland.

The natural instinct of the Christian Democrats, led by Rhineland Pfalz State Governor Helmut Kohl, is to vote against the Schmidt détente policy. But, some party strategists believe this would present a cold war hardline foreign affairs image which could lose votes in October. Equally important, however, the Christian Democrats must give a picture of being united on the issue. In 1972 the party split over ratification of a similar treaty with East Germany, earning a hesitant, unsteady image which hurt it in a later national election. This is particularly important for Kohl, a big, handshaking politician with a banal delivery, who often looks like he is being shoved around by Christian Democrat Party factions instead of leading them. In debates on the treaty in the Bundestag, Chancellor Schmidt scored points by saying that

Kohl's opposition to the accord was a concession to Bavaria Christian Democrat Party Boss Franz Josef Strauss.

In the Bundestag, the treaty went through comfortably February 19, garnering 15 votes from the opposition. But in mid-March the crucial vote will come in the Upper House, or Bundesrat, where the opposition suddenly has won a strong majority. The treaty is equally important to the present Government, which has fallen short on numerous 1972 campaign pledges and has to show some major achievements in this election year.

Also the treaty is a particular prize for Foreign Minister Hans-Dietrich Genscher, who leads the small Free Democrat Party, the junior partner in the coalition. Trust between the Free Democrats and Social Democrats has begun to weaken because of the mysterious state parliament vote in Lower Saxony, where unknown deputies from one or the other government faction switched votes and forced the Social Democrat governor from office. Schmidt has had to show super dedication to the cause of the treaty to keep Genscher's trust, which will be essential if the two parties seek to form a new government after the October elections. The Christian Democrats are more than ready to tempt the Free Democrats to throw in with them after the October vote.

As for the economy, Schmidt at a recent, very relaxed press conference maintained it is getting better every day. He said the Christian Democrats have realized this and dropped plans to peg their campaign on economic issues. The Government expects 4.5 per cent in real economic growth in 1976 and says inflation will be only 5 per cent. The major problem is unemployment, which is expected to stay above 4 per cent, very high for Germany. Whether Chancellor Schmidt himself will find himself in the unemployed ranks at the end of this year, something few observers felt possible a while ago, is becoming a fascinating if still improbable question in Bonn.

—PAUL KEMEZIS

Paris

Seldom has the ballyhoo surrounding a French Communist Party congress been greater, but then seldom do the Communists publicize their "changes," unveil new policies, and advertise criticism of the Soviet Union. All this fare was part of the French party's twenty-second congress, one that is sure to go down as a milestone. Once known as the Stalinists of the West, more interested



"Look daddy, all self-supporting!" Behrendt, *Het Parool*, Amsterdam.

in doctrinal purity than any serious bid for power *à la Italienne*, the French party today has put on a new face.

As a rule, Communists do not talk much about change and new policies, for that implies past error. Yet this is precisely what the French party did at its February congress, to the point that *L'Humanité* was quoting from Goethe after the battle of Valmy—when the revolutionaries beat back the royalists and the Prussians—that "a new era has begun."

The debate in France today, a full year ahead of the local elections and two years ahead of the national elections, is whether this Communist "change" is appearance or reality. They say they have changed, but what does it mean? For most Frenchmen, renunciation of a notion as archaic as the dictatorship of the proletariat has no more significance than the recent Church decree that God could now be addressed in the familiar *tu* form. They are more impressed by the Party's new readiness to openly criticize Moscow over Soviet repression and abuse of liberties.

But most significant of all is the party's call for a "union of the French people." It is this concept that actually explains the rest of the change. The French party, so long critical of the Italian Communists' "opportunism" for proposing an historic compromise with the Christian Democrats in order to share in the government, is now proposing precisely that. The new French thinking came following a meeting in Rome last November between party leaders Georges Marchais and Enrico Berlinguer, itself something of an historic compromise.

Drawing, like the Italians, largely on the Allende experience in Chile, the French party now reasons that it no longer is enough to aim for a magic 50.1 per cent of the vote. Instead, a larger consensus is necessary, reaching beyond traditional Socialist allies to the center and seizing on the present recession as the best time for action. Obviously, such liaisons are more difficult

when outmoded doctrine such as the dictatorship of the proletariat must be defended. The Italians abandoned that notion years ago. It also helps if the party does not seem to be defending acts indefensible in Western Europe, such as committing political prisoners to insane asylums, a favorite Soviet practice.

Thus do both appearance and reality change. Does it mean that Communism itself is changing; that what Marchais has in mind for France would be much different from what Communism has produced elsewhere? That is the great imponderable. The most recent evidence on the subject, in Portugal, is not very reassuring. There the Communists, defended in their actions by the French party, made an all too clumsy attempt to seize power and circumvent the will of the people as expressed at the polls. Another error, like Allende's, for Communists to ponder.

—JAMES O. GOLDSBOROUGH

Copenhagen

The Danes are easy to hurt these days. The most recent example is the angry official retort to Belgian Prime Minister Leo Tindemans, who was quoted in Denmark several times earlier this year for his not too flattering remarks about the Danes' apparent lack of enthusiasm for European integration: Tindemans even had the nerve to suggest that Denmark was in the European Community more for the money than anything else. Danish Foreign Minister K. B. Anderson answered straight-forwardly that the Danes "don't like to be told what we are, and certainly not by a foreigner like Leo Tindemans." Just to make sure, words to the same effect were conveyed to Tindemans through the Danish ambassador to the European Communities. Hardly the kind of response that fosters solidarity and goodwill among the smaller EC member countries.

But do the 5 million Danes really deserve their reputation as the foot-dragging, reluctant, mini-heirs of Charles de Gaulle's nation-state? By their own standards, certainly not. The Danes—a majority both in parliament and among the people—seem ready to accept the claim of the minority Socialist Government that Denmark is in the vanguard of the European countries when it boils down to the real issues.

And these issues are, according to the Socialist Government, primarily the fight against unemployment, a common energy policy, and a strengthening of the monetary agreement—the so-called "snake"—

that, thanks to the strong German mark, has brought the Danish currency safely through the crises in the monetary system in recent years. Not that this last fact has provoked any special gratitude toward the Germans. Danish Government ministers have, on the contrary, helpfully suggested that the Germans might do more to stimulate domestic demand, including imports. The Germans say no. They are for some reason more worried about inflation in Germany than the Danes are. When defining the issues as above, the Danes are not without political allies in other EC countries. However, the differences really show when you start talking about institutions.

For most Americans, the proposals the Belgian Prime Minister has made for "European Union" must appear to be anything but federalist. Tindemans does not even propose a senate, much less a strong European executive. Still, most Danes appear to consider his proposals too federalist. A recent survey showed that less than a third of the Danes favored a European Parliament elected by universal suffrage, and this is only part of a generally hostile pattern of attitudes toward innovations and experiments in the European integration process. But why is this pattern so hostile?

There is no easy answer, of course. Two-thirds of the Danes voted "yes" to EC membership in the 1972 referendum, but the issues of the campaign were almost purely economic—the main argument being that Danish agriculture needed free access to its main market, Britain. As Britain was joining the Community, Denmark would have to follow suit to safeguard this access. Entering together with Britain also eliminated many of the political misgivings—who cherishes sovereignty more than the British? But this never really became an issue, though the opponents of Danish membership did their best to make it *the* issue of the campaign.

Contrary to the expectations of most Danish politicians, the debate about Europe's future has become more and more political, and institutional topics are now in the foreground, highlighted by the proposals of the Tindemans report. It follows that this development has also caught the Danish public unprepared. If the economic indicators had been more favorable than they have in the last years, Danish attitudes would no doubt have been different, more positive. Opposition to Danish membership, as reflected in the opinion polls, mounted with the increasing economic slack. Who said that Tindemans had a point?

—LEIF BECK FALLESEN

Brussels

Tall, angular, with piercing eyes and a down-to-earth manner, Belgian Prime Minister Leo Tindemans is filling his role as wise man of Europe to the hilt. The Tindemans report on European Union, which he delivered to the nine Community governments and the European public in January, has raised a number of storms, and the hardly-your-retiring elder statesman has rushed from podium to pulpit to defend his ideas and inject a steady sense of Flemish realism in the European debate.

The performance has been all the more



amazing since he has also had to steer his rather heterogenous Belgian Government through sticky economic and language issues. Until the Christian Democrat politicians formed the present Belgian Government in March 1974, being Belgian Prime Minister had normally been a frustrating full-time juggling act. Few men had been able to make a mark in European affairs while holding the job. But Tindemans, 53, is a slightly different case since he came into the job reluctantly, hoping instead to become foreign minister and fulfill a life-long dream. A foreign affairs buff, he had been an expert in European policy while working himself up through the party ranks, studied at the famous Harvard International Seminar under Dr. Henry Kissinger, and collected one of Belgium's best private libraries on international relations at his home in an Antwerp suburb.

In various ministerial jobs he showed a diplomat's flair for inspiring trust and cooperation among Belgium's various language factions and party leaders. After leading a highly successful election campaign in March 1974, he was drafted as prime minister of a center-right coalition with a primary job of nudging Belgium toward a federal state. He has produced more progress in this field than many thought

possible when he started, but he has not been able to fix the big compromise among all factions that would complete the job. In February a third major reconciliation effort among language radicals failed in a fog of mistrust and petty bickering.

In the meantime, however, Tindemans never took his eyes off foreign affairs, and in December 1974 he volunteered at the EC summit in Paris to make a pilgrimage around Europe to find out where people thought the Community was heading. The resulting report, with few rhetorical frills, painted a gloomy view of the situation and recommended some practical first steps to improve things. The attacks began at once.

The "federalism now" school of European thinking complained that the Prime Minister had not included their visions of a European utopia which they have long proposed. The poorer Community members—Britain, Italy, and Ireland—were jittery about his observation that the Nine were drifting into two groups, rich and poor, and that something should be done so that the cooperation inside the richer group could progress where possible. Many European socialists felt that there was not enough emphasis on unemployment and social welfare programs in the report, while French Gaullists bridled at a few new suggestions on intensifying foreign policy coordination.

Tindemans himself launched into a series of speeches to clarify his point. In early April the nine heads of government will give their official views on his recommendations at a summit in Luxembourg. But so far, Tindemans says he has already achieved one of his main aims. The report has touched off a very necessary bout of hard thinking about the future of Europe.

—PAUL KEMEZIS

CONTRIBUTORS

PETER DOYLE, a former reporter for British dailies, now edits the European Community's publications in Dublin.

LEIF BECK FALLESEN is European correspondent for the *Aarhuus Stiftstidende*.

JAMES O. GOLDSBOROUGH is Paris-based correspondent for *The International Herald Tribune*.

PAUL KEMEZIS works out of Bonn covering the Benelux for *The New York Times*.

CHRISTINA LORD works for *The New York Times* in Rome.

DOUGLAS RAMSEY, an American, works in London for *The Economist*.

Covering the Community

REGINALD DALE

EIGHT YEARS AGO, BRUSSELS WAS CONSIDERED A PRETTY dull spot for a foreign correspondent. It was partly the place itself, known generally to nonresidents as an endless stretch of cobbled streets and drab buildings that they had to drive through to get somewhere nicer. Try to put a telephone call through to Brussels in many parts of Britain even today, and the operator will still ask you, "Where's that?" But the main point was that it was hardly a major world news center.

When I got there in early 1968, Brussels had been the headquarters of the European Common Market for just over ten years. After all the visionary enthusiasm for a united Europe in the Fifties, the six founder members (France, Germany, Italy, Belgium, the Netherlands, and Luxembourg) had been getting down to rather uninspiring brass tacks. They had just about finished laboriously working out common farm policies and were well on the way to removing customs duties on each others' exports. To most people in Britain, Brussels was known mainly as the mecca of Continental officialdom, chiefly distinguished by interminable all-night "marathon" meetings on obscure and irrelevant agricultural problems. Someone, with a stroke of genius, had just coined the word "Eurocrat" to describe the EC bureaucrats.

In Paris, General de Gaulle still seemed to be firmly entrenched in power and had just vetoed Britain's application to join the Community for the second time in five years. There seemed little prospect of Britain, or any other country, being admitted to this rather introspective little club for the foreseeable future. It was hardly surprising that the British public did not feel like taking a great deal of interest in what went on in Brussels. Certainly no one in the London office was barking down the telephone for news, and we felt little urgency in sending it—if only because it was usually up to us, in any case, to persuade them that stories were worth printing.

There were a total of three British journalists covering the Community full-time. But we outsiders weren't the only ones who apparently thought it unimportant. I remember being astonished to find that there were only two French Common Market correspondents. And not many more Italians, even though both countries had long since entrusted their fate to Brussels. There were a lot more Germans—there still are. But there cannot have been many more than about 40 of us altogether who gathered



every Thursday at the Commission for our weekly briefing. We sat cramped round an E-shaped, baize-covered table in a dark little room, like a war-time school class temporarily evacuated to makeshift premises.

The stories we wrote were mainly economic and often tedious. One of my first tasks was to spend 36 hours at a stretch covering a ministerial meeting devoted to the problems of Italian olive oil. The Common Market has never been a great source of "human interest" material, but in those days nobody seemed all that keen on writing up the personalities that were there. I doubt if most of my colleagues could have listed the names of all nine members of the Commission, and I'm not sure I can remember them all myself—we didn't see them very often, if at all. We British relied heavily on the Dutch for inside information: As traditional "friends of Britain," they seemed to feel morally responsible for us, and very grateful we were too. It has always been much more difficult to cover the Community if you come from a nonmember country.

8 Years Dateline Brussels

Today, Brussels is a different world. The Commission has occupied its vast new steel and glass Berlaymont Complex, and the specially designed press room seating 120 is already too small. With over 250 foreign correspondents, Brussels has moved into the same international league as Washington. Up to 100 reporters regularly attend the Commission's daily noon briefings. The number of British correspondents has increased tenfold. And there are even a few more French. It is no longer an easy-going journalistic backwater; the pace has become ruthlessly competitive. We have Tass, Radio New Zealand, the Voices of Zaire and America, the New China News Agency, and the *Plain Truth*. Whatever the Community's internal bickerings and shortcomings, the world at large seems to be taking an interest.

WHAT WE DO NOT HAVE is one single staff correspondent from one of the big US daily newspapers. Maybe the great American public does not find Brussels important. Maybe the Community is just too difficult to explain to reasonably sane people. Three years ago in New Mexico, I delivered what I thought to be a high-powered, impromptu speech on European monetary union. It was extensively reported in the local press next day as "military" union—but perhaps that was just the British accent.

I suspect that there are two more fundamental reasons for the absence of American journalists. The first is that European integration has never been a major domestic political issue in the United States to compare with, say, détente or Vietnam. The second is that, unlike Washington, Brussels, the "capital of Europe," is still not really a center of power where decisions are taken that fundamentally influence world events. That, of course, is Europe's fault, not America's.

For British newspapers it has been just the opposite. Seen from London, the Common Market, and the United Kingdom's tortuous flirtation with it, has been one of the biggest postwar British domestic political issues. Seen from Brussels, the history of the Community over the last seven years has been largely the story of its painful absorption of the United Kingdom, accompanied by Denmark and Ireland. Like a difficult pregnancy in reverse.

That this would be so was clear to us in Brussels from the moment that General De Gaulle abruptly shuffled off the political scene in spring of 1969. In London, it took a bit longer to sink in. Nevertheless, by the time the Six agreed to admit Britain at their historic summit conference in the Hague in December of that year, it was clear to everyone that Brussels was going to be at the center of a major, long-running "British story" that would include almost every conceivable economic and political angle from the future of the Commonwealth to the fate of the British breakfast. Would British sausages be illegal under Common Market rules? What about warm beer? The Brussels press corps, both British and Continental, suddenly woke up.

Over six years later, the British story is still doggedly refusing to go away. First we had the entry negotiations. Lasting from June 1970 to the memorable signing of the Accession Treaty in January 1972, when a girl threw ink all over Prime Minister Edward Heath—a godsend for





© Ralph Robinson

the next day's Sunday newspapers in Britain. Then we had the "interim period" that lasted until January 1, 1973, when Britain, Ireland, and Denmark tried to get used to the idea that they really were about to become full members 12 years after they first asked to join. Next, we had to observe the behavior of the strange new nine-nation creature, with the spotlight obviously on the British: How would they get on with these curious Continentals after centuries of imperial isolation?

No sooner had we all written our definitive pieces on the Conservative Government's performance in Europe than it suddenly disappeared, to be replaced by a Labour Government pledged to "re-negotiate" the entire package of entry terms that we had so painstakingly covered just over two years before. So we had an irritable year of re-negotiations culminating in the British referendum of June 1975. Surely, we thought the poll's resounding "yes" to Europe would be the end of it. But no. Just as everyone was wondering what to write about next, the British started making difficulties again. They wanted a separate seat from the rest of the Nine at the North-South dialogue in Paris. They did not want elections to the European Parliament, or at least not at the same time as the others, and in all sorts of ways they still wanted to do things differently. Like it or not, with all their appalling economic problems and their unabashed arrogance, they re-

mained probably the most newsworthy people in Brussels.

Still, the high point was undoubtedly the entry negotiations. It was not always exciting. We waited for hour after hour, often all through the night, in uncomfortable lobbies while the negotiators argued over percentage contributions to the common budget and over butter and cheese import quotas. But at least it was important. British membership, and thus ultimately the future of Britain, would depend on the answers to questions such as these. The terms had to be right, even down to the minutest detail, or the British Parliament would not accept them.

THERE WERE LIGHTER MOMENTS. There was the time, late at night, when Britain's chief negotiator banged furiously on the table and catapulted a large tumbler of whisky all over the immaculate pin-striped suit of the Commission's chief negotiator, Jean-François Deniau. "It is for this," Deniau acidly remarked as he wiped down his waistcoat, "that they want export rebates." The British were at the time engaged in a devious attempt to persuade the Community to subsidize Scotch whisky exports. They did not succeed.

Between negotiating sessions, the game was to track down secret negotiating papers—a pursuit that both journalists and diplomats entered into with equal gusto. At one tense moment a senior diplomat, determined to get a key document, grabbed an astonished Community official in a stranglehold around the throat and shouted, "This one I've got to have." He got it.

As the negotiations neared their climax, there were extraordinary goings-on in the 22-story Kirchberg European Center in Luxembourg. The perfidious British smuggled in a senior New Zealand minister through a back door to advise them on the arrangements being negotiated for his country's future dairy exports, a crucial political issue in the United Kingdom. Neither the Community countries, particularly the French, nor the press were meant to know he was there. The operation did not go entirely smoothly. At one point he found himself ignominiously locked out on the wrong side of a fire exit, but the secret was kept for long enough.

The breakthrough came in Luxembourg early one June morning in 1971 after three marathon day and night sessions, each lasting three days, in as many weeks. As the exhausted negotiators straggled out of the Kirchberg into the dewy dawn, the sun was rising from the mist into a clear blue sky. It was a moment of history. One exhilarated British reporter went to the typewriter and filed an ecstatic story to London that started, "A new dawn broke over Europe today as the sun climbed through the fog. . . etc., etc." He was puzzled and upset when a down-to-earth deskman in London threw the copy in the waste bin and ordered him to rewrite the details of the night's agreements on butter quotas.

Still, we all got a genuine champagne breakfast at the expense of the British Government. Knowing that the Luxembourgers would offer Luxembourg champagne, the British had craftily hoarded a few bottles of the real French stuff in the Holiday Inn. It is a sad comment on European enterprise that this symbol of American culture is the only hotel in walking distance of the EC buildings in the Grand Duchy, and many EC ministers and diplomats stay there rather than in the seedier European establishments in the city center.

Just over a year later, presidents and prime ministers gathered in Paris for the first summit meeting of all nine countries—both new members and old. We didn't know it at the time, but it was also to be the last of the great ceremonial summits at which pomp and circumstance, and a massive resounding communiqué at the end, seemed to be almost more important than the immediate, practical issues of the day.

The press corps was lavishly entertained. The French foreign ministry laid on a magnificent buffet, serving "typical" dishes from each of the nine countries—Irish stew for the Irish, sauerkraut for the Germans, spaghetti for the Italians, and so on. They succeeded in morally offending virtually every other nationality present—predictably, the French dish (*coq au vin*) was the only one worth eating. And despite the shoals of shiny black Citroëns, motorcycle escorts, and strings of brand new flags, the ordinary Parisian was clearly not impressed. French radio interviewed a workman cleaning the outside of the

building where the meeting was to be held and asked what he thought the European summit meant. "Ah," he replied, "that must be Mont Blanc." It is not only Americans who find it difficult to understand what the Community is all about.

In retrospect, Paris 1972 was the summit of all summits. Georges Pompidou, Edward Heath, and Willy Brandt had not yet given way to the more prosaic team of Giscard d'Estaing, Harold Wilson, and Helmut Schmidt. The world was as yet unsullied by energy shortages and inflation, and it seemed as if a new Europe was really about to be born. With hopelessly optimistic zeal, the leaders of the Nine pledged themselves to common energy, social, and regional policies, economic and monetary union, political union, and above all European union, whatever that meant, by the end of the decade.

IT DIDN'T TAKE LONG TO COME UNSTUCK. Within 12 months, the Arab oil embargo and the world economic crisis had shown that the Community needed a great deal more than brave declarations to keep it together. Under the threat of the oil embargo, both France and Britain swiftly abandoned their new-found "Europeanism" and reverted to the old policies of every man for himself. Germany, which was regaining its political self-confidence for the first time since the end of World War II, started to jib at its role as the automatic provider of funds for its prodigal partners. At the snow-bound Copenhagen summit of December 1973, the Community reached its lowest point ever. Nothing was decided. Fundamental differences of view were glossed over, and within a week Germany was blocking Britain's cherished common regional fund and the United Kingdom was vetoing a common energy policy in retaliation. For the first time, and by no means the last, the British began to be labelled Europe's "new Gaullists," shamelessly putting self-interest above the common good.

As the gravity of the crisis became clear in Brussels, British voters chucked out Heath (though for quite different reasons) and elected a Labour Government whose views on Europe ranged from the passionately "pro" to the pathologically "anti." For over a year the other countries had to sit back, unable to plan their own future, while the British once again tried to decide whether they would be in or out. At the time, the British were reproached for taking up too much time with their re-negotiations. In retrospect, one could easily argue that the other Eight were fairly glad of an excuse not to tackle other problems that they might have been unable to solve.

Nevertheless, one does not have to be British to observe that Britain's problems have taken up an inordinate amount of the Community's time over the past seven years. Add to that the arrangements that had to be made for the Commonwealth countries, both rich and poor, and



all Britain's other post-imperial responsibilities from Hong Kong to Gibraltar. While concentrating on the task of enlargement, the Community was able to close its eyes to its own fundamental weaknesses, and it is not surprising that they did not go away.

But, sooner or later, it had to be done. The Community had to incorporate Britain if it were to serve as a credible basis for building a new Europe. Anyone who had the slightest knowledge or experience of the British would have known from the beginning that it would be extraordinarily difficult. General De Gaulle, as so often, was right in insisting that the British were not "Europeans," in the Continental sense of the term. I remember Deniau one evening seriously maintaining that no country could be really European unless it produced wine and tobacco, thus categorically ruling out everyone north of a line drawn roughly from Paris to the Rhine.

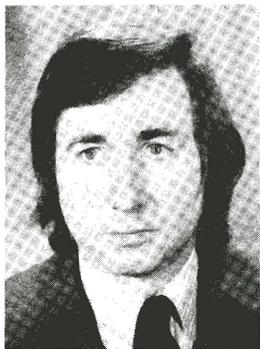
Despite such Gaullist sentiments, Britain is now at last very slowly becoming to regard itself as European, and the Nine are preparing to take new nations on board, notably the southern European countries from Portugal, via Spain, to Greece and Turkey. That will also be difficult, and it would be most unwise to try to attempt it too quickly. But the first hesitant buds of a new sense of European optimism seems to be sprouting in Brussels. As the Nine slowly emerge from the trauma of recession, a new and more realistic attempt is being made to redefine the way ahead. With luck, the report on European union, just published by Belgian Prime Minister Leo Tindemans, will receive a serious hearing. There seems to be a growing body of people who believe that the time could be ripe for a new step forward.

So I leave Brussels in a slightly more optimistic mood than I would have done a year ago. I shall undoubtedly miss it. The Brussels atmosphere can be addictive. I shall miss the camaraderie of the press corps and its idiosyncrasies: the Dutch, who always commandeer their own special table and sit around it drinking beer and *campari* waiting for someone to come and brief them; the French, who are usually told nothing for hours on end, but who are suddenly summoned upstairs for ministerial brain-



washing at key moments; the usually sober Irish, who one night in the bar last year held up the stories they had just written like music sheets and sang out their copy to the tunes of patriotic ballads; the hard-working but less sober British, who are always the last to leave an all-night marathon; the Danes, whose language nobody else understands, but who are often the best informed; the pragmatic German, who used to bring a fully equipped camp-bed into the lobby whenever he thought the meeting might run late.

As I leave, the Commission is producing new proposals on tax harmonization, which was the subject of the first Council meeting I covered eight years ago. In those days we also had to write about the German *als ob* tariff for freight traffic in the Saar (too fiendishly complicated to explain), which fortunately ceased to attract any interest years ago. Since then we have spent long hours on import quotas for tomato concentrates and the breeding habits of the male and female hop. Today, we have the axle weights of heavy trucks (an old favorite), customs duties on potatoes, and the harmonization of daylight-savings time. These are the nuts and bolts of the Community, and will remain so long after I have gone. There are many days in Brussels that are frustrating and unrewarding, but I would never agree that it was dull. ■



After eight years as Brussels correspondent for The Financial Times, Reginald Dale is now returning to London as the paper's European editor.

EC POLICY REPORTS

ENVIRONMENT

STANLEY JOHNSON, *head of the Commission's prevention of pollution and nuisances division*

The first meeting of the environment ministers of the European Community was in July 1973, when they adopted the EC action program on the environment. This program not only laid down the objectives and principles to be followed; it also established in considerable detail the specific areas where the Commission was called upon to make proposals, and the relevant deadlines.

In November 1974 the Nine's environment ministers met again to adopt the first series of measures proposed by the Commission. This first series included: a directive dealing with the quality of water destined for drinking; a directive dealing with the disposal of waste-oils; a recommendation on the application of the polluter-pays principle; a resolution on energy and environment; and a decision authorizing the Community to negotiate with a view to becoming a party to the Paris Convention on the prevention of marine pollution from land-based sources.

In the first part of 1975, certain other environment measures were adopted by the Council of Ministers as priority points. These included: a "framework" directive on the elimination of waste; a decision concerning the exchange of information between atmospheric monitoring networks dealing with SO₂ and suspended particulates; a decision concerning "second category" pollutants for which criteria were to be established; and a decision establishing the European Foundation for the Improvement of Living and Working Conditions.

At the third meeting of environment ministers, in Luxembourg on October 16, 1975, the Council adopted another draft directive dealing with water quality objectives. This time for bathing water (both sea and freshwater). The Council of Ministers also adopted a proposal regarding the sulphur content of heating oil. A general reduction in the sulphur content of heating oils as proposed by the Commission and approved by the Council, could make an important contribution toward improving the quality of air in Europe's cities.

Two other proposals, recently adopted by the Council, deal with the Community's international activities in the field of environment. The Council approved the idea that the Community should in principle become a party to a framework convention relating to the pollution of the Mediterranean, as well as to a convention relating to the chemical pollution of the Rhine. In approving these Commission proposals, the Council recognized that environmental problems transcend national, and even EC boundaries, and that at the same time real problems may arise if obligations member states may take within the framework of international conventions are not sufficiently coherent and "harmonized." Another proposal adopted by the ministers on October 16 created a European environmental information system, compatible with the global system currently being developed by the United Nations.

One important item on which the Council did not reach agreement on October 16 was a Commission proposal on the reduction of pollution caused by certain dangerous substances discharged into the Community's waters. The area covered by the draft Council decision was the whole of the aquatic environment of the Community, that is to say inland rivers and lakes, coastal waters, and territorial seas. Within those waters member states were asked to eliminate the pollution resulting from the discharge of "black list" substances. The black list proposed by the Commission included mercury and cadmium; organohalogen, organophosphorous, and organostannic compounds; carcinogenic substances; and persistent oils.

The Commission proposed a concrete mechanism for eliminating pollution from the discharge of these "black list" substances:

- The definition on a Community basis of certain maximum "limit values" to be fixed by the toxicity, permanence, and bioaccumulative character of the substances, taking into account the best technical means available for the elimination of such substances from a discharge.
- The obligation of the competent

authorities in member states not to exceed these Community limit values whenever they give "consent" to a discharge. (A system of prior consent to any discharge was a fundamental aspect of this decision.)

There was also in the proposal a "gray list" of substances, including various dangerous metals and metalloids (such as arsenic, lead, uranium, etc.), biocides and their derivatives, cyanides and fluorides, etc. In respect to gray list substances, member states would undertake to lay down individual emission standards whenever they gave consent, or authorization, to a discharge. That individual emission standard must itself take into account relevant water quality objectives.

Member states would be obliged to transmit their pollution-reduction programs for gray list substances to the Commission. The Commission would in turn undertake a regular "comparison" of these programs, in conjunction with the member states, so as to ensure steady and rapid progress toward attaining the stated objective of a "severe reduction" of pollution.

After a long and sometimes heated debate, the ministers failed to agree on this proposal. The essential problem was that the British, who favored an approach to water pollution based on the setting of environmental quality objectives, were not prepared to accept a system which sought to regulate pollution by discharges of black list substances purely by means of emission standards. The Commission was given the task of working out a proposal involving a compromise between the emission standards approach favored by the majority and the quality objective argument maintained by the United Kingdom.

The Commission's subsequent proposal was that the Council would lay down quality objectives for the substances covered by the proposal as well as emission standards. The latter would apply except where member states could prove to the Commission, on the basis of an agreed monitoring procedure, that the quality objectives were being met and maintained. If quality objectives could be met or established, then the emission standards would come into force.

At 2 o'clock in the morning on December 9, the ministers finally agreed to adopt a solution along these lines, and an important roadblock in the way of the Community's environment policy was removed. Work is now going ahead on the completion of the first environment program, while a start is being made on certain actions in the second program already approved in broad terms by the EC Council.

EDUCATION

HYWEL CER I JONES, *head of the Commission's division on youth education*

The activities of the European Communities have been extended into an important new field by the EC Council of Ministers' adoption in December of a first action program in education. A permanent education committee has been set up to coordinate and oversee the implementation of the program and to prepare discussions on future developments. Prior to the adoption of the action program, educational cooperation in the Community was largely a matter for intergovernmental agreement.

The European Parliament in particular, however, has been pressing for much closer integration of the education systems both as a means of enabling greater mobility between member states and as an important element in "European Union." In his report on the latter, Belgian Prime Minister Leo Tindemans recently emphasized the importance of education in building an integrated Europe. The solutions adopted have to be pragmatic. They have to take account of structures which are at present diverse, and they have to deal with the urgent problems facing the Community. One such problem is unemployment.

In the action program special priority has therefore been given to the preparation of an urgent report by July 1 on the transition from study to working life, with particular reference to the problem of unemployment among young people. Ministers asked that the report should set out measures which might be taken in order to facilitate the transition from study to employment and to improve the chances of school-leavers finding work. The Commission is setting up a small, high-level group of experts to prepare this report.

The action program identifies, in addition, six main areas in which the adoption of measures at Community level are of importance:

1. Measures to improve the living and working conditions of migrants and their families are recognized as urgent. Education is a key component in the Community's approach to the problems. Ministers pledged their agreement to take measures in each member state to improve the reception facilities for the children of migrant workers. The ministers' agreement to take action in each of their own countries, complementary to the action at Community level, holds out much brighter prospects for the future of nearly 2 million

migrant children. Ministers also asked the Commission to undertake a series of special pilot plans and studies to provide better information about the current organization of special teaching and teacher-training arrangements.

2. To enable the education sector to make a full contribution to the Community's development, the ministers committed themselves to a much more intensive exchange of information and comparison of policies and experiences in each member state. Study visits for local, regional, and national administrators will be organized. They also undertook to give a boost to the European dimension in teaching and learning. Member states will organize short study visits and exchanges for teachers and pupils and have agreed to strengthen national advisory services involved in mobility and exchange. The latter is also an important element in the Tindemans strategy for European union.

3. In the field of documentation and statistics, the EC Statistical Office has been asked to extend the data

available on education, and the member states are to try out the procedures involved in the computerized European documentation system for education, which was originally developed by the Council of Europe.

4. In higher education a number of measures will be taken to promote cooperation among institutions. These will include the strengthening of links with and between organizations representing higher education institutions, the organization of short study visits for teaching and administrative staff and for researchers, and the promotion of joint programs of study or research among institutions in several member states. The emphasis is on assisting the institutions to develop and strengthen links and joint activities among themselves. Ministers were also concerned about problems now being encountered in several member states arising out of current policies of admissions to institutions of higher education, and agreed to arrange a discussion involving representatives of higher education institutions

about these problems.

5. The teaching of foreign languages was regarded as a vital area since it provides one of the essential tools to European integration, namely the ability for every citizen of the Community to communicate. Ministers have agreed to pursue the following objectives:

- offering all pupils the opportunity of learning at least one other Community language;

- the principle that, before qualifying as a foreign language teacher, a student should have spent a period in a country or region where the language he is to teach is spoken;

- the promotion (e.g. on radio and television) of language teaching outside the traditional school system, in particular to meet the vocational training requirements of adults.

6. The final area of action concerns the equality of opportunity of access to education at all levels. Ministers called for an exchange of views and experience on concepts and trends at Community level in order to identify specific areas for joint action.

The exchange of views will focus initially on nursery education and its link to primary education, and on the organization of secondary education.

The Commission now has the task of implementing the program at Community level, and the ministers will meet regularly to review progress and establish future guidelines. The program represents a major development in a number of key areas in education, but the fundamental importance lies in the political commitment of the governments of the Nine to include, henceforward, education as an element in its own right within the Community framework.

Taken on its own, the education action program represents a significant step forward, but taken in the light of the growing importance of the European Parliament, which has always been keenly interested in education affairs, and in the context of the Tindemans proposals, it assumes major importance in the further development of the European Community.

NEWS

OF

THE

COMMUNITY

EXTERNAL

Ortoli Visits US, Canada

The current state of US-EC relations is good, said Commission President François-Xavier Ortoli after February 24 meetings in Washington with President Gerald R. Ford, Treasury Secretary William E. Simon, and Federal Reserve Board Chairman Arthur F. Burns.

Ortoli's Washington visit came immediately after a trip to Ottawa, where he met with Canadian Prime Minister Pierre Elliott Trudeau and discussed the proposed EC-Canadian economic and commercial cooperation agreement.

At a Washington press conference,

Ortoli noted: During the last 10 years Canadian exports to the Community have in fact decreased, as has the reverse trade flow. The proposed EC-Canadian economic and commercial cooperation agreement is not a preferential trade pact. Canada, whose number one trade partner remains the United States, in diversifying its trade is looking not only to the Atlantic but the Pacific as well.

EC-Portugal Negotiations

Negotiations for the extension of the existing free trade agreement between Portugal and the European Community got underway February 13 in Brussels.

The new agreement will cover trade, industrial, technical, and financial cooperation, labor problems, and social security. The Portuguese are specifically asking for supplementary concessions for their exports of textiles, wine, paper, and certain fish products.

The present EC-Portugal agreement, which came into force on January 1, 1973, provides for the progressive dismantling of customs duties on industrial products between the two, as well as easier access to the Community market for certain Portuguese agricultural products.

The negotiations will also cover the establishment of a new EC-Portugal financial protocol, to replace the temporary measures now in effect. These measures take the form of 180 million units of account (UA) in European Investment Bank

loans. The aid was given with the stipulation that that country continue on its path toward a pluralist democracy. (One UA equals approximately \$1.16.)

Canada-EC Pact Talks

The go-ahead for the EC Commission to negotiate the first Community economic and commercial cooperation agreement, which will be with Canada, was given by EC foreign ministers at their meeting in Brussels February 9.

The terms of the negotiating mandate had been under discussion for over six months and had been held up in recent weeks by disagreement over the extent of the commitment on access to Canadian natural resources which should be sought. Once this had been settled in the framework of the International Energy Agency's long-term cooperation program, in which eight EC member states and Canada (and most of the rest of the industrialized world) will participate, the way was clear for the green light in Brussels.

The agreement is designed to put a formal stamp on the existing close trade relations between the Community and Canada and promote cooperation between the two sides' industries.

Export Credits Negotiations

The EC Commission believes the Community should participate as such in negotiation of a "gentleman's agreement" on export credits

with the United States and Japan.

Early this year the Commission informed the Council of Ministers of its conclusions, which were naturally influenced by the recent Court of Justice decision that the field of export credits is one in which the Commission has absolute jurisdiction. Negotiations on such a gentleman's agreement have hitherto been limited to several member states acting individually.

The Commission suggests that there should be a negotiated Community position on questions such as minimum interest rates and maximum lengths for officially supported export credits and related matters.

The point of reaching agreement on export credit terms is to eliminate the costs of continued—and sometimes cut-throat—competition and to eliminate competitive distortions among member states.

AID

Aid to Portugal Detailed

Representatives of EC member state governments, the European Investment Bank, and the EC Commission met with Portuguese officials in January for the first session of the EC-Portugal Joint Commission, created to oversee implementation of the emergency aid that the Community is providing Portugal.

Against the background of a re-

port on the present economic situation in Portugal and the outlook for the future, there was discussion of Portuguese investment plans in industry, energy, transport, agriculture, tourism, and commerce. A group of officials from the European Investment Bank, which will disburse the aid for Portuguese industry on behalf of the European Community, has since been in Portugal to make a thorough technical analysis of potential beneficiary projects.

Fighting Foot and Mouth

The EC Commission has made 350,000 doses of foot and mouth vaccine available to the United Nations Food and Agricultural Organization (FAO) to help fight the disease in southeastern Europe (mainly Greece and Turkey).

The EC action thus helps prevent the Asia 1 and A 22 viruses spreading west into the European Community, where they would pose a serious threat to Community livestock.

The vaccine comes from stocks set up in 1973 precisely for this kind of action. To date, the Community has given 2,650,000 doses of vaccines, worth 526,500 units of account (UA), to FAO. (One UA equals one 1970 dollar.)

African Railway Helped

Along with the Congolese Government, the World Bank, the African Development Bank, the Arab Bank for Economic Development in Africa, and bilateral contributions from Canada and France, the Community's European Development Fund is to provide financial support for a project to modernize over 50 miles of railway line in the People's Republic of Congo.

The line runs between the towns of Holle and Loubomo in the Congo, a vital stretch of the Congo-Ocean railway from Pointe Noire to Brazzaville, which cannot cope with current levels of traffic. The line provides access to the sea for Chad, the Central African Republic, as well as the People's Republic of Congo itself. It is also used by Gabon. Saturation point will be reached within two or three years.

The Community's contribution, which will be half grant and half loan for 40 years at 1 per cent with a ten-year grace period, is to be 7.238 million units of account (UA).

EC Aid to Guatemala

One third of the European Community's emergency aid budget for 1976—200,000 units of account (UA)—has been allocated to Guatemala to purchase blankets, tents, medicine, etc. for the victims of the Guatemalan earthquakes. (One UA equals one 1970 dollar.)

ECONOMY

Youth Unemployment Rising

The number of young persons unemployed in the Community has increased alarmingly in recent years, according to figures released by the EC Commission, and the time it takes to find a job is growing.

In Belgium the number of young people under 25-years-old looking for a job rose from 14,500 in mid-1973 to over 89,000 at the end of last year; in Germany the level went from 51,000 at the end of 1973 to 287,000 at the end of last year. And in the Netherlands it has risen from 27,000 to 87,000 in the same period. These are the countries for which the most complete statistics are available, but the trend is the same everywhere.

Only in Belgium has the percentage of those who take more than six months to find a new job fallen—from 40 per cent to 39 per cent. In Germany the proportion requiring more than six months has risen from 13 per cent to 24 per cent; in France it has gone from 19 per cent to 23 per cent; in the Netherlands, from 12 per cent to 22 per cent; and in the United Kingdom, from 10 per cent to 11 per cent.

EC Steel Production Down

Steel production was down 19 per cent in the European Community in 1975. While it totaled 156,000 tons in 1974, it was down to 125,000 tons in 1975.

The only increase was in Denmark, where production, which is a very small percentage of the Community's total, went up by 3 per cent. The next best place, relatively speaking, was Italy, where production was down 8 per cent; then comes the United Kingdom, where production was down 11 per cent, and the Netherlands, where it was down 17 per cent.

In France it dropped by one fifth exactly, and in Germany, the European Community's leading producer, it was down 24 per cent. In both Belgium and Luxembourg production fell by 28 per cent.

And in Ireland, where it was down by one quarter last year, it has now been halted completely. Production forecasts elsewhere show little sign of improvement.

Optimistic EC Businessmen

Things are looking up economically: On that businessmen in the European Community surveyed by the EC Commission last autumn agree, but their optimism is cautious.

Order books are still not as full as they ought to be and there is a fear that restocking, not resurgent de-

mand, is the main reason for the slight recovery. Order books are emptiest in the textile, paper and board, and steel industries; and the outlook for production in the steel industry is the worst, although slightly better than six months previously.

Not surprisingly, the main area for optimists is oil, although the chemical and motor industries' executives are also becoming less gloomy than most.

Encouraging Trends Noted

Industrial recovery in the European Community could be in the pipeline.

The most recent EC figures available indicate that industrial production started upwards again in October, although it was still 6 per cent below the level of October 1974. (The only exception is Luxembourg, where falling steel production blackens the whole picture.)

This phenomenon is accompanied by a certain stabilization in unemployment. In the Netherlands and in Germany, there has been a very slight fall, though absolute levels are still high. And in some countries part-time working is on the decline.

At the same time, inflation has settled at a level of around 10 per cent annually—a figure now regarded as encouraging, whereas a few years ago it would have been considered frightening.

Finally, there are signs that the steady deterioration in the Community's balance of trade position, which continued through October, was halted in November as imports started to fall and export growth hastened.

Minimum EC Steel Prices?

The Community's steel industry—both employers and unions—and the Community's steel consumers have come out in favor of minimum prices on the EC steel market.

In a vote in the European Coal and Steel Community's consultative committee, which represents these three groups, the proposal from the EC Commission received a majority backing, but the margin was close—31 votes to 22, with nine abstentions. That the steel market is in a state of crisis, none disputed; but whether minimum prices were the right answer—particularly this late in the day—was doubted in some quarters.

The next step is to consult the member states' experts, and then the whole matter could be raised in the Council of Ministers.

Wedding Bells For Business

Since it was set up two and a half years ago, the Commission's European Business Center for industrial cooperation has acted as godfather

to 29 cooperation agreements.

The agreements involved nine British, 12 Belgian, 10 French and German, five Dutch, four Italian, one Danish and Luxembourg, and no Irish firms.

Mechanical engineering, metallurgy, foodstuffs, chemicals, and services are the most frequent sectors. On average the firms brought together in this way employ 250 people.

But the agreements are just the tip of the iceberg. Since it was set up, the center has handled 2,259 requests for information.

Familiarly the center is known as the EC "marriage bureau," though it stresses that its goal is not marriages in the form of mergers but introducing friends to bring about transnational cooperation.

Uneven Economic Forecast

Three per cent growth in 1976 is the EC Commission's latest economic forecast.

While modest in terms of growth rates of a few years ago, it is a considerable improvement on the 2.5 negative growth rate expected for 1975 when the final calculations are made.

Not all the indicators are bright, however, according to the Commission's December report on the economic situation: Unemployment is still at 5 million, and the fall in the rate of inflation does not appear to be continuing.

Moreover, the rate of improvement from country to country is still very variable—with Germany and France performing best. Extreme flexibility in economic policy-making is advised, with stimulants concentrating on labor-intensive sectors such as employment.

AGRICULTURE

Too Few EC Potatoes

The 18 per cent customs duty normally charged on imports of potatoes has been suspended until the end of March by the EC Council of Ministers, in an attempt to alleviate the shortage of potatoes in the European Community.

The Council of Ministers has also imposed an export tax of 25 units of account (UA) on each 100 kilograms of potatoes. (One UA equals one 1970 dollar.) The tax applies to potatoes for processing, as well as to certain potato plants exported to third countries, and is valid until June 30.

This year's crop is only 80 per cent of the average annual crop, and prices have rocketed in a number of countries. Belgium, for example, was forced to resuscitate wartime laws on hoarding.

The potato is one of the rare products for which there is not a common market organization as part of the Community's common agricultural policy, but the EC Commission has recently put forward proposals to rationalize production and encourage producer groups in the Community as a whole.

Since there is no common market for potatoes, member states are free to impose more restrictive measures on their potato exports to third countries.

Subsidizing EC Beekeepers

The high cost of sugar, the ending of the denaturing premium for making sugar suitable for feeding bees, bad weather last spring, and pollution caused by pesticides—all have combined to threaten the Community's beekeeping sector.

Thus the EC Commission has proposed that beekeepers benefit from a total subsidy of 9 million units of account (UA) over the next three years. Half the cost would be met from the Community budget. The money would be used to provide a subsidy of UA 12 per hive. (One UA equals one 1970 dollar.)

Scrutinizing Wine Measures

Two national measures on the wine front have raised eyebrows in the EC Commission and thus have come under careful scrutiny at a time when the Community's wine lake is a sensitive political issue.

One national measure is the doubling of excise taxes on wine in the Benelux—hardly likely to boost consumption of the surplus and directly contrary to what the Commission has recommended even if Benelux excise levels will remain far below those of countries like Britain and Ireland.

The other is the creation of a national wine office by the French Government. The Commission will watch closely to see that this office's powers do not impinge on its own jurisdiction. The office is in response to pressure from French winegrowers who feel that the border tax on Italian wine imports introduced last September (declared illegal by the Commission, which is taking France to the Court of Justice) has been ineffective.

A new attempt to settle the Franco-Italian dispute and to agree on the conditions for overall reform of the wine market during the January 19-20 Agriculture Council was abortive.

EC Farm Productivity Rises

Although the number of people employed in agriculture in the European Community is falling steadily, production and productivity continue to climb—by 2 per cent a year, according to the EC Commission's re-

port on the situation in 1975, which was no exception to the general rule.

The amount of farmed land is also falling. The increase in farm incomes varied considerably in 1975: In some countries it exceeded industrial increases and inflation rates; in others it fell well below.

The Commission estimates that incomes rose by 30-35 per cent in 1975 in Ireland, by 15 per cent or more in the Netherlands (except for arable farmers who did far less well), by 15 per cent in Italy, by 10-15 per cent in Denmark, by 8.1 per cent in Luxembourg, by 7-8 per cent in Germany, and 6-7 per cent in Belgium. In France, however, incomes are thought to have dropped by 1.8 per cent. No figures were available for the United Kingdom.

Wine Harvest Down, But High

Total production of wine in the Community from the 1975 harvest is expected to be well down on last year; but there is no fear of shortage.

On the contrary, the experts welcome the drop in the hope that it will help stabilize the market, which was severely disrupted after the 1973 and 1974 bumper crops. These surpluses were the indirect cause of the so-called "wine war" between France and Italy, about which the European Court of Justice has been called upon to decide the rights and wrongs.

Per capita consumption is likely to be down only one liter to 51; it is still three liters more than two years ago. The drop in total production is expected to be 18 million hectoliters, down to 142 million.

ENVIRONMENT

Banning Pollution at Sea

A ban on deliberate dumping of certain highly pollutant wastes at sea by ships, aircraft, hovercraft, and oil rigs has been proposed by the EC Commission.

The Commission wants total prohibition of dumping of organohalogenic compounds, organosilicon compounds, mercury, cadmium, persistent plastics, crude oil, radioactive wastes, acids and alkalis from the titanium and aluminum industries, and materials produced for biological and chemical warfare.

The Commission also suggests that dumping of a number of other harmful substances be subject to issue of a licence. These products include arsenic, lead, copper, zinc, chrome, nickel, vanadium, cyanides and fluorides, pesticides, and bulky waste.

The proposal is along the same lines as the Oslo Convention, gov-

erning the North Sea and the north-east Atlantic, and the London Convention, governing all international waters, and the Barcelona Convention on the Mediterranean, currently under negotiation.

Sulphur Dioxide Controls

In order to control sulphur dioxide pollution in the Community's atmosphere, the EC Commission has proposed that the Council of Ministers designate special protection zones in which the amount of sulphur compounds in fuel oils would be restricted.

The Commission suggests keeping the amount of sulphur by weight in fuel oil down to 2 per cent from June 1, 1978, and to 1 per cent from June 1, 1983. Exceptions would be allowed if a country is experiencing oil supply difficulties.

HARMONIZATION

EC Timing Daylight Time

The EC Commission is proposing that those EC member states which have daylight savings time should agree on a coherent approach which involves changing the clocks at the same day and the same time.

But the Commission has withdrawn a proposal for every EC country to move to the use of daylight savings time, in the face of opposition from some member states, notably Germany, which does not want to be on a different time from the German Democratic Republic.

This year daylight savings time will be applied in the United Kingdom, Ireland, Italy, and, for the first time, France. Next year Belgium plans to follow suit.

The Commission thinks daylight savings time should stretch over a six and a half month period from April 3 to October 16 in 1977, from April 2 to October 15 in 1978 and from April to October 14 in 1979, and the change be made at 01.00 GMT on Sunday.

Post Office Consortium

A meeting of a consortium of the nine post office authorities in the European Community, in Paris on February 6, marked the first concrete realization of the framework agreement concluded last December between the EC Commission and this consortium.

The consortium is intended to set up and manage the first European data transmission network, to be known as "Euronet." Euronet is designed to meet the scientific and technical information needs of around 700 research centers, high-

technology companies, and government bodies.

Euronet should be operational in June 1977. The information it supplies will cover the fields of chemistry, aerospace, energy, nuclear energy, metallurgy, medicine, agriculture, economics, statistics, and law.

Common Securities Market

There is a new Commission proposal on common, minimum rules which companies would be required to observe when they seek admission to stock exchanges throughout the European Community.

The proposal, marking a small move forward towards a common securities market in the Community, is designed to give the investor uniform protection by ensuring that certain standard information is available to him everywhere.

It is the logical follow-up to the Commission's first proposal in this field, which was on the information to be incorporated in prospectuses when applying for stock exchange quotation. This proposal was originally made in 1972 and has just been modified in the light of comments by the EC Economic and Social Committee and the European Parliament.

In both areas the Commission is also suggesting setting up "contact committees" to look into possible further progress, so that the diversity of regulations facing the company seeking stock exchange quotation is reduced.

Pre-packed Goods Standards

In its latest move to bring down artificial trade barriers within the European Community, the Council of Ministers has adopted a set of common standards for the preconditioning in bulk or volume of pre-packed goods.

The directive covers all pre-packed goods, except liquids used in food, which are already covered by separate legislation.

The new directive, which should be in effect throughout the European Community by 1979 at the latest, sets rules on how to label the mass or volume, on providing a clear indication of the name of the packer, etc.

Insurance Proposals Made

Insurance is one of the most hermitically compartmentalized services in the European Community—a situation which the EC Commission aims to change.

Its latest proposal to this end is that large-scale industrial risks should be freed from the obligation to insure nationally. The result, if this draft directive forwarded to the Council of Ministers in late Decem-

ber is adopted, would be that large companies or airlines, for example, which wished to insure their foreign holdings with their own national insurance company could do so.

Thus they could probably achieve economies of scale and savings in administrative costs, plus what they think is better and/or cheaper protection than from another country's insurance company.

INSTITUTIONS

State of the Community

In the annual "state of the Community" report to the European Parliament on February 10, Commission President François-Xavier Ortoli defined three imperatives for the Community in the year to come—face up to external challenges, make progress toward economic and monetary union, and participate fully in the institutional debate on European Union.

He struck a similar note in a speech to the European Congress, organized by the European Movement the previous weekend, in which he provided an insight into his own view of European Union. Its goal, he said, should be to finish construction of the European edifice by giving the joint institutions more powers and increasing the number and density of common policies.

In particular he cited transfer of jurisdiction for foreign policy, more progress to economic and monetary union while taking the profound structural divergences in the Community into account, greater political authority for the Commission, and finally mobilization of political forces in member states for direct elections to the European Parliament in 1978.

If this "mobilization" takes place and if in the meantime solidarity and common action have been strengthened because some of today's major problems have been resolved, then in Ortoli's view a decisive step will have been taken in reducing the gap between reality and the ideal.

Council Presidency Topics

The Luxembourg presidency of the EC Council of Ministers expects three political topics to predominate in its term in office from January 1 to June 30—the Conference on International Economic Cooperation, preparation of the convention introducing direct elections to the European Parliament, and the follow-up to the Tindemans report on European union.

In a program of work submitted to the first meeting of EC foreign ministers in January, Luxembourg predicted that these would be three issues requiring discussion at Euro-

pean Council (head of government) level in March.

Work on the Paris conference will require a special effort by the Council of Ministers "to shoulder authoritatively and successfully a task which will be decisive both for the future of Europe and for that of international economic relations."

Outlining the many successes or areas of intense activity on the external relations front, the program goes on to note with alarm "the considerable divergence between the drive which the Community shows in its external relations and the lethargy with which it approaches internal matters."

Luxembourg Foreign Minister Gaston Thorn, who is president in office of the EC Council of Ministers, had expressed a similar preoccupation to the European Parliament the previous week, and he mentioned a second tripartite conference and research policy as internal priorities.

ESC Gives Annual Report

The European Community should aim to become the prototype of a new kind of society more in keeping with the everyday aspirations of ordinary people in Europe who are seeking a better way of life and more justice through reduction of inequality, writes EC Economic and Social Committee President Henri Canonge, in the latest EC annual report.

In this context he expects the committee to make a positive contribution to resolving the economic and social difficulties that the Community is currently facing, to strengthen its influence on general policy issues, and to become more integrated in EC decision-making.

MEMBER STATES

Pro-EC Opinion on Increase

Except in Denmark, the European Community is becoming increasingly popular in member states.

The latest poll of Community opinion, taken last autumn, shows that except in Denmark the majority now favor the Common Market. In the United Kingdom this was the first time the 50 per cent level had been reached.

The number of those who think progress to European unification should be speeded up is also growing—just over 40 per cent instead of something under 40 per cent in the September 1973 poll. Italy and Luxembourg are the most "European" countries, Britain and Denmark the least.

But the public is less preoccupied with the philosophical side of European integration—political union, a

European passport, etc.—than in a common fight against inflation, pollution, and abuses against consumers, coordinated social policies, and narrowing of gaps between the regions.

ENERGY

Nuclear Pacts Given Go-ahead

Two related decisions authorizing agreements in the nuclear reprocessing sector were announced this winter by the EC Commission. The Commission acted under the Rome Treaty's Article 85, which severely restricts the scope for concerted practices.

One agreement involves coordination of investment plans by British Nuclear Fuels Ltd., the Commissariat à l'Énergie Atomique Français, and Kernbrennstoff-Wiederaufarbeitungsgesellschaft. The three had agreed that KEWA will not put into use the nuclear fuel reprocessing plant it is planning until two French and English plants have reached saturation point. The three firms are also setting up a joint subsidiary, United Reprocessors, to market their services.

The second decision authorizes the creation of KEWA by Bayer, Hoechst, Gelsenberg, and Nukem, which will then each have an indirect stake in United Reprocessors.

The Commission has given its blessing because it feels the agreements will give consumers economic facilities in a costly high-technology sector. Otherwise, states might have to intervene to subsidize uneconomic national facilities.

EC Experimental Reactors

Two experimental reactors—Cleopatra and Cabiria—are to be built at the Community's Ispra Joint Research Center in Italy by Fiat and Progettazioni Meccaniche Nucleari. Contracts between the EC Commission and the two groups were signed February 2.

The circuits will be built on the site of the Essor reactor, which is currently leased out to the Italian Government for its nuclear research program. They will provide small-scale reproductions of conditions in light and boiling water reactors with a view to evaluating the irradiation of fuel and the effects of fire.

Torus Preference Cited

Ispra in Italy, where there is already a branch of the Community's Joint Research Center, is the site the EC Commission has suggested for building the Joint European Torus (JET).

This reactor is the main plank of the next five-year stage in the Com-

munity's thermonuclear fusion and plasma physics research program, an area of technology in which the European Community is a world leader.

Ispra was chosen on the basis of scientific experts' advice, in preference to Cadarache in France, Mol in Belgium, Culham in the United Kingdom, and Garching and Julich in Germany. It came out better overall in terms of technical requirements, support facilities, and ability to attract good staff.

Research Brings Questions

The European Parliament's energy, research, and technology committee wants to invite British Energy Minister Anthony Wedgwood Benn to explain his thinking on the Dragon high-temperature research project, since the committee feels that it was largely as a result of his interventions that the project was dropped.

The committee's chairman takes the view that the decisions on such a vital issue in a sector of such promise for security of energy supplies were taken contrary to realities. The EC Commissioner responsible, Altiero Spinelli, told the committee that internal political divergences were making it impossible for the EC Council of Ministers to give a dynamic and rational direction to Community research and that this ought to be the job of an independent body.

Energy Consumption Drops

The combined effect of the desire to save energy since the oil crisis and the drop in energy requirements as a result of the recession has led to steadily falling consumption throughout the European Community (except for two instances in the first quarter of last year when there were small increases in Denmark and the United Kingdom.)

In the third quarter of 1975—the most recent date for which statistics are available—consumption was down 18 per cent in Belgium over the same period the previous year (which in turn was down 18.3 per cent on the previous year's level). In Denmark it was down 6.9 per cent, in Germany 6.4 per cent, in France 4 per cent (first quarter), in Ireland 3 per cent, in Italy 4.3 per cent, in the Netherlands 1.7 per cent (first quarter), and in the United Kingdom 2.9 per cent.

Imports of crude oil are in consequence also falling. The change ranges from a 2.3 per cent drop in Denmark to a 20 per cent fall in Italy.

Despite this, total energy production is up 8.2 per cent—mainly as a result of greater coal, lignite, and natural gas production.

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.

The European Community's Policy Towards Eastern Europe. By John and Pauline Pinder. Chatham House: PEP, London, 1975. PEP European Series No. 25. 45 pages with tables and notes.

A summary and analysis of EC-Eastern Europe economic relations.

International Financial Markets: Development of the Present System and Future Prospects. By Francis A. Lees and Maximo Eng. Praeger Publishers, New York, 1975. 538 pages with tables and references.

A comprehensive survey of the evolution and conceptual framework of modern international financial markets.

Enterprises a Caractere Juridique International. By Emmanuel Libbrecht. A. W. Sitjhoff, Leiden; Institute Universitaire de Hautes Etudes Internationales, Geneva, 1972. 645 pages with notes, index, and bibliography.

A study of eight ventures constituted on a legal international basis. Among them are Eurofima, the Bank for International Settlements, and Eurocontrol.

Foreign Disinvestment by US Multinational Corporations: With Eight Case Studies. By Roger L. Torneden. Praeger Publishers, New York, 1975. 157 pages with appendix and bibliography. \$15.00.

An assessment of the importance or magnitude of disinvestment decisions in the context of US business abroad and a description of the foreign disinvestment decision process as it exists in a number of US multinational corporations.

Science Policies of Industrial Nations: Case Studies of the United States, Soviet Union, United Kingdom, France, Japan, and Sweden. Edited by T. Dixon Long and Christopher Wright. Praeger Publishers, New York, 1975. 232 pages with bibliography and index. \$17.50.

Six case studies examining science policies, their background and implications, in six industrial countries.

Foreign Private Manufacturing Investment and Multinational Corporations: An Annotated Bibliography. By Sanjaya Lall. Praeger Publishers, New York, 1975. 196 pages with index. \$16.50.

A bibliography that maps out the flood of writing, in English in 1965-73, on all aspects of foreign investment.

Management of the Multinationals: Policies, Operations, and Research. Edited by S. Prakash Sethi and Richard H. Holton. The Free Press, Macmillan Publishing Company, New York, 1974. 431 pages with notes and index. \$14.95.

Based on papers presented at the conference "New Perspectives in International Business" (held by the School of Business Administration at the University of California at Berkeley), an examination of multinational corporations in a world of nation-states, organization and management, marketing management, international accounting and information systems, and research and analysis in international business.

Liquidity Creation and Distribution in the Eurocurrency Markets. By John Hewson. Lexington Books, D.C. Heath and Company, Lexington, Massachusetts, 1975. 172 pages with bibliography and index.

A discussion of Eurobanking operations and techniques and an analysis of the available data on maturity transformation in the Eurocurrency markets and in selected domestic banking systems.

The New Atlantic Challenge. Edited by Richard Mayne. A Halsted Press Book, John Wiley and Sons, New York, 1975. 376 pages with index. \$17.95.

Based on a symposium held in Amsterdam in 1973, an examination of the problems and economic issues in an interdependent world, the process of change in the field of security, and new perspectives in foreign policy.

Industrial Development in Europe. By Bernard Brown. Unipub, New York, 1974. 327 pages with figures. \$22.50.

An economic analysis of the European Community and its member countries in mainly industrial terms, manpower resources, finance, regional development incentives, and industrial bases.

Business Atlas of Western Europe. Unipub, New York, 1974. 144 pages, in English, French, German, and Italian, with tables, charts, maps, and graphs. \$20.00.

A guide to 16 West European countries, structured by international businesses, regions, industry data, consumer standards, and statistical information.

Financing the European Communities. By Isaac E. Druker. A.W. Sijthoff, Leyden, the Netherlands, 1975. 445 pages with notes, bibliography, tables, and indexes.

An analysis of the problems relating to revenue sources, parliamentary control, public and financial administration, international law, and political science, with particular attention to institutional and other aspects affecting the integration process among EC member states.

The Enlargement of the European Communities. By J.P. Puissochet, A.W. Sijthoff, Leyden, the Netherlands, 1975. 454 pages with notes, bibliography, and index.

A comprehensive examination of the accession of the United Kingdom, Ireland, and Denmark to the European Communities, by a participant in the enlargement negotiations.

Towards a Community Policy on Environment. Edited by I.B.F. Kormoss. College of Europe publication, De Tempel, Tempelhof, Bruges, Belgium, 1975. 446 pages with list of colloquium participants. French/English text.

The report of the tenth session of the annual Bruges Week, dealing with the environmental aspect of European integration, in particular the impact of production and consumption on the environment, the utilization of space and the environment, and the role of education and information in safeguarding the environment.

Economic Analysis and the Multinational Enterprise. Edited by John H. Dunning. Praeger Publishers, New York, 1974. 405 pages with bibliography and indexes. \$20.00.

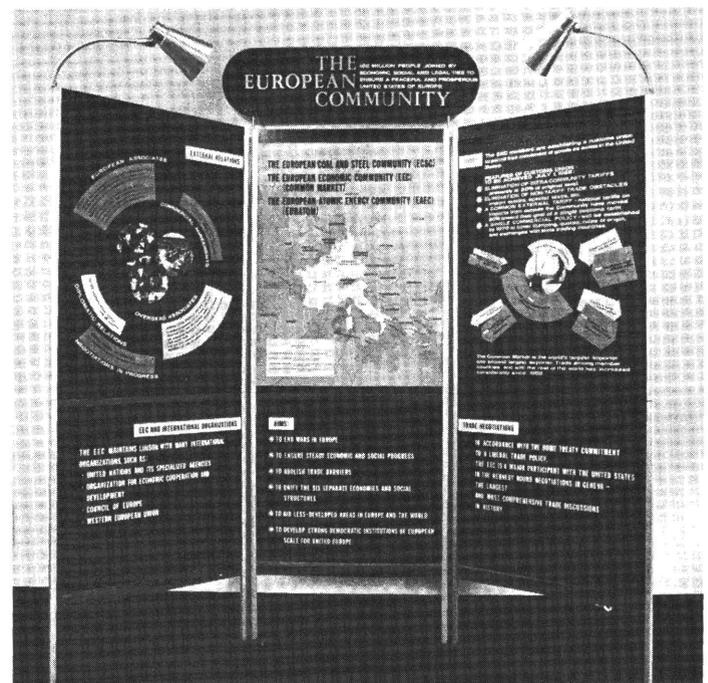
A collection of 14 essays on different areas of economic analysis and multinational enterprises.

The Energy Crisis and US Foreign Policy. Edited by Joseph S. Szyliowicz and Bard E. O'Neil. Praeger Publishers, New York, 1975. 258 pages with bibliography, tables, and index. (paperback) \$6.95.

An analysis of the impact of the energy crisis, the economic dimensions of the petroleum trade, reasons for the current crisis, regional political relationships in the Middle East, US relations with the Middle East, the Soviet Union, Western Europe, and Japan.

The Information Seekers: An International Study of Consumer Information and Advertising Image. By Hans B. Thorelli, Helmut Becker, and Jack Engledow. Ballinger Publishing Company, Cambridge, Massachusetts, 1975. 373 pages with tables, bibliography, appendices, and index.

A cross-cultural research study identifying the segment of consumer economies that insures the proper dissemination of market information, presenting a framework of basic consumer behavior principles, and comparing German and American consumer actions and attitudes.



Free exhibits on the European Community are available on loan to universities, schools, libraries, civic organizations, and other interested groups. Shown here is the mobile exhibit, measuring 10-by-3 feet with headboard and lights. Also available is a tabletop exhibit. Both can be ordered from the European Community Information Service.

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.

TAX POLICY AND INVESTMENT IN THE EUROPEAN COMMUNITY. *Taxation Series No. 1*, Commission of the European Communities, Brussels, 1975, 484 pages\$20.00

Study describing and analyzing various tax instruments used in each of the member states to influence private investment. Contains a chapter relating efficiency indicators of tax instruments to economic theory.

PUBLIC EXPENDITURE ON RESEARCH AND DEVELOPMENT IN THE COMMUNITY COUNTRIES, 1974. *Etudes et enquetes statistiques No. 1, 1975*, Statistical Office of the European Communities, Luxembourg, 1975, 141 pages. \$5.00
Summary report on research and development appropriations by member state and by sector. Describes national, bilateral and multilateral expenditures.

NATIONAL ACCOUNTS YEAR-BOOK 1974. Statistical Office of the European Communities, Luxembourg, 1975, 409 pages\$6.00
Gives detailed data in national currencies for each of the nine member states for the years 1970 to 1972 and principal aggregates for 1960 to 1973 at current and 1970 prices.

DIRECTORY OF NON-GOVERNMENTAL AGRICULTURAL ORGANIZATIONS SET UP AT COMMUNITY LEVEL. Commission of the European Communities, Brussels, January 1974, 854 pages.\$4.00
4th edition of the directory. Contains information on all permanent groups representing the nine member country organizations at the Community level in the following sectors: agricultural producers, agricultural cooperatives, unions of workers in agriculture and the food industry, agricultural and food trades and industries.

INVESTMENT IN THE COMMUNITY COAL MINING AND IRON AND STEEL INDUSTRIES. Commission of the European Communities, Luxembourg, September 1975, 92 pages \$8.00
Position as of January 1, 1975 of the nine member states' coal, iron and steel industries. Covers production, capital expenditure and production potential for coal, coking coal plants, iron-ore, iron and steel industries.

COMMON CUSTOMS TARIFF OF THE EUROPEAN COMMUNITIES. *Official Journal of the European Communities, Vol. 18, No. L 304/75*, Office for Official Publications of the European Communities, Luxembourg, November 24, 1975, 370 pages\$6.00
Regulation (EEC) No. 3000/75 of the Council, of November 17, 1975, on the common customs tariff. Schedule of duties for 1976 for goods entering the original six member states of the Community from non-member countries.

ENERGY STATISTICS YEAR-BOOK 1969-1973. Statistical Office of the European Communities, Luxembourg, 1974, 297 pages\$5.00
A survey of energy economics for the member states and the Community as a whole. Part one gives basic data for the energy sector and overall energy balance-sheets. The second part lists balance-sheets and additional statistics for each source of energy, including production, consumption, trade, and prices.

ANNUAL STATISTICS TRANSPORT AND COMMUNICATIONS, TOURISM 1972-1973. Statistical Office of the European Communities, Luxembourg, 1975, 117 pages\$4.00
Transport statistics covering infrastructure, equipment, employment, traffic and use for railroads, roads, interior and exterior navigation and air transport in the EC. Includes special surveys on road accidents, mileage by transport category, goods transported classified by type of merchandise and transport category, and energy consumption for rail and road transport. Presents limited data on postal and telecommunications services and tourism.

A STUDY ON THE EVOLUTION OF CONCENTRATION IN THE IRISH FOOD INDUSTRY 1968-1973. Commission of the European Communities, Brussels, June 1975, 107 pages \$3.60
Study on the structure, development and market of food manufacturing industry in Ireland. Appendices list foreign companies and their Irish subsidiaries as well as Irish firms and groups, and data on the number of firms, turnover, net profits, capital, cash flow, trade, salaries, and gross investment by product sector.

People



EC Commission President François-Xavier Ortoli (left) meets with US President Gerald R. Ford during Ortoli's February trip to Washington (see page 46).



Secretary of State Henry A. Kissinger (right) presents Jean Monnet, "the Father of Europe," with the Grenville Clark Award for "his contributions to world peace and stability."



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