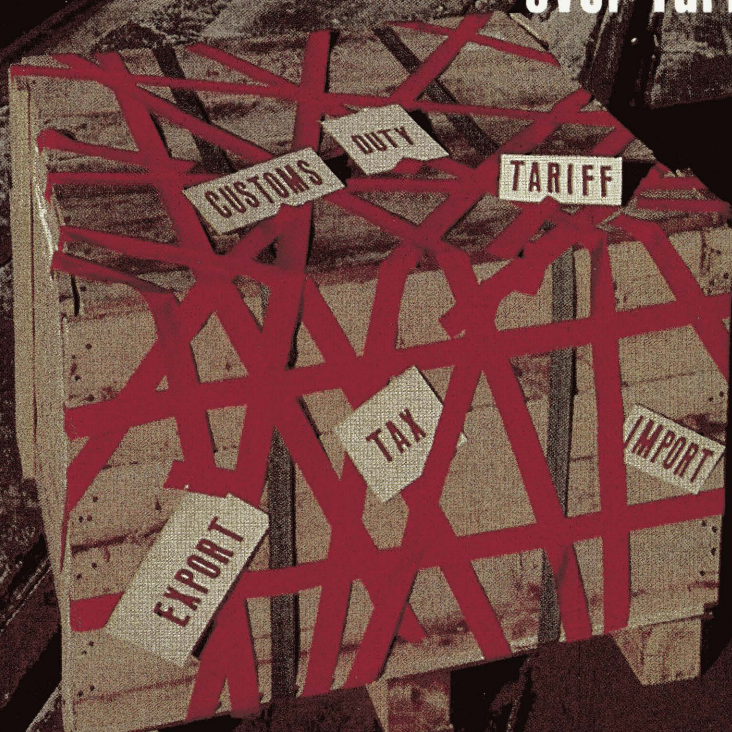


# *European Community*

JANUARY-FEBRUARY 1978 NO. 205

**GATT: General Aggravation  
over Tariffs and Trade**





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# European Community

JANUARY- FEBRUARY 1978 NO. 205

Publisher Andrew A. Mulligan  
Editor-in-Chief Walter Nicklin  
Editorial Assistant Candace Denning  
Advertising Manager Webster Martin  
Circulation Manager Janet Sullivan

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## Publisher's Letter

*For two years now European Community has been published in its new format. We have received literally hundreds of letters praising it, and a growing number of subscribers have shown their confidence in it.*

*Building a magazine about Europe, with particular focus on the European Community, which will be regarded as essential for all those concerned with trade, agriculture, energy, law—in all branches of government, business, and trades unions—has been our aim. The importance of the US-EC relationship is crucial to both sides of the Atlantic, and developments in the European Community can and do affect the daily lives of millions of Americans.*

*In no field is this more true than in trade, where the world's two largest trading blocks, the European Community and the United States, are attempting to ward off the temptations of protectionism and to deliver a new trading order in the GATT at Geneva.*

*In this issue two of Washington's foremost specialists in trade matters, Harald Malmgren, formerly with the Special Trade Representative's office in the Ford Administration, and Jean-Pierre Leng, trade counselor in the European Community's Washington Delegation, discuss the prospects for success in the vital Geneva talks. And it will be our continuing policy to keep our readers abreast of all the crucial and complex issues that affect the Atlantic relationship.*

*In the last issue we turned a new page by devoting coverage to the Irish treasures exhibit in New York—notable for its strong "European strain," its evidence of that common intellectual and cultural heritage shared through the centuries by the states of Europe—a fact noted in the article by Wendy Stein and reprinted from *European Community* in the Congressional Record at Senator Edward Kennedy's behest.*

*The bold new approach to the magazine would not have been possible without the dedication of our small staff. We are determined to consolidate the progress already made, expand our circulation, and continue as the forum for US-EC relations. We thank our readers, new and old, for their support and wish them a happy New Year.*

*Andrew A. Mulligan*  
Andrew A. Mulligan



# Deadline for the MTN's

*If the prospects are gloomy, the alternative is worse*

**HARALD MALMGREN**, *business and economic consultant in Washington; co-editor of The World Economy, London; and former Deputy Special Representative for Trade Negotiations, 1972-75*

THE NEED TO KEEP THE WORLD ECONOMY MOVING IN THE direction of more open and expanded trade was already perceived in the summer of 1967, just after the exhausting conclusion of the Kennedy Round. By the autumn of 1967, ministers of many governments had met in Geneva to initiate a new "work program" aimed at identifying the major problems that remained in world trade. Out of the agreement, for example, the famous inventory of nontariff barriers was developed.

By 1970 high officials in many countries were worrying about an apparent growth in protectionist tendencies particularly in the United States and Europe. Various high-level commissions and study groups were formed in several countries to recommend new departures in trade policy. The most prominent of these was, of course, the so-called "high-level group" in the Organization for Economic Cooperation and Development (OECD), chaired by Jean Rey, which urged in 1971 that a new effort be made to negotiate improvements in the world trading system. In the United States several prominent business and farm groups, and some members of Congress, made similar recommendations. Then President Richard Nixon appointed a Commission on International Trade and Investment Policy, which also proposed a new worldwide negotiating effort.

By December 1971 the United States, the European Community, and Japan had concluded officially that the time had come for a new multilateral negotiation, to keep world trade from deteriorating under the pressures of the new protectionism. As part of the Smithsonian Agreement on exchange rates in December of that year, the three great trading entities agreed to embark on a new, broad-based trade negotiation.

From then to now, six years have elapsed. Ministers met in 1973 in Tokyo to give formal approval to the new trade talks. Teams of negotiators were sent to Geneva to begin a long, tedious exchange of views, arguments, and analyses. A veritable war of computer print-outs began. But little really happened. In February 1975 a further stimulus was provided when the United States announced

in the Geneva meetings that the US Trade Act of 1974 had finally become law and Congress had expressed its readiness for serious negotiations. Still, there was scarcely any real momentum in subsequent months. Negotiators found themselves spending more and more time learning to ski, or to sail on the lake by Geneva, and the computers

*Trade was foremost on the agenda of US President Jimmy Carter's visit with EC Commission President Roy Jenkins in Brussels January 6.*







W. Michael Blumenthal, now Secretary of the Treasury (center), led the American delegation in session at the Kennedy Round of Multilateral Trade Negotiations in Geneva, June 1967.

relentlessly printed more and more calculations.

How did it happen that the major governments labored so much and yet did so little? The answer is that all governments were caught in conflicting pressures, with some domestic groups favoring negotiation and liberalization, and others urging a defensive, hold-the-line policy. The world economy was thrown into turmoil, first by an economic boom and raging inflation at the beginning of the 1970's and by the oil shock and subsequent recession of the mid-1970's. Unemployment began to rise everywhere. Investment in the future fell to exceptionally low levels, and failed to recover, throughout the industrialized world.

In 1977 world economic recovery continued slowly, but unemployment did not improve, investment continued to be virtually stagnant, and world monetary uncertainties intensified. With great effort high US and EC trade officials met several times to establish a timetable for the Geneva trade talks, to give the clear impression to the world economy that expanded trade, not protectionism, was the right answer. In the new timetable January 15, 1978, was designated as the ultimate date for putting all the trade issues on the table in Geneva. By then draft codes on nontariff issues were to have been made ready for the final stages of negotiation. Tariff rules would be set. Agricultural problems would be made ready for new, pragmatic solutions.

THIS DATE HAS NOW PASSED. WHERE ARE WE? The answer is not clear. On the one hand, the world has so far avoided a descent into neo-isolationism and rampant protectionism. The negotiations are moving. There is hope for "progress" in 1978. On the other hand, each of the industrialized countries has been undertaking some trade-restricting actions—and this is especially true in the United States and the Community. In Geneva the positions that have been laid on the table contain little new. The draft codes are empty with respect to the key issues. Agriculture is still a thoroughly confused situation.

In a way, then, one could say that the true trade negotiations are only now beginning. In the meantime the world economic outlook is rapidly becoming less favorable. In the absence of significant change in the private investment outlook, or a major change in official policies, the industrialized OECD countries face continued unemployment and a slow-down in growth—perhaps even the beginning of recession by the end of 1978. Inflation is picking up steam. Energy problems appear to be intractable to many investors. Governments are busier than ever, intervening sector by sector, without any overall concept, often with conflicting or self-cancelling policies.

The frustrations among politicians are acute. No politician is prepared to admit that he is unable to "solve" the problems, or that his policies are inadequate. Instead, political leaders all over the world are blaming foreigners



or foreign influences for troubles at home. Japanese export unfairness, or the sinking dollar, or the protectionism of the Community and the United States in agriculture, steel, autos, televisions, and so on, are all blamed. The strong, locomotive countries are blamed for putting too little steam into their engines of growth. The weak are blamed for timid policies. And everywhere, it is said that national politics are in an especially delicate stage.

A particularly popular criticism is that there is an absence of political leadership. In this connection one might well recall the immortal words of Senator Russell Long: "There are plenty of leaders around. Too many in fact. We don't have an absence of leadership, we have an absence of 'followership.' No one is ready to yield to anyone else."

In this inauspicious set of circumstances the trade negotiators have to work. In particular they are confronted by three specific problems. *First*, there is an accelerating growth in protectionist thinking. Both the United States and the Community are in the forefront of this trend, in areas ranging from steel to textiles, from ball bearings to televisions, from butter cookies to beef. *Second*, there is the tendency of all governments to blame external pressures for internal difficulties, and to solve economic and financial difficulties through trade policies (including pushing the locomotive countries to do more). *Third*, there is a strong tendency in every nation for governments to intervene more and more, to "correct" each problem as it occurs. There can be a philosophic argument over whether accelerating interventionism is socially good or bad. There can be no argument that the state interventionism we now see is ill-coordinated, conflicting, expensive and often wasteful, and highly nationalistic—or even regionalistic.

These three key problems together have one result: Nontariff barriers and distortions to trade are becoming worse, not better. The Geneva negotiators are working against a strong tide going the other way.

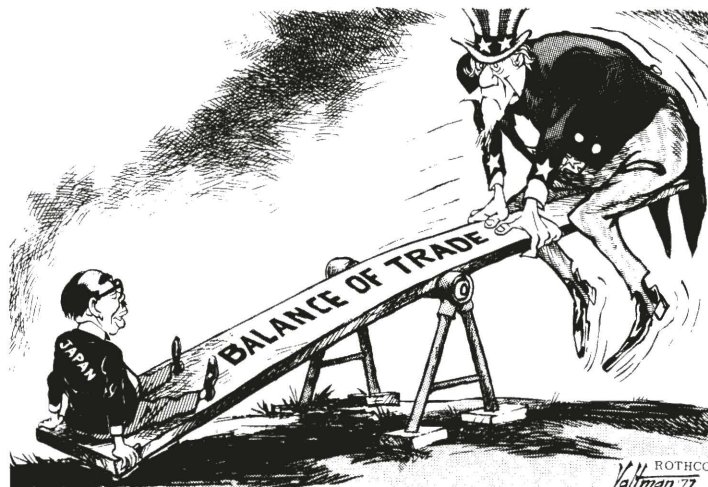
In the specifics the negotiators of various nations appear proud of their accomplishments to date, but they have primarily achieved procedural victories rather than substantive results. On tariffs there is a dispute between the United States and the Community about how firmly to aim at roughly a 40 per cent reduction in present tariffs—the reductions to be phased in over 8-to-10 years. (This means the present average tariff of about 8 per cent in the United States and the European Community will be cut by only about 0.3 percentage point per year, hardly an amount worth arguing about, in the case of most products.)

On agriculture neither the United States nor the Community has any real clear idea of what to do, although both agree something new is necessary. Japan and other

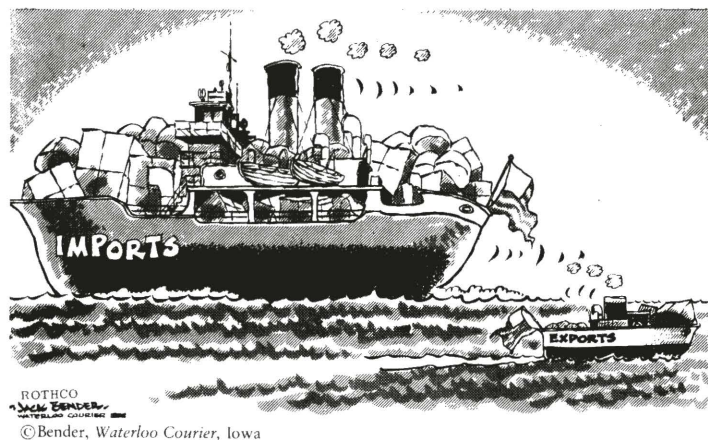


©Margulies, Rothco Cartoons

"The problem these days isn't keeping up with the Joneses, it's keeping up with the Tokoshimas, the Fukodas, the Yamizawas, the Miazakis. . . ."



©Valtman, Rothco Cartoons



©Bender, Waterloo Courier, Iowa

nations are relatively happy at the absence of new ideas. There is a potential for breakthrough in cereals in the recent move of international discussion of wheat from London to Geneva, so that grains can be looked at in conjunction with the rest of the agricultural and industrial negotiations. Yet even here the various governments have not been able to bridge the technical differences in perception of how the cereals market can be managed, as between the objectives of expanded trade, access, stockpiling, and stabilization. The trouble here reminds one of the old dictum that it is too important to leave it to the technicians and grain specialists. If grains issues could



be resolved, a good part of the rest of agriculture would fall into place easily.

On nontariff matters fundamental difficulties are ahead. Of all the issues a code on subsidies and countervailing duties is the most important. The US side cannot satisfy Congress without a serious new code that covers all official aids. The Community and some national governments believe that most aids are a matter of national sovereignty and should not be circumscribed by new international rules. The Geneva discussion therefore mirrors in a way the discussion within the Community itself about regional and national subsidies. There is also the issue of how to handle agricultural subsidies as compared with industrial aids. On this the United States and the Community are in total conflict. At present the various positions on aids are far apart, no meaningful draft of a code exists, and governments are intervening more and more everyday.

MARKET DISRUPTION is another area that is catching the attention of governments. Two or three years ago no government wanted to talk about changes in the rules on so-called "safeguard" actions. Today several governments find themselves taking action to limit imports and needing some way to legitimize what they are forced to do politically. Suddenly there is a search for a new safeguard code. But even here the differences are great. The United States appears to want much stronger multilateral surveillance and international dispute settlement procedures. The Community and some national governments appear to be opposed to this. Recent tightening of the textile import regime in the Community seems to work in direct conflict with what the United States has in mind. In any event for many people the newfound interest in safeguards is to make trade restrictions *easier* to apply, and this must bear close scrutiny.

As for other nontariff barrier issues, modest progress has been made on government purchasing policies, but there is still ample room for disagreement. Industrial standards and valuation practices are in better condition from the negotiating perspective, but national legisla-

tures may not welcome what the negotiators are trying to do. The biggest uncertainty lies in the handling of the developing countries. On the whole their issues have been left to the last. Their governments work even more slowly than the industrialized countries. They are not likely to favor the types of agreements which are negotiable by the spring of 1978.

In fact the timetable looks ominous. With good will and major political effort, the United States, the Community, and Japan could have their tentative deal by the summer of 1978. But then would come the August holidays. After that the Council of Ministers would take two or three sessions to clear the Community position. The US Congress is entitled to 90 *working* days to consider any draft nontariff agreements if changes in law are involved. Since Congress will have to recess for elections, it is virtually certain that final US approval would have to come in 1979, even if the broad outlines are settled by the summer of 1978. For Japan there will be great controversy in the Diet. In Canada there will be stresses between the provinces and the federal government at a time when the Quebec issue is coming to a head. In other countries politics will be uncertain.

In other words, the real negotiations of 1978 are in trouble just as they start in earnest. It will be a rough year. The issues are hard, the world economic outlook is not good, the tendency towards protectionism and national intervention is growing, and the political base of interest for a liberal world order are on the wane. It took a long time to get here—10 years from the end of the Kennedy Round. And we have not in fact gone very far.

Yet if this sounds gloomy—the alternative is much worse. A failure in 1978 would create a crisis of confidence in the functioning of the world economy. It would intensify all the problems, and tend to tip the world into a slide towards economic nationalism. The consequences of that are too fearful, and that is why the United States, the European Community, and others are still going ahead valiantly. They have to. But they will need quite a bit of skill, and even more luck.

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*“The Community—the world’s largest importer and exporter—cannot afford to live in a world where trade shrinks. . . .”*

JEAN-PIERRE LENG, *deputy head of the EC Delegation in Washington*

Officially launched in Tokyo in September 1973, the multilateral trade negotiations (MTN's) conducted among nearly 100 nations were expected to enter finally the active phase by mid-January. Proposals on tariff and nontariff elements would then be tabled by the

main participants, working hypotheses on various areas would be agreed upon, and bargaining could begin.

By the end of 1978 the negotiations, it is hoped, will be concluded, and all partners will then evaluate the results. On the Community

side, the Council of Ministers of the nine member states will have to pass judgment on the package brought back by the Commission. In Washington the Congress will perform the same exercise. Of course some will argue they have not benefited compared to others, and



others will demonstrate that this is not the case because such a large global negotiation results in no one winner or loser. It is meant to benefit all participants, although this, too, is difficult to prove.

The MTN's are actually odd negotiations—having started and been conducted in a period of economic crisis, high unemployment, structural changes, and protectionist demands, and dealing with a subject difficult to negotiate and evaluate. Although the previous round of trade negotiations had essentially addressed tariffs, the Tokyo Round has emphasized nontariff obstacles to trade. It is easy to understand and visualize a certain percentage of tariff reduction but much less easy to grasp the trade consequences of negotiating codes for standards, enforcing and improving rules for countervailing duties or dumping, elaborating new regulations for customs valuation, or opening procurement policies or practices to third countries. Nevertheless, those elements are of major importance in the day-by-day conduct of trade relations. In the recent years of the US-EC relationship, argument and anger were not caused by the height of respective tariffs but essentially by the adequacy of the utilization of nontariff measures.

By January 17 the EC Commission was to present the Council of the Nine the results of the past month and the working hypothesis on which negotiations would be conducted. The package includes elements on tariffs and safeguards, standards, customs valuation, countervailing duties and subsidies, dumping practices, government procurement, and agriculture. Although tariffs were considerably lowered during the previous round and thus play a decreasing role in foreign trade between most industrial countries (especially since the free floating of currencies), the participants in this round will nevertheless commit themselves to further tariff cutting. The Community, which is among the trading blocs with the lowest tariffs, will furthermore lower its common external tariff but will insist that those cuts be accompanied by a high degree of harmonization. The Community would also wish to avoid an exceptions list and the accepted formula would have to be applied across the board. Numerous exceptions would evidently void the formula of any meaning even if it appeared ambitious and far-reaching at first sight.

Related to the tariff aspects of the negotiation is the problem of the safeguard mechanism. It is generally agreed that Article XIX of the General Agreement on Tariffs and Trade (GATT) which sets the rules for the application of safeguards when an industry is injured or likely to be injured by imports should be improved and modernized. The objective is neither to make the use of this instrument too easy nor to scrutinize and



*"Protectionist thinking" aimed at saving jobs in industry could cause unemployment on other fronts such as for Dutch dock workers pictured here.*

monitor it so as to render it impossible to invoke: The problem is to make it more realistic by opening the possibility of using it selectively. One could wonder why in the name of the most-favored-nation clause one should act in such a way as to treat everybody in the most unfavorable way. If it is evident that the source of one industry's problem is the flow of imports from one single source, it appears more simple and equitable to seek and obtain protection only from this source rather than from all exporting countries as the GATT only permits at present. Of course, one should, when opening this new flexibility, introduce parameters that would limit the use of such a selective safeguard to real necessity and monitor it to a certain degree, or as it was once described: put a safeguard in the safeguards.

In the past decades the world has witnessed a trend toward more governmental intervention in the economic life of various countries. This has certainly been even further enhanced by the recession that appears to give public authorities good reason to step further into industrial activities. The degree of public intervention among the different trading partners will increasingly be a problem in international trade; a balance between free and orderly trade (one could also say free and fair) will have to be found. One aspect of this problem is shown in the difficulties the Community has been having with the United States on the question of subsidies and countervailing duties. This is certainly one of the very delicate elements in this round of negotiations where the Community would like the United States to apply the existing rules of the GATT (Article VI). Countervailing duties should only be levied when there is injury caused to a domes-

tic industry by subsidized imports. The United States would like to seek more and better discipline in the field of government subsidies, and it is likely a common ground will be found since it would be potentially damaging to leave the dispute unresolved. The practices of governments for public buying or the existence of the Buy American Act are also examples of public intervention or action where these negotiations could bring progress and improve the conditions and therefore the flow of trade.

This short description would not be complete without a mention of agriculture and its role in the negotiations. Did anyone ever really believe it was the Community's intention to abstain from negotiating on agriculture? Actually what the Community said was that given the specificity of agricultural production and policies one should not subject it to the general rules of the negotiations. This misunderstanding is now a thing of the past since Special Trade Representative Robert Strauss and Agriculture Secretary Bob Bergland together with Finn Olav Gundelach, Commission vice president in charge of agriculture, have clearly set the possibilities as well as the limits of the negotiations in this area. US statements to the effect that these negotiations would fully respect the existence of the EC common agricultural policy (CAP) have eased the way toward the willingness to compromise and reach successful results. In this respect it can be remembered that despite all rhetoric tending to present the Community as a closed, protectionist agricultural bloc, it remains the world's largest importer of agricultural goods with a deficit vis à vis the world of more than \$20 billion, this imbalance being \$5 billion in favor of the United States.

For the European Community, whose foreign trade amounts to an average 25 per cent of the gross national product, it is essential that the rules be clear, agreed upon, and of general application. How could the Community, which is the world's largest importer (\$178 billion versus the US at \$130 billion) and the largest exporter (\$158 billion compared to the US total of \$115 billion), afford to live and grow in a world where trade would shrink and be hampered by cumbersome and protectionist rules. It should also be known that despite cyclical or structural difficulties the negotiation countries have unambiguously decided to move forward and refuse shortsighted and costly protectionism. The Geneva negotiations are not a panacea. They will not resolve the problems or restore prosperity by themselves. They will maintain and improve the achievement of the past decades, point to the direction of liberalization, and serve as a reference for the future. That is why even if they seem difficult today, they will be remembered as indispensable tomorrow.



# The China Trade

## Would EC Agreement Mean Increased Business?

H. PETER DREYER, *Brussels-based European news editor of The Journal of Commerce*

IN THE COURSE OF 1978, IT NOW APPEARS REASONABLY certain, the European Community will negotiate and conclude a trade agreement with the People's Republic of China. Chinese interest in such an accord was manifested earlier in 1977. It led to sending to Peking a team of senior Commission officials which after its return to Brussels appeared certain that the actual negotiations should not be too difficult and involved no insuperable problems.

But that is probably not the major issue. A more crucial question is whether through, or alongside with, such a trade pact the exchange of goods with China would take on new dimensions. For it is all too obvious that so far it has been a modest affair. True, according to a recent Central Intelligence Agency (CIA) study, China's imports from the non-Communist world more than tripled—from \$1.7 billion to \$5.8 billion—between 1970 and 1975, and its exports to the West rose at the same pace, up from \$1.5 billion to \$5.5 billion. But for a country the size of China such amounts (they do not appear to have increased further in 1976) are almost next to nothing. It is significant that in 1975 China accounted for less than 1 per cent of the Community's exports to nonmember countries, and contributed a mere one-half of 1 per cent to EC imports from nonmember countries.

Will such a trickle eventually turn into a stream? There is probably no better place for evaluating such prospects than Hong Kong, positioned at the very gate of China. It is here that an enormous congregation of international banks, the third biggest after London and New York, has come together. While their business operations are numerous and profitable and go well beyond budding contact with this giant nation only a few miles across the water, China-watchers they most certainly all are.

Their verdict, and it is a fairly unanimous one, can be summed up in a few words. Yes, there is bound to be a veritable breakthrough in China's commercial as well as financial relations with the Western world. No, it is not around the corner yet. Optimists assume the change might materialize in three, four years. More cautious observers believe it is five or more years away.

The underlying reasoning is simple enough. A nation



Hong Kong—"an enormous congregation of international banks, the third biggest after London and New York, has come together" in the wake of increasing China trade. ©René Burri, Magnum

with a population of about 700 million people cannot live with a predominantly agrarian economy forever. At some point it will require the whole panoply of modern industrial equipment that other big states have, and naturally also the most up-to-date technological know-how to go with it.

But it is more than a matter of securing the supply of such tools. Inevitably, there will have to be adequate financing as well, and it will undoubtedly run to tens of billions of dollars, or more still. It is only the Western countries—including, of course, Japan—which can provide this. There is a wide consensus on some key aspects



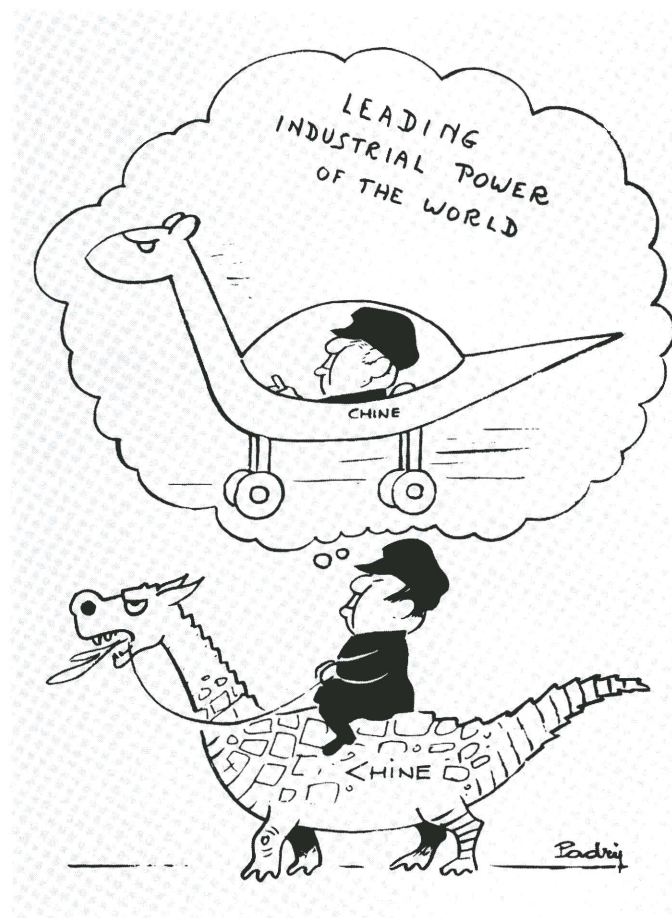
of such a development, when it comes:

- Big business with China will be the result of direct contacts between Peking and Washington, London, Tokyo, Bonn, and Paris; it will not emerge casually out of deals in Hong Kong itself;
- The Chinese will never accept being as deeply in debt to the West as some of the East European Communist nations have come to be in recent years;
- The Chinese are not very likely to go into debt merely to make more consumer goods available to their people.

PUT DIFFERENTLY, Western producers of, say, refrigerators and other household appliances need not expect a terrific China bonanza in the foreseeable future. The "oil for the lamps of China" approach that has fascinated Western businessmen since the beginning of this century remains no more than a beautiful dream at this moment. To say nothing of the fact that oil is something that China now produces and exports. It is not least for drilling and related activities that a vast array of machinery will have to be procured.

The international banks in Hong Kong hope that they will be drawn into, and handle much of, the follow-up operations, even if they do not expect to trigger a possible "quantum jump" of the China trade. This will be no more than a logical sequence to the situation already existing.

*The Dream* ©Padry, Le Herisson, Paris



For among the international banks present, there are no fewer than 11 Chinese ones, among them above all the Bank of China.

The West has come to look upon Hong Kong as its window on China and does not necessarily realize the city has a double function: It also serves as China's window on the West. One reason for this is that Hong Kong imports—from water to the bulk of foodstuffs, among other things—give China 35-40 per cent of its total foreign currency revenue. Such purchases totaled about \$2 billion last year. In most years Hong Kong leads Japan as China's main source of export earnings.

So far the Chinese authorities have been most anxious to rule out taking credits from the West. It appears to be almost a trauma with them. They do not wish, as in past times they had been, to become dependent on, or be in bondage to, the outside world.

Nevertheless, in recent years they have relaxed this rigid attitude a little, and some observers see in this change of signals the thin end of the wedge. For China now "permits" Western banks to make deposits with Chinese banks, either here or in London; such deposits (which constitute borrowing by another name) usually run for six to 12 months and at fixed interest rates. Occasionally maturities may be somewhat longer still.

The evaluation of such deposits varies. Some banks tend to minimize their significance. Others say that individual deposits may run as high as tens of millions of dollars, or may even top \$100 million. US banks are known to participate in such transactions; they argue that there is no legal hurdle to stop them.

For the fact is that the American banks here still operate at "arm's length" where China is involved. Taiwan for one thing, and the frozen assets issue for another, are still formidable blocks. Invitations to the Canton Fair, for instance, much prized because they afford a glance at China from within, go to European and Japanese banks, but not to those from the United States.

Yet many people in Hong Kong believe that the normalization of US-China relations, at least as it affects the banks, will not be delayed much longer. Such normalization could very well be the forerunner of emerging big business with China.

Coping with the financial aspects of such business, after all, presupposes the cooperation of many banks, presumably in the shape of huge syndicates, and assuredly going well beyond what is being done currently. To have US banks share in this is not altogether indispensable but would certainly facilitate matters greatly. The only thing that can be stated flatly now is that many of the billion dollar transactions expected to materialize will be such that no single bank, be it American, European, or Asiatic, individually commands the resources needed to give the financial underpinning.



# A World Information War?

*“Idealistic” Europeans pushing for international convention*

JONATHAN B. TOURTELLOT, *Washington-based freelance writer*

THE MAN FROM CONTROL DATA CORPORATION SITS down at the desk and pulls from a case a device the size of a small portable typewriter, complete with keyboard. He dials a telephone and nestles the receiver in a depression made for it just behind the keyboard. He has just created a computer terminal, the telephone linking him to a computer databank 15 miles away in Rockville, Maryland, and he is ready to demonstrate his company's “Technotec” data service, an electronic directory of technological know-how from around the world.

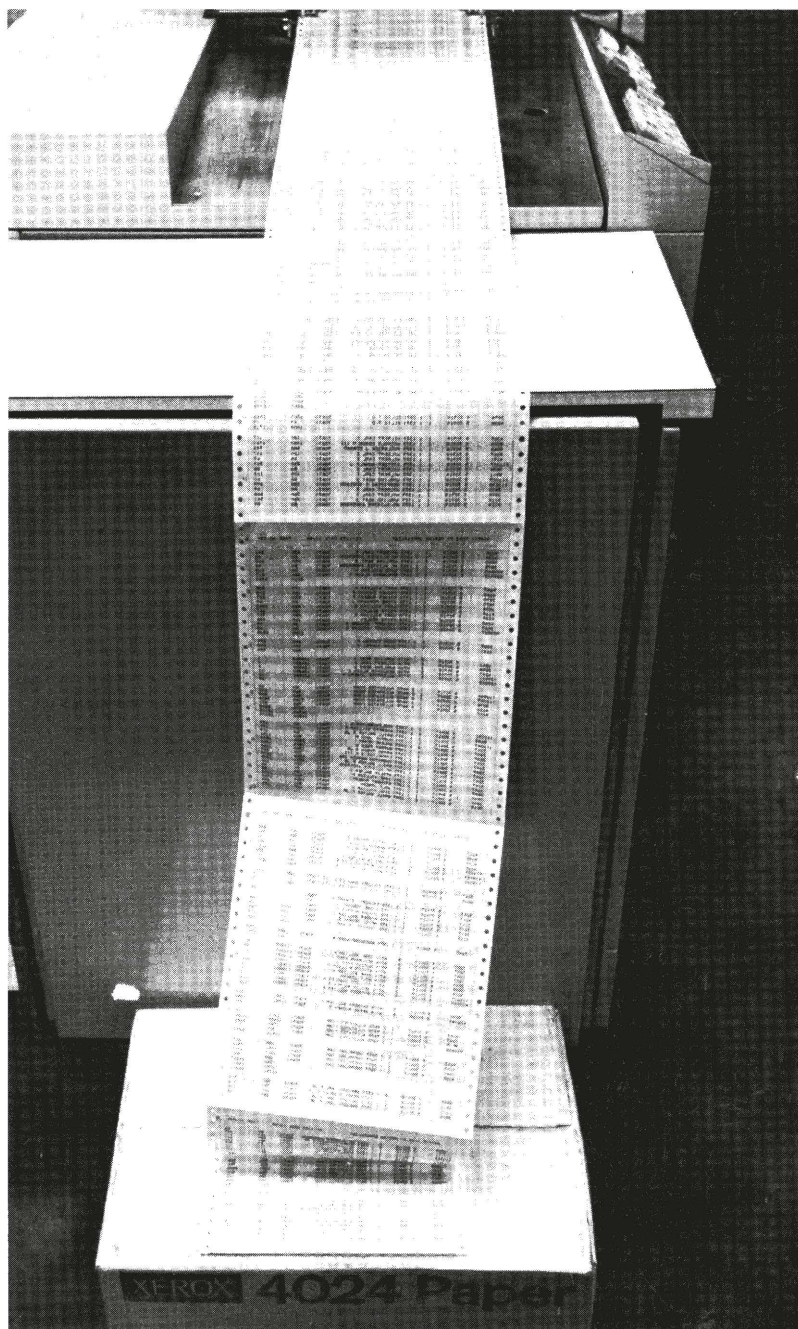
Three points about this exercise are noteworthy. The first is simple: The telephone in question happens to be in Arlington, Virginia, but it could just as easily be in Boston or Omaha or Seattle. Or in London, Rome, or Malmö. Or Singapore, Nairobi, or Paramaribo.

He types out some codes which appear, along with the machine's responses, on a neatly unfurling roll of paper:

PLEASE SIGN ON—77/11/04. 10.51.18.  
EASTERN CYBERNET CENTER.  
RECOVER/CHARGE: CHAR, TF728KL, D16  
READY.—TNTEC  
WELCOME TO TECHNOTE

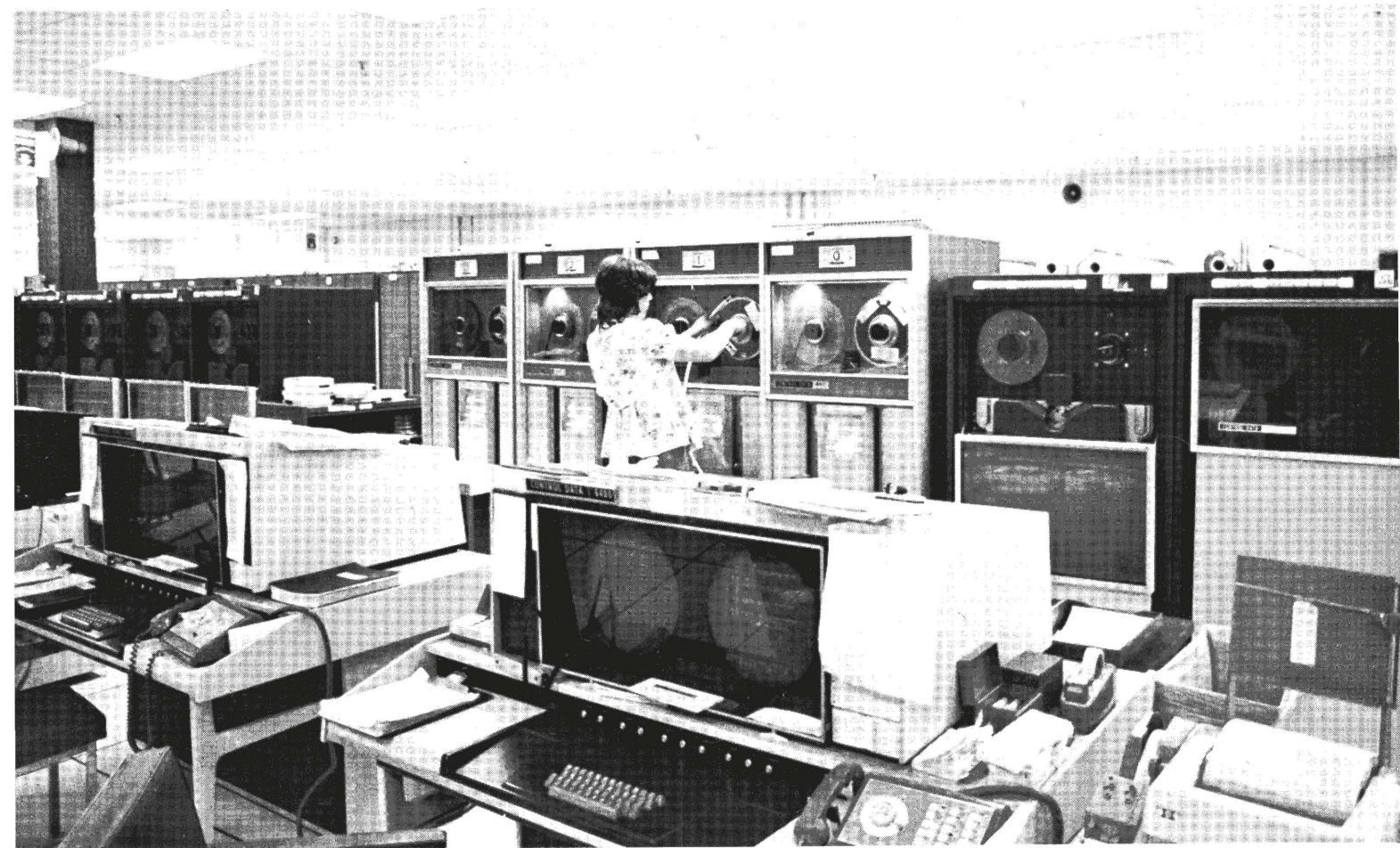
The demonstrator puts the machine through its paces, showing how a set of keywords can be used to winnow through the thousands of technological contacts on file to find the exact process needed. He reenacts the steps a Midwestern meatpacker had used a few weeks earlier to find a way to keep dehydrated food from turning brown. The solution turns up in a list under two key words: INTERSECTION SELECTORS. 1. DEHYDRA/ 2. FOOD/ METHOD OF INHIBITING MAILLARD REACTION BROWNING IN FOOD PRODUCTS.

The process is a spin-off from the space program, listed by the National Aeronautics and Space Administration. NASA is probably not the first place the meatpacker would have looked, which demonstrates the second point: that without a Technotec-like service he could have spent days of research looking for such a process and perhaps never found it at all. In short the databank is indeed useful.



*Who will have access and control over data is one of the main problems arising from computer technology, and . . . “privacy is the overriding concern in Europe.”* ©Constantine Manos, Magnum





*"Computers not only compute; they can also store information—vast quantities of it."* ©Courtesy of Control Data, Rockville, Maryland

And that leads directly to the third point, which is more complicated. If the meatpacker had been English and the phone call made from London, he would have been connected to a Control Data computer in Brussels, not Rockville. The information in the Brussels machine is the same as the American, with a few minor exceptions. But the Englishman would not have found the anti-browning process, because one of the exceptions is that no NASA technology is listed in Brussels. Why? Because it is against NASA policy to export spin-off knowledge before Americans have had an exclusive chance to use it.

The English meatpacker would have run afoul of the quiet, international information struggle.

The items that Control Data must withhold from the Brussels computer are few, no more than 50 out of Technotec's 16,000 entries, and the restriction is rather silly anyway—any European who really wanted the information could simply ask someone in the United States to get it for him. But though frivolous, the ban is significant; it is one manifestation of a new and still widely unrecognized set of very serious policy problems in international relations: how to control electronic information flowing across national borders.

Never before has technology allowed knowledge to be stored in a form that offers instant access regardless of

distance—or nationality. Basic questions apply throughout: Who controls the data? Who has right of access to it, and who is prohibited access? How much does it cost to obtain? To transmit? The newness of data-storage technology and the proliferation of databanks around the world present opportunities for use and misuse largely unknown to the general public, only dimly perceived by government, and frequently unrealized by the operators themselves. At least one expert sees the world on the verge of an "information cold war," whose first skirmishes are already being heard in Europe, the United Nations, and a sampling of national legislatures. The issues are strange—data "haves" and "have-nots," information czars, data havens, cultural pollution, and the "sovereign right to information."

To understand the shadowy issues wrought by the information revolution, one must first understand how a computer network works. Computers not only compute; they can also store information—vast quantities of it. Furthermore, they offer two advantages over libraries and filing cabinets. They can be queried from a distance—from the moon if necessary—and, if programmed correctly, they can drastically shorten the time needed to find a particular fact. Databanks have multiplied—more in the United States than elsewhere,



though Europe has been striving mightily to catch up—and lend themselves to such uses as bibliographies, tabular and numerical data, and financial and personal record-keeping.

The technology is perfect for international use. Says Frits Hondius, one of Europe's leading experts on the subject: "The computer is used not only to overcome problems of quantity, complexity, and time, but also problems of space. It is an international medium *par excellence*." In the United States the number of computer queries increased tenfold in three years, to 1 million by 1976; Europe's are expected to double to 4 million between 1980 and 1985. This demand occasioned the creation of EURONET, a major international network of scientific and technological databanks that is to be in full operation in December 1978.

When complete, EURONET will link more than 100 databanks in a network accessible from any EC country. According to EURONET literature, the network will enable a French economist to obtain British statistics, a German steelmill engineer to tap the experience of nine countries for help in solving a metallurgy problem, or doctors and researchers to learn of a new Belgian method for monitoring pH levels in blood. Eventually EURONET is to include data on textiles, engineering, socio-economics, chemistry, agriculture, medicine, legislation, electronics, physics, environment, aerospace, metallurgy, nucleonics, and patents.

ON THE OTHER SIDE OF THE CYBERNETIC COIN, Europeans are actively pushing for international agreements on such issues as freedom of information and right to privacy. Of any international group the Organization for Economic Cooperation and Development (OECD) has probably performed the most thorough exploration of the social consequences flowing from information technology. Throughout the Seventies the OECD has conducted a series of conferences and symposia on the topic, the most recent in Vienna in September 1977. A statement from one of the early conference reports sets the tone: "Out of this widespread availability of 'information power,' there will flow social changes and opportunities for human development that promise to make the next few decades among the most critical mankind has ever faced."

But this exciting outlook also means that the computer may be turning into an international headache *par excellence*. "Information war" is the phrase Andrew Aines, an information specialist with the US National Science Foundation, uses to describe the pushing and shoving over data management. "The battle is for information of all kinds," he said in a 1977 speech. "The battle is to prevent the leakage of information and data. The battle is to use modern information technology most advantageously. It involves out-and-out espionage, military and

industrial. It involves the quest for scientific and technical information of all kinds and for all purposes. It involves the delivery of political information . . . propaganda. It involves counterintelligence. It involves the use of direct broadcasting satellites. It involves the United Nations, COMECON, the Common Market, military alliances, and many other international bodies."

A report from one of the OECD meetings sounded the same theme in a more conservative fashion: "Information and knowledge rather than capital and production of manufactured goods will become the central issue around which sharp competition will develop." The veracity of this observation was unwittingly underscored by one subcommittee at the same conference, which grandly proclaimed that the conference goal was "to provide free access to global knowledge" and then hastily added the parenthetical caveat: "'Free' does not mean that it is (a) free of charge, (b) free of copyright or royalty claims, and (c) free to anybody."

For the time being privacy is the overriding concern in Europe. It is a familiar issue; several countries including the United States have passed laws to protect citizens against misuse of computerized personal records. In America, the Fair Credit Reporting Act places controls on personal credit records. In Europe, Sweden, Germany, Spain, Austria, and Denmark are among those with privacy laws of varying scope; the French are in the process of adopting a highly protectionist law that covers both people and "legal entities," and lays restrictions on data flowing out of the country. And the Europeans through the Council of Europe (to which the United States does not belong) and OECD (to which it does), are now pushing for an international convention on computer traffic, a proposal the United States regards with skepticism.

In part the Europeans fear a situation like that between the United States and Canada. Because of economics and geography, most Canadians have extensive dealings with corporations headquartered in the United States. Therefore their personal data—credit references, addresses, even criminal records—usually wind up in an American computer, beyond the reach of Canadian law. Thus Canada cannot protect the rights of its own citizens, except by such indirect measures as retaliation against US companies doing business in Canada. So far no major international dispute has developed, but the Europeans, who deal extensively with multinational corporations, see themselves in a position comparable to the Canadians'. Hence the drive for an international convention on data processing and privacy.

Early in OECD's investigation of the matter the French Délégation à l'Informatique sent the organization a letter saying that without harmonized international legislation "there is reason to fear that information will find its way to the databanks set up in those countries which have



taken the least steps to protect individual privacy." Such a country would constitute a "data haven," where computers could bask unregulated, like tax evaders in Monaco.

An international agreement should prevent that, and encourage a measure of standardization in national policies on data processing and transborder flow. Some of that flow is intergovernmental, some belongs to international organizations like the World Meteorological Organization, but most is private and commercial, and includes not only customer records and the like but important marketing and economic data as well. This may have been the reason for the reluctant attitude of the American delegation at the Vienna symposium. Because 50-60 per cent of European *domestic* records are processed by American companies, and because so many databanks are in the United States, the Americans are in no hurry to sign any possibly disruptive agreements. "We're leisurely," said one US delegate. Morris Crawford, a US State Department representative there, called the American approach "pragmatic" and the Europeans' "idealistic." "The additional difficulty of dealing with several bureaucracies," he said, "would be a significant deterrent" to American corporate support for an international agreement.

Many reports from Vienna, however, leave the clear impression that the United States simply hasn't thought about the problem very much. ("A poll of US multilateral firms by *Datamation* magazine showed over half were "unaware of what is going on in this field.") With people like Frits Hondius prodding the Council of Europe toward a draft convention by the end of 1978, the United States may be forced to play follow-the-leader on information policy. Conceivably America could even wind up as the data haven.

The discussions in Vienna often touched on the issues of national interest and sovereignty—the sort of protectionism that would keep NASA technology at home and severely restrict the flow of valuable economic information. Here the effects of the information revolution may be far-reaching in comparison to the privacy problem. Some think the "information gap" will be most acutely felt between the rich nations and the poor.

From his vantage point as chief of the new technologies section in the United Nations' Office for Science and Technology, John Kennerly has had few doubts about the impact of the international databanks—and the lack of recognition it receives. Francophone Africa, he says, is a particularly serious case because of the dominance of French banking there; information on credit, insurance, and other financial matters is stored in French computers, thereby placing the fledgling African institutions at a competitive disadvantage. (Hondius has written that "a computer-poor country depends on a dominating,

computer-rich neighbor even for vital information about itself.") Are the Africans doing anything about it? "No," says Kennerly, "I think they're not yet fully conscious of it."

A similar pattern, he says, holds true for South America, where credit data on Venezuelans or Brazilians ends up in the North American databanks of Diner's Club, American Express, or Carte Blanche. Many international airlines can use computerized information on landing rights, costs, and traffic flows at different airports in deciding which routes to apply for, again maintaining the advantage over the smaller, newer, information-poor Third World airlines. Kennerly emphasizes the difficulty in judging the impact of the myriad international computer systems because of the great amount of "gray data" now in existence—data whose quantity and content is unknown to anyone but those actually in possession of it (and maybe not even then). "This is only the tip of the iceberg," he says. Evidently those looking to the future can see that the iceberg cometh, but it is still a vague shape in the mist, its size and shape impossible to measure.

THE INTERNATIONAL COMPUTER LINKS ARE NOT THE only phenomenon creating problems; technology has opened a second front in the information war in the form of satellites able to outperform anything previously sent aloft. The battle that has been quietly rumbling through the UN Committee on the Peaceful Uses of Outer Space involves direct broadcast satellites, which can push unwanted information into a country, and Landsat, which can take unfavorable information out.

The direct-broadcast debate is over the possibility of launching a satellite that can send out a television signal strong enough to pick up on a modified home antenna. In other words, any country with enough money and desire could in effect put its own television station in another country's sky.

The positions taken in the United Nations follow political lines. The Western nations stand against restrictions, arguing for the "free flow of information"; the Communist bloc requests prior consent by the government of any country about to be broadcast to, and the poorer nations are split. One UN official points out that some of the Third World prior-consent advocates are moved not only by fear of propaganda, but by concern over the social impact of a foreign television assault. For a nation with a strict dress code, for instance, broadcasts full of bikini-clad Westerners would constitute a kind of cultural pollution.

On the Landsat issue the political line-up is similar, though the information flow is reversed. Once known as the Earth Resources Technology Satellite, Landsat can make field-by-field analyses of cropland and note details





*Because of computer technology, industry can find answers to thorny questions in minutes.* Courtesy of IBM, Washington, DC

of blight, local drought, and other unfavorable conditions. Developing countries fear that open access to this data—such as from an international computer link—would put them at a disadvantage in world agricultural markets. They want recognition of a “sovereign right of information” that would put dissemination of Landsat information under the control of the country observed. The Soviet Union, with its notoriously unreliable wheat crop, has expressed similar sentiments. In Third World hands “sovereign right” becomes a two-edged sword; the Group of 77, a coalition of developing countries, also claims the right of free access to technological information held by industrial countries.

Unfortunately or not, the pace of technological change shows no signs of waiting for governments to figure out how to deal with it. In 1980, IBM, Aetna, and Comsat will together launch the first satellite designed for high-speed digital transmission—computer links. What’s more, it will be a direct-broadcast satellite of sorts; companies using it can avoid phone lines by transmitting and receiving through a special rooftop antenna.

The information gap may be more short-lived than expected. The US Space Shuttle, which will begin working in the early 1980’s, will for the first time permit construction of large structures in orbit. Plans exist (though no funds) for a kind of telephone-exchange-in-the-sky, which could be used to relay signals between two-way wrist radios—Dick Tracy come true at last. The skies are unlikely to be sporting such complicated

gadgetry much before the year 2000, but the social impact of such relentless communicability would surely dwarf that of previous innovations.

Andrew Aines warns that the information war extends beyond management of information to control of the information apparatus itself. Minor battles occur on a variety of fronts. The United States refused to let Control Data give a computer to the Russians for meteorological work, lest it tip America’s technological hand. In India the Government requested 60 per cent Indian ownership of IBM’s operation there; IBM declined and is regretfully withdrawing. The Europeans debate their high transborder tariffs for communications lines and worry about unfair advantages accruing to EURONET.

If knowledge is power, then so is the ability to withhold it or parcel it out in one place but not another. As things now stand, some companies and governments own databanks but use commercial networks, some provide networks and computers but store no data, and some do both. Aines worries about the last category, fearing the rise of information czars. “It is not good,” he says, “for those who own the conduits to own what moves through them, or to be gatekeepers of knowledge, controlling who gets access and at what prices.”

In a sense the debate over electronic information is a continuation of the battle for control of knowledge. It is an old war whose weapons change as technology does. With the printing press came the censor; with the telephone, the wiretap; with radio, jamming. But despite attempts to the contrary, knowledge has historically proved difficult to contain. And now, in the context of the modern marketplace, any country that deliberately shuts itself off from international information traffic threatens to isolate itself economically. It may well be, as Aines argues, that easy availability of information, coupled with the freedom-of-information ethic, could lead to a democratization trend around the world. But there is a sad side as well, for it may also mean the homogenization of the world, a process underway even before the first Bedouin put a transistor radio in his tent.

Behind the skirmishes in the information war lie twin desires: that we be better informed while keeping others less informed about us. Raw technology is unlikely to respect one desire more than the other, and as individuals, institutions, and nations, we stand to be both wiser and more transparent thereby. But the computer is ultimately a tool of man, not an uncontrollable, independent entity. The mistakes it makes stem from human error, not mechanical malevolence; the purposes to which it will be put are human purposes.

The human touch is apparent as the Control Data man finishes his demonstration. On the keyboard he punches in the termination code, widely used in computerdom:

BYE.



# Cooperation in Space

## *Europe's Spacelab joins America's Space Shuttle*

DANELLE K. SIMONELLI, *a graduate student in international science and technology at Georgetown University*

A SPACECRAFT IS IN ORBIT SOME 500 KILOMETERS above the Earth. Inside, two of its American crew members are looking over the ship's systems in the main cabin. In the next compartment astern, separated by a short tunnel, a British biologist is busy checking out his lab animals for effects of their weightless environment. At his side a German technician uses a built-in furnace to experiment with new metal alloys, while a French physicist contemplates the results of the latest laser beam atmospheric studies. Outside, taking a "space walk," a Dutch astronomer and a third American are making adjustments on an array of telescopes and sensors aimed both at the distant heavens and at the strikingly beautiful planet below.

Science fiction? Not if the European Space Agency (ESA) has its way. If Europe's Spacelab effort develops as expected in coordination with the US Space Shuttle program, such a scenario could well become a reality within the next decade or so.

The ESA maintains numerous contacts with the EC Commission for the exchange of information and coordination of programs, and ESA members consider the agency to be an important element in the promotion of European unity.

Most Americans are becoming familiar with the Shuttle Orbiter itself. The first working model, the Enterprise (named after the fictional starship in the "Star Trek" television series), was unveiled to the public in September 1976 by the US National Aeronautics and Space Administration (NASA). It has since completed several successful test flights mounted on the back of a 747 jet. In the most recent tests, the seemingly ponderous Shuttle has detached itself from the mother plane and, after a series of unpowered maneuvers, glided to a safe runway landing.

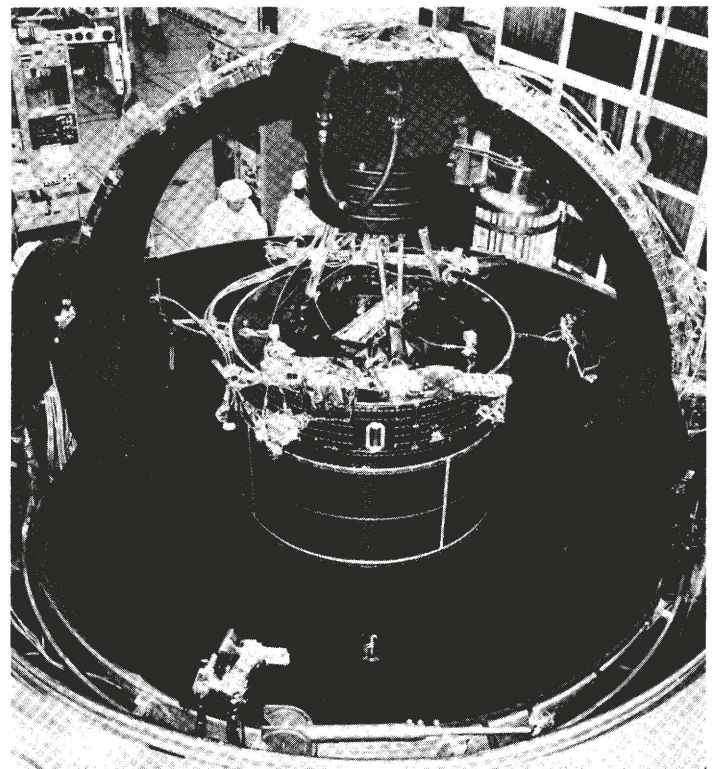
While the Enterprise has achieved some degree of notoriety, few on the western side of the Atlantic know much about Spacelab, the European-built experiment module that will fit in the cargo bay of the Shuttle Orbiter. As impressive as the Shuttle itself is, it is only one element of the international, NASA-coordinated Space Transportation System (STS) of the future. It will be the

means used to carry "payloads" such as Spacelab, where the real work will ultimately be done, that of translating the presence in space of a few into increased scientific knowledge and practical benefits for all humankind.

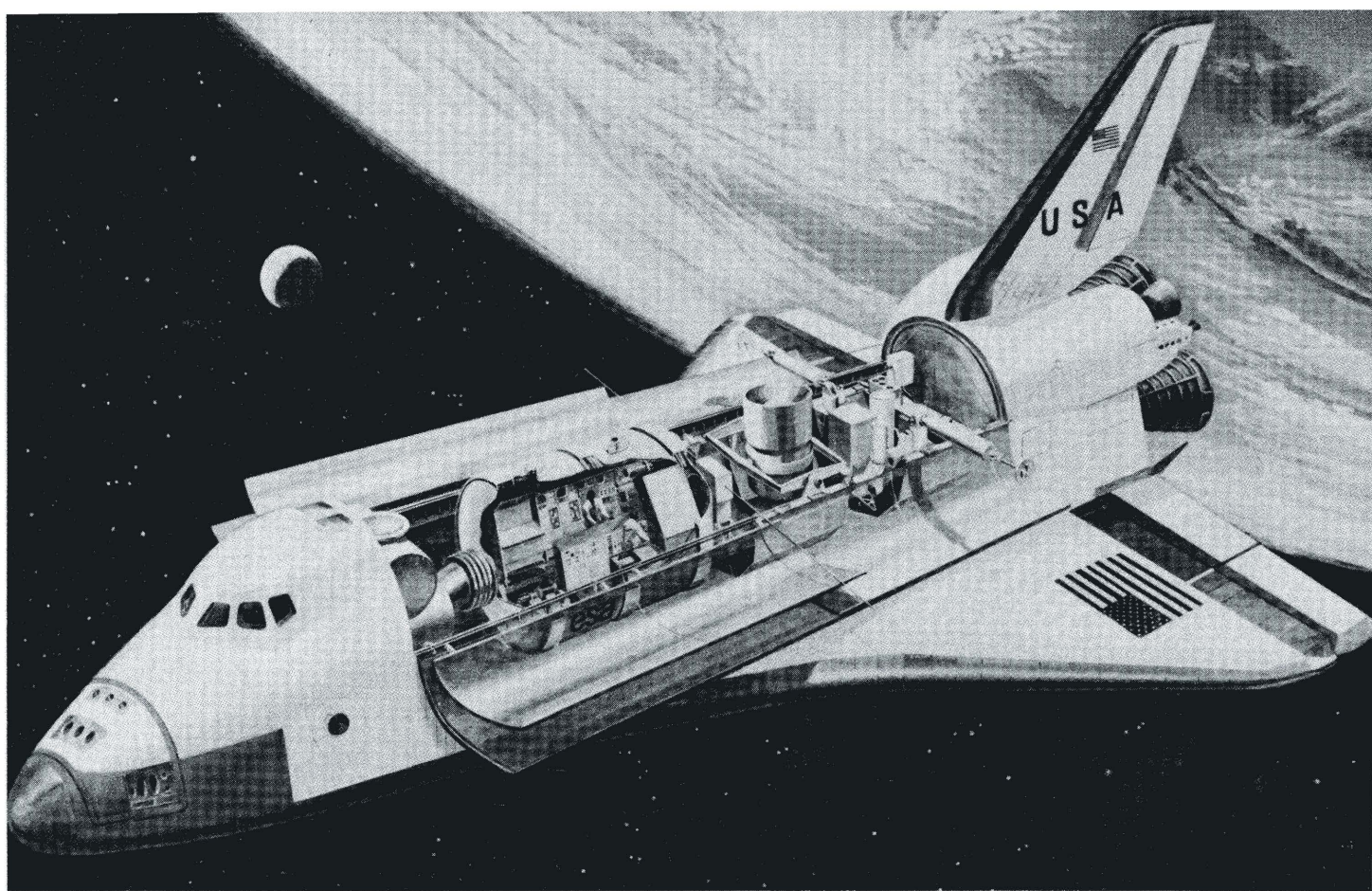
The beauty of Spacelab is its versatility. The whole purpose of the STS is to make ventures into space less expensive and more accessible through the development of reusable components, rather than building whole new rockets and spacecraft for each mission. The Shuttle itself and the Spacelab package can be launched into orbit, remain there for up to 30 days, and then be brought safely back to Earth and used again in a matter of weeks, if desired. But Spacelab is more than just a single reusable cargo bay. Its 4-by-18-meter structure consists of three basic parts:

- a pressurized cabin module within which scientists may conduct their experiments in a "shirt-sleeve" environment;
- a nonpressurized instrument platform or "pallet" where telescopes, sensors, and experimental devices can

*Preparation for testing a geostationary satellite designed to study the Earth's magnetic field. Photographs courtesy of European Space Agency*







*Cutaway drawing of Spacelab, a European-built experiment module that will fit in the cargo bay of the US Shuttle Orbiter.*

have free access to the view and vacuum of space;

- a tunnel that provides systems and human access from the lab module to the cabin of the Orbiter.

The module and pallet sections, however, are made up of segments that may be added or subtracted according to the needs of a particular mission. Thus on a given trip Spacelab could be composed of one long open instrument platform, or of a smaller module joined to a small pallet.

The STS as a whole can carry up to seven passengers: two crew members; four payload specialists who conduct their own experiments in Spacelab; and one overall mission specialist who can, among other things, monitor experiments for sponsors not present. Spacelab itself, however, can be run by a more limited group of personnel, and the long pallet design may be totally automated. A further element of flexibility exists in the variety of orbit altitudes and inclinations the STS may assume to suit the needs of each mission. The spacecraft's attitude can also be adjusted at will; that is, the open cargo bay containing Spacelab may be made to face inward toward the Earth, outward toward deep space, or toward some other focus of interest such as the sun.

THE FIRST SPACELAB MISSION is scheduled for December 1980, on the eleventh voyage of the Shuttle into orbit above the Earth's atmosphere. (The first six Shuttle flights are basically for test purposes; missions 7-10 will carry satellites to be released from the Orbiter, including some necessary for later tracking and communications for Spacelab.) The objectives of this initial seven-day flight are: (1) to verify Spacelab's capabilities by record-

ing its performance parameters (temperature, pressure, vibration, etc.) under a wide variety of conditions, and (2) to demonstrate the system's utility to potential users by conducting numerous experiments from a variety of disciplines. An American commander, pilot, and mission specialist will fly the Shuttle and conduct the extensive verification tests, while one American and one European payload specialist will run the experiments.

Experimenters are given basic training in flight procedures and how to live in the space environment, but they will be scientists first, not professional astronauts, and may be either male or female. The selection process for the European specialist is already underway, with first-round candidates nominated by their respective countries or by ESA.

Of the 79 experiments to be conducted on the first Spacelab mission, 62 are European, one is of Japanese design, and the rest are American. ESA's intention was to form a payload from a broad range of scientific and technological interests, including the fields of earth observation, life sciences, basic physics and astronomy, and materials science. The latter, also known as space processing, deals with the practical industrial applications of space's gravity-free, vacuum environment. Experiments in this field comprise over half the European payload and cover areas such as crystal growth, metallurgy, and fluid physics.

The major pieces of hardware provided by ESA members for the first Spacelab flight include a metric camera and microwave sensor for earth observation, a materials



science module including high-temperature furnaces, and a heat-pipe rack for technology experiments. Another important European development is the vestibular sled, a device similar to an amusement park ride in which a crew member is accelerated and decelerated along a track running the length of Spacelab—in an attempt to increase our knowledge of human equilibrium and related problems such as space sickness.

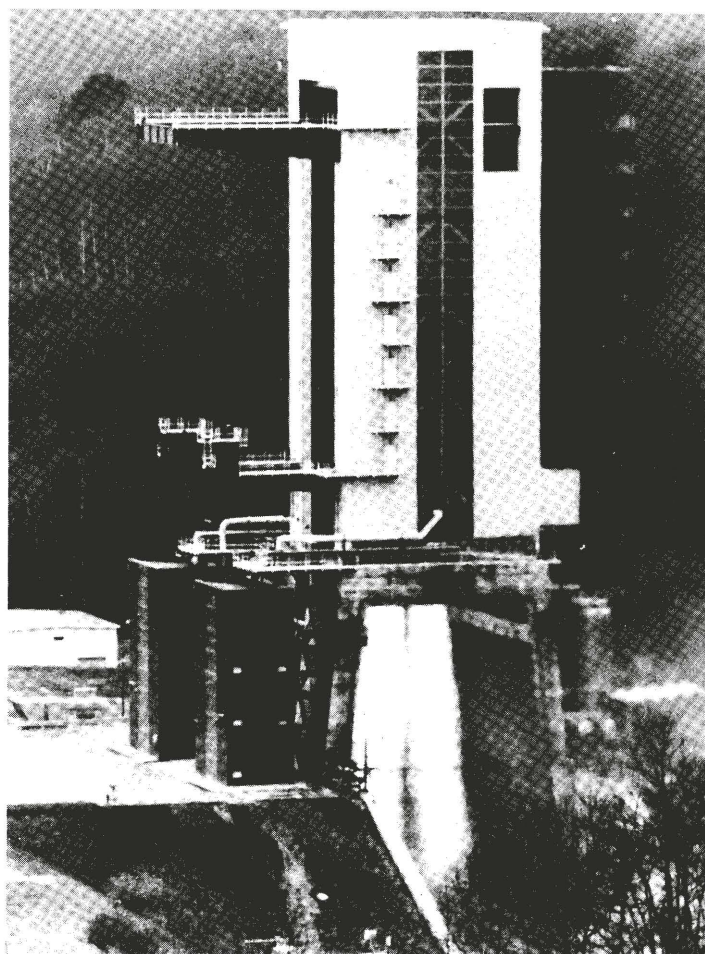
Under the terms of the ESA-NASA Spacelab agreement, the first Spacelab flight unit will be turned over to NASA. Plans are definite for the United States to use this lab in a second flight around April 1981, utilizing the long pallet design for space science studies. A third mission concentrating on applications research has also been set. NASA is currently accepting proposals for a future mission based around the long module design and emphasizing the life sciences, as well as general suggestions for future Spacelab use.

While the original Spacelab's mix-and-match components should last for quite a while, the 1973 cooperation agreement provides that NASA will purchase at least one more Spacelab from ESA. This would permit more frequent flights by operating one system while the other is being readied. As for Europe, it is expected that ESA will also build models for its own use, renting the Shuttle and an American crew at reduced rates to transport teams of European scientists and technicians into orbit. Although no definite plans exist for Spacelab beyond the early 1980's, officials expect interest in it to grow, especially in the commercial sector, once the first missions prove its usefulness.

THE FORCE BEHIND THE SPACELAB PROJECT, the European Space Agency, was created in May 1975 to replace and coordinate the activities of Europe's two previous space institutions: the European Space Research Organization (ESRO), which was concerned mainly with satellite programs, and the European Launcher Development Organization (ELDO), whose purpose was to develop a European launch vehicle. Although the convention establishing ESA has not yet been fully ratified, 11 states have signed it and are considered members: Belgium, Denmark, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland, and the United Kingdom. Austria and Norway have observer status, and Canada has applied to be an associate member.

The prime contractor for the lab's construction is VFW-Fokker/ERNO, the German aerospace company. Nearly 40 other European firms, however, are contributing subsystems or parts to the project; and close to half of Spacelab's total UA 432 million European development cost will be met by non-German contributions. All ESA member states have a say in project decision-making.

However noteworthy Spacelab may be, ESA's space program is by no means limited to it. Along with



*First test firing of the Ariane launcher designed to give Europe its own launch capability.*

Spacelab, the biggest single item is the Ariane launcher development project. This replacement for ELDO's Europa program is designed to provide Europe with its own launch capability by the end of the decade. It is hoped that Ariane will end ESA's present dependence on American rocketry to get its numerous scientific and applications satellite programs off the ground.

Current ESA satellites under development include:

- Geos, a geostationary (stationary over one spot on the Earth) satellite designed to study Earth's magnetic field;
- the International Ultraviolet Explorer (IUE), an observatory satellite that will record the light spectra of various stars and other celestial objects;
- the International Sun-Earth Explorer (ISEE), a three-satellite program to study magnetospheric changes associated with the solar wind;
- Exosat, an orbital observatory aimed at certain celestial x-ray sources that may give a clue to the nature of the super-dense phenomena known as "black holes";
- Metosat, part of an internationally coordinated meteorological effort known as the Global Atmospheric Research Program;
- the Orbital Test Satellite/European Communications Satellite (OTS/ECS) program, an effort now in the prototype stage that will eventually lead to a regional European telecommunications satellite system;
- Marots, a maritime communications satellite that is expected to become part of an international network for that purpose;



- Heavysat, a large broadcast satellite that would allow direct transmission of television signals to home and institutional receivers.

On Earth ESA's recent activities include playing host to an aerospace delegation from the People's Republic of China, an event which may lead to a cooperative agreement for continued exchange in this field. ESA already has cooperative arrangements with several other states; India, for example, plans to launch a satellite on one of the first Ariane missions. The European Community's research and development program is most interested in the Earth research aspects of space exploration. The Community at present, through arrangements with NASA, makes use of American satellite data to measure agricultural conditions in Europe.

In the future, however, EC officials hope to utilize Europe's own satellites and a network of European tracking stations to expand this program into such areas as natural resource detection, diagnosis and forecasting of agricultural problems, and the instantaneous detection of pollution. In addition to ESA's programs, several European countries have national or joint space projects of their own, such as Germany's Helios series for solar exploration and the French-German Symphonie communications satellites, which also contribute significantly to the total European space effort.

THE ESA SPACE PROGRAM HAS NOT BEEN without its problems. In April of last year, for example, the first Geos satellite was launched from Cape Canaveral, but its American-made Delta rocket failed to place it in the correct orbit. Although the craft is operational, the measurements it is taking and sending back to Earth are no longer relevant to the satellite's mission. In May, a solid fuel booster on the first OTS launch vehicle, also a Delta, became detached from the rocket and caused significant damage. This was repaired; but in September when the system was launched, the Delta exploded a minute after takeoff, destroying its satellite passenger. On November 22, however, the third Delta launching went off without a hitch from Cape Canaveral.

The United States, though its policy thus far has been to make no guarantees concerning its launchings of non-US payloads, was understandably embarrassed about this double satellite loss to Europe. One of the hoped for advantages of the STS, however, is that its use as a manned launch mechanism will enable some correction of faulty take-offs in flight and provide some measure of security for its customers beyond what NASA can now offer.

Meanwhile, ESA will use a backup satellite and a cache of insurance money to send up another OTS mission, and another Geos is also on the drawing boards. Some ESA officials take such losses in stride as the nature of the space business. Other observers and decision-makers, however, given the state of Europe's economy and social

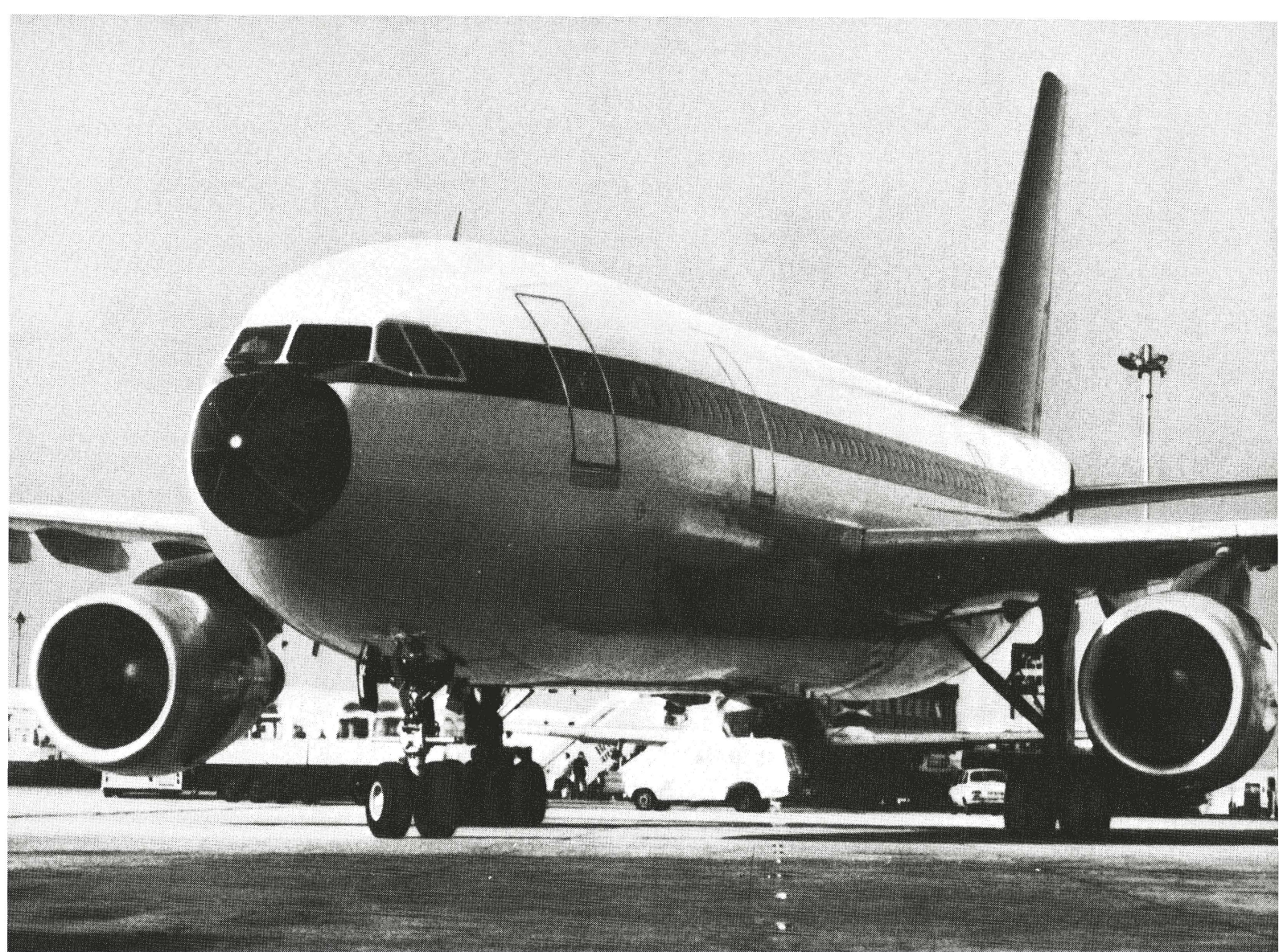
conditions, may be more demanding when the time comes to approve further funds for space exploration.

Other problems experienced by Europe's space effort are of a more political nature, particularly as concerns the decision to build Spacelab. Within Europe, for example, quite a debate raged in the early 1970's between states such as Germany, which advocated participation in the American post-Apollo manned program, and those such as France, which thought the bulk of Europe's space resources should be spent on developing an independent launch capability. After an initial US invitation for European participation in the post-Apollo program, preliminary joint studies concluded that the best Europe could be offered for work on the Shuttle itself were bits and pieces—landing gear, doors, bits of tail section—all using conventional rather than advanced technology, and not very interesting to the Europeans. A more appealing alternate proposal was for Europe to build a separate craft known as the space tug, but NASA decided to cancel this part of the program altogether. All this indecision—some said procrastination—on both sides produced an understandable amount of tension in US-European space relations. The ultimate decision to go with the Spacelab concept, however, while Europe also pursued Ariane and its satellite programs, has proved to be an eminently satisfactory solution for all concerned.

Today, any initial US doubts that may have existed concerning European technology's ability to do the job in space have been dispelled. Spacelab development is on schedule, and no significant problems have arisen for its builders. NASA and ESA have developed a solid working relationship with each other during these initial years of STS cooperation, and further international participation in space exploration seems assured. On the regional European space front, temporary failures such as the Geos and OTS misfires are countered by the success of such projects as the Ariane launcher and the earlier satellite Cos-B, whose near-perfect functioning has provided important data on gamma radiation sources in the heavens.

Some people, of course, on both sides of the Atlantic oppose space exploration because it takes valuable resources away from the solution of human problems on Earth; others believe that development of space technology holds the key to the resolution, through peaceful international cooperation, of the dilemmas of resource scarcity. Ideas such as solar power generating stations in orbit, industrial space colonies, and mineral mining on the Moon or nearby asteroids are thought by many to have great potential for the betterment of the human condition. The Space Transportation System, with its versatile reusability, relative low cost, and emphasis on practical uses of space, is a first step in this direction, and Europe seems proud to be playing its part.





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# The EC Presidency

## *It's Denmark's turn*

K. B. ANDERSEN, *Danish foreign minister*



ON JANUARY 1, 1978, DENMARK TOOK OVER ITS SECOND presidency of the "Nine"—after five years of membership in the European Communities and nearly six years of participation in European political cooperation. The past years have seen developments in cooperation in general among the Nine and in political cooperation of the member governments. We feel that the presidency involves a great responsibility for consolidating and developing what has been achieved. We are quite prepared to assume this responsibility, but we approach the task with humility, realizing that there are limits to what can be attained in the short span of six months. We hope that the development of cooperation among the Nine will take a positive trend during our presidency.

It is not uncommon for the presidency of an international organization or body to be held in rotation by member states. Usually the presidency is a sort of honorary task, which implies that the president chairs the meetings without having any major responsibility for the work of the organization concerned.

The Nine have chosen to impose upon the presidency a far-reaching responsibility for the content of the cooperation so that all member states are afforded the opportunity, by rotation, to engage themselves intensively in the cooperation and put their stamp on it.

This is true in particular of the political cooperation for which no international organs have been established. Consequently, it is incumbent on the presidency not only to draw up agendas but to function as secretariat for and host the meetings.

The presidency of the Nine entails a very heavy workload, which at least in the case of the smaller member states entirely dominates their activities over a wide sphere during the six months of tenure. It is the task of the presidency to chair all meetings of the Council and of the Committee of Permanent Representatives (COREPER) as well as meetings of the working groups that have been set up by the Council. It is thus foreseen that Denmark will be chairing the meetings of about 180 committees or working groups.

In the framework of the political cooperation of the Nine, two meetings of foreign ministers and about 40 meetings of officials are envisaged to be held in Copenhagen. Moreover, the European Council of the Heads of State or Government and the Foreign Ministers of the Nine will meet in Copenhagen in April 1978.

I see a number of questions that will be of immediate concern to the Community during the period of the Danish presidency:

### **Cooperation among the Nine within the framework of the EC Treaties.**

1) Denmark places great emphasis on expansion of the economic and monetary cooperation. The Danish presidency will try by every possible means to create, through harmonization of reflationary efforts, a basis for a growth-oriented economic policy in EC member states during the period 1978-79. This will be a determinant factor in improving the employment situation and in curbing growing protectionist tendencies. Denmark will also support efforts to expand the monetary cooperation among the Nine and to evolve a common exchange rate policy relative to third countries, including primarily the United States and Japan.

2) Denmark attaches great importance to furthering the energy cooperation of the Nine. We hope that it will be possible to make substantive progress towards attainment of the accepted goal of reducing the dependence on imported oil through savings and measures to promote the development of alternative energy resources and through active research and development efforts.

3) In order to reach agreement on agricultural prices for the harvest year 1978/79, it will probably be necessary to take decisions on several other questions which are currently being discussed within the framework of the common agricultural policy. Denmark will work for a package solution covering all the necessary elements. Decisions on these matters should take due account of the interests of farmers, consumers, and tax-



payers alike. The Danish Government considers it imperative that steps be taken to eliminate the monetary compensatory amounts which constitute a threat to the common agricultural policy.

4) We consider it of overriding importance that the common fishery policy be based on fundamental Community principles and that it be formulated so as to provide a durable framework for the solution of the great problems facing this sector.

5) In the area of employment and social policy, the primary task will be the adoption of measures designed to combat the high rate of unemployment among young people.

6) The comprehensive aid programs of a number of member states have adverse effects on competition within the Community. Denmark considers it imperative, therefore, that measures be taken to prevent the increasing use of state aids which distort competition within the Common Market. Such measures would also give a boost to EC efforts to curb similar practices by many of the closest trading partners of the Nine.

7) The accession negotiations with Greece are expected to enter a decisive phase during the Danish presidency. We see it as an important task of the presidency to work for substantial progress in these negotiations. Negotiations with Portugal and Spain concerning the admission of these two countries are not likely to be initiated during the Danish presidency since the Commission's report on this matter is not expected to be submitted until some time in the first half of 1978. However, certain preparations for these negotiations will probably be made.

8) Multilateral trade negotiations within the framework of GATT were opened in Tokyo in 1973. It is to be foreseen that solutions to some major problems dealt with in that context will have to be found during the Danish presidency. We shall actively support efforts to reach a Community position that would facilitate substantive negotiations. Being a trading nation, we go in for the greatest possible international free trade.

9) International negotiations regarding commodities will also be an issue of concern to the Nine during our presidency. We consider it important to adopt a constructive common position for the Community's participation in these negotiations.

10) The Lomé Convention between the EC member states and 52 developing countries expires in 1980. Community participation in the negotiations for the convention's extension will be prepared during our presidency. Denmark will encourage member states to agree on steps to ensure better planning of financial aid, including greater participation by developing countries, and expansion of the industrial cooperation, in-

cluding measures to promote investment.

**Political Cooperation.** In the context of political cooperation, the role of the presidency is principally to promote concerted action by the Nine in cases where it is necessary and desirable to the solution of foreign policy problems. International developments are hard to predict since they depend largely on the behavior of other states. There are, however, a number of issues that will be of particular importance to the Nine during the first six months of 1978.

1) The meeting held in Belgrade in the follow-up to the Conference on Security and Cooperation in Europe (CSCE) will probably enter its final phase at the time when Denmark takes over the presidency. It is the aim of the Nine that this meeting in itself should constitute a real contribution to détente and ensure the continuation of the multilateral dialogue which started during the CSCE.

2) Developments in southern Africa will be a central topic in the European political cooperation. The Nine have already in various declarations created a basis for a more far-sighted Africa policy. It is, however, of paramount importance to maintain the momentum if the Nine are to be able to make their contribution to a peaceful solution, particularly with regard to inhuman policies of apartheid of the South African Government.

3) Among all the many other issues that the Nine will be dealing with in the first half of 1978, I shall only just refer to the situation in the Middle East, the Cyprus question, and the United Nations Special Session on Disarmament as areas in which the Nine should be able to make a constructive contribution.

THE COMMUNITY REMAINS faced with some of the most difficult problems before it in the 25 years of its existence. The enormously high rate of unemployment, heavy balance-of-payments deficits in several member states, the threatening shortage of energy, and growing tendencies towards protectionism pose a serious danger to the further development of the European Communities. We have no illusions that Denmark during its presidency would have any special possibilities of giving the Community a decisive push in the right direction towards the solution of these big problems.

Our ambitions are more modest. But in close collaboration with the Commission and the European Parliament, we shall do our utmost to ensure that the activities of the Communities during our presidency become as efficient and fruitful as possible. With this in mind we shall try to concentrate the work of the Nine on questions of the highest priority. We shall also try to keep abreast of the viewpoints and interests of our partners in order to play what for me is the principal role of the presidency: that of the constructive mediator.



# Euro-Nord Is Alive and Well

## *Northern Europe, Community increasingly interdependent*

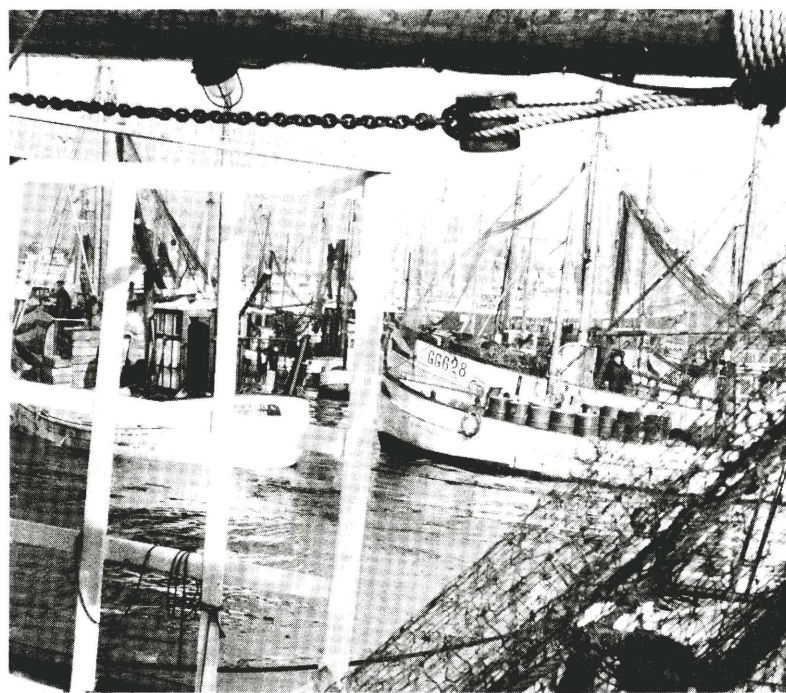
WILLIAM STRAWN, *American freelance writer based in Stockholm*

"IN EUROPE"—BUT NOT IN THE EUROPEAN COMMUNITY—was the conclusion reached in 1973 by four of the five Scandinavian countries, when Denmark became the first Nordic state to opt for European integration. Sweden, Norway, Finland, and Iceland chose instead to sign separate, 10-year trade agreements with the EC "Nine." Today, five years after this clarification of Nordic relations with the Community, the two regions have become increasingly economically interdependent. The pervasive network of formal and informal contacts touches nearly every aspect of their respective societies. According to Dr. Carl-Einar Stalvant, of the Swedish Institute of International Affairs in Stockholm, contacts between the European Community and Northern Europe "range from questions on nuclear energy and how to organize lorry-ways, to the size of beer glasses exchanged in intra-European trade."

In spite of this array of exchanges, the general consensus throughout Scandinavia now is that accession to the Nine is still not in the cards. The situation is summed up succinctly by Ragnar Sohlman, department head in charge of European integration questions at the Swedish Ministry of Commerce, who says, "There has been no signal from this Government to alter the 1973 decision regarding Sweden's membership in the EC. Formal membership has been and is today a nonquestion."

The reasoning behind Scandinavian agreement to stay outside the Community is complex. It is partly due to the success of the present arrangement which has proven satisfactory for both the Nordic countries and the European Community. Also, the Community has its hands full with existing members and the three new candidates and is simply not ready to consider further enlargement. And finally, the issue is conditioned by a Nordic cultural preference for informal, noninstitutional connections, which is evident in their relationships to each other and which represents a fundamental difference in how Northern and Western Europe approach and handle matters of regional cooperation.

Underlying these factors lie the four Nordic countries' specific economic, political, and security requirements.



*All the Nordik countries believe their 10-year trade agreements with the Community signed in 1973 have worked smoothly, and Sweden has concluded a "frame" fishing agreement on behalf of its fishing industry.*

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These have been sufficiently important since the end of World War II to arrest virtually every Nordic attempt at formal organization. A Scandinavian Defense Alliance proposed by Sweden in 1948, for example, failed when Norway decided to join NATO and Denmark and Iceland followed. Three attempts to form a Nordic Customs Union, in 1947, 1954-1957, and 1968-1970, also failed—partly out of fear of Swedish economic dominance in such a union, and partly as a result of the intra-European machinations involved in setting up the Community in 1957. The last attempt, known as the Nordic Economic Union (Nordek), collapsed with the EC decision to expand the Community beyond its original six members. This act brought out strong differences among the Nordic countries regarding Nordek's proposed relationship to the Community, and led to Denmark's integration and the others' separate trade agreements.



These Nordic differences emerged because of diverse stages of economic development. Iceland, for example, has a total population of some 220,000, with only 22 per cent of its people engaged in manufacturing. Its current rate of inflation, according to Hordur H. Bjarnason, first secretary of the Icelandic Embassy in Stockholm, is running at 30-35 per cent per annum, the second highest in the Organization for Economic Cooperation and Development (OECD). Iceland is practically a single industry state, with more than 75 per cent of its total exports consisting of fish and fish products.

At the opposite extreme stands Sweden. With a population of more than 8 million, 42 per cent of whom are engaged in manufacturing, less than 5 per cent of Swedish exports are in the agricultural realm. Inflation is now about 12 per cent per annum, and the overall economy is in the throes of its most serious recession since the 1930's.

Norway's exports are mainly industrial products, and this sector is growing rapidly from North Sea oil. Inflation is now around 10 per cent per annum, but unemployment is less than 1 per cent—one of the lowest in Europe. Finland's principal exports are wood and paper products, and its annual rate of inflation is about the same as that in Sweden and Norway. All four Nordic countries' economies are export dependent, accounting for at least 25 per cent of their respective gross national products.

Given this economic diversity, each of the Nordic countries has particular problems with EC membership. Iceland's single sector economy makes it rather unfit for the European Community, although as Bjarnason points out, "The Community has looked at our special situation with understanding and we have been able to reduce tariffs this year on large categories of fish products by about 15 per cent."

Norway also has special problems in agriculture and fisheries. The combined effects of unfavorable climate, a short growing season, and the country's mountainous terrain put Norway at a comparative economic disadvantage to the Community. The coming on-stream of North Sea oil may balance these disadvantages in the industrial sector by the 1980's, but Norway's decision to maintain absolute control over this vital energy resource raises other complications with respect to formal membership in the Community. "The subject can't even be mentioned publicly," says Niels L. Dahl, economic counselor at the Norwegian Embassy in Stockholm. "These economic considerations in agriculture and fish joined a long tradition of strict Puritanism and a basic fear of outsiders, so that the whole question of Norway going into the Community practically resulted in a civil war. Families divided over the issue and havoc reigned until a clear majority said 'no' in the 1972 referendum. And while Government officials like the minister of commerce do make state-

ments today stressing the increasing need for cooperation between Norway and the Community, we're still in a period of letting feelings cool off."

For Sweden and Finland, particular difficulties with EC membership are bound up in their security situations. "Sweden would be perfect as a member of the Community," explains Dr. Stalvant, "in that its general economic structure agrees with the Rome Treaty and its agricultural policy is quite harmonious with that of the Community." But Sweden is committed to neutrality and still finds this policy incompatible with the Community's objective of political integration. As Sverker Aström, minister in charge of the 1971 Swedish-EC negotiations, puts it in a current pamphlet, membership in the Community would mean "... institutionalized cooperation in foreign policy which, although initially not formally binding, aim[s] at the formulation of a common foreign policy. This [is] impossible to accept for a neutral state. . . ."

Also, the Community's attitude towards nonalignment and neutrality remains ambivalent. While there has been considerable movement away from the Hallstein Commission's endorsement of the Birkelbach Report of 1961-62—which implicitly criticized neutrals for their reservations about EC political objectives—the Community still has no mechanism to integrate neutral countries like Sweden.

Finland, though also a neutral, has of course even more security considerations than Sweden—stemming from Finland's geographical proximity to the Soviet Union and the latter's suspicions about Western trade groupings. In order to alleviate Soviet doubts and yet improve the country's economic position, Finland has pursued a simultaneous East-West policy. This has meant concluding separate trade agreements with the Community, as well as with the European Free Trade Association (EFTA), while granting equal economic benefits to the Eastern bloc. Dr. Stalvant likes to refer to Finnish policy in Lenin-like terms: "For each step towards the West, like the Finn EFTA and EC trade agreements, Finland takes two or three steps towards the East—for example, renewal of the Soviet-Finnish Friendship Agreement, the establishment of bilateral trade relations with all the East European countries, and the offer of Helsinki as the site for the European Security Conference."

In spite of these economic and security limitations, all of the Nordic countries believe the 1973 trade agreements have worked smoothly. By July 1, 1977, custom duties on most industrial products had been abolished; and now the so-called nonpolitical contacts between the two regions have become evident everywhere. Sohlman points to extensive Swedish-EC cooperation in areas like nuclear research, joint consultations on environmental matters and shipping, close collaboration in the monetary field (the "snake"), and participation in Applied



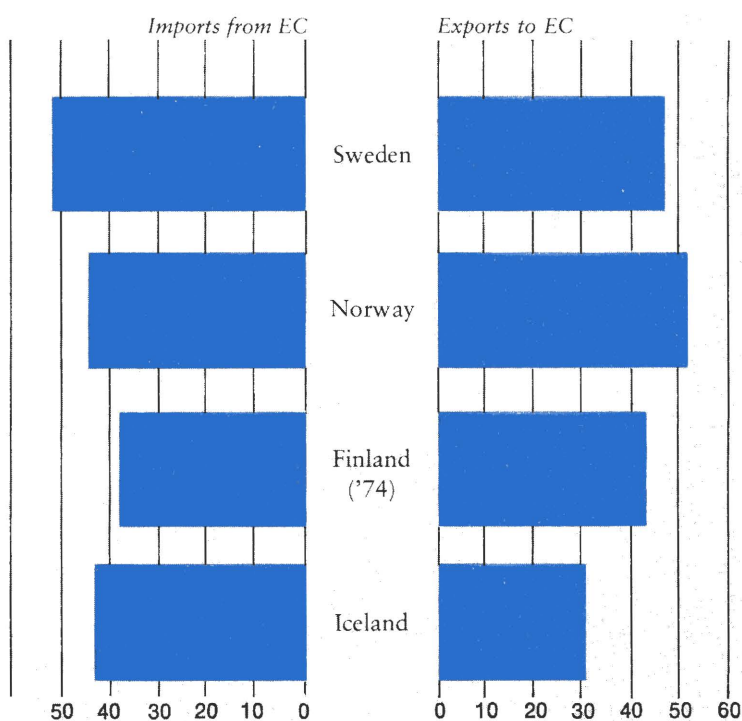
Scientific and Technical Collaboration (COST). "We are open to still other areas of cooperation as well," he says, "though in many cases these depend upon internal EC developments. We've concluded a 'frame' fishing agreement, for example, which requires an EC fisheries policy to fill out."

Similarly, Dahl cites activities like the May 1977 initiative by EFTA countries, including Norway, to increase the exchange of information and to enlarge cooperation with the Community "in fields such as the stimulation of a stable economic growth, the fight against unemployment and inflation, the promotion of monetary stability and the concordant elaboration of legal norms in sectors of common economic interest. . ." He points to the "Mixed Commissions," the joint EC-Nordic country bodies that formally monitor the trade agreements, too, and says that these provide a regular opportunity to review mutual problems. "And another thing which has been a pleasant surprise to me since the EC enlargement," adds Dahl, "has been the Danish experience. Many of us thought that the Danes would lose both their economic independence and their close ties with their Nordic brothers. Neither has happened and the Danes' 'bridge-building' policy to increase contact between the Community and ourselves seems to be working quite well."

The political-security peculiarities of Nordic-EC relations have by no means restricted the value of trade between the two regions. On the contrary, trade has expanded slightly since the 1973 agreements, as the following table indicates:

### Nordic-EC Trade

(1976 Percentage of Total Exports and Imports)



Figures for 1969, or pre-EC trade agreement, for Sweden and Finland, according to Dr. Stalvant, were 28 per cent and 24 per cent, respectively, of their total exports to the Six; and 31 per cent and 34 per cent, respectively, of their total imports from the Six. Sweden, however, has seen its trade balance with the Community deteriorate from a small surplus in 1973 to a deficit of about \$1 million in 1976.

What trade the Nordic countries don't do with the Community nevertheless remains substantially within Europe, especially with the EFTA countries. But a comparative analysis of Swedish exports to EFTA and to the Community reveals that exports to the Community between 1975-1976 increased more than twice as fast as those to EFTA—or 17 per cent to the Community and 8 per cent to EFTA. This suggests that trade with the Community is an important factor in intra-Nordic trade, too. Indeed, current figures indicate that trade among the Nordic states themselves has increased almost twice as fast as trade with either the Community or EFTA since 1973.

But it is important to understand EFTA's appeal from two further aspects of Nordic culture: a preference for apolitical trade and a preference for flexible institutions where agreements may be reached informally and personally. Bjarnason explains: "Unlike the Community, EFTA has no political basis and is strictly economic. We have a certain fear of institutions and a resistance to supranational organizations where small countries don't have much influence." The Nordic preference for informality in matters of regional cooperation is apparent in their common complaint that the Community is too centralized and too bureaucratized; and it's even more clear in their relationships to each other. More than 20 years ago, for example, the Nordic region agreed upon a common labor market and a common travel area. In recent years there have been such examples as a coordination of social and medical insurance benefits, a newly established Nordic Investment Bank and Fund, and the linkage of national television networks.

Continental bureaucracy, though, is not the only complaint against the Community. The trade agreements have their snags, too. Iceland's declared 200-mile offshore fishing zone, for example, conflicts with EC fishing nations like Britain and Germany, and has resulted in ongoing negotiations over the so-called Protocol 6. Norway has lost an important export market in hardened fats since this product, a free-trade item in EFTA but an agricultural commodity in the Community, is dutied by Britain and Denmark. And both Finland and Sweden, who are major competitors with Norway in the wood-processing and paper industry, have a problem with the Community over "indicative ceilings" on these products and on some metals and specialty steels.



"We are not entirely happy about the existing arrangements with the Community," comments Sohlman, "particularly regarding the imposition of third country tariffs on certain sensitive product categories during the last two years." Lars-Erik Wingren, an economic analyst at the Swedish Ministry of Trade, explains that this tariff for most paper products amounts to 12 per cent, while duties on quantities below the indicative ceilings were lowered to 8 per cent as of July 1, 1977. This means some kind of duty on nearly two-thirds of the total value of all Swedish paper exports.

But third country tariffs don't have to be applied. "The first two years of our EC agreement," says Wingren, "Sweden went over the ceilings in many categories, but still the preferential duty was imposed because the international market was quite strong. In the past two years, however, the market has weakened and some EC member or members requested the higher tariff. They have also demanded that the agreed growth rate of 5 per cent annually for the indicative ceilings should not be applied in certain cases, invoking a safeguard clause in the agreement. Thus some ceilings have been frozen at the 1975 level. The basic idea, however," he continues, "is that our agreement calls for the gradual reduction of tariffs on paper products to zero duty by 1984. We feel the Community must prepare itself for this free trade in 1984 and use the years until then to adjust their paper industry to the greater competition it ultimately must face."

One other important issue still under negotiation between the Nordic countries and the Community is the so-called rules of origin. These pertain to the size of the national element in products and at what level goods qualify for free-trade treatment. The Community's rules of origin are much more complicated than those worked out in EFTA, "with the result," says Wingren, "that companies involved in trade have much more paper work. These administration costs could become greater than the gains achieved through tariff abolition and thus negate the whole principle of free trade. We feel that everybody would gain by simplifying these rules, but the Community has postponed discussion on this matter so far."

Intrinsic to many of these basic difficulties in the Nordic-EC trade agreements has been the international economic situation. Quite a lot has happened since 1973, not the least of which includes the Organization of Petroleum Exporting Countries (OPEC) decision to quadruple the world price of oil. Except for Norway, all of the Nordic countries are either heavily dependent (Finland) or entirely dependent (Sweden) on external supplies of this commodity—so the price increase had immediate, detrimental effects upon their economies and exacerbated an already sluggish position.

Furthermore, due to the close economic interdependence that exists between Northern and Western

Europe, the secondary effects of the OPEC decision on vital Nordic markets—such as Britain—are now emerging in the form of lower growth rates. "This certainly accounts, at least in part," explains Sohlman, "for the relative decline in value of Swedish trade by about 4 per cent in exports and imports since 1973." The growth of Norway's export markets will also decline, according to Norwegian Bank Governor Knut Getz Wold, from almost 10 per cent last year to 5-6 per cent this year as a consequence of the significant decrease in both Sweden's and Britain's GNP growth prospects.

All of the Nordic countries deny any expectations from Norway to alleviate or to make more secure their access to oil supplies in the future. But careful notation is made of the fact that Norway's production in the 1980's may equal more than 70 million tons of oil and gas. With Norway's own needs projected to total 15 million tons, the other Nordic countries and Western Europe certainly view Norway as an important and reliable—if limited—supplier. "But," stresses Dahl, "the Community and our Nordic neighbors have accepted respectfully Norway's policy decision not to tolerate external pressure upon our energy resources. No separate agreements have been made, nor have any informal promises been given." The question remains, however, as to what Norway will do regarding its production schedule—curtailed by a policy decision and not by capacity—if the OPEC countries agree on yet another price hike.

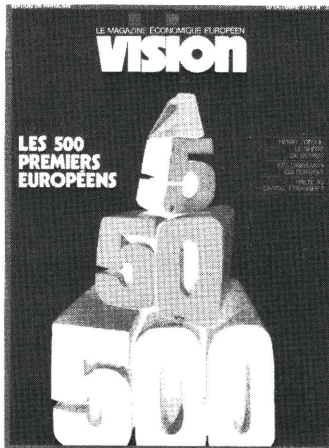
These highly interconnected events since 1973 have occurred against the background of an extremely delicate worldwide economic situation and an urgent need to construct a whole new international economic order. "Bretton Woods is gone," reflects Sohlman, "and we have not replaced it. This is a great danger now as the industrialized countries have increasingly high levels of unemployment and stagflation—factors which provoke protectionism. In this context the Community has been a strong opponent against such tendencies, and its conduct regarding free trade has been exemplary."

But the present situation also means that there is still no advantage in enlarging the Community to include the other Nordic countries. The Community, has a number of complex issues yet to be resolved by its existing nine members. And from the Nordic perspective, there remains a lot of tough negotiating ahead with the Community over very specific problems, and continuing doubt about how to ensure security and still retain some measure of sovereignty.

Even with these reservations, the number and range of constantly expanding contacts between the two regions suggest that closer political affiliation is as inevitable as it is currently inexorable. Except for a matter of formality, Euro-Nord is alive and well in Scandinavia.

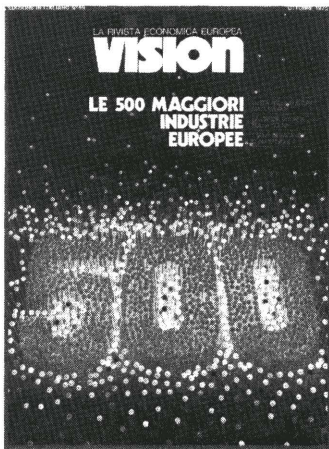


# THERE'S NOTHING ELSE LIKE IT!

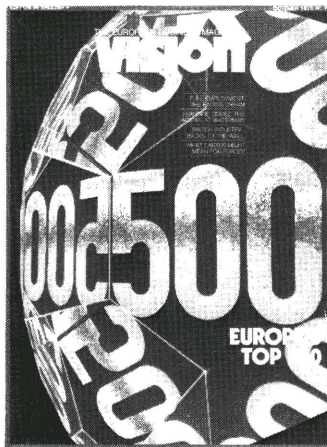


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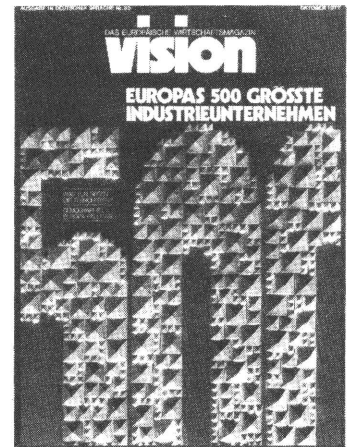
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# around THE capitals

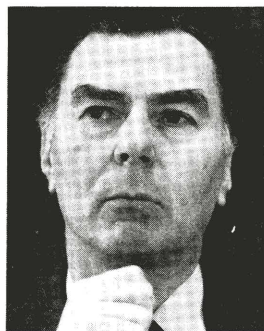
## Brussels

By common consent the Belgians made a good show of running the EC Presidency in the second half of 1977. You'd expect nothing less, of course, from such dedicated and accomplished practitioners of European politics as Prime Minister Leo Tindemans and Foreign Minister Henri Simonet. Moreover, they didn't really have a very hard act to follow in the shape of what many saw as the self-serving British Presidency earlier in the year.

But let's not demean the achievements of Tindemans and his team. Look at what those six months produced: agreement on a site for the Community's Joint European Torus (JET) nuclear fusion project, introduction of major new EC budget and revenue procedures, establishment of a huge new Community loan facility, settlement of an awkward tussle over the Regional Fund, and, perhaps most surprising, an unexpectedly solid go-ahead for moves to promote economic and monetary union. One suspects that the Belgians regret they couldn't do more to streamline the Community's decision-making machinery. And fishing policy—inevitably perhaps—defeated their endeavors toward a solution.

But has this European achievement been at the cost of a domestic one? Could those endless hours and energies devoted to contriving ingenious EC compromises have been put to better use at home? Many of Tindemans' critics think so, and even he himself frankly conceded just before Christmas that the Government had not always been able to act as promptly and convincingly on the domestic front as he would have liked. The glaring omission to many has been the lack of a decisive assault on Belgium's unemployment problem. Let's face it, the Belgians are better off than most in Europe. Prices are still high by most standards, but rising more slowly than most. Economic growth is sluggish, but at least it genuinely exists. The franc has been under pressure within the EC currencies "snake" arrangement, though it is surely no weaker than two or three others in the same boat.

But these are hardly compelling points to make to an out-of-work steel or textile worker, and there are too many of them in



Belgian  
Prime Minister  
Leo Tindemans

Belgium for the Government's comfort. True, there is much talk of specific remedies, but little real action yet, and to many an impression that the Administration is trying to hide the long-term realities. In Belgium, as through the rest of the Community, most of those unemployed steel and textile workers will never work again in the same industries. But you would never guess it from some of the bromides handed out in Brussels.

On the even more provocative issue of relations between Belgium's French and Dutch communities, the Tindemans Government is also taking some stick for its apparent tardiness. The momentum of the election campaign last spring has been lost. Mercifully for the Government, so too has public animation over the issue. But its patience may crack if the Government delays much longer its precise legislative proposals on the constitutional links between the communities. Better it be right than early is the word of the Government. With the burden of the EC Presidency behind him, Tindemans can now presumably ensure the former and hasten its arrival.

—ALAN OSBORN

## Bonn

The German Federal Republic's prosperity, more active presence in world affairs, and generally enhanced self-confidence in recent years can often blind outsiders to the degree to which the country, and hence its political leaders, remain absorbed in the complex emotional issues raised by the postwar division into two German states, and never really resolved since. Five years after the signature of the so-called "Basic Agreement" between the two Germanies, the relationship is both much more intricate and much more

productive than is sometimes assumed—though in the last analysis, it is also still much more frustrating to citizens of East and West alike than many of them hoped when the treaties were concluded.

Some of the things that happened in a single week at the end of 1977 illustrate the realities of life in this divided country as neatly as one might wish: The newspaper *Frankfurter Allgemeine Zeitung*, revealed the full extent of the Lutze espionage case, which has been called the most damaging to the West during the entire history of the North Atlantic Treaty Organization, and amply vindicating the cost to their masters of the estimated total number of 10,000-20,000 (depending on whose figures you take) East German spies active in the Federal Republic.

Then, Volkswagen confirmed that it is selling 10,000 "Golfs" (the model marketed as the "Rabbit" in the United States) to the German Democratic Republic (GDR), taking some 90 million deutschmarks worth of East German goods in partial payment. No sooner had this breakthrough for a Western motor manufacturer been approved, than the post office sent round to every subscriber a sheet announcing direct dialing telephone services to over 100 East German towns and districts. Finally, the East German state-controlled press, despite a few complaints about "anti-GDR propaganda" in West German newspapers (meaning reports of the spy case), were confidently predicting a summit meeting in 1978 between Chancellor Helmut Schmidt and GDR Leader Erich Honecker. Whether the meeting comes off depends on, among other things, which statesman is prepared to give ground in terms of protocol, and whether continuing lower-level official negotiations over such matters as borders and crossing-points in Berlin can make substantive progress.

Which of all these diverse, and somewhat contradictory, developments comes closest to illustrating the "real" relationship between the two Germanies? In fact, they are all reminders of how many strands are interwoven. It is rare to meet a West German who isn't related, or who doesn't have friends who are related, to people "over there." Although the Federal Republic understandably feels naked and helpless towards the armies of GDR spies believed by everyone to be beaver away, it must not



be forgotten that Honecker, too, has suffered from the vast exposure to Western culture brought about by the Basic Treaties and by the Helsinki Agreement. East Germans receive their Western relatives by the million each year, and 80 per cent of the population can watch West German television unhindered.

East Berlin has dealt firmly, though not (by Soviet standards, at least) cruelly with open dissidents such as the expelled political folksinger Wolf Biermann, the group of intellectuals who protested on his behalf, or indeed the hundreds of thousands of East Germans who have tried to exercise the rights of emigration to the West supposedly guaranteed them by East Berlin's signature on the Helsinki documents. Yet it has also been forced to recognize the constant pres-



"He costs two extra barrels of butter." ©Juhl, PIB, Copenhagen

sure for higher living standards, so that the GDR, drab as it seems to Western visitors, offers in relation to the rest of Eastern Europe the same degree of prosperity that the Federal Republic does in the West. Bloody riots in East Berlin's new civic center, the Alexander-Platz, last autumn showed how close to boiling point much of the younger generation (with no personal memories of a united Germany) seems to be, for all that Honecker's Government has tried to do to give these young people a solid, Olympic gold-medal-winning country to be proud of.

Schmidt has often said he fears, more than anything else in relations between the two German states, a hard line by Bonn that would drive East Germans closer emotionally to their own government and hence to Moscow, always assumed to be the final arbiter of whatever Honecker and his colleagues say or do. These fears still seem a long way from coming to pass, and the rest of the world should be grateful that is so. The two Germanies will not find it easy to agree on such matters as the future of German nationality, let alone to come to any agreement on how reunification might one

day be approached. Yet both can—and feel they must—proceed with more mundane negotiations aimed at making life a little easier for ordinary people in each state, and that is no bad thing for two governments that less than a decade ago could do little more than hiss at one another.

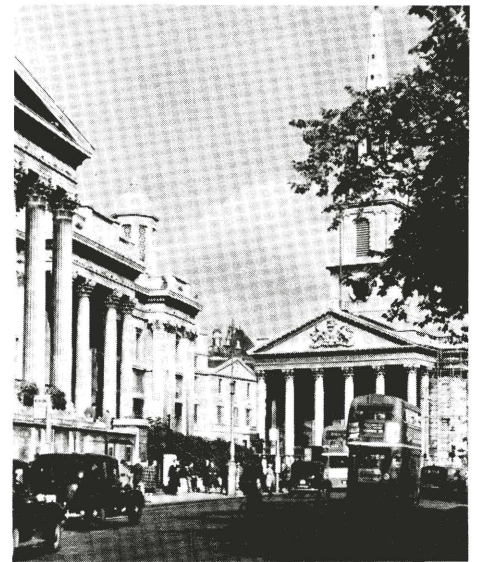
—ADRIAN DICKS

## London

The steady improvement in Britain's ailing economy this winter was the best Christmas present Prime Minister James Callaghan could have hoped for. But, like the most favorite Christmas toys of the tots, this one is prone to be fragile. Callaghan has banked the survival of his minority Labour Government on keeping inflation in check and reducing it to single figures by next spring. So far the wind is behind him. The annual inflation rate has dipped to 14 per cent after hovering around a hobbling 20 per cent early in the year. The gradual plunge has moved nongovernment economic pundits to forecast a fairly stable rate of inflation around 9 per cent by next summer. Treasury sages are plumping a more optimistic 6 or 7 per cent by then.

On the surface, it looks easy. The country's balance of payments is well into the black, and foreign currency reserves have hit new highs. What could fracture, if not altogether shatter, this rosy outlook is the attitude of the people inflation has tagged most—the British work force. Callaghan has sought to curb inflation, and coincidentally reduce the worst unemployment since before World War II, by imposing a "voluntary" ceiling of 10 per cent on annual pay raises. These so-called wage guidelines are being rigidly enforced in the public sector and frequently circumvented by private enterprise. Callaghan dug his heels against striking professional firemen whose demand for a 30 per cent basic pay boost would, he said, drive a coach and horses through his pay policy. Yet while Callaghan circled his wagons against the firemen and the equally pay-hungry coal miners, private industries were punching holes in the program with elaborate productivity deals boosting pay packets by 20 per cent or more.

The moment of truth will face Callaghan early in the new year. Between January and April, 2.5 million public sector workers will be involved in pay negotiations. If he weathers that storm with the pay guidelines still unshredded, he may have gained enough confidence to call a general election by the autumn, a full year early. Single-digit inflation and slowly improving employment picture



would be sharp weapons in a fray against Margaret Thatcher's opposition Conservatives, who have pegged their return-to-power hopes on continuing Labour mismanagement of the economy.

An early election he felt confident he could win handily would also allow Callaghan to please his party's left-wing by shedding the burden of the tiny Liberal Party, which through the "Lib-Lab Pack" of inter-party consultations ensures the Government's survival in parliamentary voting. Recent opinion polls have given Callaghan some idea what the electorate will buy. Britons seem on the whole, at least when asked in a survey, to back his 10 per cent wage ceiling program. They also appear to be accepting more and more the country's membership in the European Community. They are likely to respond favorably to harsher penalties to combat violence and vandalism, which are mounting along with racial frictions. Whether they would like Callaghan or Thatcher to lead the way is by no means clear yet.

—PETER J. SHAW

## Dublin

At a December conference in Dublin, organized by the highly articulate and active Women's Political Association and designed to draw attention to the poor parliamentary representation enjoyed by women, the main political speaker was former Prime Minister Garret FitzGerald, now leader of the Opposition. He anticipated a sympathetic hearing. His record on women's issues was better than average. He had replaced Liam Cosgrave, demonstrably antipathetic to women, and had held private discussions with women's groups in order to find out what



they wanted and how they should go about getting it. He was also the only politician to accept the invitation to speak.

In the event, he was given a very rough time. When he listed the legislation passed by the Coalition Government of which he was a member—legislation on pay, tax, and employment discrimination against women, on family law, including home ownership and income attachment, and on other social welfare reforms—he was told in brutal and precise detail the extent to which these laws had been passed as an EC requirement, and would not otherwise have gone through. When he explained what had been done in his own party to bring women to the front politically, he was told it was not enough. When he tried to claim that contraception was no longer a political issue, he was laughed at. And his attitudes on most other issues were the subject of cool and painful examination.

There was no heckling—simply challenge after challenge after challenge. Mary Stott of the *Guardian*; Winifred Ewing of the Scottish National Party; Mary Holland, Irish correspondent of the *Observer*; Nuala Fennell; Yvonne Scannell; Gemma Hussey; Sister Benvenuta McCurtain, and Nell MacCafferty—all names to conjure with among politically active women in Ireland—told the leaders of the various organizations around the country where they thought the next phase should lead, and how they believed that Irish women should set about changing the 5.7 per cent representation they presently enjoy in Parliament.



"There's no prejudice against women here. In fact, my typist has a PhD and outstanding ability." ©Hollowood, *Punch*

And it looks as if the next phase will remain one of independent agitation and the playing of one political party against another. In the last election Fianna Fail played adroitly for the women's vote by fielding a number of women candidates when Liam Cosgrave was turning down women, including one in his own constituency who would almost certainly have got a seat, which, in the event, was lost. But Fianna Fail, in government, is not yet showing any signs of dealing with issues that matter to women, like contraception and divorce, and indications since the election do not promise the

early fulfillment of the expectations engendered in June.

Women did well then. They increased parliamentary representation, and doubled the first preference votes cast for women, from 41,000 to 81,000. They talk now, not of doubling again, but of setting a target of 200,000 first preference votes for women, and of putting candidates in the field as independents who will get such a response. It is a tall order, and yet the mood at the end of their winter conference was one of confidence backed by results. There is a cold impatience and exasperation inside the women's organizations in Ireland at the legislative and administrative ineptitudes of men in dealing with women's issues as well as many family issues, including youth employment and education. The male-dominated political parties have learned to make appropriate noises; that is the outcome of the first phase of women's agitation. The target in the next phase looks like being more fundamental, and more far-reaching.

—BRUCE ARNOLD

## Paris

The talk of Paris these days is the disintegration of the two political blocs, what used to be called—simplistically—the left and the right. The blocs have turned into splinters and the splinters into sawdust. The political parties of France resemble nothing so much today as those of the Third and Fourth Republics, and the only thing that keeps the country from drifting back into the ungovernability of half a century or a century ago is the Presidency. Under the Third and Fourth Republics, before France had a popularly-elected and independent President, governments came and went with lightening speed. Frequently there were several in a year, sometimes even the same one, which would be elected, defeated, and then elected again. The President of the time did nothing more than designate a new man to form a new government. This parliamentary system gave enormous power to small parties, who, with 10 or 15 per cent of the vote, could throw their weight from one group to another, giving its side enough votes to form a government.

Today, it is different. If the coming March elections show, as expected, a splintering of the vote among the former allied parties, making parliamentary life chaotic, the Presidency will still be there to govern. It would not be easy for the President, in this case Valéry Giscard d'Estaing, to rule without a parliamentary majority, but unlike under the old system, it would not be impossible. A "Balkanized" Parliament could turn out the



Government, but not the President. Since turning out the Government means dissolution of Parliament, it is an arm to be used with caution. As things stand today, Giscard d'Estaing stands a better chance of winning the March elections than a few months ago. His own side—Gaullists, Giscardians, and centrists—are in disarray as always, but the now irreparable split among Socialists, Communists, and Radicals of the Left has vastly increased Giscard's chances. Giscard is presently telling people that he expects the majority to slip from a presently comfortable 110-seat margin to around 40 seats. The danger for him would be to see the relative Gaullist strength increased as the majority falls, which is quite possible. Under leader Jacques Chirac, the Gaullists have made clear their antipathy to Giscard.

If life would be difficult but not impossible under a majority with increased Gaullist strength, nothing indicates that a victory by the left—however improbable today—would destroy the power of the Presidency. Giscard d'Estaing already has said that he would not resign if the left wins, which means that President and Parliament would either have to hammer out—American style—a compromise respecting their political differences or it would be back to the polls. And there is strong reason to believe today that if the French went back to the polls in such a case, the left might be voted out as quickly as it was voted in. The voters could well judge that one warning is enough. Despite the breakup of the left, and its fall from 56 per cent in the polls, the left is still ahead in current polls, 50 per cent to 47 per cent, with the other 3 per cent to the ecologists. The left's 50 per cent breaks down with 29 per cent for the Socialists and 21 per cent for the Communists, while the majority is running with Gaullists and Giscardians neck and neck at 29 per cent and about 8 per cent for the centrists. Because of political gerrymandering, it would take the left at least 52 per cent of the vote to win a majority.

Confusing? No more than French politics has been in the past. The polarization of the last few years has been highly unusual for this country where each man wants to have his own political party—like his own newspaper—to represent his own highly personalized views. The alliance of the French



Socialists and Communists was an historical anomaly. Those of us who were skeptical about it in the beginning, finally came around to accepting it. How can you argue with 56 per cent? Now that it has broken up after a scant five-year existence, we wish we had maintained our former skepticism. Few people saw the breakup of the left coming on the very edge of victory. Says former Gaullist Party Leader Alexandre Sanguinetti: "It is truly remarkable. It simply proves that the Communists are not like the rest of us. They are not motivated by success alone. One must respect them for it."

—JAMES O. GOLDSBOROUGH

## The Hague

"He's a combination of Helmut Schmidt and Giscard d'Estaing," breathed an admirer of Andries Van Agt, in the Hague just before Christmas. If he meant the new Dutch Prime Minister was both strong and cool . . . well, let's just hope he's right. Holland will need both qualities in abundance.

Van Agt leads a fragile center-right coalition composed of his own Christian Democratic Alliance (CDA) and the Right-wing Liberals. On paper they command 77 seats in the 150-seat lower house. But the Socialists, under former Prime Minister Joop Den Uyl, hold 53 seats—more than either of the coalition partners. And at least seven left-wing members of the Christian Democrats, unhappy about the pact with the Liberals, have served notice they will vote against the Government on legislation that does not please them.

To talk of Holland turning right, then, is to be premature. After all, didn't the Socialists begin to increase their representation from 43 to 53 in the elections in May? No, we shall have to await events to see how far, if at all, Van Agt can wean his country away from the distinctive socialism of the Den Uyl Administration.

What can be said is that the tough Van Agt, minister of justice and deputy prime minister under Den Uyl, has played his political hand skillfully. Put another way, perhaps Den Uyl overplayed his own. The fact is that in the six months since the election, the Socialists failed to reach terms with the CDA on a coalition. Were they too greedy? Perhaps. But Dutch observers legitimately wonder at the real value of a political alliance that could embrace such differing philosophies when both adherents enjoy roughly equal, but minority, support.

Van Agt, curiously, begins his leadership with both the one big plus and one big minus of the Den Uyl Administration

chalked up to him personally. The cool mastermind of the action against the South Moluccan terrorists has to be weighed along with the gauche manager of the Menten affair. The Dutch were recently reminded of this when Menten, the elderly millionaire



who escaped from Dutch police shortly before his intended arrest, was sentenced to 15 years in jail for his part in a wartime massacre of Jews.

Anyway, here is Van Agt, commanding a 16-member cabinet of which six are liberals who have never before held such office. Observers say he can only survive if he keeps to unprovocative legislation. In other words, stick to the recent policies. But that may not please his new "liberal" partners, especially on such prickly items as reform of the abortion laws.

More important, undoubtedly, is how the Dutch trade unions will react to what many suspect will be the wage austerity measures demanded by the Liberals, who have got their very conservative man Frans Andriessen, into the finance portfolio. A wave of nasty strikes recently has signaled the growing discontent of Holland's wage-earners. "This possible clash with the unions will be the making or breaking of Van Agt," says a leading political observer.

Meanwhile, spare a thought for the dispossessed Willem Duisenberg, whose initiatives and energy have done so much to enliven EC finance Ministers Councils in recent years. A new career as the head of the International Monetary Fund clearly beckons . . . but at the time of writing it looked some way from being nailed down. —ALAN OSBORN

## Rome

As the year 1977 drew to a close, Italians looked with hope or apprehension—according to their political views—to 1978. For one of the few things that seems certain for the new year is that the Italian Communist Party will be having an active role in government for the first time in 30 years.

Giulio Andreotti's minority Christian

Democratic Government, which was 16 months old at the new year, has managed to survive in the same way that it came into being—with the abstention of the Communists in Parliament. In such a delicate balance of power, the fact that the Government lasted long enough to celebrate its first birthday was surprising in itself, and was generally credited to the acumen of Andreotti, today certainly one of Italy's most skilled politicians. In July, the Government agreed to formal consultation with the Communist Party on specific programs to be drawn up in the future. The concession gave the Communists an important say in decision-making while still keeping them formally out of government.

Since then, labor disorders, prospects of persistent high inflation, and terrorism have continued to worry Italians and contribute to a general climate of malaise. A series of wildcat strikes, felt especially by the general public in the area of public transport, an ongoing debate over public spending that has threatened to push inflation beyond acceptable levels, and continuing terrorism which culminated with murder in cold blood of a leading newspaper editor, Carlo Casalegno—attributed to the underground Red Brigades—have provided a grim backdrop to the Communists' claim for a definitive role in helping solve the country's problems.

Communist Party Leader Enrico Berlinguer has let it be understood that it is time his party was called into government. Furthermore, two other nationally-known politicians, Republican Ugo La Malfa and former Christian Democratic Premier Amintore Fanfani, have publicly made remarks to the same effect. Since Fanfani has been a staunch conservative in his party for years, his about-face is widely interpreted as a move to lay the groundwork for being elected Italian President next year. Nonetheless, the fact that the possibilities are being aired on a national level at all cannot help but be helpful to the Communists, who now can count on nearly one third of the Italian vote.

Another reason favoring the Communists is the position of the trade unions. Under increasing pressure from their rank and file to obtain some real changes in the way the country is run, the unions in turn are a powerful force in favor of the Communists' getting a real say in government. A nationwide general strike planned for January—the first in several years—is an indication not only of union discontent but also of the inability of the Andreotti Government to make the kind of fundamental changes that are being demanded.

What remains to be seen is if a govern-



ment including a few Communist ministers can make such changes either. Some Italians think that even the party that has "clean hands" will have a hard time taking the hard line on economic and social measures that would be necessary to correct many of Italy's imbalances, and still maintain its current popularity.

—CHRISTINA LORD

## Copenhagen

The last time the Danes had the presidency of the European Community, their performance—political and administrative—was not admired everywhere in the other member countries. This time, four and a half years later, Denmark, chairman of the all-powerful EC Council of Ministers for the first six months of 1978, is better prepared for the task.

Danish civil servants, especially those of the Ministry of Foreign Affairs, are now well versed in EC decision-making and have lost many of their national prejudices. New staff has been recruited to cope with mountains of paper, one of the less flattering characteristics of EC work, whether progress is made or not. Structurally, the fusion of the Ministry of Foreign Economic Affairs and the Foreign Ministry has improved the chances of efficient and coherent administrative support for the responsible ministers.

Politically, the Danes are also reaping the benefits of experience. The last time the Danes were in the chair, they presented a fairly ambitious program, partly reflecting a sincere wish to foster specifically Danish policies—consumer affairs and multinationals—and partly reflecting a too optimistic evaluation of the political resources provided by the chairmanship of the EC institutions. This time the Danish Foreign Minister has followed the example of his immediate predecessors, and refrains from putting forward a specific program of implied promises that may haunt him when he leaves the chair.

There is, however, no doubt that basic Danish policies will be pursued, notably the safeguarding of the EC common agricultural policy and the related combat against national subsidies to agriculture and industry, and also the fight against all infringements of free trade. It is equally certain that the Danes will not provide new impetus to EC political integration. True, the Danes did drop their objections to direct elections and the self-financing of the Community, and it is unlikely that Denmark will in the future attempt to block developments by such hard-line positions. It is not the style of the present Danish Foreign Minister to do so.

—LEIF BECK FALLESEN

## Luxembourg

Taxi drivers taking you to the "Center European" on the Kirschberg Plateau in Luxembourg ask if you want "the big building or the little one." If the European Parliament is your destination, then you ask for the little one. As if to mirror the respective powers of the two institutions, the Parliament squats in the shadow of the skyscraper that beckons delegates to meetings of the EC Council of Ministers. It now looks as if it will stay like that for rather longer than they had expected in Luxembourg. Thanks to Britain's procrastinations, it is now highly unlikely that we shall see the creation of a directly elected European Parliament—and maybe not in 1978 at all. The disappointment is keen throughout the Community, though one can't help thinking that the Luxembourg city authorities secretly feel some relief.

The truth is that Luxembourg already has to stretch itself painfully to accommodate the present assembly of 198 members of Parliament (MP's) and their retinues. There was



"Can you imagine the percentage turnout on a wet Thursday evening for the Euro Poll?" ©Langdon, Punch

a droll moment last year when most of the press had to be shoved out of their chamber gallery to make room for some VIP visitors. Strong words flew about, a minor revolution threatened, questions were asked on the floor. The same problems apply with hotels. There simply aren't enough. In a week in which a Parliamentary sitting coincides with one or more EC Council meetings it is quite common to find latercomers having to commute 20 miles or more from Germany to attend the Kirschberg. The strain on the city's taxidrivers is commensurate. But if that's what it's like with a 198-seat assembly, then what on earth will happen when you get 410 directly elected MP's working full-time? The question is a constant refrain, voiced sometimes with alarm but often too with a kind of malicious glee at the thought that Luxembourg's claims to host the en-

larged Parliament may simply have to go by default.

Ask present European MP's where they would prefer to meet, and I think most would plump for Brussels, followed by Strasbourg with Luxembourg last. Strasbourg is, if anything, harder to get to and from than Luxembourg. Legend has it that when the then British Foreign Secretary Ernest Bevin was asked after the war where he preferred the seat of the Council of Europe, he asked which was furthest from London. Told Strasbourg, he said, "Then, let's put it there." Strasbourg does have the tenacious backing of France and an assembly building that, for all its faults, could accommodate 410 MP's without strain. Brussels, of course, is already the home of the EC Commission and, for most of the year, the Council of Ministers, and its communications, hotels, and services far outstrip those of its rivals.

The suspicion is now growing that Luxembourg is grudgingly conceding the stronger claims of its competitors. They are presumably as aware here as anywhere else of the coming demands of the directly elected Parliament. So why haven't they started building a new assembly? Why are no major new hotels going up? Sadly, the economics are against Luxembourg. The endless strings of banks proclaim a city of rare prosperity. But, nonetheless, essentially a small city with no money to spare for hotels that could stand empty for much of the month. Better for Luxembourg, it is argued, to capture some of the subsidiary Community business that would not make such demands on temporary accommodation, communications, and visitor services. The European Investment Bank will stay. So will the Court of Justice statistics and computers. And, who knows, Luxembourg might in time get the Community's own central bank. That would be fitting.

—ALAN OSBORN

### CONTRIBUTORS

BRUCE ARNOLD is political correspondent for *The Irish Independent*.

ADRIAN DICKS is Bonn Correspondent for *The Financial Times*.

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

JAMES O. GOLDSBOROUGH is Paris-based correspondent for *Newsweek*.

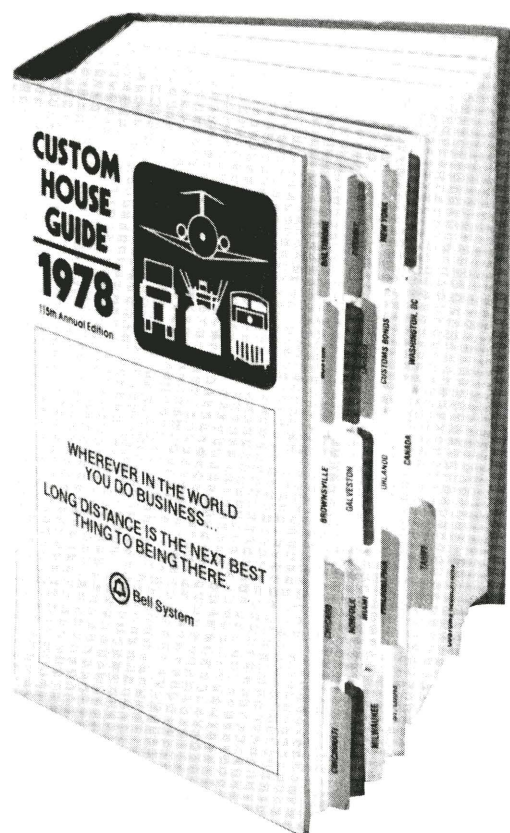
CHRISTINA LORD works for *The Economist* in Rome.

ALAN OSBORN is European Community correspondent for *The Daily Telegraph*.

PETER J. SHAW works in London for United Press International.



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# Europeans at “Houston”

*National Women's Conference was also international*

ALICE TETELMAN, *Washington-based freelance writer and research consultant*

THE STATE OF TEXAS MAY HAVE BEEN FAMOUS FOR ITS size, oil, and department stores before November 1977, but since then its city of Houston has achieved renown as the site of the National Women's Conference. Houston—as this event will forever be known—will possibly have an international effect as well.

Houston was almost, but not completely, an American occasion. Women's concerns cross national boundaries, and there is a history of outreach on many sides of the globe. As part of their push for full equality, American women seek to gain a greater role in US foreign policy making, and support assistance efforts in the developing world. Many women in other countries look to US feminists as a source of guidance on organization techniques, political action, and ideas which they can use in their own settings. The US movement serves to a great degree as a model for women abroad.

The US observance of International Women's Year (IWI) began with President Ford's appointment of a national commission to study the status of women in the country and make public recommendations for change in its report, “‘To Form a More Perfect Union.’” With the United Nations declaration of a “Decade for Women” during 1976-85, Congress appropriated \$5 million for 56 state and territorial conferences, culminating in a national conference in 1977. One Congressional charge to these conferences was “to identify the barriers that prevent women from participating fully and equally in all aspects of national life, and develop recommendations for means by which such barriers can be removed.”

Of the 25 major resolutions approved at the national conference, one covered international affairs. The seven points in this resolution represented states' endorsement of recommendations in “‘To Form a More Perfect Union’” new proposals added by a large enough number of states so that they became part of the proposed plan, or additions made by the current commission appointed by President Carter. The recommendations, and major rationales for them, are concerned with a variety of issues:

**Women and Foreign Policy.** The thrust of this proposal is to put more women into foreign policy, both to formulate it and to carry it out. More women are needed, the plan states, as ambassadors, delegates to conferences and United Nations (UN) missions (the current participation is 5 per cent), and as US representatives on governing bodies of international organizations. It further urges that all US foreign policy agencies consult with women in nongovernmental voluntary organizations concerned with international affairs before policies are set.

**UN Commission on the Status of Women.** This commission is the United Nations' only “support system” for women there, focusing attention on women's status and assisting communications at the international level. In response to a report calling for the abolition or restructuring of this commission, the plan calls on the United States to work actively for its retention and adequate funding.

**Women in Development.** Women in the developing world make an immense contribution to their countries' economies because of their key roles in food production and childrearing. According to the commission, some estimates credit women with producing 44 per cent of the world's food. However, the plan states, this contribution is not taken into account in governments' economic planning or in development assistance programs by agencies such as the US Agency for International Development (AID), UN Development Program, and bilateral assistance programs. In addition, women are often excluded as recipients of training programs designed to speed up the development process of rural economies.

In 1973 the US Congress passed the Percy Amendment to the Foreign Assistance Act, which requires that all US bilateral assistance programs “be administered so as to give particular attention to those programs, projects, and activities that tend to integrate women into the national economies of foreign countries, thus improving their status and assisting the total development effort.” An Office of Women in Development was set up to imple-



ment the amendment. AID's plans include spelling out in advance how its development projects will utilize women's capabilities and benefit them, and urges preference for projects using women in technical and managerial programs. The women's conference plan stresses high priority for these concepts, and also emphasizes the necessity for foreign recipients to determine their own needs and priorities.

**Human Rights Treaties and International Conventions on Women.** The plan calls on the President and Congress to note the situation of women victims of oppression, physical imprisonment, and torture. It also urges intense

**International Education and Communication.** Government agencies, media, schools, and citizen organizations are encouraged to promote programs of international education and communication emphasizing women's roles and contributions. This recommendation is aimed at erasing the current lack of information on women and international issues and Americans' lack of knowledge about women's conditions in other countries.

**International Women's Decade.** An important aspect of the observance of the UN Decade for Women will be a world conference in 1980 to assess progress on the goals of the "World Plan of Action" passed at the Mexico City



*Pictured at the Houston National Women's Conference (left to right): Betty Friedan, Liz Carpenter, Rosalynn Carter, Betty Ford, Elly Peterson, Jill Ruckelshaus, and Bella Abzug. UPI*

efforts to ratify and comply with international human rights treaties and conventions to which the United States is signatory, specifically those including women's rights. Supporting background information lists nine UN conventions and two Organization of American States (OAS) conventions on which action has not been taken.

**Peace and Disarmament.** The resolution calls for intensified efforts to build a framework for serious disarmament negotiations, reduction in military spending and foreign military sales, and support for more public education on this subject. It also calls for the United States to take the lead in urging nuclear powers to start phasing out, not escalating, their nuclear arsenals. If the now disproportionate share of weapons taking up US resources were to be redirected to programs such as education, health, and job development, the plan states, this could promote women's equality.

Conference in 1975. Many issues, such as education, health, enfranchisement, and employment opportunities, will be examined. This resolution urges US support (financial and political) for Decade activities and full participation in the 1980 conference.

WHAT MADE HOUSTON REALLY COME ALIVE WAS THE people, not just the plan. The international program brought participation of 83 women from 56 countries. They came to Houston to observe US feminists in action, and some of them took part in discussions for conference observers. In addition to the plenary sessions and voting on the plan, there were numerous workshops and exhibits set up for about 10,000 people, most of them women from developing countries who came under various auspices including the State Department, German Marshall Fund of the United States, Asia Foundation, UN





*New York delegates cheer resolution to support the Equal Rights Amendment.* UPI

Educational, Scientific, and Cultural Organization (UNESCO).

One of the international workshop programs was held on child-care. Sponsored by the German Marshall Fund, the program grew out of an earlier Fund project in which 24 Coalition of Labor Union Women (CLUW) visited France, Sweden, and Israel to learn about those countries' programs and to transfer new ideas gained from the trip into appropriate programs for the United States. Four experts from these countries, including two from France, who had met with the CLUW seminar group, made presentations. The talks covered the organization of child-care programs, funding through public and private sources, ways of encouraging parents to use day-care facilities, opportunities for a leave of absence for a working mother with young children that would assure she did not lose her right to her job when the children were older, and other aids to working women.

Although there are still many unfinished tasks, proclaiming 1975 as International Women's Year had some effect on the European Community's programs and in the individual member states. In February 1975 the EC Council adopted a directive to implement the principle of equal pay for equal work—which had been included in the Treaty of Rome but never realized—and at the same time provided for a woman's right to go to court for equal pay. A second Council directive adopted in February 1976 provides women the opportunity to achieve equal access to employment, vocational training, promotion, and better working conditions. It allows women to bring suit in national courts and the European Court of Justice, abolishes discriminatory regulations prohibiting this equal access, and gives protection from employers who

might try to retaliate against women lodging complaints. A memorandum published at the same time by the EC Economic and Social Committee clearly spelled out the obstacles facing women in employment and suggested such remedial action as reorienting basic education and vocational training for young women, flexible working hours, and child-care facilities.

The Community's Social Fund now provides program funding for retraining women over 35-years-old who wish to return to work and need new skills. The EC Commission has now proposed lowering the age limit to 25 and assisting in job placement as well. Another recent development is a proposed Council directive to implement, in stages, equality in social security programs. "The importance of IWY in Europe," commented Anne Spaak, wife of the Ambassador of the Delegation of the European Communities in Washington, "was to focus attention on the idea that women are trying to achieve something for themselves."

In assessing the Houston conference's programs on international affairs, IWY Commissioner Mildred Persinger, chair of the commission's committee on international interdependence, said that "there will be a lot of pressure for more women in the foreign policy establishment and for more US promotion of women in development programs which we're assisting." Additional pressures for more international education programs and information would probably come out of this as well, she continued. Others have spoken of the importance of the personal contacts and potential networks set up among the foreign visitors themselves and with their American counterparts. This was seen as useful in the preparations for the 1980 mid-Decade conference, serving as a possible aid in heading off the political problems that were prevalent at the Mexico City conference in 1975.

What seems from many accounts to have impressed the foreign visitors most was the organizational skills, knowledge of the issues, and willingness to speak out on the part of American women. "The overseas women had an experience probably a little different but not unlike that of American women—the experience of a lifetime," Arvonne Fraser commented. "It was both a political and educational experience, and in some ways probably an inspiration to the overseas women to see what women as a group can do for themselves and their sisters." Another benefit, she continued, was "hearing issues discussed so openly and seeing disagreement as well." Interestingly enough, feminists in the United States say they, too, need more skills if they are to accomplish their goals. Although the differences in degree and kind are vast, women in the United States and abroad need similar tools: education, organization, networks, and coalitions to bring people of varying viewpoints together. They also need a few more Houstons.



# Yes, Europe Has Crime Too

## *But is it learning from American experience?*

LANCE MORGAN, *Washington-based freelance writer who recently returned from Europe*

EVALUATING CRIME IN WESTERN EUROPE IS LIKE looking into that proverbially half-filled (or half-empty) glass of water: Each point of view is correct, but each considers only half the situation.

To the pessimist, the headline-grabbing stories calling attention to Europe's rising crime rate are indications that the public is not as safe as it used to be. In Italy, a 17-year-old girl is brutally gang-raped, and kidnapping is common. In Britain, Saturday is the day teenagers beat and stab each other and smash train and pub windows during the weekly outbreak of soccer hooliganism. And in France, the Paris Metro is becoming a cavern of crime where a train can be taken over by robbers and its passengers held up between stations.

To the optimist, however, a comparison of European and American crime statistics, especially concerning violent crime, indicates that things could be much worse. Statistics of recent years show as many rapes in the Washington area, with a population of 3 million, as in Italy, with 56 million people; more murders in Florida, population 8 million, than in France, with 52 million people, and more robberies in Detroit, a city of 1.5 million, than in England and Wales, with a combined population of 51 million.

Sir Leon Radzinowicz, a Cambridge University professor and co-author of *The Growth of Crime—the International Experience*, believes the realistic way to view European crime is to look at both halves of the glass of water simultaneously. From 1971 to 1975, the number of crimes committed in London rose 31 per cent, according to figures from Scotland Yard. Homicides were up 23 per cent, rape 56 per cent, and violent theft and robbery grew by a staggering 78 per cent. By substituting real numbers for the percentages, however, and comparing these figures with the number of crimes committed in New York City, London's crime wave more closely resembles a ripple. The two cities have nearly equal populations, but even with its rising homicide rate, the British capital had 145 murders in 1975—11 times fewer than New York's 1,645. The increase in rape brought London's total to 167, but New York had 3,866—23 times more. And

soaring incidents of violent theft and robbery put London's total at 7,959. New York had 83,190.

Despite the rising levels of crime, a sense of danger and fear has not hit London. Unlike many American cities, London's central area is jammed at night with strollers, theater-goers, and visitors walking dark, quiet back streets. However, the rising crime rates in the largest nations of the European Community may already be undermining such feelings of security. Italy, France, Germany, and the United Kingdom, which account for about 90 per cent of the Community's population, have all suffered substantial crime increases in the 1970's:

- In Italy, the figures from the Central Institute of

*Police remove gas bottle used in a Nice, France bank hold-up after clever thieves escaped with about \$10 million in cash, jewelry, and securities. UPI*





Statistics show a 40 per cent boost in crime from 1971 to 1974.

- In Germany, total crime and violent crime each rose 20 per cent from 1971 to 1975, according to government figures.

- England and Wales had a 26 per cent rise in all crimes and a 50 per cent increase in violent ones from 1971 to 1975. Although the murder rate remained relatively stable, rape was up one-third, and robbery rose 50 per cent.

- French government figures for the decade from 1963-73 showed a 173 per cent increase in the total amount of crime in France.

With these figures in mind, Sir Leon said in a recent interview: "The feeling of security you have in Western Europe is still much higher than in most American cities, but it is not as high as it was five or 10 years ago."

LEST ANYONE YEARN for the peaceful days of yesteryear, an 1877 editorial from *The Times* (of London) shows those days were not all that peaceful: "Vice 50 years ago was spread over the country in little centers. It is now collected in vast reservoirs and has acquired in consequence some entirely different characteristics. It has become huge, unmanageable, uncontrollable. Its appearance is like the meeting or breaking out of waters; and we are liable to sudden and almost irresistible inundations."

Street safety in Victorian England was uncertain

The knowledge that crime existed in Europe's past, however, does little to explain the lawlessness of modern times. When asked the reasons behind the growth of crime, Sir Leon and other criminologists cited two changes in European society as leading causes—the increasing heterogeneity of national populations and rising affluence.

The influx of migrant workers to Germany or the arrival of former colonial people to Britain and France is an important factor, said Marvin E. Wolfgang, professor of sociology and law at the University of Pennsylvania and former research director for the US National Commission on the Causes and Prevention of Violence. There is a danger that pointing to these largely non-white groups will be called racist, Wolfgang said, but skin color is not the issue:

"The more pluralistic a society is, the more often minority groups exist and are treated as second-class citizens, the more likely they are to commit crimes." The increasing number of muggings or other crimes committed by Britain's West Indian or France's Algerian youths is predictable, Wolfgang said, when these teenagers, who were born in Europe, are denied job or educational opportunities given to young whites. Indeed, this problem is put into clearer focus by looking at Japan; the National Police Agency in that country credits the homogeneity of the citizenry with keeping the murder and crime rate substantially below the levels of large European nations and the United States.

Postwar affluence has also helped create an environment in which crime can flourish by simply presenting opportunities that never before existed. In the recent years for which comprehensive and comparative data is available, larceny, burglary, and theft—property crimes—accounted for more than one-half the crime in France, two-thirds in Germany, three-fourths in Italy, and four-fifths in England and Wales. This is because "the people of Europe have rising expectations," Sir Leon said. "It is not that they are being deprived, but they see people with more goods and money so they want more, too. If they can't keep up with the Joneses in an honest way, some will resort to crime as a short cut."

Recent economic troubles in Britain and Italy are not likely to have a significant impact on the crime rate unless the troubles continue for a long time, Sir Leon said. The welfare systems of Europe cushion the effect of short-term rises in unemployment and reductions in wage earnings, so crime patterns should not be altered.

Modern mobility may also be promoting crime. Anthony Cooper, staff director for the US National Advisory Committee Task Force on Disorders and Terrorism, said: "People move around Europe with no regard for borders today, and professional criminals are taking advantage of this. It makes for highly remunerative crime."



Three gunmen lead hostages out of a jewelry store in Vicenza, Italy. UPI

enough for men to carry "life preservers," somewhat like today's billy clubs, to ward off attackers. *The Times* listed 140 murders in 1877, and hundreds of trials for robbery, assault, and manslaughter. And almost daily, the newspaper recounted tales of a new murder or a "heinous" crime committed in Britain or on the Continent.



In his book Sir Leon explained that the increasing movement and anonymity of urban life "multiply the chances that the lawbreaker will be able to disappear into the crowd." And that crowd, he added in the interview, may likely be in a different country, making detection and arrest even more difficult. Such escape routes foster a belief that crime does pay.

EXPERTS AGREED that one factor not significantly involved in the crime rise—although a growing concern in Europe and the rest of the world—is political crime. With the exception of Northern Ireland—where the 1,700 killings involved in the political warfare since 1969 constitute a sizable part of all United Kingdom murders—



*The Spanish Government refused to bow to kidnappers' demands for the release of 200 political prisoners in return for a high-level government adviser abducted late in 1976. UPI*

political crimes are a very small portion of European criminal activity, according to criminologists. The killing of a German prosecutor or a French politician, or the wave of bombings by extremists in Italy, diminishes public safety but not to the degree press coverage might suggest.

Kidnapping in Italy, although not always a political crime, provides a good example. In the year ending July 1976, there were 230 kidnappings in Italy, but the global attention focused on those incidents would not lead many people to believe they account for only one-hundredth of a per cent of total Italian crime.

For a variety of reasons, comparing crime in different countries is an inexact undertaking. Nations frequently do not agree on what is a crime, how serious it is, or what it should be called. Moreover, many crimes, perhaps 50 per cent or more, are never reported or discovered. These are the "dark numbers" criminologists talk about. With this in mind, however, a look at the figures for certain crime categories can put the volume of European crime in some perspective.

Total crime volume is one category. According to the US Federal Bureau of Investigation (FBI), nearly 5,300

crimes were committed in the United States in 1975 for every 100,000 persons. This is 12 per cent above the German rate and 28 per cent more than the number of crimes reported in England and Wales for the same year, the last period for which comparative data is available. France, in 1973, had fewer than 3,400 crimes per 100,000, about 23 per cent below the US figure for the same year, and Italy's crime volume in 1974 was about 56 per cent below the US level.

In comparing violent crimes, the gap between nations widens and is especially large for murder and rape. In 1975 there were 20,510 murders and non-negligent homicides in the United States, about one every 26 minutes. Allowing for population differences, this was roughly twice as high as the German rate and 11 times greater than the murder level in England and Wales. More than 56,000 rapes occurred in the United States two years ago, about 26 per 100,000. The 1,040 rapes recorded in England and Wales put the rape rate at 2 per 100,000. In 1974 Italy's rape figure was about 2 per 100,000, 13 times smaller than the US figure. And the French rate of 2.9 per 100,000 in 1973, representing 1,507 rapes, was 9 times less than the US figure for the same year.

The generalization appears to be true, Wolfgang said, that the United States is a more violent place. Shoot-outs in the Wild West, gangland slayings in the Roaring Twenties, and mass murders like Charles Manson "characterize America as a more violent culture," he said. Cooper, a native Englishman, also believes that the tremendous pressure to succeed in the United States, to accumulate money and goods, is stronger than it is in Europe and extends to the criminal elements, pushing them to bigger, more violent crimes.

LESS PSYCHOLOGICAL REASONS for the differences between European and American crime include Europe's fewer guns and drugs and less organized crime than in the States. The traditional American attitude toward firearms—the Constitutional right to bear arms—is at least partially responsible for the 100-200 million guns, including about 40 million handguns, estimated to be in private hands in the United States. Firearms are available to almost anyone who can afford them. In Europe, however, where strict gun legislation severely limits the sale and possession of firearms, Cooper said, "you just don't have anywhere near that number of guns in private hands." The United States had 5.6 gun murders per 100,000 in 1975, while England and Wales had .08 shooting deaths per 100,000 the same year. In Germany, with a population of 62 million in 1974, guns were used in about 13,000 crimes. In the United States, which has four times the German population, firearms were instrumental in the commission of 350,000 murders, robberies,



and assaults alone in 1975.

Europe also doesn't have the organized crime problem that persists in the United States. True, organized crime is a factor in French drug traffic, Sir Leon said, but in no other country in Western Europe does there exist "a society within a society, an industry really, to bribe, corrupt, and commit crime." Relatively absent, too, has been the use of hard drugs like heroin. "A great deal of street crime in the United States is drug-related," Cooper said. "That is a big difference in the European crime picture. You don't have that tremendous drug-oriented burden there which produces so much theft and violence."

This might be changing, however. Recent reports indicate that the number of addicts and hard drug users in Western Europe is on the rise and the amount of heroin

seized in European raids last year is believed to be larger than the amount seized in the United States.

What other elements will be changing in the European crime pattern in the future? "You cannot prophesize what will happen in crime," Sir Leon said, but he added he sees no signs indicating a reduction in criminal activity within the next decade. In fact, one major sign points toward a continuing rise: A demographic study made by the Organization for Economic Cooperation and Development (OECD) shows that the European Community's male population aged 15-to-24 years—what Wolfgang calls the "crime-prone aggressive years"—will increase 11 per cent in the next 10 years and 18 per cent from 1985 to 2000. "One cannot even give hints about what crime will be like then," Sir Leon said. But the waterglass metaphor will probably still hold.

## Prison Reform in Europe

A few months ago Belgian television broadcast a program depicting the lives of two men—first seen sipping ale with friends or warmly embracing a daughter, and then seen returning to the steely confines of their cells in a nearby prison. This strange half-life of liberty and confinement displayed on Belgian television screens was a brief look at a process which is slowly gaining ground all over Europe. Pressed by the harsh reality of overcrowded prisons, growing trends in violent crimes, and a scarcity of public resources, authorities in several countries are taking a closer look at alternatives to imprisonment and at other penal reforms. Such innovations have been explored in Germany, Belgium, Britain, France, Holland, Norway, Sweden, Denmark, and Switzerland, and have been debated in forums such as the Council of Europe and the EC Council of Ministers.

Although still controversial, the experimentation with short leaves from prison life was the first alternative to be tested. In Belgium last year, Justice Minister Herman Vanderpoorten circulated a booklet to prison inmates advising them that they had a right to ask for such holidays under certain legal or personal circumstances. The first step was granting a few days' liberty for family reasons such as a birth, death, or marriage. This system was expanded to give a convicted prisoner the right to some time off after serving three months or one-third of his sentence for a first-time offender and two-thirds of his sentence for a repeater. Leave time ranged from one to three days per quarter, and each request was decided individually. Britain offered holiday grace to more than 200 long-term prisoners in Northern Ireland.

Experience with the new system has been generally satisfactory, with only about 10-12 per cent of the prisoners not returning from leave. Most authorities agree the experiments are encouraging and necessary, such as Belgian Minister Vanderpoorten, who said: "There is a necessity to modernize the penal code from top to bottom. . . . We must trim the dead wood . . . and the means used, notably imprisonment, the key of the classical penal system, which is now ineffective." The situation was viewed differently by Italian Interior Minister Francesco Cossiga, who recently observed: "When we authorize a prisoner with five years more to serve to attend a marriage and assist at the banquet, then something's wrong."

What most authorities find wrong is the burgeoning prison population, which, for example, reached a record 42,000 in Britain last year. Most institutions are overcrowded, and prison staffs are restless and unable to handle the explosive atmosphere. Some well-known British prisons such as Wormwood Scrubs are from 50 per cent to nearly 100 per cent over their inmate limit. In Italy, with an alarming record of 434 escapes during 1976, the jails are overcrowded, and the Government is proposing legislation to reopen 320 small, abandoned prisons to accommodate the overflow of some 5,000 prisoners. These factors, almost more than any new concept in criminology or humane treatment, are pushing authorities to look at alternatives to prison. Reformers point out that nondangerous, nonviolent offenders may be adversely influenced by their prison association with hardened criminals. A sizeable number of inmates are merely awaiting trials.

In Britain the National Association for the Care and Resettlement of Prisoners has called for legislation to restrict the power of courts to pass prison sentences. The group feels some offenses such as vagrancy, nonpayment of fines, and soliciting should be removed from the statute books. Extension of the parole system, early release, and shorter terms are also being considered. Martin Wright, director of the Howard League for Penal Reform, advocates the use of abandoned homes as hostels and using mental health and other facilities for persons who need nonprison care and observation. "If courts knew more about what prisons are really like," he said, "they would stop sending people there for so many petty offenses. Inflation of sentences for minor offenses is as unproductive as money inflation; checking it is one reform that will save public expenditure." The British Home Secretary, has taken a more cautious attitude, noting that only when jails are closed is money saved.

Other experts, including those working on a "European Committee on Crime Problems," are studying new penalties to fit crimes such as financial wrongdoings and nonviolent sexual offenses. They have encouraged more sophisticated use of fines, community service, semi-detention, compensation to the victims, waiver of prosecution in exceptional cases, public reprimands, group probation or rehabilitation in hostels, seizure of goods or salary, or disqualification from certain activities. Virtually all these measures has been applied in some of the European countries. This committee recently observed that "noncustodial penal measures have the advantage that they do not separate the offender from the influence of other social systems, and so may improve the prospects for his rehabilitation."

David Fouquet, freelance writer in Brussels



# NEWS

## OF THE COMMUNITY

### EXTERNAL

#### World Leaders Meet with EC

International discussions on the establishment of a common fund to stabilize markets in major commodities and the Community's relations with Australia were among the topics touched on during a week of talks with visiting world leaders in Brussels late last year.

Visiting leaders included Gamani Corea, secretary general for the United Nations Conference on Trade and Development (UNCTAD), Australian Minister for Trade John Howard, and Brazilian Planning Minister Rais Veloso.

Corea met with EC Commissioners as part of a tour in preparation for discussions in Geneva on new international commodity systems including a common fund to stabilize markets. Preliminary accords had been reached on the need for such mechanisms, but the working out of details had proved to be difficult.

Howard had also been touring Community countries in the hopes of building up support for Australian views that it is suffering from EC policies. After indicating its dissatisfaction with agricultural policies that affect Australian beef and dairy exports, the delegation submitted a lengthy proposal for improving relations. EC officials, however, noted that various Australian import restrictions had affected EC products and proposed that most of the outstanding problems be discussed in the Multilateral Trade Negotiations in Geneva.

The Brazilian Planning Minister told EC officials of his country's desire to expand the scope of the existing trade accord with the Community, which is currently Brazil's main trading partner.

#### Protectionism False Solution

EC Commission Vice President Wilhelm Haferkamp urged the European labor movement to reject protec-

tionism as a false solution to the current problems confronting many European industries.

Addressing the late autumn opening of the 24th world congress of the International Federation of Metalworkers in Munich, Haferkamp warned of the crippling side-effects that protectionist policies can have on employment—saying the vicious circle of protectionism destroys working class and union solidarity by shifting unemployment generally to developing countries.

Haferkamp called protectionism a conservative device that should be rejected by labor unions, which have "always been the standard-bearers of progress." He also called on trade unions to make their voices heard in formulating policy toward trade and the Tokyo Round of multilateral trade negotiations in Geneva.

#### Code Introduced at MTN's

European Community negotiators at the Tokyo Round of multilateral trade negotiations (MTN's) in Geneva have presented a number of propositions aimed at working out a code of conduct for government purchases among the participating nations.

The Community's proposals were primarily designed to grant favored treatment to developing countries without seeking reciprocal concessions. Such a code to open up and liberalize the frequently discriminatory policies on public procurement contracts was being worked on in the MTN's. Other codes were to include customs valuation, norms and standards, and import licensing practices. But the government purchasing code had become increasingly important since more and more governments were acquiring a stake in their industries.

The EC proposals presented late last year were reported to be the first concrete measures in this field. For developing countries that would sign the code, a number of measures would aim at improving their access to these markets, possibly including an information center or technical assistance measures.

#### Japan Asked to Import

EC Commission President Roy Jenkins issued an urgent appeal last fall for Japan to accept a policy of importing more manufactured goods that have a competitive advantage over domestic products.

In addition he called for Japan to "recognize the need for restraint to avoid putting intolerable pressures on particular sectors of European industry."

Without this dual approach, the current situation that found European exports paying for only around 40 per cent of EC imports from Japan would inevitably have led to increased protectionism.

Jenkins said the rest of the world was awaiting the results of new Japanese

measures aimed at achieving an external equilibrium. He suggested the creation of a joint study group, possibly with the participation of business officials, to provide more detailed monitoring of the developing trade and payments between Japan and the Community.

#### EC, Japan Discuss Trade

As part of their semiannual meetings on economic relations, EC and Japanese officials met in Brussels in late November against a background of news indicating Japanese Prime Minister Takeo Fukuda was determined to increase imports into Japan and that Japan had agreed to limit steel exports to the Community.

The talks in Brussels were largely concerned with product sectors in which Japanese shipments had acquired a large share of the European market or in which the Community was seeking more outlets in Japan. In the former category were included steel, ball-bearings, shipbuilding, automobiles, electronics, and motorcycles. The latter included chemicals, pharmaceuticals, footwear, and agricultural products.

Other discussions focused on the Tokyo Round of trade and tariff negotiations in Geneva, North-South relations, and the pending US steel program.

The EC countries have traditionally had a sizeable trade deficit with Japan, and in 1977 the figure was expected to reach a record \$5 billion.

#### EC, US Confer on MTN's

A Community delegation headed by Commission Vice President Wilhelm Haferkamp met with senior American officials in Washington in late November concerning the process of negotiations in the Multilateral Trade Negotiations (MTN's) now heading toward their final phase in Geneva.

Their aim was to take stock of the situation in Geneva and lay the groundwork for the beginning of the negotiations on the final package scheduled for January 15. A major outcome of the Washington gathering was the growing awareness that the Tokyo Round of talks would probably not end by the spring deadline but would terminate late in 1978 instead.

Both sides stressed the importance of continuing to make progress in the talks to stem protectionist sentiments throughout the world and agreed to meet again early in the final negotiating phase.

#### Haferkamp, Davignon Visit US

Commission Vice President Wilhelm Haferkamp and Commissioner Etienne Davignon spent the week of November 7 in the United States in a wide-ranging dialogue over some of the most difficult issues facing the two Atlantic economic powers.

Haferkamp was in Washington to participate in the regular semi-annual bilateral discussions, and Davignon was there to consult with the US Administration team putting the finishing touches on a plan to aid the steel industry.

In both instances much of the talk centered on the need to avoid restrictive trade measures in assisting domestic industries in trouble for fear that other countries would suffer the consequences and reciprocate, thereby setting off a series of protectionist measures worldwide.

In this respect Haferkamp spoke to the US Foreign Trade Council in New York November 10—stressing the importance of the current Tokyo Round of trade and tariff negotiations in Geneva. Speaking of the January 15 deadline for preparing for the last stage of negotiations, he said the next few weeks could decide whether there would be war or peace in international trade.

Davignon and American officials said that although there was no accord on the world steel problems, there was none expected at this stage. Davignon stated that proposals for a US floor price for steel would have to take into account the steel problems in other countries and that price was not the real steel problem.

#### Eastern Bloc Competition

A report at the EC Economic and Social Committee meeting in late November involved the surge in competition from Eastern Bloc countries in the transport sector. It noted that this competition has already been felt in maritime and road traffic and may also emerge on inland waterways.

It urged bodies concerned with East-West trade and transport to begin serious study of the issue and commented that continued competition could affect the pattern of East-West trade as well as the transport sector.

#### Crisis Presents Opportunity

The current economic crisis offers both industrialized and developing countries the opportunity for restructuring the international economy. EC Commissioner Claude Cheysson told the congress of the World Confederation of Labor at its autumn meeting in Belgium.

But he warned that the same situation opens up the way for certain forces to aggravate conditions. He said this situation could provide the catalyst for Europe and developing countries to cope with the phenomenon of transnational corporations bent on productivity rather than service.

He noted that multinational enterprises are remarkably adapted to worldwide operations but that their force and drive for profit could create a new world economic order "colder and crueler than the previous." He added that already one-third of the exports of



developing countries were internal transfers by multinationals and thus escaped all controls. This, he continued, underlined the need for more information disclosure by multinationals and counter-controls by trade unions and political forces.

Cheysson also urged labor organizations to accept a liberalized trading system and to refuse to participate in activities such as dumping products on the world market, which is contrary to international accords. And he urged trade unions to participate as a political force, especially at regional levels.

## Stage Set for New Treaty

Representatives of the Community and Yugoslavia held talks in Belgrade late last year covering a number of issues that could set the stage for the beginning of negotiations on a new trade accord to replace the expiring treaty between the two.

The delegations, headed by EC Commission Vice President Wilhelm Haferkamp and Yugoslav Federal Executive Council member Janko Smole, discussed a number of specific issues during the meeting of the Joint Committee established under the existing accord.

Among the most delicate issues raised during the meeting were the restrictions placed by the Community on imports of beef, the situation for migrant Yugoslav workers in the Community, protectionism, and Yugoslavia's chronic trade deficit with the Community. In addition, there were discussions on industrial cooperation, technical standards, agricultural machinery, and a number of other sub-topics.

Yugoslavia was particularly concerned about its trade deficit with the Community, which had already topped \$1.7 billion for 1977 and had surpassed the total for 1976. Haferkamp said that the Community was opposed to import restrictions because they led to further unemployment, but he added that Yugoslavian immigrant workers in the Community had to realize the unemployment that affected them was also the cause for protectionist pressures.

It was expected that negotiations on a new accord to replace the one expiring in September would begin soon.

## Textile Talks Near End

As the self-imposed deadline of November 30 passed around Brussels negotiating tables, agreement had already been reached or was near on a number of major rounds of talks between the European Community and some 30 textile-exporting countries.

The negotiations, led by Commission official Tran Van Tinh, had been difficult with a number of countries. Perhaps the most arduous had been with major suppliers like India, Hong Kong, and South Korea.

Negotiators in most cases had passed

the crucial hurdle of agreement in import quotas into the Community, but remaining work still lay ahead on other less significant portions. It was also reported that such an accord was not in sight with South Korea.

The Community initiated such negotiations as a follow-up to the discussions in Geneva aimed at renewing the international Multifibre Agreement—insisting that modifications be made in the level of imports coming into the Community. During the life of the international pact, the Community experienced a rapid surge of imports accompanied by massive slumps and unemployment in the EC textile industry.

## Negotiating Mandate Sought

The EC Commission asked the Council late last year for authority to undertake negotiations with Yugoslavia for a new economic and commercial cooperation accord to replace the 1973 accord expiring in August 1978.

The request for a negotiating mandate visualizes a treaty spanning five years and enlarging the scope of cooperation and relations between the two signatories. The Commission said this new accord should recognize the special position of Yugoslavia as a nonaligned Mediterranean state that is a developing country.

There now exist joint commissions in several fields, and the European Investment Bank has been empowered to make loans to Yugoslavia. New areas of activity proposed by the Commission include cooperation in transportation, the environment, guest workers, and fisheries. It would contain a safeguard clause in case of disruptive imports and be open to change during its life.

The Commission presentation also focused attention on the Yugoslaves' concern with their continuing trade deficit with the Community, which topped \$1.7 billion for 1977, and their desire to redress the imbalance.

## EC Meets with ASEAN

As a follow-up to previous high-level meetings by EC officials and the Association of Southeast Asian Nations (ASEAN), representatives of the two groups met in Brussels to discuss increasing economic and political cooperation between the two regions.

The ASEAN delegation, headed by Vicharu Nivatvongs, Thai undersecretary of state for trade, expressed its concern about protectionist tendencies in developed countries and about the current EC negotiations in the textile sector. There were also discussions on the proposed international commodities common fund, and the ASEAN officials said they wish to see agreements in various important products and on the stabilization of export earnings.

Both sides agreed on the desirability of expanding European investment in the ASEAN nations, on a second indus-

trial cooperation meeting in Jakarta next October, and on a second seminar on technology transfer sometime this year. Another meeting of the study group was scheduled for March in an ASEAN capital.

## EC, India Discuss Computers

Experts from Europe and India met in Brussels early in December to expand their cooperation in the application of computer software know-how.

Brought together under the auspices of the EC Commission as part of the EC-India commercial cooperation agreement, the experts indicated that such a pooling of talent might be competitive on the world market. The Indian representatives noted that a number of trained technicians in their country would become available as soon as IBM withdraws from operations there.

Using Indian technicians would allow European firms to reduce their costs considerably.

## EC, and Arab League Talk

After three days of talks which ended at dawn October 29, delegations of the European Community and the Arab League agreed that progress had been made in the on-going "Euro-Arab dialogue" on both the economic and political front.

The meeting in Brussels was marked by Arab request that the Community recognize the Palestinian Liberation Organization as the sole representative of the Palestinian people in possible Middle East negotiations. The final communiqué repeated the EC statements backing the right of the Palestinian people to a homeland and condemning the establishment of Israeli settlements in the occupied territories.

The two parties also made headway in areas involving the variety of economic projects under consideration. The Arab League has allocated \$15 million and the EC \$3.5 million to finance preliminary studies on several projects. These include development and training associated with ports in the Arab world, a Euro-Arab symposium on new cities, and major irrigation and agricultural projects in Somalia, the Sudan, and Iraq.

## Revamping Needed in Textiles

A new international division of labor and production in the world textile industry must evolve out of the present crisis, EC Commissioner Claude Cheysson told a special study session in Roubaix, the heart of the Franco-Belgian textile region, in late autumn.

The Commissioner, in charge of EC relations with developing countries, said that a decision would have to be made soon on modernization of the industry in the developed world and a shift of some textile production to developing countries. A reorientation of this type, he said, would still yield benefits to Europe in the form of exports of

machinery to less developed countries.

But he noted that the Community had absorbed three-fourths of the increase in textile exports from the developing countries in the past three years and that, as a result, employment in the European sector had fallen dramatically. Such a situation in an industry that provides 13 per cent of the employment and 10 per cent of the exports in industry must be corrected, he added.

Cheysson also discussed the Community's experience in working with the world Multifiber Agreement and the need for new bilateral accords and surveillance to control the influx of textile products into the Community. He warned that the answer to this crisis must not be protectionism but a planned adjustment to changing conditions.

## ENLARGEMENT

### Enlargement Problems Aired

The Commission has forwarded to the Council a letter indicating possible effects of the accession of Greece, Portugal, and Spain on the EC Mediterranean region, as well as some immediate agricultural problems. The Commission said it would issue concrete proposals on how to deal with the problems in the wine, olive, fruit, and vegetable sectors.

Commission Vice President Lorenzo Natali, who is in charge of the enlargement portfolio, declared to the European Parliament that special Community programs aimed at benefiting the Mediterranean region should be set in motion while the negotiations are being conducted. He added that the Commission was viewing the issue within an overall context.

### Suarez Lines Up Support

Spanish Prime Minister Adolfo Suarez spent two days in Brussels late last year for talks with European officials during his tour of EC capitals to line up support for Spanish entry into the Community.

While in Brussels, he met with Commission President Roy Jenkins and Commissioner Lorenzo Natali. The visit to the EC headquarters came following a similar trip to Bonn earlier in the week, where he had talks with Chancellor Helmut Schmidt. In Bonn he reportedly received unreserved backing from the Chancellor for Spanish entry.

As well as having lengthy discussions about Spanish entry into the EC, there were also talks surrounding the updating of Spain's 1970 trade agreement with the Community, which was due for modification before the end of 1977. Talks focused on agricultural production, EC financial aid, and the pre-accession phase of relations between the two.



## Aid for Candidates Viewed

The accession to the Community of the three applicant Mediterranean countries would imply a massive transfer of resources to raise the standard of living of these candidates before they entered, Commission President Roy Jenkins told the Council of Ministers in October.

But he emphasized that rejection of the applications of Greece, Portugal, and Spain, even indirectly, "would not be acceptable." Jenkins also stressed that "the primary problem is how to reduce the difference in economic performance" between the candidates and the Community and among EC regions.

Speaking more specifically, the Commission President said that the gross national product of Greece and Spain is only about half the per capita of the present Community average and that Portugal's is substantially lower.

EC financial aid should start before accession and could be in the form of a specific fund or coordinated action by existing Community institutions, said Jenkins. As for assistance to the neighboring Mediterranean regions, he added, "large-scale increase in protection and prices of Mediterranean products would not be in the interests of the Community as a whole."

Jenkins also said that since up to now the Community had not been able to solve regional disparities within its existing borders, new and imaginative approaches would have to be found.

## Greek Talks Enter New Phase

Negotiations held at the ministerial level in late autumn between the Community and Greece over the latter's bid to enter the European Community showed that the talks had entered a new phase.

On the one hand, both parties had agreed earlier that preliminary groundwork had already been cleared and that the stage was set for specific negotiations. However, it had also become evident that the process of enlargement to incorporate Greece, Portugal, and Spain would be involved for all parties, and consequently, it was likely the talks with Greece could be affected by the entire review on enlargement.

EC Council President Henri Simonet, after the meeting with Greek Minister Panayiotis Papaligouras, stressed that the Community had no wish to block negotiations with the three applicant countries and that it was prepared to enter into concrete talks.

## EC, Portugal Hold Talks

A series of high-level discussions between the Community and Portugal took place in Lisbon in November.

Commission President Roy Jenkins, in meetings with President Antonio Ramalho Eanes and Prime Minister Mario Soares, stressed that the Com-

mission welcomed Portuguese membership in the Community but that problems associated with such membership could not be ignored.

The joint committee set up to monitor relations between the two parties focused specifically on those problems. The two that presented the most difficulty were agriculture and textiles. Portuguese officials noted the trouble certain farm products encountered in EC markets and asked for concessions on Porto wine, sardines, and tomato concentrate.

The Portuguese officials also expressed concern about recent restrictive measures visualized by the Community in the textile sector, which they explained is extremely important to the country. The Community officials outlined difficulties the EC textile industry has experienced through imports. Portugal felt that the measures considered by the Community were incompatible with the 1972 accord between the two.

## AID

### Ministers Agree on Aid

The EC Council of Development and Aid Ministers agreed in late November to authorize \$385 million in Community funds for an international special action fund for low-income developing countries.

The fund was a result of the Paris-based "North-South Dialogue" last year. The world fund was also to receive contributions from a number of petroleum-producing countries.

The Council mandate included the stipulation that funds should be directed toward countries with a per capita national product of \$280. In another major decision the Council agreed on the Commission proposal for the terms of the Community's generalized preferences for 1978. The coming year's program covers 5.1 billion European units of account (EUA) in industrial products and 1.3 billion units of account (UA) in agricultural products.

Other major actions included agreement on UA 45 million for projects in nonassociated developing countries and on food aid programs.

### Cheysson Talks about Lomé

Claude Cheysson, EC Commissioner in charge of development and aid programs, stressed the pioneering character of the Lomé Convention and other Community programs for the Third World in an address to the Second Commission of the UN General Assembly. The presentation, made last autumn in New York, was the first by an EC Commissioner before the special group.

Cheysson said that the Lomé Convention of trade and aid links with 53 developing countries was the clearest

manifestation to date of the principles espoused at the United Nations and in the "North-South Dialogue." He observed that a cornerstone of these accords was the fact they afforded security for all parties since they were based on treaties.

They also applied the principles of noninterference in the internal politics or economies of the participating developing countries and embodied a whole range of programs and techniques of assistance. These included not only some \$4.8 billion in financing, but preferential access to markets, commercial promotion, industrial cooperation, and institutional cooperation. Cheysson underlined other EC activities such as generalized preferences that cover some \$7 billion in trade, the food aid program, and the Stabex system of commodity export revenue stabilization.

### Projects Receive Aid Grants

The EC Commission has approved financial aid grants from the European Development Fund (EDF) to 27 projects in numerous African and Caribbean countries.

The projects, which brought the total amount allocated by the EDF program to 926.7 million European units of account (EUA), ranged from agricultural development to vocational education undertakings. They also included such ventures as power systems, roads, irrigation, trade fairs, sewers, and scientific centers.

The biggest single project was developing the total agriculture in southern Chad, which received EUA 15.6 million. The aim is to consolidate the results of previous programs in the region. Among the areas to benefit from the aid would be cotton, cereals, livestock raising, and the development of organizations in which the farmers and herders could participate.

Other major projects receiving aid were in Ghana, Togo, Madagascar, and Rwanda. Most of the funding was in the form of nonreimbursable grants, and a small amount was special loans.

### Stabex Fund Report Released

According to a Stabex fund report, four of the 19 countries receiving compensation for a drop in the export earnings of a major primary commodity used the total amount to develop the product involved.

Another five of the Lomé Convention recipients of July funds used part of the amount for that purpose, indicated the report on the Stabex usage released by the Commission in October. Such reports are required under the terms of the Lomé accord.

The Commission summary indicated that about 20 per cent of the total transfer of funds went to boost the original product whose export earnings had slumped enough to trigger the Stabex expenditure. Another 20 per cent was used for general treasury replenishment

by the recipient countries. Most of the others used their amounts for agricultural or infrastructure projects.

All the recipients were African countries with the exception of Fiji, the Comores Islands, and Western Samoa. The commodities involved ranged from cotton and coffee to vanilla and hides.

The Commission indicated that a second annual report on the Stabex mechanism would seek to draw conclusions of the fund's impact on the economic development and external trade of the recipient countries. The Stabex commodity insurance system is available to the signatories of the EC Lomé Convention for African, Caribbean, and Pacific countries.

### Food Aid Program Proposed

The EC Commission has proposed to the Council a food aid program for 1978 that would send most of the 489 million European units of account (EUA) requested to the world's poorest countries.

The program would be composed of cereals, milk powder, and butteroil and would be dispensed according to the need of the applying country, the revenue per habitant of the country, and the possibility of outside financing. The poorest countries with the least chance of acquiring other aid would receive top priority.

Another characteristic of the plan would be to place high priority on specific development projects in the recipient countries. An example is the "Operation Flood" plan to develop the dairy industry in India.

In the case of cereals and milk powder, the Commission indicated that the demands introduced by requesting countries had already surpassed the amount given the previous year. The 39 requests for cereal aid thus far amount to 2.65 million tons, or 500,000 more than in 1977. The requests for skimmed milk powder have also increased, from 187,500 tons to 223,000. The quantities available in the EC program would cover some 10 per cent of the requested cereal aid and 30-60 per cent of the requests for skimmed milk powder. The butteroil aid is estimated to cover 10-20 per cent of the needs.

The Commission has requested additional cereal aid of 363,000 tons above the 720,000 accepted by the Council earlier for the 1978 budget and 150,000 tons for the skimmed milk powder, the amount of which the Council has still to decide on. The Commission also requested the 45,000 tons of butteroil approved in the Council for the budget.

### Emergency Action Approved

The Commission approved emergency aid actions in late autumn to stricken regions in Italy and Ethiopia. The districts in Italy had been the scenes of recent rains and floods and the areas in Ethiopia had suffered from drought



conditions.

The Commission voted to grant 1 million units of account (UA) to the Piedmont and Ligurian areas in Italy. Such assistance is provided from the budget for victims of catastrophes.

The aid to Ethiopia was to alleviate serious drought conditions in the center and northeast of the country. A total of 5,000 tons of cereals were approved by the Commission as part of the EC 1977 food aid program to bridge the gap between the end of the country's stocks and the new harvest in December-January. The country had considered it was unable to import the amount necessary to cover the food needs of the population during that period. The assistance does not represent an increase in the EC food aid program budget.

## Financial Aid Approved

Additional Financial Aid programs by the European Development Fund (EDF) involving 18 countries and three regional organizations were approved at the end of last year.

The aid projects brought the level of EDF financial assistance to over 1 billion European units of account (EUA). The biggest single project was an EUA 34 million project for autoroutes in Rwanda and Burundi, including improvement of 172 kilometers between the two countries, a system in south Rwanda to improve the country's agricultural potential and access to regional ports. Another major project was a special rate loan of EUA 12.4 million for a cloth factory in Morogoro, Tanzania.

Other recipients included Sudan, Senegal, and the Organization of African Unity. The latter was to receive EUA 4.5 million to furnish the existing school of veterinary medicine and science for Sub-Saharan French-speaking African states in Dakar with new facilities and laboratories.

## ECONOMY

### Davignon's Warning on Steel

EC Commissioner Etienne Davignon, who is the chief official in charge of dealing with the steel industry crisis, said long-term solutions could only come as a result of international concertation involving both government and industry.

Addressing a Brussels press conference in the autumn following major discussions with Italian producers and with the International Iron and Steel Institute meeting in Rome, Davignon said that export restraints are only stop-gap measures. He said he was pleased that European steel producers were indicating willingness to curtail their exports to the United States, but that the basic world steel problems would not be solved by this.

He rejected the possibility that what would emerge was either an officially

controlled market or an industry cartel and said "a middle ground between absurd laissez-faire or inefficient dirigisme" had to be found.

Concerning trade restraints, Davignon said that if the Community or the United States gained the 10-15 per cent of their markets represented by importing steel through such policies, there would be a grave price to pay for all. He said the cost would be a trade war with its costly implications.

The Belgian Commissioner said what he was really interested in was the future stability of exports and the industry. He added that solutions would have to include social programs to pave the way for adjustments and restructuring of the world steel industry.

### Footwear Commission Meets

The first meeting of a tripartite commission for the European footwear industry met in Brussels in late November. The group was composed of union and industry representatives and was attended by officials, including EC Commissioner for Social Affairs Henk Vredeling.

The EC footwear industry, despite its rank as the world's largest, has been experiencing a severe slump in recent years, with the exception of Italy, where production has increased by 40 per cent since 1970. There are some 350,000 workers employed in the industry, with another 150,000 working in associated sectors within the Community.

The aim of the commission's work will be to work out a policy, ranging from a search for harmonization of national measures to research and the structure of the industry.

### Commission to Aid Jobless

The EC Commission has sketched out its preliminary thinking on the thrust of a policy aimed at reducing unemployment among young people.

The two main pillars of this proposed program would involve Community subsidy primarily for job creation by firms either in specific industries or in regions with particularly high levels of youth employment, and for programs aimed at building up trained personnel in fields such as health, education, rural and urban development, and aid to the elderly. The Commission also cited the need for broader reforms in the fields of vocational training and placement.

The level of young jobless in the Community stands at 2 million and has more than quadrupled since 1969. The proportion of young people unemployed has increased from 24 per cent to 37 per cent during the same period. Prospects are that this situation may get worse.

The financial involvement of the Community would supplement the estimated 400 million European units of account (EUA) national governments have spent assisting some 250,000 young people.

### Unemployed Reaches High

At the end of September, 6 million EC citizens were registered as unemployed, the highest figure ever recorded.

The number out of work totaled some 5.7 per cent of the civilian work forces in EC countries, compared with 5 per cent in the same month in 1976. However a Commission report noted that part of the reason for the 2.4 per cent increase since August 1977 was the result of changes in Italian registration laws and the usual registration of school-leavers in France.

In addition, it was reported that the percentage of unemployed dropped in Germany, Ireland, and the United Kingdom. Women and young people were again among the most heavily affected categories of the population. Women made up 43 per cent of the unemployed in the Community and at least 50 per cent of the total in Germany, France, and Belgium. More than 2 million of the total were under 25 years old.

### Unemployment Still High

Unemployment in the "Nine" was still in the neighborhood of 6 million when the EC Standing Committee on Employment gathered in Brussels in late November to focus on unemployment among young people.

The committee, chaired by Belgian Minister for Labor and Employment Guy Spitaels, is composed of member state ministers, employers, and trade union representatives.

The monthly figures on joblessness showed unemployment at a postwar high and underlined that about one-third of the 6 million were young people. There was some improvement, however, from the end of September to the end of October.

An increase in the number of those registered as unemployed went up in seven member states, with only Britain and Holland showing a drop. However, the figures for female unemployment increased everywhere.

The committee discussed proposals on youth unemployment, including financial assistance for creation of new jobs by business, other job creation programs, post-school training, and improvement of labor market services. Employers had reservations about the measures and pointed to the burdens now being assumed by business as a handicap in boosting employment. Worker representatives on the other hand found the proposals inadequate and urged that means of work-sharing be studied thoroughly.

### Economics, Jobs Discussed

EC heads of government devoted much of their European Council meeting in late June to discussion of the economic situation and unemployment. A 3 per cent increase in gross economic domestic product this year compared to 4.5 per cent last year, an increase in unemployment from 5 to 5.2 per cent, and

inflation of 9.5 per cent, compared to 10 per cent last year, were the figures presented by the EC Commission.

The prime ministers underlined their fears that the Community is confronted with certain underlying structural problems that cannot be alleviated by mere economic recovery. They determined to concentrate their attention on young people and women, in part by more selective use of Community instruments such as the Social Fund. The European Investment Bank's capital is also to be increased to boost investment in job creation, although the Commission's idea of increasing Community borrowing capacity to a similar end was referred back to finance ministers for further study.

The other main topic for discussion was the world political situation—covering fields as diverse as the Mideast situation, East/West relations, human rights, nonproliferation policy, southern Africa, and the Horn of Africa. A statement on the Mideast was issued, reaffirming the Community's condemnation of occupation of territories by force, stating its belief in a homeland for Palestinians, and urging the need for a negotiated peace.

An unsuccessful attempt was made to decide a site for the Joint European Torus, which is the main plank of the Common Market's thermonuclear fusion research program.

### Conditions Brighter for 1978

A slowing down in the rate of inflation and improvement in the balance of payments situation were two signs emerging from a Commission report on the EC economic situation that point to a possible brightening of conditions in the member countries in 1978.

These two hopeful signs are tempered, however, by continuing slow rates of growth in virtually all EC countries that will not be sufficient to reduce high unemployment. Commission Vice President François-Xavier Ortoli said he thought 1978 would be a turning point. "I am convinced that we have the possibility to change and begin a period of mid-term growth," he said.

But Ortoli warned that attention must be given to sound investment policies or Europe would enter the 1980's with aging equipment and slipping capability and competitiveness. In addition, there can be no abandoning the struggle against inflation. Care must also be taken to assure that production costs don't get too high, and internal demand must be encouraged. Ortoli also emphasized that no country acting alone had the key to its own recovery.

These points highlighted the Commission's second report presented to the Council on coordination of economic policies. The report recommended a number of steps be taken to coordinate EC economic policies, including getting precise information about budgets, establishing monetary policies, and re-enforcing ministerial consultation.



The Council adopted the objectives recommended to strive for a growth rate of at least 4-4½ per cent, increasing internal demand by 1 per cent, improving employment market conditions, and reducing inflation to an average of 8 per cent with the spread in EC countries limited to 4-10 per cent.

## HARMONIZATION

### Coloring Agents Given OK

Citizens of the United Kingdom who felt their traditional red sausage might be jeopardized by stringent EC food additive regulations can now rest and eat easier.

The Treaty of Accession under which the United Kingdom, Ireland, and Denmark joined the Community in 1973 stipulated the use of certain agents in the manufacture of food not allowed in the original "Six" might be continued pending the outcome of further research. Since research on the use of coloring agents has not been completed, the Commission has proposed an extension of this permission.

Other foods that get a reprieve under the proposals include apples and pears that are protected by ethoxyquin, tasty food that is given an extra smoked flavor through "liquid smoke," Grana Padano cheese produced in Italy using formaldehyde, and a number of other culinary favorites.

### To Comply With Driving Rules

The EC Commission has announced its intention to start proceedings against Britain and perhaps other EC countries for failure to comply with regulations requiring the installation of monitoring devices on drivers' working hours in lorries and buses.

The regulation requires placing surveillance instruments known as "tachographs" in the cabs of lorries and buses to assure compliance with EC safety limitations of drivers' work hours.

Infringement proceedings are also under consideration against France, Germany, Belgium, Holland, and Italy for various failures to comply with the regulations on the length of the driving day.

### Ambitious Tax Program Set

An ambitious tax program has been outlined by Richard Burke, Commissioner in charge of the tax portfolio. Addressing the European Trade Union Confederation in Brussels late last year, Burke noted the progress made in adopting the Sixth Directive on Value-Added Tax systems for the EC countries and on working toward setting up the Community's own finance resources.

He also sketched a sweeping program of tax measures either pending or in drafting stage that would have an

impact on corporate operations and on the average consumer.

In the corporate field he pointed out long-pending proposals dating from 1969 for common systems of taxing mergers and for parent companies and subsidiaries in different member countries. He said the Council had resumed work on this subject and action was anticipated soon.

Although he said the moment did not seem ripe for progress on general harmonization of personal income and wealth taxes, there were a number of measures in the works affecting the average consumer. These included ways of adjusting duty exemptions for travelers to keep pace with cost of living changes, tax systems for frontier workers, and ways of making mail-order purchases easier.

Commissioner Burke also observed that tax measures would be keyed to the amount of progress decided upon by the member states on economic and monetary union.

### Fighting Tax Evasion

Finance Minister Gaston Geens of Belgium said a major directive designed to combat tax evasion in the field of direct taxation, adopted unanimously in the Council of Ministers, went "pretty far" in resolving to eliminate tax evasion. Such a measure was one of Geens' top priorities when he took over as head of the Council of Finance Ministers for six months.

This mechanism for exchanges of information between competent authorities in the member states is the first specific step to be enacted after adoption by the Council in 1975 of a general accord to fight tax evasion. There is already some cooperation between member states in direct taxes under double taxation agreements. Similar measures will be sought in the field of indirect taxes, especially value added taxes.

The directive, which will be reviewed in five years, is aimed at income and capital taxes and can be used against individuals, companies, or groups of companies. Part of the measure requires member states to pool their experiences to improve collaboration or formulate new regulations.

There are provisions in the directive that grant an exemption from furnishing the information requested by another state if it would mean divulging secret industrial or commercial information or is contrary to the laws of the state concerned.

### New Traffic Aids Studied

The EC Commission has drafted a directive for member states which would provide the basis for research into electronic traffic aids on major roads. Eleven European countries including six EC members—Belgium, Germany, France, Britain, Italy, the Netherlands, Austria, Finland, Sweden, Switzerland, and Yugoslavia—have prepared a pro-

gram for research into a standardized European system.

Nine working groups have been set up to study these aspects of the problem: the traffic information that would be needed; a system for detecting road accidents or other traffic incidents; development of prototype equipment for detecting bad weather and poor visibility; oral methods of communicating with drivers; the utility and techniques for visual communication inside road vehicles; variable signaling systems at the road side; the semantic content of messages in different languages, and analysis of traffic management problems. The research program is for an initial period of three years.

### Transport Action Program

An action program for transport in 1978-80 was considered by the Council of Transport Ministers at their December meeting.

The Commission proposal urged progress in fields ranging from infrastructure development to summer time standardization. It included major sectors like shipping, air transport, railways, and inland waterways.

In the shipping sector, which has been receiving special attention recently, the Commission recommended possible participation in a United Nations code of conduct for liner conferences, action on competition by Eastern Bloc countries, attention to safety hazards caused by sub-standard ships, and action on rules of competition and qualifications.

Other aspects covered included a Community drivers' license, the social aspects of transport including drivers' working time, and the development of transport service systems.

### Transport Policy Reviewed

The EC Council of Ministers reviewed most of the major transport problems at a summer meeting. The social regulations on lorry drivers' hours and working conditions proved not unexpectedly the most controversial.

Britain and Ireland, which already enjoy a postponement of implementation of these rules, were seeking an extension until the end of the decade. This was unacceptable to other member states, as was the idea of applying one set of rules nationally and another in cross-frontier traffic.

Ministers also discussed the difficulties of a common approach to ratification of the United Nations code of conduct for liner conferences, to which some member states have adhered and others have not. The Commission is to come up with new proposals on this topic.

The Commission failed to persuade member states that they should consult the Commission before concluding bilateral agreements in the field of shipping. The idea of a priori consultation was postponed until the system is reviewed in three years' time.

The first step was taken, however,

toward coordinating activity in the aviation field. Council experts and the Commission are to identify areas where Community coordination would be most meaningful. This is the first time member states have recognized that there might well be a role for the Community in this area.

### Common Market for Banking

The EC Council of Finance Ministers adopted a directive in late November on the coordination of laws and policy over banking and credit institutions. The move was seen as a first step toward a common market for banking.

EC Financial Commissioner Richard Burke said the Commission attached particular importance to regular collaboration as a means of ensuring that steps taken toward the creation of a single market for banking will be planned and executed with the full participation of responsible authorities.

The proposal, first made in December 1974, will provide procedures for financial institutions and their subsidiaries in other member states, rules for monitoring their solvency and liquidity, and standards for third country credit institutions. Most countries already possess most of the requirements in the measure except that a prior licensing system must be established in the United Kingdom.

## SOCIAL POLICY

### Commission to Help Artists

The EC Commission has proposed a plan to help lift struggling artists out of their marginal existences.

As a follow-up to previous proposals, the Commission recommended a series of measures to ensure application of EC treaties to the cultural field, specifically free exchange of goods and services and freedom of movement throughout the Community.

The Commission hopes to encourage trade in art works by simplifying requirements so artists would not have to engage agents to help them in other countries. The plan seeks to discourage thefts by establishing a central catalogue of art works for identification by police and customs. It also proposes tax reforms more appropriate to an artist's income and requests a system of royalties for duplication of works through modern techniques such as photocopy and recorders.

In addition to these measures, the Commission suggests improvements be made in social security and unemployment benefits, aid for young artists and craftsmen seeking training in other states, and development of cultural exchanges.

### Information for Consumers

In addressing a recent conference on consumer protection and information, Commissioner Richard Burke, in



charge of consumer affairs, outlined the steps undertaken by EC institutions in expanding information for the consumer. Among the measures cited were proposals on labeling, presentation and packaging of foodstuffs, unit pricing of foodstuffs, studies on other types of labeling, and consumer behavior and interests.

Burke defended the Commission against charges that many EC actions needlessly complicate the life of consumers—saying proposals aimed at harmonizing laws in member states sometimes make difficulties for manufacturers and traders but not the consumer. He added that some national legislation may be proposed at the Community level as well in the future.

The conference brought together consumers, industry, media, government, and researchers to analyze consumer information problems.

## Alcoholism on the Rise

Alcohol consumption in the Community has been increasing significantly since 1952, and the level of alcoholism is especially high among women and young people, a seminar cosponsored by the EC Commission of the socio-medical risks of alcoholism was told in November.

The group studied numerous biological and psychological aspects of the problem as well as the medical and social sides. It became clear that a number of unknowns still exist—especially in the role of metabolism, the mechanism of habit formation, and the influence of genetic factors.

There was discussion on the need to harmonize legal alcohol consumption levels among EC states, on means of limiting consumption, and on information campaigns aimed at groups where alcoholism is growing most rapidly.

## INSTITUTIONS

### Council Approves EMU

When EC heads of government met in Brussels for their final "summit" of 1977 and approved Commission President Roy Jenkins' spirited call for new movement toward economic and monetary union (EMU), they agreed on three steps.

The first was to strengthen the coordination of national economic policies in a Community context. Next, the Council determined to strengthen the Community's monetary solidarity through short- and medium-term credit mechanisms. Last, to further the objective of EMU, the Council agreed to develop the Community's solutions to structural problems, particularly in steel, textiles, and shipbuilding.

In another move the Council agreed to introduce the new European unit of account (EUA) on January 1. The unit of account that had been used in previous budgets was based on pre-1972 Inter-

national Monetary Fund parities that did not reflect the real economic and monetary situation. The new EUA is a "basket" unit based on the current value of the nine EC currencies.

The Council also devised a formula for repayment of a deficit caused by differing interpretations of how much Britain, Denmark, and Ireland should contribute to Community funds, and approved in principle a new borrowing facility for the Commission to finance investments, with the loans to be handled by the European Investment Bank.

A Commission proposal to set up a European Foundation was approved, and the Council accepted the suggestion of French President Valéry Giscard d'Estaing to explore a European "legal territory" to combat terrorism.

### Turning Point, Not Panacea

EC Commissioner Antonio Giolitti warned the Convention for Europe at Versailles in late autumn that direct elections to the European Parliament will probably not usher in a "golden age" for the Community overnight. Instead, the newly-elected members of Parliament should "become a sort of pressure group for the people."

Commissioner Giolitti stressed that direct elections were not in themselves a panacea for the Community's ills but "will certainly be a stage, a turning point." Legally nothing will change, he added, "but the reality will never be the same," because the new Parliamentarians will be intermediaries for millions of voters. He said they would represent the public not only in the plenary Parliament sessions, but also in committee hearings.

### European Foundation Studied

As an aftermath of the 1975 report by Belgian Prime Minister Leo Tindemans on European integration recommending the creation of a European Foundation, a panel from EC countries completed a study of the means and objectives for such an organ.

According to the Tindemans Report and the panel, this institution should be aimed at fostering understanding within the Community as well as projecting its image outside.

The panel stressed that the objectives should be determined by the foundation itself and Community institutions, and it examined ideas introduced by Tindemans. These included the promotion of youth activities and exchanges, debates and seminars, research and scientific activities, and exterior programs primarily in candidate countries for Community membership and in developing countries.

### Jenkins Urges Closer Ties

EC Commission President Roy Jenkins has urged a closer degree of coordination between the Community and the Council of Europe.

Addressing the Council of Europe in Strasbourg in late November, Jenkins

said the two institutions should try to "synchronize" their activities to avoid duplication. He praised the work of the Council in the field of human rights and the support it had extended to the new democratic regimes in Greece, Portugal, and Spain, which are also candidates for EC entry.

He said the Community was committed to accepting these countries as members, but that in the case of Spain the process will be "a formidable piece of work" because of its size and importance.

Jenkins used the occasion to promote economic and monetary union within the Community. Without this step, he told the Council, he could not see how to cope with inflation, achieve stable growth, and a higher and more equal standard of living.

### EC Loan Expansion Urged

The Commission has urged member states to agree to an expansion of the EC borrowing capacity to enable it to raise UA 1 billion on international capital markets for boosting investment in the Community.

The money would be attractive to investors because the Community could use its "triple A" rating on capital markets, which would help keep interest rates down. Also, the Commission would operate the program on a nonprofit basis. It envisages helping investment in energy, industries in the process of restructuring, and regional development.

## ENERGY

### UK Finally Gets JET Lab

Agreement on the construction of the Community's joint thermonuclear fusion research facility in Great Britain came in late autumn after some 18 months of animated competition and debate over its placement.

Council agreement on construction of the Joint European Torus (JET) project came as a result of an understanding that the country obtaining the first facility would not be eligible for any other fusion research lab.

In other major political decisions the Council of Ministers agreed to lodge complaints to South Africa over that country's recent crackdown on minority leaders and to issue a statement condemning aerial piracy.

Considerable progress was registered during the Council of EC Transport Ministers. The main achievement was an accord on regulations covering the number of working hours for commercial drivers. A three-year phasing-in period and amendments to the regulatory limits on driving time were finally set. They also agreed on a Community system of fixing rates for road freight transport during a five-year experimental period and measures to assure compatibility of EC railways.

The EC Energy Ministers achieved a major accord in Luxembourg when they agreed on a plan to share oil supplies among member countries in case of an oil shortage crisis. Agreement was also reached on a system of monitoring coal imports into the Community.

### Energy Research Bids Invited

The EC Commission invites bids for its fourth program of financial support for hydrocarbon research projects that will amount to some 35 million units of account (UA) in spending.

The assistance, which can amount to as much as 49 per cent of a project, was authorized in 1973 and has generated a considerable amount of useful data on domestic sources of energy.

## ANNOUNCEMENT

### March Conference Planned

The European Community Information Service is co-sponsoring an international conference at Pomona College in Claremont, California March 1-3.

Entitled "The New Interdependence," the conference will examine the current health and prospects of the Community and its relations with the United States and the rest of the world.

Speakers will include Sir Christopher Soames, former Vice President of the EC Commission, and Senator Alan Cranston of California.

In a series of panel sessions the conference will examine the current political scene in the Community, the enlargement question, likely effects of direct elections, the economic situation worldwide, and North-South tensions.

For further information contact either Professor Gordon K. Douglass, Pomona College, Claremont, California 91711, or Colin Hart, European Community Information Service, 2100 M St., Washington, D.C. 20037.

## NOTICE

In accordance with US Securities and Exchange Commission regulations, the European Coal and Steel Community published its Interim Statement as of June 30, 1977, and its Statement of Income and Expenditure for the period January 1, 1977, to June 30, 1977.

This information is published in connection with European Coal and Steel Community bonds issued in the United States under applications:

|         |          |          |
|---------|----------|----------|
| A-17648 | A-24459  | C-1854-D |
| A-19218 | A-25274  | C-2479-D |
| A-20452 | B-4704-D | C-3106-D |
| A-23715 | C-217-D  |          |
| A-24049 | C-1236-D |          |

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# 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.

**Agropolitics in the European Community; Interest Groups and the Common Agricultural Policy.** William F. Averyt, Jr. Praeger Publishers, New York, 1977. 128 pages with index. \$16.50.

A study focusing on the national farm groups of France and Germany, examining farm politics in each before and after the formation of the EC common agricultural policy, dealing with the Comité des Organisations Professionnelles Agricoles (COPA) and strategies for those farm leaders at the Community level.

**The Finances of Europe.** By Daniel Strasser. Praeger Publishers, New York, 1977. 299 pages with appendices and index. \$25.00.

Examines the budgetary system of the European Communities, the legal framework and procedures, as well as Community agricultural, social, regional, industrial, and external aid policies.

**Oil and Regional Development: Examples from Algeria and Tunisia.** By Konrad Schliephake. Praeger Publishers, New York, 1977. 203 pages with bibliography. \$18.50.

A study of primary and secondary effects of the oil industry by means of microregional case studies; analyzes the contribution of oil to local agriculture, transport facilities, and to generating foreign currency reserves for future investment purposes.

**The Making of United States International Policy.** By Stephen D. Cohen. Praeger Publishers, New York, 1977. 236 pages with index. \$17.50.

An analysis of the decision-making process in the formulation of American international economic policy; contains comparative case studies and extensive proposals for more efficient organization and procedure at all government levels.

**Foreign Trade Marketplace.** Edited by George J. Schultz. Gale Research Company, Detroit, 1977. 662 pages with index. \$48.00.

A sourcebook for American businessmen on trade and marketing services, business contacts, finance sources, and information references; includes an overview of the mechanics of international trade from the standpoint of American companies.

**Social Democratic Parties in Western Europe.** Edited by William E. Paterson and Alastair H. Thomas. Croom Held Ltd., London, 1977. Available from St. Martin's Press, New York.

444 pages with tables and index. \$19.95

A country-by-country analysis of the Social Democratic parties in Western Europe; focuses on the character of party membership, relationships between the parties and the trade union movements, and the parties' programs, electoral strategies, and political alliances.

**International Environmental Guide.** The Bureau of National Affairs, Inc., Washington, 1977. 1,000+ pages with tables and index. \$100.00.

A compilation of the texts of important convention treaties and bilateral agreements on international environmental issues, as well as sections on environmental legislation of Canada, the European Community, the United Nations, Japan, and the United States.

**EEC Trade Relations with the USA in Agricultural Products: Multilateral Trade Negotiations.** By Simon Harris. Wye College, Ashford, Kent, 1977. 57 pages with annexes, notes, and bibliography. \$4.00.

An examination of the issue of agriculture in the Multilateral Tariff Negotiations taking place now in Geneva; attention is focused particularly on the sometimes hostile US-EC relationship, with implications being drawn for European agriculture and the EC common agricultural policy.

**Nuclear Fuel and American Foreign Policy: Multilateralization for Uranium Enrichment.** By Edward F. Wonder, for the Atlantic Council Policy Series. Westview Press, Boulder, Colorado, 1977. 72 pages with notes. \$3.95.

A study focusing on the international economic, security, and diplomatic implications of American policy governing the supply of uranium enrichment for nuclear reactors.

**A Dictionary of the European Economic Community.** By John Paxton. Facts on File, New York, 1977. 287 pages. \$17.50.

A comprehensive reference for definitions and statements about the European Community and its development, as well as related organizations.

**Research and Development Abroad by United States Multinationals.** By Robert Ronstadt. Praeger Publishers, New York, 1977. 127 pages. \$16.50.

An investigation into the magnitude and impact of the overseas research and development investments of seven

US multinationals, their acquisition of indigenous technology units and creation of transfer technology units, and implications for the administration of the R&D process abroad.

**European Communities Yearbook 1977.** Editions Delta, Brussels, 1977. Available from UNIPUB, Inc., New York. 528 pages. \$20.00.

A guide to the structure, operation, and activities of the European Communities, in both French and English; contains a chronology of events, organigrams of the EC institutions and other European organizations, diplomatic missions accredited to the Community, and lists of European professional associations and press assigned to the European Community.

**The Future of the United Nations; A Strategy for Like-Minded Nations.** The Atlantic Council Working Group on the United Nations. Westview Press, Boulder, Colorado, 1977. 58 pages with notes. \$3.95.

An appraisal of the United Nations' ability to serve effectively the interests

of its members; calls for strengthened international cooperation.

**EEC-GSP Scheme: Theory, Practice, and Rules for Duty-Free Importation.** By Antonino Pitrone. Editrice Commercio Estero, Rome, 1977. 352 pages with tables and appendices. \$20.00.

An introduction to the generalized preference plan of the Community for 1977; clarifies the texts of the EC Council's regulations and decisions with practical notes on its application and administration.

**The International Monetary System: Progress and Prospects.** The Atlantic Council Working Group on The International Monetary System. Westview Press, Boulder, Colorado, 1977. 86 pages with notes. \$3.95.

A report on the current status of the world's monetary system, primarily on the exchange rate system, the role of gold and special drawing rights, and the expanding role of the International Monetary Fund.

## Published for the Commission

*The following are studies and conference proceedings published for the EC Commission by private publishers. Copies can be purchased only from the publisher or US distributor and are not available from the European Community Information Service or the Central Sales Office of the Community.*

**Water Purification in the EEC.** By the Water Research Center. Pergamon Press, Elmsford, New York, 1977. 467 pages with appendices and bibliographies. \$38.00.

A report on the state of the art of water treatment in the Community, Sweden, and the United States, completed November 1975; detailed study of potable water treatment, particularly of physico-chemical methods, with a review of water pollution control legislation and policies for each country.

**Secondary Materials in Domestic Refuse as Energy Sources.** By Europool: Communication Consulting Research in Europe. Graham and Trotman, Ltd., London, 1977. 72 pages.

A study of the feasibility of using domestic waste in the production of energy, especially as a substitute for oil; supplies a technical background in methods of incineration, the metallurgical use of waste, and pyrolysis processes.

**Directory of Non-Governmental Agricultural Organizations.** By the EC Directorate-General for Agriculture. Verlag Dokumentation, Munich, 1977. 464 pages with index. Avail-

able from Unipub, New York. \$16.00.

Listing of EC trade associations representative of the production sector, the agricultural and foodstuffs industry and trade, agricultural cooperation, the trade union movement, and consumers.

**Bird Conservation in Europe.** By Stanley Cramp. Her Majesty's Stationery Office, 1977. 58 pages.

An analysis of current dangers facing Europe's birds; examines the natural and human factors causing changes in bird populations; suggests actions which should be taken to protect them; photographs and scientific names of species are included in this report prepared for the EC Environment and Consumer Protection Service.

**Proceedings of the International Symposium on Plasma Wall Interaction.** Pergamon Press, Elmsford, New York, 1977. 750 pages with index. \$65.00.

Papers and proceedings of the Julich Symposium held in October, 1976 made available to scientists interested in controlled thermonuclear research.

**Virology, Diagnostic Procedures, Epizootiology and Transmission of Bovine Leucosis.** *Veterinary Microbiology*, Vol. 1, no. 2,3, Special Issue. Elsevier Scientific Publishing Co., Amsterdam, 1977. 411 pages. Edited by O.C. Straub.

Report on a seminar on bovine leucosis held at the Royal Veterinary and Agricultural University of Copenhagen, October 17-18, 1975.



# 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, 245 East 47th Street, New York, New York 10017.

**HIGH-OUTPUT COAL WINNING DISTRICTS.** EUR 5600 e, Parts 1 and 2, Commission, Luxembourg, 1976 (Part 1), 1977 (Part 2), 599 pages .....\$31.60  
*Papers and discussion of an Information Symposium, Luxembourg, Sept. 29-October 1, 1976, on mining techniques for high-output face.*

**MEDICAL DATA TRANSMISSION BY PUBLIC TELEPHONE SYSTEMS.** EUR 5704 e, Commission, Luxembourg, 1977, 170 pages .....\$11.00  
*Proceedings of a workshop at Stuttgart, Germany, November 26-28, 1975, attended by experts in medicine, biomedical engineering and the national telephone authorities. Topics covered were general aspects on medical data transmission, experiences with existing systems, technical aspects, monitoring of patients with implanted pacemakers, and special transmission problems.*

**CHEMICAL AND PHYSICAL VALORIZATION OF COAL.** EUR 5215 dlief, Technical Research on Coal No. 60, Commission, Luxembourg, 1974, 242 pages .....\$10.00  
*Proceedings of a round table discussion, Rome, September 5-6, 1973 on coking coal research. French/English/German text with papers in their original language.*

**REPORT ON ECONOMIC AND TRADE RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND THE PEOPLE'S REPUBLIC OF CHINA.** Working Document No. 76/77, European Parliament, Luxembourg, May 5, 1977, 20 pages ...free  
*Report by Gabriel Kaspareit for the Committee on External Economic Relations. Examines the attitude of the People's Republic of China toward the Community and development of diplomatic relations with the Community, Chinese external trade, and the type of agreement to be concluded between China and the EC.*

**NATIONAL ACCOUNTS ESA: DETAILED TABLES 1970-1975.** Statistical Office, Luxembourg, 1976, 431 pages .....\$18.70  
*Detailed data for the member states on transactions in goods and services (value added to gross domestic product by sector, final consumption, gross fixed capital formation), distributive transactions (social contributions and services), and financial contributions.*

**ANALYTICAL TABLES OF FOREIGN TRADE: CST 1975.** Statistical Office, Luxembourg, 1977, 5 volumes, 1951 pages ...per volume \$34.00, per set \$135.00  
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**ANALYTICAL TABLES OF FOREIGN TRADE (NIMEXE) 1975 and 1976.** Statistical Office, Luxembourg, 1977, 78 microfiche .....\$71.60  
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**LABOUR FORCE SAMPLE SURVEY 1975.** Statistical Office, Luxembourg, 1977, 266 pages .....\$10.80  
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**EC-INDEX OF PRODUCER PRICES OF AGRICULTURAL PRODUCTS 1969-1976.** Statistical Office, Luxembourg, 1977, 59 pages .....\$8.00  
*Annual indexes of producer prices for 1969-1976 and monthly indexes for 1975 and 1976. Products covered are cereals, potatoes, vegetables, fruits, wine, seeds, flowers and plants, slaughtered animals, and milk and eggs.*

**GEONOMENCLATURE 1977-1976.** Statistical Office, Luxembourg, 1977, 167 pages .....\$8.00  
*Country nomenclature for the 1977 external trade statistics of the Community. Additional aids for using the nomenclature are included: maps, comparisons with the code of the United Nations Statistical Office and the alphabetic codes of the*

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**LAND USE AND PRODUCTION 1976.** Statistical Office, Luxembourg, 1976, 89 pages .....\$7.20  
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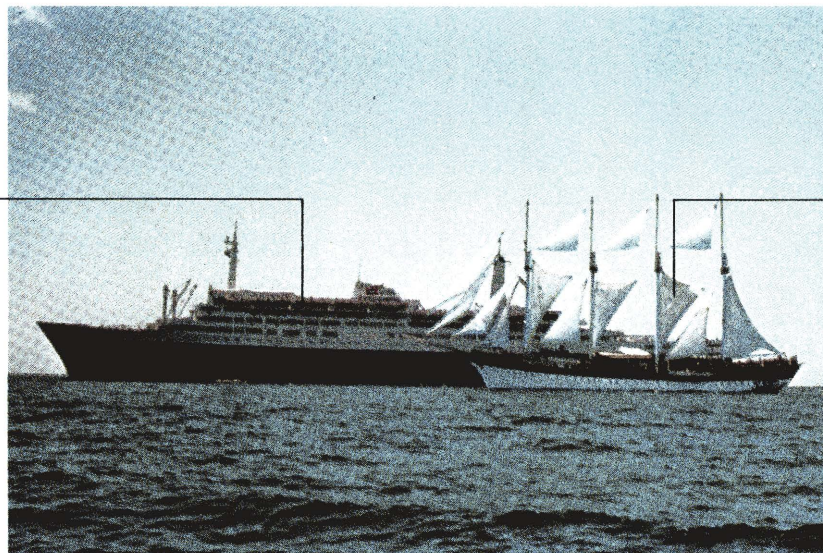
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or more to be stowed  
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and pampered. To be  
led up the gangplank,  
down the gangplank.  
Aye-aye and  
then goodbye.

You see what you've been told you're going to see.  
No let downs. No surprises, either. An uptight,  
unswerving schedule that's something to swear by.

There's an Olympic pool to swim in.

There's a dance floor. And a big band that sounds  
just like Guy Lombardo.

There's the sun, and the moon and the stars.



## WHAT'S WITH US?

You're a shipmate.  
One of a congenial,  
barefoot, loose and fancy  
free group of 50 or so.  
Help h'ist a sail,  
take a turn at the wheel  
or have your love affair  
with sea and sun  
stretched out on the deck,  
feet resting atop the rail.  
No two trips are ever the  
same, uhuh not with us.

Each morning brings new adventure.

The discovery of an uninhabited tropical island,  
or a black sand beach. Or a forgotten volcano.

There's Neptune's Caribbean Sea to explore.  
Fantastic Coral Reefs to snorkel.

Magnificent stretches of sun drenched beaches to  
party on. Reggae, Calypso, and Goombay to the  
uninhibited beat of native steel drums.

Our sun is warmer. Our stars are brighter.  
And our moon will turn you on.

## WE'RE WINDJAMMER 'BAREFOOT' CRUISES.

And we're a very proud  
bunch of sailing people.  
Been covering every corner  
of the beautiful Caribbean  
for thirty years. In five  
of the finest schooners  
man has ever crafted.

Sign on for Saba, Statia  
and St. Barts, or Anegada,  
Sandy Cay, Little Thatch and  
Salt Island or... the list goes  
on and on.



We stop at more places  
and do more fantastic things,  
and drink more rum swizzles,  
and eat the best galley-cooked  
grub any chef ever made, and  
worry less about clothes  
and more about living, and...

Sign on. See where our sea  
leads you. It's guaranteed  
adventure, excitement and fun.  
For 6 to 14 days.  
Your share from \$295.



**Windjammer  
Barefoot Cruises**

Post Office Box 120.  
Miami Beach, Florida 33139  
305/373-2090

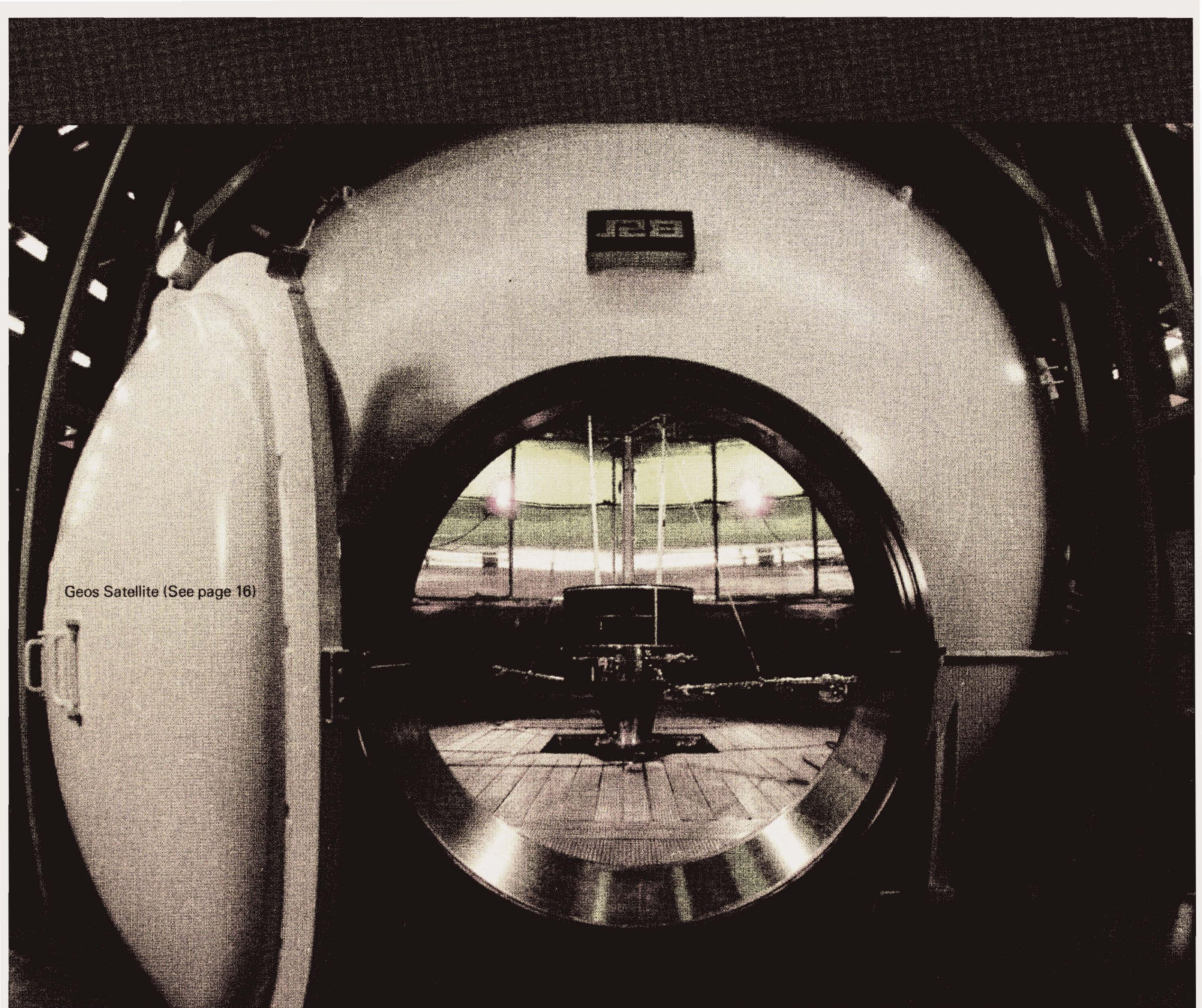
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Come "sea" it our way.  
Send me free full color 'Great Adventure' Booklet.

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Geos Satellite (See page 16)

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