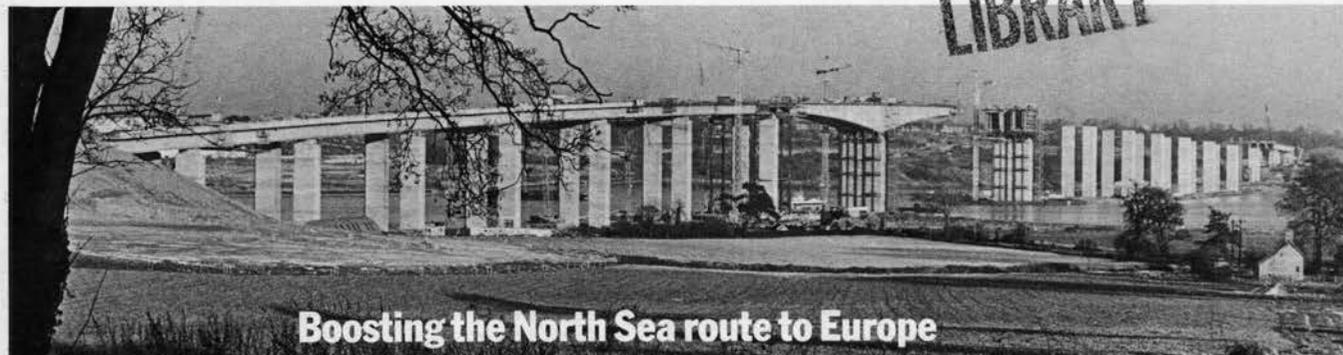


Europe 82

No. 3

LIBRARY

March 1982



Boosting the North Sea route to Europe



**Air fares: what goes up
must come down?**

**The Commission's farm
price proposals for 1982**

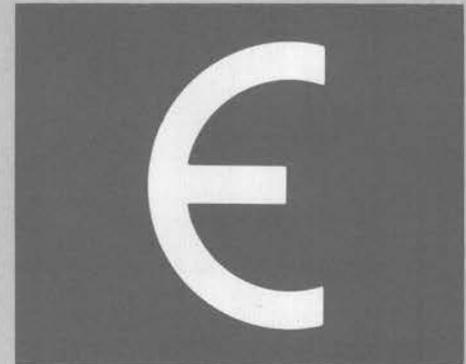
**If Britain quit:
what overseas investors
have to say**

**What can we do to
save the butterflies?**

**Young Euro-jazz men's
big band sound**



The big 'but' about foreign investment in Britain



The benefits of what has become known as 'inward investment' are beginning to be obvious, even to those who like to close their eyes to the economic advantages to the United Kingdom of belonging to the European Community. In this issue we include an article by the financial journalist Kenneth Fleet, based on his report containing chapter-and-verse evidence of how big overseas firms are being attracted to invest in Britain, because by doing so they have access to a far larger market for their products than if they were selling to Europe from outside the common market.

The article names some of the international companies who have opened up in Britain, providing jobs and new opportunities for thousands. Most of these companies are in modern technology – the skills and services that will carry us into the 21st century. The attitudes of their locally-based managers are strongly pro-Europe. And they make it clear that, if Britain should withdraw from the European Community, some might well pack up and go elsewhere, taking their manufacturing expertise – and their money – with them.

As the head of the Sony operation in South Wales warns, in that event further development might well go to his company's other European factories – 'because the EEC less the UK is still a much bigger potential market than the UK alone.'

Kenneth Fleet puts the question of what might happen if, instead of being inside a prosperous, tariff-free market with 300 million people and one-third of world trade, Britain, with its 56 million, became a market on its own.

To ask the question is to point straight to the answer. Investment in Britain by prosperous, go-ahead foreign corporations would dry up. And British companies would not be able to fill the gap.

What is more, the employment and profitability that American, Japanese and other investors bring with them is in parts of these islands where traditional industries – coal, steel, shipbuilding, textiles – are running down.

All ways round, it becomes more and more apparent that Britain needs the rest of Europe no less than the rest of Europe needs us.

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Big business at Britain's gateway to Europe

With 42 per cent of the UK's exports destined for EEC countries, and imports from Europe amounting to 45 per cent of the national total, it is hardly surprising to find East Anglia's ports doing good business. At a time when the recession is casting a shadow over major ports in other parts of the country, Felixstowe, Harwich and Ipswich are booming. They are also investing heavily in the future, confident that they will continue to expand.

The reasons for the ports' healthy condition are

many, and they have all coincided to give the region a boost. Their geographical position is clearly the most important influence, giving them a short and easy route across the North Sea to the major European ports. In addition, the rapid growth of containerisation throughout the world has attracted exporters and importers to the three ports. Felixstowe, the first UK port to build a container terminal back in 1967, is now Britain's largest handler of container traffic.

The decline of deep-sea traffic to the UK in favour of Continental ports has benefited the East Anglian ports with their traditional links with Europe. An obvious factor has been the UK's past docks disputes, which have made many exporters and importers wary of using the larger ports. Good industrial relations, particularly at Ipswich Docks, are an acknowledged ingredient of their current success.

Once a fashionable seaside resort, Felixstowe even owes that to Europe. It was a visit by the German Empress Augusta and her children in 1891 which made it popular. But it is as a port that it is best known today.

A quarter of a million containers passed through its docks in 1980. That may seem a lot, but the port authorities are a little apolo-

The growth of Felixstowe, Harwich and Ipswich is becoming one of the biggest success stories in the United Kingdom's flourishing trade with Europe, reports ROY STEMMAN

getic about the figure. It could have been more, but a £32 million development interfered with the smooth running of the Landguard terminal in that year. It was also re-equipped in 1980 with a new generation of container handling machinery – a mobile gan-

try crane – which was designed to increase throughput by 40 per cent.

The development at Felixstowe – pictured above – included two new container terminals, Dooley and Walton. When the 1981 figures are released they are expected to show that the docks' handling of containers increased to 330,000. The total for 1982 is anticipated to be as high as 450,000 – which means Felixstowe will almost have doubled its throughput in two years.

In the week that I visited East Anglia, Felixstowe announced further capital investment. A £3½ million railway terminal is to be built to serve Dooley and Walton, supplementing the existing rail connection at Landguard terminal.

About a third of Felixstowe's trade is with

Europe, and it has remained at that level for several years. But with the port's expansion, so the total tonnage passing to and from EEC countries has increased. America has always been a traditional customer of Felixstowe, but it has been selling its services vigorously in the West Indies, Africa and the Middle East.

It is also exporting its container know-how in the form of a consultancy package. During the last four or five years, containerisation has spread so rapidly that many countries are looking for help and advice from those who are used to operating container ports. Felixstowe has sold its port consultancy service to the Middle East, and is putting in its own management team at a United Arab Emirates port which will begin operating in March.

As well as its container service, Felixstowe also operates a roll on/roll off (ro/ro) service for 'unitised' cargo - that is, cargo which can be carried on some form of trailer. It was this type of cargo which forged the early links between the port and Europe.

Harwich is known as a passenger terminal. Sealink's Parkstone Quay at Harwich is familiar to the 1½ million passengers or more who pass through it each year on their travels to and from Holland. There are three ro/ro berths at Parkstone Quay for passengers and their cars, and a twice-a-day service operates to the Hook of Holland, using two British and

two Dutch vessels. These are doubled during the peak season. Daily services also run between the port and Denmark and Germany.

It is not only cars (179,242 were carried in 1980) and their passengers who use the Sealink services. Lorries, trailers and caravans travel on the route, too, not to mention close on 15,000 trips by Danish Bacon trailers. These multi-purpose car ferries are an attractive means of conveying trailer loads to the Continent, particularly foods and other products which need to be transported to their destinations quickly. The port handled 27,452 unaccompanied trailers in 1980 - an increase of 44.7 per cent.

Harwich also has another port which handles freight exclusively, and which is basically a ro/ro port dealing with trailer traffic. Europe accounts for 90 per cent of its business, and it is through its docks that numerous vehicles (including British Leyland cars), farm equipment (such as Ford tractors) and a variety of heavy earth-moving and construction industry machinery is exported. Similar products find their way into the UK through Harwich waters.

The port of Ipswich is fast becoming one of national importance. It is currently ninth in the UK league of container-handling ports, but a £3.5 million development now under construction will push it up to fifth or sixth



Reporter Roy Stemman with container line manager Alan Hudson: 95 per cent of Ipswich's container and roll-on roll-off services are now directed to Europe. The port itself (below and right) has had links with the Continent since the 7th century.



position, when it is completed later this year.

Ipswich has had trading links with the Continent since the 7th century, when a regular route was established with the Netherlands. Its expansion and importance was such that within 300 years it was able to boast a royal mint. Silting of the River Orwell has always been a problem and at times the port has virtually ground to a halt, but since the last century a series of developments have steadily improved the port and its facilities.

Land reclamation schemes have enabled the port authorities to build new berths, container terminals and ro/ro services, and it is attracting more and more traffic. Vessels now operate between Ipswich and 35 countries, but around half of its trade is with EEC countries.

The three largest services operating out of the Port of Ipswich are Geest's North Sea Line to Rotterdam, North Sea Ferries' ro/ro service to Rotterdam and the Lovell Line Service to Flushing. Between them these three services handle something like 1½ million tonnes of cargo a year, which means that around half of Ipswich's trade is with Europe.

Having said that, it has to be acknowledged that some of the cargo which Britain exports to EEC members via Ipswich (and the other East Anglian ports) may be for onward transit to other parts of the world.

More than £50 million is being spent on the Ipswich road schemes — £6 million of it from an EEC grant

Nearly £1 million was spent on a reclamation scheme which came to an end in December 1980 and which added 14½ acres of land to the port's West Bank Terminal. Some of this is to be used by the CAST Container Line, which has signed a 15-year contract with the



Ipswich Port authorities, to expand its relay containership service, linking with its own transatlantic services in Antwerp.

A terminal costing £3.5 million is being built, and CAST will have its own berth which it will use, initially, twice a week adding 40,000 containers to the port's annual throughput figures.

Analysis of Ipswich port's figures for 11 months of 1981 show an increase in container handling of 27 per cent over 1980, which was a record year. The port's ro/ro service was up by 12 per cent on the previous record figure (1979). And although general cargo suffered a ½ per cent drop in trade, that has to be compared with the national figure which declined by 20 per cent. The container and ro/ro services are almost exclusively European (95 per cent).

Commercial manager Alan Hanson says that Ipswich has benefited substantially from EEC membership, and can look forward to continued expansion. Its proximity to Europe

is just one of its geographical assets, since it lies midway on a straight line drawn from the West Midlands to the Ruhr. It is also only 70 miles from London.

Having three major ports in such close proximity creates transport problems for this part of East Anglia. Ipswich itself can expect heavy vehicles travelling to and from its own docks, but it also has to carry a considerable volume of goods vehicles and articulated lorries on their way to Felixstowe and Harwich. Inevitably, the county town of East Suffolk has become a bottleneck.

Building by-passes for Ipswich is second only in importance nationally to the M25 motorway ring road around London. They are now under construction, to the west and south, and will enable traffic to avoid the town centre completely.

A major component of the new southern by-pass route is the Orwell Bridge which will carry a dual carriageway road. Cantilevered from each bank, it will have the longest pre-

The Orwell Bridge is part of a road scheme partly funded with an EEC grant. Below: progress on CAST's new West Bank terminal

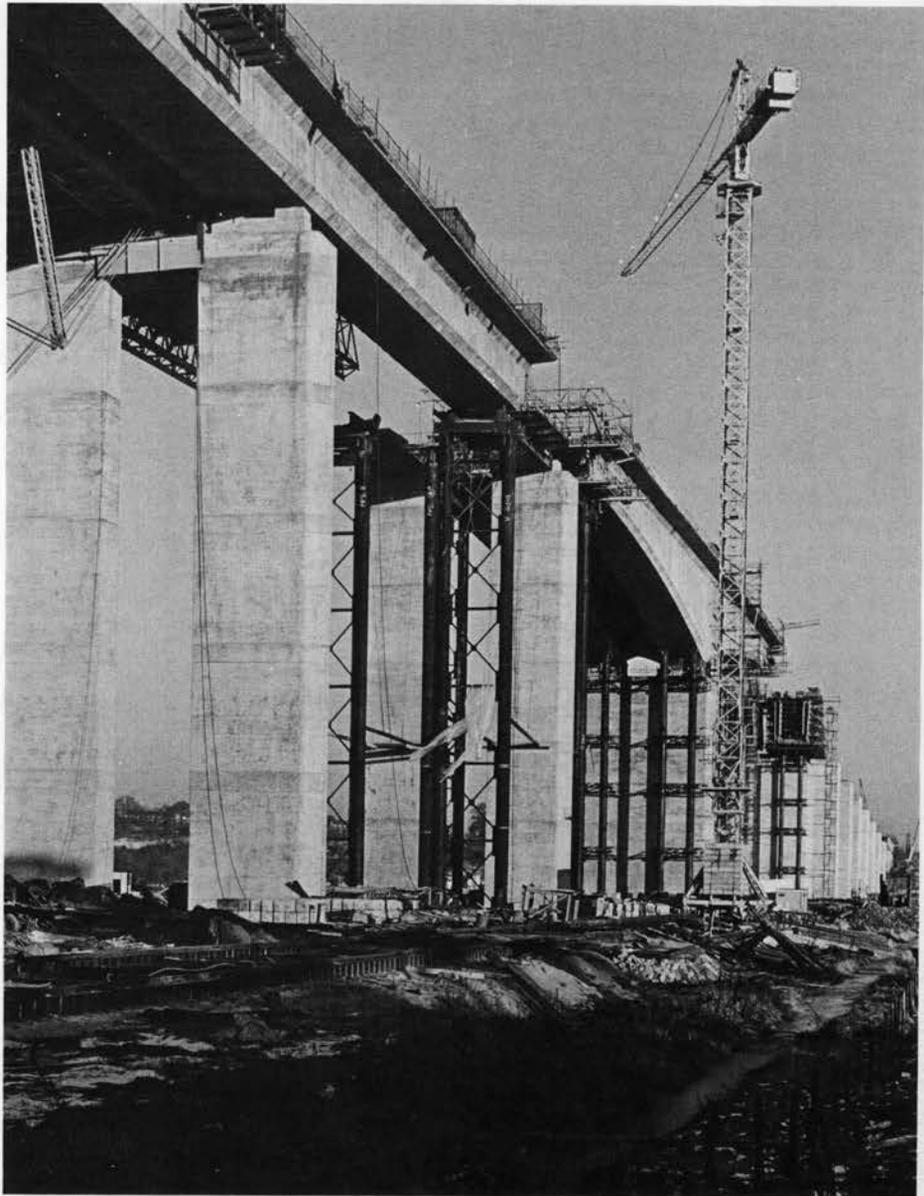
◀ stressed concrete span in the country when it is completed this autumn. It will also give a clear 190-metre span over the navigation channel, 39 metres above high water level. That will allow ballast passage for the largest vessels that can be accommodated in the port.

More than £50 million is being spent on the new Ipswich road schemes, almost half of which is going to the Orwell Bridge, the construction of which is being carried out by a Dutch company, Stevin Construction BV. Part of that cost—£6 million—is being offset by an EEC grant. Applications are expected for European aid for other parts of this vital transport project.

Some of the cranes being used to build the bridge across the Orwell carry a name that is familiar to the people of Ipswich: Ransomes & Rapier. The company was founded on its present site, on the banks of the Orwell, more than a century ago. It employs about 1,000 people and has a world-wide reputation as a manufacturer of high-quality mobile cranes, construction machinery and mining equipment. Its NCK-Rapier crawler cranes and excavators are market leaders.

Most of its mobile monsters are exported and European trade accounts for about 10 per cent of sales. But doing business with our EEC partners is not without its headaches. Each member country has different legislation relating to safety and environmental factors involved in operating cranes and similar equipment.

During production, Ransomes & Rapier do not know the particular destination of their various products. When they get the orders, they then have to modify them in line with each country's requirements. These non-trade barriers complicate the sales procedure



and add to Ransome & Rapiers costs.

The Ipswich company had hoped that the EEC would have harmonised the standards for cranes and other construction items, but it seems to be taking an awfully long time to reach agreement. But it has not affected sales, of course, and France in particular is an important customer.

East Anglia, however, is more than a gateway to Europe. Its nearness to ports serving the Continent is attracting new industry to the area, even though it receives no financial assistance or incentives from the Government. It has the smallest population of all the UK regions, with the exception of Northern Ireland, but saw a 25 per cent growth in population between 1961 and 1979 – faster than any other region.

The continued development of Felixstowe, Harwich and Ipswich is likely to attract even more manufacturing industries to East Anglia in the coming years.

□ April issue: a report on agriculture and East Anglia.

Satellite television — new links for Europe?

The first of a new generation of European satellite programmes is now on its way. The UK-based company, Satellite Television, will be broadcasting television programmes around Europe by the end of 1982. In its wake will follow at least eight commercial and government-backed TV channels, beamed to homes everywhere in Europe.

The chances are that viewers — unless they live in small, centrally situated countries — will tune into the national channels. In countries such as Switzerland, Belgium, France, Denmark, Sweden, television and radio are state monopolies, although some (for example, Germany and Holland) allow advertising under strict conditions. No two countries are alike in their rules governing broadcasting or advertising, whether this relates to the content of commercials (no tobacco or alcohol for instance) and programmes, or to the amount of times allocated.

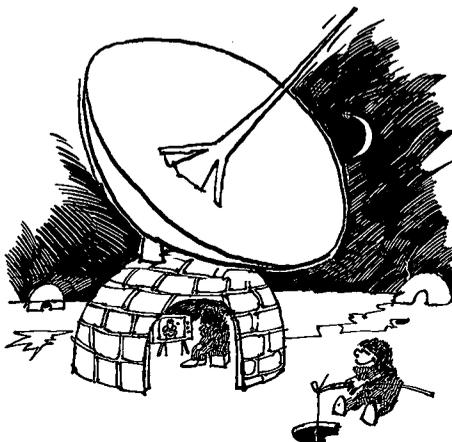
What is needed, according to a recent draft for the Committee on Youth, Culture, Education and Sport, is for the European Commission to submit an investigation into media policy, followed by a set of EEC regulations. The present lack of a legal framework for cross-frontier transmissions may well lead to conflict.

One of the report's authors, Wilhelm Hahn, thinks there should be room for a channel devoted to the affairs of the European Community. What better way to bring Europe together and to foster a spirit of European unity than by presenting programmes on issues viewed not from the national perspective but the European?

Time is running short, if satellite companies' present plans are to go into operation on schedule. The Franco-German satellite agreed between Giscard d'Estaing and Helmut Schmidt in Oct 1979 will be launched on the Ariane Rocket in 1983 or 84. Radio-Tele Luxembourg (RTL) has formed a commercial company, CLT, together with German and perhaps Dutch newspaper publishers, to beam satellite programmes in 1985. Discussions are progressing on Nord-Sat for the Scandinavian countries; L-Sat, which brings the BBC and the Italian RIA together; and the commercial satellite called Tel-Sat, which the Swiss are working on.

Luxembourg's plans have already triggered off a number of political objections. Although RTL has long been broadcasting commercial radio and television programmes to Belgium, France and elsewhere (French banks have a large financial stake in the company) the proposed satellite was felt to pose too great a threat to Belgium's plans to open the state-run media to advertising.

JASPER BECKER reports on recent progress towards a TV service that will cut across national frontiers — and national regulations



The problem was that the Belgian Government, despite being keen to grab advertising revenues, was also adamant that commercials must be under tight restrictions. RTL competes with the Belgian stations and so the Belgians wanted to make sure that RTL's advertisers had to submit to the same constraints. Luxembourg was furious about this interference, and the two parties have now sat down to draw up a joint code of conduct.

Belgium is not alone in wishing to stop Luxembourg becoming a major force in European television. Chancellor Helmut Schmidt is strongly opposing the RTL project and the participation of the German newspapers. The German constitution rules out privately-operated TV and radio, and the government is committed to guaranteeing equal access to the media by all political and social groups. Herr Schmidt is far from being convinced that commercial TV will ensure this.

Similar fears and concerns are expressed by the Swiss, Danish, Swedish and Dutch Governments. The newspaper publishers are caught on the horns of the dilemma. Convinced that satellite TV is coming, some prefer to invest in satellite projects, while others are pushing their governments to ban it. Either way the press stand to lose, at least initially, as advertisers switch to the new media. In Britain, however, the press is still flourishing despite national and regional commercial television. The Belgian Government

is already considering subsidising its press out of the TV and radio revenues, an example that will be followed by others.

Valid though the concern is, there is no shortage of people who are saying that commercial satellite TV is still a long long way off. To risk launching a satellite, as RTL is proposing, for a cost of 6 billion Belgian francs, with the prospect of France or Germany committed to pulling the plug out, must be a big disincentive for any media executive.

Then there are the technical problems. To receive a transmission from a satellite directly in the home means that everyone must splash out on a receiver dish for their roof. Will enough people be prepared to invest in one? The alternative is for the programmes to be transmitted by cable companies; but so far cable systems only cover about a quarter of the 110 million homes in Europe.

These problems will be easily solved if people are convinced that the viewing fare offered on the commercial satellite programmes is a cut above that on the state-run channels. There are indications that viewers in Belgium, Sweden and Switzerland, for instance, are bored with what they are offered by their national TV services. RTL is considerably more popular in Belgium than RTBF. A poll taken in Sweden revealed that the majority would welcome commercial television, and in Switzerland two pirate stations have met with success. All three countries state media lurch from one financial crisis to another.

But most of the satellite stations are set not just on capturing a share of a national market but viewers from all over Europe. Given Europe's diversity of language and culture, what sort of programmes can be screened that will lure audiences away from their national programmes?

The UK-based Sat TV company are convinced that people really are interested in international entertainment. The Eurovision Song Contest is watched by an estimated 350 million people, and 'It's a Knockout' (*Jeux sans Frontiers*) has an audience of some 60 million. Minority interests such as opera would attract large audiences if broadcast across a continent. And the weightiest argument is that if you are broadcasting from Iceland to Tunisia, then to win an economically large audience you need only 2 per cent of each country's viewers.

One company in Finland has already started producing the aerial dishes, and in Sweden Philips and other companies are well advanced with plans to market one-metre-wide parabolic dishes, in anticipation of the Franco-German satellite.

Such confidence in the future of satellite television is not fully shared by some of the advertisers. Most household goods, particularly food and drink items, are marketed in each country separately under different names, packaging, distribution systems, sizes, and to different degrees to take into account different consumer habits and the cultural diversity. There has, though, for long

Bad times for butterflies

PETER BELL discusses a Council of Europe report on some endangered species and calls for a concerted effort to save them

been talk in the advertising world of 'Euro-brands' – products which, like Coca-cola, can lend themselves to transnational advertising.

The trend is by and large in the opposite direction. Advertisers look for media which will pinpoint the potential market accurately. If you are selling peas, you don't want to advertise in a magazine that is read only by senior executives. Advertising via a Europe-wide satellite programme would be like using a shot-gun when you need a laser. Targeting is essential. A second factor is that TV commercial costs are soaring – over the past five years they have risen by 350 per cent, which is considerably more than the equivalent magazine costs.

B. Wilenkin, of Unilever's Marketing Division, speaking at the conference held in Brussels by the International Advertising Association, pointed out that both viewers and advertisers may prefer to go in for narrow casting. This means local and regional television or radio, which has already proved viable in the UK. Cable television instead of direct satellite transmissions would surely lend itself best to mixing international or national programmes with local news. It also enables the advertiser to pinpoint his marketing.

'Commercial TV is sure to have some tough legal battles on its hands'

For the advertiser there is no clear-cut case for using one or the other type of marketing tool: it depends on the product and its marketing history. But technical developments are such that it will soon be feasible to talk about 'narrowcasting' so that commercials are only received by certain selected groups – farmers, or teenagers, for example. This would end the debate over the use of local or international stations, or between the use of press or TV.

Much is still uncertain. Yet the satellites are certainly coming. Even if the state broadcasting monopolies are left untouched by such projects as the Franco-German plan, the higher quality and cheaper pictures will persuade others to follow. But, even without commercial satellite TV, state monopolies in Europe are crumbling. Pirate television, already rife in Italy, now flourishes in Amsterdam, thanks to the video boom and the shortage of advertising time on the present networks.

Commercial television is also sure to have some tough legal battles on its hands. Legislation on advertising in Europe is far from being harmonised, and cable companies are not authorised to originate or transmit independent programmes. Clearly, these are areas which will become an issue for the EEC, as the Treaty of Rome can be interpreted to guarantee the free flow of information across borders. Also, allowing international advertising in one country but banning it in another, effectively distorts competition. E



BRIAN HARGREAVES

While most members of the British public think of the Soviet navy as the place to find a red admiral (*Vanessa atalanta*), the publicity given lately to the supposed demise of *Maculinea arion* (large blue), alerted people to the way beautiful species of butterflies can vanish. And it isn't happening only in Britain.

Throughout Europe, at least 15 species are considered to be seriously endangered, according to John Heath of the Institute of Terrestrial Ecology, Abbots Ripton, Cambridgeshire. He has recently published a report on threatened butterflies in Europe, under the aegis of the Council of Europe.

It needs to be stressed that species wax as well as wane. When I was a small boy in the

Above: Brian Hargreaves' painting shows four of the threatened species: Silver-spotted Skipper (top), Black-veined White, Large Tortoiseshell, Adonis Blue.

1920s, the Comma album – so-called after the white comma-shape on the underside of its wing – had become an almost unheard-of rarity. Suddenly, in the early 1930s, it began to appear again and, in only a few years, had become quite abundant.

Even today it is a common visitor to bramble flowers and buddleia bushes. Its near relative, *Nymphalis polychloros* (large tortoiseshell), also became more abundant. But today it is rarely seen. The reason is not far to seek. Dutch elm disease has destroyed most of the elms in southern Britain, and it is on the

elm that the large tortoiseshell larva feeds.

This is a simple piece of cause-and-effect. It is usually much more difficult – sometimes impossible – to find out why a species, once in reasonable numbers, becomes rare. The popular, facile answer is usually 'pesticides'. People always like easy scapegoats. The real answers are usually much less simple.

The situation is made more complicated because butterfly populations fluctuate from year to year. John Heath emphasises that such inevitable fluctuations – due to weather, predators and so on – need to be separated from an overall decline because of other factors, one of which is climatic change.

However, there does appear to be an overall decline. It is estimated that a quarter of Europe's 200 species of butterfly are threatened, and that many populations have been halved over the past 20 years.

One of the most important factors is destruction of habitats. This can happen for all sorts of reasons and, when it affects a rare or local species with a restricted habitat, can be devastating.

The draining of the Cambridgeshire fenland resulted in the demise of *Lycaena dispar* (large copper) half-way through the last century. The Dutch large copper (*race batavus*)

'Throughout Europe, at least 15 species are seriously threatened'

was later introduced to make good the gap. It is still present in one fen – carefully nurtured and protected. The French race, *gromieri*, went the same way in 1908.

In fact, the drainage of the wetlands is one of the most decisive changes that habitats can undergo. And it has been happening all over Europe for a long time and for a variety of reasons – agricultural, industrial, recreational. Sixteen wetland species are now under threat. Also, improvements in agriculture have meant the ploughing-up of old grassland – a rich habitat for butterflies, especially in limestone areas such as Britain's chalklands – and its replacement either by arable crops or temporary leys.

Both changes have an ill effect on many species which could breed and live in, and on, the old mixed herbage with its abundance of what farmers would call weeds and what naturalists would call wildflowers.

The use of fertilisers can also change the herbage, encouraging the plant species the farmer wants and discouraging those he does not. This change is made the more thorough through the husbandry practices which accompany it.

Certainly in Britain, and possibly also in France, the arrival of myxomatosis wiped out a large part of the rabbit population. This was welcomed by farmers, but has had a side effect of considerable impact on some butterfly spe-

Ban on whale products comes into force

This year the Community will be operating a virtual ban on the import of an extensive list of whale products. The ban stems from a Community regulation adopted by the Council of Ministers last January, largely on British initiative, and should make a major contribution to the conservation of the whale.

Regulation 348/81 introduces a system of import licences for all primary whale products. The list covers whalemeat, whalebone, non-edible whale meat, whale oils and fats, and products such as leather goods, skins and footwear that have been treated with oil from whales or other cetaceans.

cies. Rabbits kept the herbage in check by their grazing. This prevented coarse grasses and scrub getting the upper hand. With rabbits largely wiped out in some areas, the coarse grasses and scrub had free rein, and this meant the suppression of some important butterfly food plants.

Lysandra bellorgus (adonis blue), a singularly beautiful insect, is now absent from most of its old chalkland haunts as a result. *Hespera comma* (silver spotted skipper) was similarly affected.

The change sounded the death-knell of the large blue, already mentioned. This species has (or had) a most peculiar life-cycle, involving much of the larval stage being spent inside the nests of a certain species of ant. The latter, attracted by the larva's honey gland, carries it into the nest and there 'milks' in exchange for protection and a diet of ant grubs. In due course the larva pupates and the adult insect finally emerges from the nest to dry its wings and live a normal butterfly existence.

The exit of the rabbit changed the habitat so that the wild thyme the *M. arion* (large blue) larvae eat initially became swamped by coarse grass, and the whole environment became unsuited to the ant. It is doubtful whether any colonies of this butterfly now exist.

Forestry can also have a serious effect on butterflies. Plantations of any kind can have slow, but devastating, effects on some habitats. The planting of large areas of quick-growing, and probably alien, conifers can do even more damage.

Atmospheric pollution is suspected of causing butterfly population declines. This is happening in the industrial zones of North Germany, Poland, Czechoslovakia, Holland, Switzerland, Austria, Hungary and the Italian alps. The spraying of road verges as a substitute for mowing has undoubtedly had

Import licences may only be granted under the Regulation for non-commercial purposes, such as scientific research, virtually imposing a ban on such products. Ban on other whale products, such as ambergris, may be added from time to time.

In the UK the importation of most primary whale products has been banned since 1973, and import licences have been required since September 1979 for sperm whale oil, spermaceti and ambergris. The British legislation will continue as before. But, for the first time, leather and articles treated with whale oil such as saddlery, harness, travel goods, handbags and footwear, will also be banned, together with fur skins treated with the oil and items manufactured from them.

Britain is a signatory to the International Convention on the Regulation of Whaling. Proposals that the Community as a whole should accede to the Convention have still to be approved.

an ill effect on species that flourish in that kind of habitat, but only locally.

Spray drift has probably been more serious. It is believed that orchard-spraying in south east England in the 1920s resulted in the extinction of *Aporia crataegi* (black-veined white).

Urbanisation in its many forms has undoubtedly had a much worse effect on butterflies, by completely demolishing habitats or having such an impact on plant life that they become entomologically sterile.

The draining of large areas to make reservoirs all over Europe comes into the urbanisation category, as does catering for tourists. It is even contended that the construction of ski runs and ski lifts is a threat.

'Orchard-spraying was death to the black-veined white'

John Heath's report calls for the establishment of a research institute to co-ordinate an efficiently-directed programme of butterfly conservation throughout Europe. He also wants the Council of Europe to persuade its member countries, international organisations and the European Community, to initiate a research and recovery programme to save endangered species.

But at the end of the day it is ordinary people, and not least farmers, who will have the most decisive say in whether Europe's butterfly fauna decline or flourish. Butterflies may not be the most important creatures on this planet, but the place would be the poorer without them.

TOPIC OF THE MONTH

The Commission's farm price proposals for 1982

This year's plans for the CAP would raise the cost of living by about 0.6 per cent, says Brussels

At the end of January the European Commission approved its proposals to the Council of Ministers on agricultural prices and certain related measures for the 1982/83 marketing year. The proposed increases average 9 per cent.

These proposals represent the first practical moves to implement the guidelines for agricultural policy outlined by the Commission in its report on the Mandate* and set out more fully in its complementary memorandum of October 1981. They demonstrated the determination of the Commission to push ahead with the adaptation of the common agricultural policy to the new realities of the current economic situation and of the agricultural sector itself, while respecting the basic principles of the policy.

Taking into account the rate of inflation and the need to ensure more satisfactory incomes for the 8 million people who work in the farming sector, the Commission has decided to propose a price increase of 9 per cent for the majority of agricultural products including milk, beef, pigmeat, sheepmeat, sugar, wine and olive oil, with increases of between 6 and 12 per cent for the remainder according to the

*See Euroforum, page (v), in EUROPE 81 No. 7

market situation. A central feature of the Commission's proposal is the improvement in the hierarchy of prices resulting from a lower price increase for cereals designed as a first stage in the programme to reduce the gap between Community cereals prices and those prevailing in its main competitors.

'Green rates' should be adjusted so as to reduce monetary compensatory amounts in the Federal Republic, the United Kingdom and the Netherlands, and eliminate them in Italy, which would represent a significant step towards the unity of the market.

The Commission is also proposing the introduction of production thresholds, with provision for the adjustment of price guarantees if the thresholds are exceeded. These production targets should be fixed in a longer-term perspective for which the Commission suggests a 5 year horizon, looking ahead to 1988. In this way, the support given by the Community to its farmers should be more closely related to the quantities and qualities which it is desired to produce.

Different measures are proposed for the implementation of these targets in different sectors. For cereals and colza, the Commission proposes that if production exceeds the thresholds, there should be a reduction in the intervention price in the following season. For beef, tobacco and olive oil, it proposes to adjust the intervention system. For milk and processed tomatoes the Commission will make appropriate proposals if the threshold is exceeded.

For cereals the Commission is proposing an increase of 6.58 per cent in the common in-

tervention price for feed grains and for durum wheat as well as in the reference price for breadmaking wheat of average quality, with increases of about 7 per cent in the target prices.

These proposals take into account the need to establish a better price hierarchy between cereals and animal products as well as the desirability of progressively reducing the gap between the guaranteed price for producers in the Community and in competitor countries, which will also reduce the volume of imports of cereals substitutes. Parallel to its proposals on prices, the Commission intends to complete the negotiations on imports of manioc (tapioca) while continuing to examine appropriate measures to regularise the supply of other cereals substitutes, as well adjusting the import levy for brans.

For milk, the Commission is proposing a 9 per cent increase in the target price with corresponding increases in the intervention prices for butter and skimmed milk powder, and an adaptation of the various aids for human and animal consumption. In order to

Direct income support for small producers will amount to around £67 million

improve the balance of the milk market the Commission is proposing firstly, to maintain the co-responsibility levy on the same conditions and at the same rate (2.5 per cent) as in 1981/82, and secondly, to introduce production thresholds for the period up to 1988.

If deliveries to dairies in 1982 exceed those in 1981 by more than 0.5 per cent, the Commission will immediately propose appropriate measures to the Council to offset the additional costs. Meanwhile, the Commission is proposing to introduce as from 1982 direct income support for small producers amounting to around 120m ECU (£67m) in the form of a modulation of the basic co-responsibility levy. The Commission considers that its proposals take account of the need to support producers' incomes while avoiding a deterioration in the fragile market balance.

The Commission is proposing that the butter subsidy in the United Kingdom should be reduced to 40 ECU (£22.40) per 100kg, bringing it in line with the subsidy payable in other member states. The Community would pay the full cost. At the same time the Commission proposes a reduction in the national contribution to the school milk subsidy for 25 per cent to 12½ per cent.

Forecasts of steep rises in food prices are 'absolute nonsense'

Food prices in Britain would rise by less than 2 pence in the £ over a 12 month period under the European Commission's proposals for new farm price guarantees, said Commission Vice-President Christopher Tugendhat in London. Suggestions that the increase in food prices would be 9 per cent were 'absolute rubbish', he added.

Mr Tugendhat said the new proposals would raise food prices throughout the EEC by just under 3 per cent. In the United Kingdom the impact would be about half this, because of changes proposed in the 'green rates' - the exchange rates in which EEC prices are converted into national currencies.

In a reaction to the proposals, Mr Cyril Coffin, director general of the Food Manufacturers' Association, was reported to have called the proposed increases 'a severe blow'. They would make it difficult, he said, for food manufacturers to continue keeping the prices of their own products below the rate of inflation.

In France, the proposed new levels of support prices are considered much too low.

Agricultural circles were reported by Le Monde to be 'stupefied' at the 'continued down-grading of agricultural revenue'. Other comments reported by Le Monde includes 'Scandalous... Provocation, pure and simple', from the CNJA.

'No discrimination' call on behalf of British farmers

A bid for the full average EEC support price increase for British farmers was made by Sir Richard Butler, President of the National Farmers' Union, on 28 January. The fall in farming income over the past five years had wreaked more havoc on the agricultural industry even than the weather, Sir Richard said.

He went on: 'We appreciate the necessity of agreement within the European Community on its aims and objectives and in particular on its budgetary strategy and the spread of the costs between the member states. We must, however, be extremely concerned about the delay in reaching agreement and the threat to hold up decisions on farm prices. The livestock sector in particular must have the increase in support prices effective at the beginning of April.'

'We shall resist with all our might any proposals which discriminate unfairly against larger scale, more efficient production—of which we in this country are justly proud. This applies particularly in the case of milk, where a constant theme of the various proposals and ideas is that small milk producers should receive more per litre sold than the larger producers.'

As regards beef, the Commission is proposing an increase in the guide price of 9 per cent in two stages: 6 per cent from 1 April and a further 3 per cent from 6 December 1982. The Commission considers that a prudent policy in this sector is dictated by the need to avoid a decline in consumption, which is affected by the general economic situation and by competition from other kinds of meat. Producer participation will continue to take the form of selective intervention during certain periods of the year. Experience has shown that it is possible to restrict buying-in to a large extent in this way without any negative impact on average market prices.

The Commission recognizes the need to improve producers' incomes, but not necessarily through prices alone. During 1982/83 it intends to review the possibility of a uniform direct aid which would replace all existing premiums and enable prices to be adjusted in future in such a way as to maintain consumption. Meanwhile, the existing premiums will be maintained. As regards other livestock products, the basic price for both pigmeat and

Agriculture has already made an important contribution to the restraint of inflation

sheepmeat would both be increased by 9 per cent.

The different price increases proposed will be affected by the changes in green rates which the Commission is also proposing. The existing MCA's would be reduced by 4.5 points in the Federal Republic, by 4 points in the United Kingdom and by 3 points in the Netherlands, and eliminated in Italy, with corresponding changes in the level of prices in

national currency. Taking inflation into account, these price increases are fair and

'Flexible' retirement proposal from Brussels

Voluntary early retirement schemes, longer holidays and shorter working-hours for people approaching retirement age will ease the shock of retiring and help the unemployed, according to the European Commission.

The claim comes after nearly two years study of proposals on how to introduce 'flexible retirement' in Europe. The European Parliament, the Economic and Social Committee and Commission officials, have all called for workers to be given the right to choose when to retire after a certain age, and for the introduction of 'gradual retirement' schemes.

Community governments are now under pressure to implement some of these ideas, given the growing pressures of unemployment at home, and the concrete nature of proposals contained in the recommendation recently submitted to them by the Commission.

The Commission plan will involve major changes in national laws relating to the age at which workers become eligible for pensions. It wants workers of both sexes to be completely free to choose when to retire after a certain age. That means that alternative formulae which take into account the number of years worked, the age of retirement and the level of pension to be paid, will have to be worked out.

Compensatory benefits for people

reasonable from the point of view of agricultural incomes.

In 1981, in spite of an increase of 11.3 per cent in market prices, it is estimated that there was a reduction in farm incomes in the Community of 2 per cent in real terms following a decline of 7 per cent in 1980 and 3 per cent in 1979.

However, agricultural incomes in 1982 will be affected by favourable factors including the continuing decline in the general rate of inflation; the positive effects of the 1981/82 price increase, which will only be fully felt in 1982; continued improvements in productivity; and the lower increase in cereals prices which will reduce the costs of livestock production.

Agriculture has already made an important contribution to the restraint of inflation. Between 1978 and 1981 producer prices rose at a yearly rate of 8.7 per cent, food prices by 10.1 per cent and consumer prices in general by 12.2 per cent. For 1982 the impact of the Commission's proposals on food prices in the Community is estimated at about 2.9 per cent which would mean an increase of about 0.6 per cent in the cost of living. E

undergoing gradual retirement with longer holidays and shorter working hours will also have to be calculated. And laws which limit pensioners earnings from part-time work will need extensive revision.

Financial incentives to encourage early retirement will also have to be thought out. People taking gradual early retirement will maintain their pension rights and get compensatory benefits, but extra financial incentives are only acceptable in extreme economic circumstances and should not be regarded as an integral part of the flexible retirement system, according to the Commission.

The recommendation allows two years for member states to assess the implications of implementing the proposed changes. If it is accepted by the Council, ministers will be expected to report back their findings in mid-1984. Flexible retirement is expected in the short term to particularly benefit declining industries like steel and fishing.

Experiments in the UK, France and Sweden have already shown this to be the case. But the whole working population of Europe will eventually benefit from a system which replaces the psychological shock of being employed one day and unemployed the next, by a transition from full-time activity to complete idleness.

STRASBOURG NOTEBOOK

DAVID WOOD, former European Correspondent of The Times



The election of Pieter Dankert, the Dutch Socialist, to succeed Mme Simone Veil as President of the European Parliament should have surprised the Strasbourg shellbacks much less than it did. He carried my bet from the day the Socialist group, the largest in the hemicycle, adopted him as their standard bearer, simply because the right-wing block vote (Christian Democrats, the Anglo-Danish Conservatives, and the Liberals) stood no chance of consolidating

through four secret ballots on Herr Egon Klepsch, much less Sir James Scott-Hopkins. Piet Dankert's only risk was that a deadlocked Parliament might resolve its difficulties by asking Mme Veil to soldier on for the full five years of the first directly elected Chamber.

From autumn on, some British Conservative Young Turks always made clear that if their group leader, Scott-Hopkins, failed to win outright on the second ballot, then their votes were Dankert's for the taking; and some others whispered that they would abstain rather than plump for Klepsch. So it came to pass. Group affiliations mattered less, in the end, than the personal qualities of the two leading candidates.

Since the foundation of the Coal and Steel Community in 1952,



Pieter Dankert, the new President of the European Parliament: an assertion of democratic authority?

by the way, from Henri Spaak to Simone Veil, there had been 17 Presidents – 10 Christian Democrats, four Socialists, and three Liberals. Five came from Italy, four from France, three from Belgium, three from Germany, and one each from Holland and Luxembourg.

In hailing Piet Dankert's arrival in what the House of Commons calls 'the big chair', it is timely to pay a deserved tribute to Mme Veil. The new President, who like many of the multilingual Dutch speaks English, French and German fluently and makes a good fist at Italian, quoted from a journalistic observer of the Parliament's working who was retiring – in fact, from a column of mine in the London *Times*. In her 30 months in office, Mme Veil, setting an altogether French valuation on the importance of the institution she represented, had established the Parliament as a presence, if not a power, in international relations.

Dankert, who made his reputation as the *rapporteur* of the Budget committee and led the rejection of the 1980 EEC budget, will no doubt continue Mme Veil's global visits, although clearly his characteristic contribution to the evolution of the European Parliament is going to be an assertion of its democratic authority vis-à-vis both the Commission and the Council of Ministers. That way lies parliamentary growth.

'The Strasbourg Parliament's role is to increase expenditure, particularly on the non-CAP chunk of the budget'

Nevertheless, British observers should avoid making too much play with the analogy of Westminster's development over more than three centuries. The Westminster cry was 'no taxation without representation'; Westminster's main role was to vote Supply asked for by the Executive. The Strasbourg Parliament's role is to *increase* expenditure, particularly on the non-CAP chunk of the budget. The roles are different; the lines of development will be different. But Piet Dankert, at 48 full of energy and ideas, is almost certainly the right man in the right place at the right time.

One of the big issues coming before the Parliament under the new Presidency will be the second round of European direct elections in 1984. The Seitlinger report from the political affairs committee, as it is surfacing, is designed to cope with the Rome Treaty's ordinance that all member states should use a uniform electoral system. A compromise begins to take shape: the West German system combining constituency representation and group lists. But it may already be doubted whether any such compromise would prosper in the Council of Ministers.

Will France be willing to surrender its lists system, with all the caucus power it gives? Will Mrs Thatcher or Mr Michael Foot agree to abandon 'first past the post', with all its emphasis on direct constituency representation, or adopt a list system that has been shown since 1979 to be capable of serious democratic abuse?

We may doubt it. Or at any rate I – as I now go into retirement from Strasbourg – doubt it as I put a polish on the European Parliament medal, presented as one of her final presidential acts by Mme Veil. The medal sits well on the velvet of nine years of memories of the Palais de l'Europe.

EUROPEAN FORUM

OPINION

Caring for the disabled

Recent headlines about the Community – its budget discussions, its economic prospects and its grim unemployment situation – have all tended to obscure some of the useful progress made recently by the Community, particularly as regards action concerning disabled people.

The International Year for Disabled People, during 1981, provided the Community as a whole with a unique opportunity and responsibility to give a fresh impetus to its action in favour of disabled people. Over and above the various specific activities and meetings organised by the European Commission to mark the International Year, each of the Community institutions in turn clearly expressed its concern to set Community action on a much firmer footing for the years to come. The Parliament and the Economic and Social Committee led the way with detailed reports. The Commission then produced its new proposals focussing on the social integration of disabled people and on the need to stimulate a coordinated approach at local level in this area.

The Council in its turn, at a meeting on 9 December 1981, agreed – in record time – on a wide-ranging resolution giving guidelines for action by member states and support for the Commission's programme for the next five year period.

The programme starts from the principle that those with disabilities have as much right as other people to participate in and contribute to all aspects of economic, social and political life. Measures aimed at social integration should therefore remove the barriers which exclude disabled people from the life of

their community, in particular by taking account of their needs – whatever the nature of their disability – in the planning of policies influencing their total environment.

In addition to the specific social policy actions we have planned for the next few years, I am very aware of the importance of ensuring that, at Community level, the interests of disabled people are taken account of in policy planning in a whole range of different sectors.

It was with this objective in mind that the Commission, in a final contribution to the International Year, decided to set up a special bureau to coordinate our activity concerning disabled people (see page viii). This bureau, to be situated within the Commission's services, will be responsible for the implementation of the new action programme. It will also develop a regular dialogue, on behalf of the Commission, with representatives of disabled people and with the voluntary and professional bodies directly concerned.

Although the Community cannot bring radical changes overnight to the situation of disabled people, let alone bring instant relief to the severe economic and employment difficulties they face, these latest actions will, I believe, contribute not only to changing attitudes about the nature of physical and mental disablement but also more spe-

cifically to what can and should be done to enable disabled people to lead a more independent life in society.

IVOR RICHARD

Member of the European Commission

TALKING POINT

Negotiations on the so-called 'mandate' – the reform of the Community's budget to alter the balance of expenditure – looks like dominating the early months of 1982.

Nevertheless, while a lasting solution to the problems of how much should be spent on agriculture and the extent of British contributions to the budget must continue to be sought, other Community policies must be allowed to develop.

Shortly before Christmas, Gaston Thorn, President of the European Commission, had a meeting with the Belgian Foreign Minister, who holds the presidency of the Council of Ministers for the first half of this year, to establish priorities for Community action.

Mr Thorn placed particular emphasis on the need to stimulate the economy and to press forward with discussions on political integration on the basis of a blueprint drawn up last year by the German and Italian Foreign Ministers. He would also like to see discussion on the relations and balance of power between the Community institutions.

The Belgian government equally hopes to give a prominent place to the inter-institutional balance. It also supports the Commission's wish for developments in the European Monetary System, designed to limit fluctuations between member states' currencies.

The Belgian presidency plans to lend its weight to removing remaining barriers to trade between the Ten, to promote Community-level investment and the use of nuclear power as an alternative to oil. It would also like to see more rapid progress being made in the North/South dialogue between industrialised and developing countries, and on negotiations on the enlargement of the Community to include Spain and Portugal.

THE MONTH IN EUROPE

External relations

WEU seeking links with Ten

The Assembly of the Paris-based Western European Union (WEU) has urged closer links with the Community.

The WEU, founded in 1954, groups the European members of the Atlantic Alliance for discussions on foreign policy and defence matters.

The Assembly is now proposing that a working group be established to determine how its work may be linked to the foreign policy discussions of the Ten and to see how the two bodies may progress towards European Union.

Ultimately, the Assembly would like a dovetailing of the Treaties of Brussels and Rome – the legal foundations of the two organisations. But in a first stage, it is recommending that observers from each body attend sessions of the European Parliament and the Assembly whenever questions touching on Europe's security are discussed.

France has already indicated its support for strengthening the WEU's role, but such a move may not win the backing of Ireland, the only Community country which is not a member of NATO.

Ten takes strong line on Poland

The Ten's Foreign Ministers have strongly condemned the recent clampdown by the Warsaw authorities on members of Solidarity, the independent Polish trade union.

'The Ten utterly disapprove of the development of the situation in Poland,' they said in a tersely worded statement issued in early January.

After a meeting between Community Ambassadors and General Jaruzelski in Warsaw, the Community appealed for an end to martial law, the release of those arrested and restoration of the dialogue between the authorities, the Catholic Church and Solidarity.

The Community launched criticism against the Soviet Union and other Eastern European countries for 'the serious external pressure and the campaign' directed against the efforts for renewal in Poland.

The Ten refused to back the United States and join in applying a range of economic sanctions against the Soviet Union. But they warned that, in addition to raising the violations of the principles of the Helsinki Final Act on European security and cooperation at the international level, they would consider other measures as the situation develops.

These are likely to include a possible embargo on non-energy imports from the Soviet Union (these represent 30 per cent of total Community-USSR trade), a review of the credit and economic assistance now being given to Poland and a strong debate on whether to continue food aid to Poland or not.

But no sooner had the statement been approved by the Ten than the Greek government announced it would not endorse the declaration. Greek opposition was further highlighted by the dismissal of the Deputy Foreign Minister, Mr Assimakis Fotilas, who had attended the Brussels meeting, for departing from his government's instructions.

Commitment to peace in Sinai

The United Kingdom, France, Italy and the Netherlands have confirmed that they will participate in the Sinai peace-keeping force after Israeli withdrawal in April.

But the four governments insist that their participation in no way runs against the June 1980 Venice Declaration of the Community which the Ten consider has a better chance of establishing permanent peace in the region than the Camp David accords.

The Ten have, however, sharply criticised Israel's decision to extend Israeli law, jurisdiction and administration to the Golan Heights.

'Such an extension, which is tantamount to annexation, is contrary to international law and therefore invalid in our eyes,' they said in a statement issued in mid-December.

Aid to Turkey plan dropped

The European Community has decided to freeze some £336 million in aid to Turkey this year in protest at the imprisonment of the country's former Prime Minister, Mr Bulent Ecevit.

The Community's concern at the delay in restoring democracy in Turkey and the increasing allegations of violations of human rights have been expressed by the European Commission on several occasions.

Following the four month sentence meted out to Mr Ecevit, a Commission spokesman confirmed that the formal proposal for a fourth financial protocol due to run from January had been shelved.

The budget

Parliament and Council again at loggerheads

The Community's Council of Ministers and the European Parliament entered 1982 on the same terms as the previous year: in conflict over the Community budget.

Shortly before Christmas, the Parliament's President Simone Veil signed the 1982 budget of £12,310 million. This, says the Council, is £125 million higher than the amount by which the Parliament is entitled to increase the total.

The disagreement stems from differences of interpretation over who has the final say – the Parliament or the Council – over Community food aid spending. Similar rows have flared up in the past and an attempt is to be made this year by the European Commission which draws up the initial budget proposals, to persuade the two other institutions to agree on a standard definition.

Meanwhile, the Commission intends to administer the budget as approved by the Parliament and to ask governments for their contributions in the

New link

The Community has signed an agreement with Sweden which will link it to Euronet, the Community's network for data transmission which was set up in 1980. It had earlier been extended to Switzerland. At the time of going to press, 31 host computer organisations were connected to Euronet, providing access to 291 data bases.

Source of jobs

Cooperative enterprises and similar local employment creation initiatives have an important role to play in helping solve the Community's unemployment problems, according to Commissioner Ivor Richard when he opened the European Centre for Work and Society in Maastricht in the Netherlands in December. One of the centre's main roles will be to study the social problems caused by unemployment.

THE NEWS IN BRIEF

Aid for refugees

The Community is donating more than £336,000 to help Afghan refugees who have fled to Pakistan and who now number more than 2 million. Last August, the Community donated £8.4 million to help these homeless people.

Saving energy

Is the Community doing enough to encourage Europeans to cut down on their energy consumption? Figures given by the European Commission to the European Parliament recently show that, in 1980, more than £1,120 million was made available to various projects in the member states designed to cut down on costly oil imports. Half of this was made up of loans from the European Investment Bank and the other half was in the form of non-repayable grants.

Safer seas

Community Transport Ministers have agreed on the application by the Ten member states of international standards in checking ships in ports to prevent oil pollution at sea. This will be carried out in cooperation with other countries.

normal way.

When a similar situation occurred in 1981, France, the Federal Republic of Germany and Belgium initially refused to pay their full share as calculated by the Commission.

Community a 'priceless asset' — Mrs Thatcher

European Community member countries must not let internal differences threaten their unity at a time of worsening international tension, the British Prime Minister, Mrs Margaret Thatcher told MEPs in Strasbourg in December.

Reporting to the European Parliament on the outcome of the November summit meeting of Community Heads of State and Government in London — the first Head of Government to do so — Mrs Thatcher said that a speedy solution of the differences over reform of the Community budget and common agricultural policy was crucial if the Community was to continue to protect freedom and democracy.

Mrs Thatcher described the Community as a 'priceless asset in a troubled world' and a 'force for stability', and said that Europeans should count their blessings and not their problems.

Mrs Thatcher said that although no agreement had been reached in London, 'substantial progress' had been made and she hoped that the outstanding problems could be solved at the Community summit in Brussels next month.

CAP refund talks still bogged down

Solutions to the problems facing the common agricultural policy and the United Kingdom's refunds from the Community budget continue to defy the Ten.

Despite an emergency meeting of Foreign ministers in London shortly before Christmas, the end of year deadline for agreement on these reforms was not met.

The Ministers did, however, manage to make progress on the guarantees by which should be provided for

Mediterranean products and the amount by which agricultural spending should rise annually.

But they fell down on the other two items before them. The first concerned the need to curb dairy expenditure, although there is growing acceptance that small producers should be protected from any changes.

The final sticking point was the British government's insistence on a seven-year guarantee limiting its payments to the Community budget. Its partners consider this to be too generous and are reluctant to go beyond four years.

The European Commission has been entrusted with finding answers to these problems and to put these to the Ten governments as soon as possible.

Energy

New policy on prices agreed

Community governments have agreed new guidelines establishing a clearer link between the cost of various forms of energy and the prices charged to the user.

The move is aimed at eventually eliminating the wide range of subsidies now given to certain categories of consumers. In different countries, these apply to the fishing industry, horticulture and agriculture.

In future, governments will try to ensure that consumer prices reflect the world market situation; the cost of replacing energy sources; and are as transparent as possible.

Nuclear target may be missed

The Community member states will have to take firm decisions on the siting and ordering of new nuclear power plants within the very near future if they are to achieve the objective for nuclear capacity by 1990 set in 1980, according to a new report published by the European Commission.

The report on investment in the electricity sector adds that unless such decisions are taken, the Ten's nuclear capacity in 1990 will be less than 100

THE MONTH IN EUROPE

Gigawatts (GW), instead of the 125 GW planned by the Community Energy Ministers.

This in turn would mean a shortfall in the fulfilment of the Community's objective of achieving 70-75 per cent of electricity production from solid fuels and nuclear energy instead of from costly imported oil by 1990.

On a more positive note, the Commission says that the construction of solid fuel burning electricity plants based on production capacity under construction or planned is continuing to increase.

But the report urges those member states with the greatest dependence on oil for producing electricity (Italy, Ireland and the Netherlands) and where there are limited or no prospects of developing nuclear energy by 1990 to keep their investment efforts under constant review, with the aim of reducing dependence on oil to a practical minimum.

Energy

Chinese uranium for Community?

The People's Republic of China has volunteered to sell uranium to the European Community – an offer expected to be followed up when Chinese experts come to Brussels in the spring.

The proposal was first put to European geologists visiting Peking last year, although there have so far been no indications of the quantities involved nor the price to be charged.

The deal would be a further example of the growing number of links between the Community and China. It would also provide a new source of uranium supply for the Community, which now meets most of its needs from Canada, South Africa, Niger and Australia.

A possible hitch could be China's non-participation in the International Atomic Energy Agency and, hence, the country's classification as "unguarded". The Community insists on international safeguards on uranium sales.

Community law

Major fine for bubbly firm

The famous French champagne house Mœt-Hennessy has been fined £616,000 by the European Commission for 'serious infringement' of the Community's competition rules.

The fine was imposed on the firm's British subsidiary, Mœt et Chandon, for preventing the resale of its champagne outside the United Kingdom.

From January 1980 to October 1981, Mœt et Chandon illegally applied an export ban on the 3 million bottles sent from France to the United Kingdom each year. The company argued that the ban was justified to protect British champagne drinkers from shortages – and price rises – after three bad harvests in the past four years. But the Commission felt Community laws ensuring free movement of goods had been broken. The company has the right to appeal to the European Court of Justice.

The Commission has also outlawed the distribution system employed by the Swedish camera maker Victor Hasselblad and its United Kingdom distributor Hasselblad Limited. Imposing a total fine of 760,000 ECU on Hasselblad and its distributors in the Community, the Commission said that the distribution system restricted free trade in the firms' cameras in the Community, thus keeping prices artificially high.

Easier minds on holiday

Stories of the self-employed and their families having to pay huge medical bills from their own pockets when they fall ill while on holiday or business abroad will soon be a thing of the past.

As from July, they will enjoy the same health and social security protection as is now provided to the employed.

Thus, armed with the proper form – the E 111 – they will be reimbursed for any costs incurred.

The decision was taken by the Community's Social Affairs Ministers at their December meeting.

The economy

Businessmen are more confident

More European businessmen now feel that the end of the recession is in sight, according to the latest survey of business confidence published by the European Commission.

The survey shows that while industrial production has remained stable for some months, Community businessmen have been increasingly confident that an upturn is on the way. Their confidence is reflected in their judgments about the state of their order books, their expectations on production, stocks and prices and their anticipated levels of export.

The business climate in the Federal Republic of Germany, hesitant throughout 1981, remains so in the latest survey, although export prospects look healthier. A marked improvement is noted in France, with production expectations up and order books looking stronger.

Trade

More steel to be imported

The European Community has decided to ease slightly its import controls on steel from third countries this year.

In a bid to stabilise the domestic market, the Community took 1980 levels as a base and imposed a 12.5 per cent cut on imports from the 14 main producers last year. Using the same base, the 1982 reduction will be only 9.5 per cent.

The figure represents a compromise between the efforts of the Commission and the Federal Republic of Germany to relax even further the controls and the wishes of the other main steel producing countries to see them maintained.

These conditions are now being put to the 14 exporting countries, which account for some 75 per cent of all steel imports into the Community.

Meanwhile, the European Parliament agreed to include £35 million in the 1981 budget to be spent financing early retirement and work sharing

schemes in the steel industry as part of its modernisation programme.

Just before Christmas, the Community signed an agreement with Canada which will govern the conditions under which nuclear material which Canada supplies to the Community can be enriched beyond 20 per cent or reprocessed. The agreement also covers the conditions under which plutonium and uranium enriched beyond 20 per cent can be stored.

More preferential treatment

The European Community recently agreed to extend its generalised system of preferences GSP under which developing countries can import the vast majority of their manufactured, semi-manufactured and agricultural goods to the Ten with a partial or total reduction in tariffs.

The member states agreed to increase by the value of certain quotas and ceilings for industrial and steel imports enjoying tariff reductions between 5 and 15 per cent. They also decided to increase the number of products from Roumania and China, which can benefit under the GSP.

For agricultural products, the Community added 10 new products to the list of imports benefiting from tariff reductions and 10 extra products from the poorest countries. The Ten also increased the margin of preference for a further 36 farm products.

Business

Merger plans dusted off

The European Commission is redoubling its efforts to introduce a vetting procedure for very large company mergers in the Community in order to protect smaller companies and the consumer.

The scheme was first mooted in 1973, as being necessary to prevent developments which might jeopardise competition between companies. As such it is seen as an integral part of the Community's competition and industrial policy.

The law

Bankruptcy plan to aid creditors

The European Commission is urging Community governments to sign a new bankruptcy convention this year.

The aim of the legislation is to allow creditors and employees to use one rather than a series of proceedings to wind up all the debtor's property, even if this is spread throughout a number of member states.

By pooling all these assets, the Commission intends to make the tasks facing creditors simpler. It sees such a measure to protect creditors in the Community as a necessary corollary of the freedom of capital movement.

The convention, which sets out uniform provisions for determining jurisdiction will not at the outset apply to insurance companies.

Employment

Tightening up on multinationals

The onus for informing and consulting employees should lie with the managers of local subsidiaries of multinational companies rather than with the head office, according to the British Conservative MEP, Tom Spencer.

His report, due to be examined by the European Parliament later this year, goes a long way towards supporting the European Commission's plans in this area, although it suggests certain important changes.

The most significant is its emphasis on subsidiary management to meet the consultation requirements, rather than the parent company, as is favoured in the Commission draft.

Mr Spencer recommends that if employees are unable to secure information from their local subsidiary, then they should urge the management to press head office for details.

If this is not forthcoming, then the subsidiary would be in breach of the law and could be taken to court. He also recommends that the information

should include details on the introduction of new technologies, an area so far left uncovered.

The Commission's plans have drawn strong criticism from the business community, which claims that their implementation would endanger company secrets – a fear Mr Spencer totally rejects.

UNICE, the employers' umbrella body, also claims that the draft legislation instead of falling on multinationals alone would ensnare as many as 46,000 small and medium sized firms with a staff of over 100.

The unions, who attach great importance to the proposal, retort that the argument is fallacious. The measures, they say, apply to subsidiaries, not companies, with over 100 employees.

Finance

Commission aims to borrow more as funds run low

The European Commission has asked the Council of Ministers for permission to raise £560 million on the international capital markets. It intends to lend these funds to support energy saving and infrastructure projects in the Community.

The loans would be made under the New Community Instrument (NIC), which has already lent a similar amount over the last three years. But with funds now nearing exhaustion, the Commission has judged it necessary to raise more capital. At last November's European Council meeting in London the Ten's government leaders agreed to boost the NIC's borrowing ceiling by £560 million to £680 million.

The Commission also wishes to narrow the range of projects eligible for support. It wants to concentrate on schemes for the efficient use of energy, infrastructure projects that encourage regional development and on small and medium sized firms with fewer than 1000 employees and assets below £42 million.

Shortly before Christmas, the Community authorised a £22 million loan to Greece from the NIC to help repair the damage caused by the series of earthquakes last February and March.

EUROPE AND YOU

Equality of the sexes — still an elusive goal

Strengthening the individual rights of women, and achieving equal opportunity in practice, are the twin objectives of a new action programme to run until 1985 which has been drawn up by the European Commission.

The Commission has been a pioneer and innovator in the equal opportunity field with a long-standing commitment to improve the situation of women in the Community. With its new programme it aims to continue this work, build on the achievements to date and adjust policies in the light of economic and social developments.

Community action in this field began in the early Sixties with studies and recommendations on the effective implementation of the principle of equal pay for men and women contained in the Treaty of Rome. This was followed up with a series of directives designed to improve the situation of working women: equal pay (1975), equal treatment over access to jobs and training (1976), equal treatment over social security (1979).

The obstacles hindering equal opportunities for women are many, and are aggravated by current economic difficulties. Part of the new programme aims at ensuring that the existing directives are properly implemented and respected in practice, with recourse — when necessary — to infringement procedures.

Another problem that has arisen is consistency in the interpretation of the directives and a network of national bodies has been established to help provide detailed monitoring of the Community law. The Commission also wishes to help women assert their rights in the courts and make sure they are properly using the means of redress already provided for in national legislation.

Equal access to jobs is a vital element, which the Commission intends to promote by abolishing unjustified protective legislation — for example, the exclusion of women from jobs where heavy loads are involved, when in fact such loads are today transported mechanically. Member states will be called upon to revise all such legislation and ensure

that the reasoning for excluding women from certain jobs is still valid in the light of technological progress and changing customs.

The original directive on equal treatment for women over social security will be extended. The 1979 directive only applied to statutory schemes but action will be taken to deal with occupational social security schemes. The aim will be to gradually establish individual social security entitlements for married women or women who are cohabiting.

Self-employed women, particularly in agriculture (including working farmers' wives), do not always have a clearly defined occupational status, and it is difficult to identify their contribution to family earnings. As a result, their social security entitlement is unclear. The status of many self-employed women often remains that of housewife as defined by matrimonial law. Member states will be required to eliminate any constraints which prevent application of the principle of equal treatment to self-employed women.

The Commission will abolish discrimination against pregnant women in recruitment

The question of taxation of women in families where both husband and wife are earners will be dealt with to ensure that there is no indirect discrimination against women. The Commission will conduct a comparative analysis of tax systems to see how they affect women and introduce appropriate measures.

In several countries, refusal to recruit women who are pregnant and even dismissing them on these grounds, is accepted. The Commission plans to take a strong line and abolish discrimination against pregnant women in recruitment and also improve their social security cover regard-

ing maternity leave and time off for pre-natal check-ups. Once again, self-employed women in agriculture are particularly hard done by in this respect.

The Commission intends to promote positive action programmes to achieve equal opportunity in practice, and will lend its support to information campaigns to improve knowledge and understanding. Other action can be taken through awarding public contracts, vocational training for women and positive action to remove inequalities.

The belief that technical occupations are not "feminine" has become firmly rooted in many areas and is effectively hindering the integration of women in the workforce, particularly in areas applying new technologies. Through the new action programme, the Commission intends to help diversify the job choices available to women.

Making women more aware of the occupational possibilities open to them is another area where improvements can be made. The Commission is planning to establish an experimental network of equal opportunities advisors who will help foster integrated national programmes on education and training.

Another area to be tackled by the programme is the desegregation of employment. Women tend to be concentrated in a few sectors of activity and occupations and mostly at lower levels, even though it has been demonstrated that women can handle as well as men any post that is genuinely open to them. The process of change must start with key sectors such as the civil services, sample sectors such as banks, or pilot schemes in new areas.

Clearly identifying and analysing the trends towards achieving equal employment and desegregation will be an important part of the work and the Commission will convene a group of experts to coordinate a continuous monitoring system.

Member states will also be called upon for positive action to abolish discrimination against immigrant women.

The Commission will set up an expert panel to ascertain areas in which such discrimination exists and identify the legal difficulties preventing these women from obtaining employment.

Changing public attitudes is an important aspect in the success of many of

the aspects of the programme and member states will be called upon to conduct public information campaigns in order to accelerate the achievement of equal opportunities for women—in practice as well as in theory.

Weighing up the burden of poverty

The army of the poor – 'individuals or families whose resources are so small as to exclude them from the minimum acceptable way of life' – is still increasing in all countries of the European Community. This is one way of saying poverty, even in the Eighties, is getting worse.

The definition quoted above was adopted by the Community's Council of Ministers in 1975, when it authorised a five-year programme of pilot projects and studies to help us understand the nature and causes of poverty, to test out theoretical methods of alleviating poverty and identify counter measures and techniques which could be applied throughout the Community.

Though the definition used does not define a specific poverty line—since this comprises both questions of real income and social attitudes—it has proved to be an accurate approach and clearly shows that the economic crisis has exacerbated the problem.

The just published results of the five year research programme show that measures to combat poverty must reach into a wide range of social and economic policies. There are also areas where it would be clearly valuable for the Community to take an interest.

A number of projects were selected for research, mostly in communities or identifiable areas in large cities, as well as a small number in rural areas. Some were already to or conducted by public social services, others by independent voluntary agencies.

The schemes covered for example, a welfare rights project in Belfast, family day care centres in London and Liverpool, the depressed Marolles area in Brussels and a host of other problems in areas in Breda in the Netherlands, Copenhagen, Cologne, Paris and Stuttgart.

All the study projects were designed to help understand the nature, causes and extent of poverty in the Community and all the projects were interlinked to provide comparative results and –

hopefully – useful conclusions and remedies.

Although it is generally true that the poor do not suffer the depths of poverty common in pre-war years, severe deprivation clearly still exists in Europe. The studies found the most severe poverty is to be found in rural areas like Italy's Mezzogiorno, Ireland, Northern Ireland and parts of France.

Many of these areas have high unemployment, under-employment, low earnings, high dependence on social security and other government assistance, demographic imbalance and economic and social stagnation. National reports drawn up during the programme highlight, in particular, not just the low standard of living of many people in Ireland and Italy but also that there are concentrations of poverty and 'disadvantage' scattered throughout otherwise fairly prosperous communities.

The programme tried, in particular, to clearly identify the disadvantaged position of immigrants in the Community. While life for many has been preferable to remaining in their own country, many have had to suffer low levels of pay, poor working conditions, unsatisfactory housing and cultural isolation.

Alienation from society is reinforced by public lack of awareness about poverty

One of the most worrying conclusions to emerge from the reports is the effective exclusion of the poorest, particularly the long-term poor, from the rest of the population. This effective alienation from the rest of society and even the services established to help them is reinforced by public ignorance – lack of awareness – about the existence of poverty. For example, about half the population believe that poverty does not exist in their community.

It is difficult for the poor to press their case. They are generally dispersed and not organised as a sectional interest. If individuals could organise themselves that well, in all likelihood they would not be caught in the poverty trap in the first place.

The poverty programme clearly revealed the strategic role which employment can play in resolving the problem of poverty. The weight of unemployment was a dominant characteristic in all the areas examined and the growth of long term unemployment is a further dimension to the problem. The inadequacy of social security arrangements for those out of work longer than 12 months is bringing new groups into the poverty zone.

The programme revealed how little those working to help the poor knew about the experience of those engaged in similar work in other countries. Comparing different approaches and learning from each other's good and bad experiences was a valuable spin-off from the project. A network of project and research workers has now been created in the Community who are aware of each other's work.

The programme concluded that systematic arrangements are needed to ensure the exchange of knowledge and innovative approaches between countries. A further programme of projects and studies should be built around common themes of maximum value and given a longer period of funding.

While the main responsibility for policy to combat poverty is at the national level, some aspects need to be coordinated at the Community level.

Broad recommendations emerging from the programme include a reduction in unemployment which would lift many of the victims out of poverty and reintegrate them. Even though this is perhaps unattainable in the short term, efforts should be made to spread existing jobs further and fairly through shorter working hours and flexible re-employment.

Regional policy should be used to ensure that economic development is not concentrated solely in the prosperous regions. An effective minimum income is proposed to maintain households above the poverty level. This would involve minimum wage legislation to ensure adequate income for those in employment. Effective social assistance and the maintenance of its real value would also help.

All Community policies need to take specific account of their effects on poverty as we now understand it. The Regional, Social and Farm Funds, as well as the European Investment Bank must be given greater financial strength with the explicit aim of combating poverty. Specific actions proposed include the formation of comprehensive social and economic development plans for underdeveloped and declining regions where poverty is most acute such as Ireland and Italy and investing regional funds in suitable programmes.

Small firms and cooperatives should be encouraged and helped in setting up in areas with declining traditional industries. The Community can make funds available to develop programmes to counter long term unemployment, extending provisions to help disabled workers, immigrants without suitable job skills and women going back to work after bringing up children.

EUROPEAN REVIEW

Bureau set up to help disabled

Work has already started on the European Commission's new five-year programme to help the handicapped, which was agreed at the end of 1981 as the Community's follow-up to the International Year of Disabled People.

A special new administrative bureau has just been set up by the Commission at the initiative of Commissioners Ivor Richard and Michael O'Kennedy, responsible for Employment, Social Affairs and Education and for Personnel and Administration, to carry out work on the programme which concentrates on setting up an EEC-wide network of local projects to help disabled people integrate at all levels into the local community.

These projects will serve as demonstration models for the rest of the Community and the new bureau will be responsible for coordinating the projects and keeping representatives of disabled people, voluntary associations and professional bodies in touch with each other, not only nationally but at a European level.

New laws aim at cutting down on major accidents

Tough new regulations to prevent major industrial accidents, such as that which occurred at Seveso in Northern Italy in 1976, were agreed by Community Environment Ministers at their recent meeting in Brussels.

Under the new rules, due to come into force within the next 18 months, companies engaged in the production, use or handling of 178 listed dangerous substances will be required to publicise potential hazards to their workers and to people living nearby.

Industries covered include pharmaceuticals and pesticides, oil and gas refineries and plastics. But nuclear power plants and military installations are excluded.

Companies storing or transporting dangerous substances will also be required to meet the new safety code. Firms must notify their activities to the competent authorities and produce a safety report showing that all possible measures have been taken to identify and prevent major accident risks and that staff are trained to cope in the event of disasters.

The European Commission will set up a data bank on major industrial accidents to facilitate exchanges of information and share experience.

The new legislation also requires countries building or operating potentially hazardous plants close to borders to notify neighbouring governments of pollution or health risks.

The Ministers also agreed on maximum permitted levels for discharges of mercury from desalination plants or from factories producing batteries, into water.

Ensuring a happy foreign holiday

In the wake of a particularly bad winter, thoughts are turning to sunnier climes and the prospect of summer holidays. But holidays don't always turn out to be pleasant. In answer to a question from the Scottish Nationalist Euro-MP Winifred Ewing, the European Commission has listed laws which exist in the different Community countries to compensate dissatisfied holiday-makers.

The Commission may have to introduce some common laws on tourism throughout the Community, which will be examined by a group it set up last July to look at the different aspects of tourism and its problems. Meanwhile, there is preventive legislation in force to guarantee the quality, fairness and safety of services provided by travel agents or travel companies in Belgium, France and Italy.

Laws establishing a guarantee fund for holidays exist in Denmark and the United Kingdom, while the

Federal Republic of Germany has more specific provisions on travel agreements. There are also plans in the Netherlands to include a chapter on travel agreements in the New Civil Code.

Death probe

The European Commission is currently carrying out a detailed study of the problems surrounding autopsies within the Community.

This has come to light following reports that failure by some public authorities to perform adequate post-mortems on people who have died in other member states is leading to relatives' insurance claims being reduced and cases of murder sometimes going undetected.

Some jokes are not so funny

There are few things worse than a practical joke that goes badly wrong and ends up harming, instead of amusing, those involved.

Joke shops today sell an increasingly complex variety of pranks from the traditional false beards and 'nail through the finger' to more sophisticated stink bombs and tear gas pellets.

But some of these jokes are now causing alarm not hilarity. Researchers have recently found that some of the chemicals used in the manufacture of sneezing powder, stink bombs and mini tear gas pellets could be extremely dangerous, causing inflammation of the eyes and throat, skin disorders and damage to the respiratory system.

One substance used in the manufacture of sneezing powder is similar in chemical composition to a known cancer-causing agent.

Some suspect substances are already banned in several Community countries and now the European Commission has drawn up a directive aimed at harmonising member states' laws in this field.

Manufacturers would be prevented from using substances that are proved to be hazardous and would be obliged to switch to less toxic products.

That way a joke would remain a joke—for everybody.

Bid to help part-time workers and the elderly

The European Commission has drawn up proposals designed to give part-time workers the same social security and employment rights as full-time workers. At the moment, there are considerable gaps in national legislation which help to discriminate against part-time workers, enabling employers to treat them less favourably than full-timers.

The Commission wants to make sure they are entitled by law to proportional rights as far as pay, holiday money, redundancy and retirement payments are concerned, and that they are given priority in an establishment if they wish to transfer from part-time to full-time work.

Part-time workers would also be entitled to a written agreement with an employer and the principle of equal rights would be applicable.

At the same time, the Commission has put forward a proposal which aims at introducing more freedom of choice for people wishing to retire. After a given age—identical for both men and women—they should, in the Commission's view, be allowed to decide for themselves when to retire.

Member states would be obliged to review their retirement schemes to incorporate the principle of flexible retirement.

EUROFORUM is prepared by the information services of the European Commission in Brussels. Editor: Peter Doyle.

The rising cost of Europe's seven tongues

Asksed what language he spoke, the Emperor Charles V is said to have replied: 'I speak Latin and Italian with the Pope and his ministers, Spanish and German with my officers and soldiers, French with the ladies, my noble friends and diplomats, and I speak Flemish with my most trusted friends, my physician, my father confessor and my secretary'.

Unfortunately, few people are so gifted. As a result, multinational organisations such as the European Community with its seven official languages find themselves having to devote ever-increasing amounts of time, energy and money to their translating and interpreting services.

The European Community, currently working with Danish, Dutch, English, French, German, Greek and Italian, has more official languages than any comparable organisation. Since the accession of Greece last January, translators have had to cope with as many as 42 language pairs, since each of the seven official languages may have to be translated into any of the other six. When Spain and Portugal join the Community, the number of possible language pairs will increase to 72.

The European Commission, the Parliament, the Council and the Court now generate between them well over a million pages of translation each year. Over 40 per cent of the cost of administering the Community is taken up by translating and interpreting and their back-up services.

In 1979 the cost was around £214 million. Estimates for 1982 suggest that language-related costs will be well over the £250 million mark. The difficulties which arise from the Community's multilingualism are not solely financial.

Even if cost could be set aside, there is still the risk of backlog and delay to impair the efficiency of an organisation where such a large proportion of documents have to be translated into all the official languages before they are published. So far, serious delays have been minimised. But as new languages are added, pressure on the translation services is bound to increase.

As the number of language pairs grows, translators and interpreters with the necessary skills are likely to become more difficult to recruit.

There is no shortage of good translators to work with language pairs, such as French and German, or English and Italian. However, when it comes to Danish into Greek, for example, or -later- Portuguese into Dutch or German, then enough qualified translators with the necessary skills are a good deal harder to find.



This year, the Community's language-related costs could reach £250 million. CHRIS CARLING reports on ways in which new translation systems might help

Government departments and other institutions in all member states rely, perhaps more than we realise, on the continuing efficiency of the Community translation services. In the UK the Departments of Trade and Industry, the Foreign Office, the Ministry of Agriculture and many other organisations handle Community papers on topics ranging from anti-dumping applications to sugar and sheepmeat regimes. A great many of these have been through the translation mill.

Within the Community, the European Parliament faces some of its gravest problems arising from working with so many languages. Ben Patterson, Member of the European Parliament for West Kent, describes how agendas are strongly affected by the need for documents to be translated before meetings; committee reports are often delayed; amendments cannot be circulated in time. In his view, language constraints considerably reduce the possibilities for urgent action within the parliament.

It is hardly surprising that, in the face of these problems, the Commission has been considering how modern, computer-based technology might ease some of the burden on the translation services. This has culminated in a proposal for an ambitious £8.5 million research programme aimed at developing a European machine translation system. Budget approval for the project is imminent.

Such a system would in no way displace human translators. If successful, however, it should be able to handle specific types of documents, in particular those where a high standard of translation is not essential.

The resolution approved by the European Parliament on machine translation contains a clause urging 'prompt action following review of the organisation of the translation services within the community institutions, and in particular the early adoption of word processing technologies which are currently available'. As a step in the right direction, tenders are now being sought for a study into ways in which word-processing and other technologies could improve the organisation and working methods of the European Parliament, particularly given the geographical dispersal of its activities.

There is clearly much that can be done today to prevent the Community becoming submerged beneath the weight of its translation needs. Some steps have already been taken. An automatic terminology retrieval system or electronic dictionary - Eurodicautom - has been developed to help translators cope with specialised texts.

Such systems are valuable, though they need to be continuously updated to keep pace with technological advance. Terminology is at the same time being slowly standardised in various fields. More effort could be made to grade texts according to the degree of accuracy and polish required in their translation. Some automation could be introduced into other processes, such as document updating, or the routing and locating of papers within the community's institutions.

As with so many complex problems, there is not one but many solutions. Albert Bachrach, head of the Commission's translators in Luxembourg, has said that if you recognised a country's language then you will perhaps respect that country rather than invade it, but if you impose your language on it, then you invade it without even noticing.

The Community has up to now maintained a high ideal of multilingualism. It remains now for it to take the practical steps necessary to prevent this ideal from becoming an intolerable burden.

□Abridged from 'British Business'.



The air fares wrangle: where do we go from here?

If you want to start a heated argument, try convincing a group of travelling businessmen that European air fares are reasonable. You will get your argument. But you are not likely to win it.

No one, not even the major airlines, can comfortably excuse a situation where it costs as much to take a one-way economy flight from London to Athens as it does to fly return from London to New York. On any commercial basis that looks indefensible.

There is, of course, a counter-argument. You could make the point that the transatlantic air fares war of the past few years has made such comparisons unrealistic. But you cannot get around the comparable point that it is considerably cheaper to fly internally in the United States than it is to travel by air the far

JOHN BRENNAN picks his way through the thicket of conflicting aims and views of governments, agencies and airlines

shorter distances between major cities in the European Community.

So why are European air fares so high?

Lord Bethell, the Euro-MP for London North-West, has no doubts about the reason. He has been asking the European Court of Justice to rule on his argument that existing European air fares are illegal. They are the result, he says, of 'price-fixing and restrictive practices between the airlines that breach the

spirit of the Treaty of Rome.' The hearing comes up in April.

The British Government originally came out in support of Lord Bethell's campaign, even helping him to pay for the costs of the case. The Treasury Solicitor's department put the Government's view quite clearly: 'We have intervened because we believe that the EEC's competition rules should be applied to airlines in respect of the fixing of air tariffs.'

The situation took a typically confusing turn at the end of January, when British Airways appeared to come into conflict with the Government's views. The *London Times* reported that, after first denying that it opposed Lord Bethell, British Airways later admitted that along with other airlines, including British Caledonian, it was asking for the right to intervene in the case.

'We agree with Lord Bethell's aim of cheaper fares; but we disagree with his means,' a spokesman was reported as saying. 'We do not think the competition rules of the Treaty of Rome can be applied to air transport without a common air transport policy by the member states, which does not exist.'

'Without that the competition rules would be inconsistent with existing agreements, and would undermine present coordinated international aviation systems.'

The Department of Trade has said it is up to British Airways what line they take. The line British Airways takes is to support a Brussels initiative calling for 'country of origin' price fixing, whereby, for example, Britain could

'IATA is not so much a cartel as a talking shop'

unilaterally halve fares to Paris after failing to reach agreement with France.

But Lord Bethell is reported to have said there was 'not a cat in hell's chance' that the Council of Ministers would agree to the Commission's proposal.

Meanwhile, travellers who address their complaints to IATA in Geneva would be better advised to lobby their own governments, according to IATA's director-general, Knut Hammarskjöld. The idea that IATA is an airline club packed with executives squeezing the last drops of cash from their stranglehold on the airways is, says Mr Hammarskjöld, a myth. 'IATA does not make the fares or the rules. It is the airlines,' he says.

The Association is not so much a cartel as a talking shop where innumerable technical and operational procedures are hammered out between the airlines. But surely the administrative chief of such an organisation is ideally placed to bang a few corporate heads together and force fares down to commercially realistic levels? You might think so. Mr Hammarskjöld doesn't.

It is partly a problem of history. IATA dates

from 1945 when, in the early days of international cooperation, airline operators and governments decided that they ought to settle down and regulate the worldwide aviation system.

The problem was that no-one could agree about fares.

Safety, airport procedures, call signs, all the day-to-day, practical elements of keeping thousands of aircraft in the air efficiently and with the minimum danger, all those points could happily be dealt with. But the American airlines wanted commercial operations on a free-for-all-basis. The Europeans wanted a bit more regulation.

Assuming that the airline chiefs do not huddle in an airport bar every few months to rig fares, you might think they gang up on their customers under the umbrella authority

'Even among the airlines, pressure to make sense of the fares muddle is being increased'

of the International Air Transport Association, IATA. You wouldn't be alone in thinking that. Countless letters of complaint flow into IATA's Geneva offices from angry European business travellers. But, according to Knut Hammarskjöld, they would do better to lobby their own governments.

In the end, the European governments gave up and told the airlines to get on with their own fare structures. They did, and Lord Bethell's application to the Court of Justice is the result.

Mr Hammarskjöld does not simply pass the buck back to the airlines. He makes the point that European airlines do not operate under the same cost conditions as the Americans. For one thing, European governments are very particular about air routes. You just can't take off, head for your destination and land. You have to follow a rigidly enforced set of air routes that can take you hundreds of miles out of your way.

Aviation fuel prices are also artificially low in the US; European airlines pay roughly half as much again to fill up their aircraft. And, because of individual states' air traffic rules, Mr Hammarskjöld says, airlines cannot use their aircraft in a rational way. 'In the United States, because it is one country, there is one air traffic control system and all that goes with it. There you can use your planes rationally, and keep them flying all the time.'

It is worth noting that, even amongst the airlines, there are calls to cut fares. In fact, apart from legal action in the European Court, the most significant moves towards lower fares have come from the biggest single air carrier - British Airways.

Roy Watts, the airline's deputy chairman and chief executive, has been trying to cut

through the inter-government controls for years to bring down the costs of European flights. You might ask why, if he is so concerned, he has not cut ticket prices unilaterally.

Mr Watts is a businessman himself - he is no philanthropist. But at least he has tried to initiate route-by-route fare cuts. What is more, he has just been appointed chairman of the Association of European Airlines, to which the 20 main European airlines belong. 'We have been pushing for a long time for lower fares in Europe,' he says. 'But national interests are still a powerful force and not all European governments, or airlines, see it our way.'

Mr Watts has been pressing ahead with localised fare cuts, and has talked about skirting the problem of inter-government regulations with ideas like the 'channel-hopper,' a version of cheap standby tickets for London to Paris flights.

More radically, he has become the champion of an inter-European 'shuttle' network. He helped to bring the idea of walk-on and pay-on-board flights from the United States to Britain in the 1960s. They have worked pretty well on internal routes in the UK for twenty years, and he would like to see the idea spread to the most heavily used European destinations - the routes between London, Dublin, Brussels, Amsterdam and Paris.

Ignoring possible customs and immigration problems on non-booked interstate flights, Mr Watts' European 'shuttle' runs smack into the same old problem of airlines' vested interests. To make it work he would like to see a joint 'shuttle' company run by British Airways, Sabena, Air France, the Dutch airline, KLM, and Ireland's Aer Lingus.

Nice idea. But, like lower fares, only a faint hope.

'It seems to me to be sheer nonsense,' says Mr Watts 'that a passenger who wants to travel to, say, Paris from London can go to

Heathrow by Tube in about an hour without any advanced preparations, seat reservations or the like. Yet for the second part of his journey, which will also take him about an hour, he has to go through all the time-honoured ceremonial of the airline business if he wants to be sure of a seat.

'With the volume of traffic on these routes, and the number of services that we and our European partners are already offering, we ought by now to be able to offer a "turn up and take off" service.'

Loud cheers of support from business travellers. Inscrutable silence from the other airlines.

So, even among the airlines, pressure to make sense of the European air fares muddle is being increased. But we have been here before, many times.

Past waves of competitive enthusiasm have broken on the seemingly immovable wall of resistance, built by governments who not only have the power to control the fares, but who also control their national airlines. Their unpublicised argument is that, if they don't squeeze as much cash as possible from travellers, their airlines will have to fall back on heavier state subsidies. So, as long as they feel they need a national flag carrier, they will charge what the market will bear. It is a vicious circle that, just possibly, the European Court will finally break.

However, even Roy Watts throws cold water on the hope that a break-through to open competition will eventually mean US-level air fares in Europe. 'The short-term potential air market in Europe is still much smaller than in the USA,' he explains. We fight for it against highly efficient rail and road competitors. And European costs - for instance aviation fuel and landing fees - are traditionally higher than in America. So we shan't reduce European fares overnight: the reduction, I believe, will be slow and gradual.' He adds, optimistically: 'But I have no doubt at all that it will come.'

More Community cash for public works programmes

The Commission has adopted two decisions concerning supplementary measures in favour of the United Kingdom. They provide for a new financial contribution from the Community to public works programmes in the UK, amounting to around £316 million. This brings the total amount provided for the supplementary measures in favour of the United Kingdom to some £816 million.

This new grant consists of £103 million for a road-building programme throughout the UK and £213 million in extra funds for seven public works programmes for which aid has already been granted. These seven programmes are located in the North of England, the North West of England, the South West of England, Yorkshire and Humberside, Scotland, Wales and Northern Ireland. Further supplementary measures in favour of the United Kingdom are planned in the form of aid for public works financed from the 1981/82 Budget.

The latest decisions include a Community contribution towards the M25 orbital motorway around London, the A45 Ipswich bypass, the M54 from Telford to the M6 and the A40 Gloucester Northern bypass.

Inward investment – a major benefit of being in Europe

In this extract from a paper commissioned by the European League for Economic Co-operation, **KENNETH FLEET** reports on the likely consequences for overseas investors in the UK if a future anti-Market government took Britain out

If any future Government takes the United Kingdom out of the European Community it will be a political act, not an economic judgement – unless a decision that would weaken British industry and wither the seeds of economic growth counts as ‘judgement’.

An academic case against continuing British membership of the Community can be made, and no doubt will be made. The statistics of higher food prices as a result of the Common Agricultural Policy are unambiguous. The benefits of membership for British industry have fallen measurably short of the calculations of the EEC’s most ardent supporters.

But the real debate ought to be ‘Is there an alternative road to a better economic future?’, especially as the Community has already become the principal market for British exports. Would British industry, through enhanced competitive vigour, succeed in selling over some of the highest tariff barriers in the world? Unlikely. Would the Community, after the disruption caused by Britain’s withdrawal, agree to specially low tariffs on British goods or even a ‘free trade area’? Improbable.

Would Britain successfully negotiate bilateral trading agreements with the remaining members? Such agreements are not permitted under the Treaty of Rome. Would new markets be quickly found for displaced exports? If they existed British industry would be selling hard to them already.

The only certain alternative to the British commitment to Western Europe is a siege economy, existing with managed trade, on the Soviet pattern.

What might happen to overseas direct investment in the United Kingdom, in manufacturing industry especially, if the alternative were to become the reality? What, in particular, would be the attitudes of United States multi-national corporations and Japanese companies, if instead of being inside a prosperous, tariff-free market with 300 million people and a third of world trade, the UK, with 56 million, became a market on its own?

Like other economic phenomena, inward foreign investment is a legitimate subject for intellectual examination. The activities of multi-national corporations are not entirely an unmixing blessing. They can give to a country (factories, know-how, employment) and they can take away (excessive profits, destruction of local competitors, factory closures).

The evidence is in favour of maintaining the liberal, non-discriminatory approach of successive British governments to overseas companies wishing to invest in the UK. It is doubtful whether British companies have either the capacity or the will to

‘The US multi-nationals are the main channel through which much-needed high technology is coming to Britain’

invest on the scale or in all the areas, industrial and geographical, that the UK economy manifestly needs. The US multi-nationals are the main channel through which much-needed high technology is coming to Britain. And they are providing new jobs, notably in Scotland, South Wales and the North of England, where structural unemployment is high because traditional, basic industries (steel, coal, shipbuilding, textiles) are running down.

There is an argument that high-technology businesses create relatively few jobs and the application of high technology may destroy many. It is not an argument that carries weight in Development Areas, which are zealous in their wooing of foreign investment. It is also spurious.

Not only does it overlook the spin-off employment among local contractors and supplies, shops and services, but it also ignores the simple truth that other industries in Britain which employ relatively more people need to adopt more high technology if they are to survive.

‘The only certain alternative to the British commitment to Western Europe is a siege economy’

Many US multi-nationals were established in Britain long before the Common Market became a reality. Others have been stimulated into developing their British investment or setting up manufacturing facilities in the UK by Britain’s membership of the EEC. The same influence has begun to work among major Japanese corporations, now increasingly internationally-minded if only for protective reasons. It is a characteristic of both that they think and plan manufacturing in a European context, no matter how important the local UK market for their product might be. The UK appeals as a platform for launching their products into the entire European market.

No matter how generous government financial inducements to invest in Britain might be, for many they would not outweigh the calculations of the limited size of the UK market coupled with a tariff for selling into the European Community. While concern that the UK might be withdrawn from the EEC is not the main reason why Nissan has delayed a decision to make Datsun vehicles in Britain (with the possibility of 5,000 jobs), Labour’s threat to withdraw is obviously in the Japanese mind.

The practical reaction of foreign companies already in Britain to withdrawal cannot be gauged precisely in advance, and it would vary. The question at this stage is hypothetical. But an intelligent guess can be made from the opinions reported opposite.

For those who have not yet come and are offered one green field site inside the EEC and one outside, the choice would be clear. It would not be Britain.

'We have a big plant. But if the UK decided to come out it would undoubtedly be looked on unfavourably. This plant would not have the backing of future investment.'

David Jones, Takiron (UK), Bedwas, Wales

'We shall have the biggest Japanese investment in Europe... If we were to come out of the Common Market there would have to be some re-thinking of the overall future.'

James Morrison, NEC Electronics, Livingstone, Scotland

'I hope this country will never be out of the EEC. It would mean an increase in our price and we would have to struggle to survive.'

Shunji Matsuoka, National Panasonic, Pentwyn, Wales

'If the UK were to pull out of the Common Market, it would literally mean we would close this factory down and transfer the facilities to a country which was within the EEC, very probably Ireland.'

Ceri Evans, Lamplight Farms (a subsidiary of Lamplight Farms, Milwaukee), Llantrisant, Wales

'We are just finishing a part of a new building to the tune of several million dollars. I doubt there would be another penny put into that place if you got out of the Common Market.'

Peter Polgar, General Instrument Microelectronics, Glenrothes, Scotland

IF BRITAIN QUIT: WHAT MANAGERS OF OVERSEAS SUBSIDIARIES HAVE TO SAY . . .



'Those nice Sony people', as comedian John Cleese calls them in the TV commercial, are among the Japanese firms who have set up in South Wales.

'We are set up here to supply Europe. There would be considerable pressure from the European countries to have their own plants if we left the EEC.'

Denis Mahony, Control Data Ltd (a subsidiary of Control Data Corporation, Minneapolis), Brynmawr, Wales

'If we left the EEC the job opportunities in this organisation would be that much fewer, and it would harm our ability to attract the right people... The UK alone is too small to operate in most 20th-century technology businesses.'

David Reed, Hewlett-Packard, Bristol

'If Britain abandoned the EEC and tariff barriers were raised against us, interaction would become a real problem. At the moment, things can go backwards and forwards across national barriers without any trouble.'

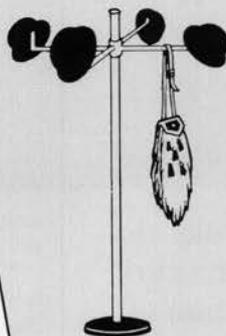
Michael Reakes, Honeywell Information Systems, Newhouse, Scotland

'If I were the Japanese managing director looking at inward investment and Britain was coming out of the Common Market, I might well think that was a disadvantage. The other European factories might appear more attractive for further development. The EEC less the UK is a much bigger potential market than the UK alone.'

William Fulton, Sony (UK), Bridgend, Wales

**SCOTLAND
IN EUROPE**

THE EUROPEAN
COMMUNITY:
WHY IT BEGAN
WHY WE JOINED
WHY SCOTLAND MUST REMAIN IN IT



Why Scotland is unique in the European Community

'Much of Britain's own oil needs are now being supplied from the North Sea, and the Community is buying our oil. Scotland is unique in the Community in having every single energy source, old and new, within its boundaries... As a headquarters for any potential Community energy agency, Scotland would be hard to beat.'

So says 'Scotland in Europe', a lively and authoritative pamphlet published by the European Communities Commission in Edinburgh. It spells out, in clear terms, the background to why Britain is in Europe, how funds are allocated, and misconceptions about how the Community works.

□ 'Scotland in Europe' is available from the Commission of the European Communities, 7 Alva Street, Edinburgh EH2 4PH.

Germany in search of a national identity



For Germans in the Federal Republic, the success of their society since 1945 has not been accompanied by any clear notion of who they really are, writes WOLFGANG J. MOMMSEN

In the August 1981 issue of *EG-Magazin* – a sister journal to *EUROPE 82*, published in Bonn – a contributor posed the question whether a resurgence of German national consciousness would not be in the interest of other European countries than Federal Germany alone, particularly those in the Community. He also asked if, after the end of the war, the German people might have held more resolutely to the democratic elements of their political and intellectual traditions, thereby quickly establishing a national identity with roots firmly in German history.

On the face of it, these two propositions seem reasonable enough. But they also reflect the somewhat feverish quest in recent years for a new identity, and the misconception that such things can be achieved at the drop of a hat by political measures. If we Germans can draw any conclusion from history, it is that national consciousness in large

groups of people cannot be generated at will, but is the outcome of prolonged and complex processes.

What strikes the foreigner about the Federal Republic of Germany is that its social and political system is based on a remarkably broad consensus, but that it is also felt, by the great majority of the population, to be extremely fragile, in constant danger, to be defended by every possible means – even if those means may not be consistent with the liberal nature of democracy.

It may be, as one commentator has remarked, that the paradox of the Federal Republic is that such an essentially liberal society should lack the liberal spirit – meaning a degree of self-confidence that allows it to tolerate fringe groups which question the system itself.

It is, indeed, characteristic of the Federal Republic that the broad consensus, concentration in the political Centre, and fear of extremes – both Right and Left – has in many respects developed differently from what might be conventionally regarded as the ‘national consciousness’. Faith in the unity of the German nation – which has even been incorporated in German constitutional law – is then an unconscious extension of age-old German political attitudes, deriving from the creation by Bismarck of a nation state in 1871 by a revolution imposed from above.

Other than this, Germans have preferred not to spend too much time contemplating their past. Instead – and especially in the 1950s

and 1960s – they have tried to dodge the issue of their own national identity, turning their backs in horror on their nightmarish past and looking to the European idea as a substitute for what they have lost. Karl Jaspers did not mince his words when he said in 1960 that ‘the history of the German state is at an end. What we as a nation can best do for ourselves, and the world, is understand the international situation today – that the idea of a nation state is now the bane of Europe, and of all other continents. The nation state is the predominant destructive force in the world. But, having seen through it, we can set about eradicating it.’

‘Germans have looked to the European idea as a substitute for what they have lost’

The idea of replacing nationalism by Europeanism, which gained ground among influential circles in Germany in the 1950s and 1960s, proved to be wishful thinking. Nationalism was reviving everywhere, both inside and outside Europe. So now we have to ask ourselves whether Germany’s European policy, under the influence of these ideas, was guided by Utopian illusions – what was desirable rather than what was attainable – and whether structural defects were allowed to develop in the Community edifice which could have been avoided, given a cooler appraisal of national interests.

It would do the Community no harm if the Germans were a little more down to earth on Europe and more open in recognising specifically German interests. As things stand, it would be good for the Community if Germany based its future policy on a mature and

The bright lights of a prosperous society illuminate West Berlin. Over the Wall (left), the conspicuous contrast has ‘largely discredited all forms of socialist policy’.



stable national consciousness, rather than oscillating from one extreme to another. It would then be easier to achieve compromises with other member states, rather than invoking the lofty principles of the Rome Treaties.

It is easy enough to suggest that the Germans should become aware of their national identity in terms which recognise their own worth, and thus promote political compromise. But it is difficult to show them the way. In the past two decades West German citizens’ acceptance of the legitimacy of their state has largely been determined by political factors which have little to do with national tradition, such as the extraordinary success of the free market economy with only a modicum of state intervention, and by unbending opposition to the Communist systems operating in East Germany and elsewhere. Communism’s conspicuous failure to create prosperity has, at the same time, largely discredited all forms of socialist policy, from the mildly left-wing to the ultra-left.

These factors are still of some significance; but they have receded into the background to a large extent. East Germany is of less immediate importance to the Federal Republic because of its increasing estrangement. The era of almost continuous economic growth, which has enabled disputes over the shareout of the economic cake to be settled to the satisfaction of all social groups, seems now to be behind us. The great reconstruction of the West German economy and society, the emotionally-charged rediscovery of prosperity in freedom, is complete.

The aim used to be to get ahead under one’s own steam in a dynamic meritocracy. Now, it is to sit tight on one’s possessions,

‘Hopes for a social technology of the future have proved baseless’

come what may. At the same time, the affluent society has allowed pockets of an alternative culture to grow up on its fringes, rejecting out of hand the predominantly materialistic ideals of the older generation – even if these fringe groups do live off them like parasites.

It is hardly surprising, in these circumstances, that people are calling for a change of course. As time goes by, hopes for a social technology of the future, renouncing history, have proved baseless. The looked-for reorientation has taken the form of a nostalgic – and sometimes unashamedly conservative – return to historical traditions.

And, despite all the historical research, it is clear that, deep down, relatively traditionalist aspects of the historical consciousness have been lying dormant. Recalling them – for example, by evoking Prussianism or the statesmanlike wisdom of a Bismarck – is sure to meet with public approval.

Any attempt to pick and choose between historical traditions is fraught with danger. Just as, in the early 1950s, it was impossible to regard oneself as an heir to the (comparatively feeble) democratic traditions of our nation, so now it will be all but impossible to lay the foundations of a new, conservative-tinged national consciousness by a one-sided revival of ‘positive elements’ of the Prusso-German past. The Germans will have to realise that their history alone cannot be the key to solving their identity crisis. It can only show them the way a new understanding of their role in the modern world.

All the signs are that the ‘German question’ has reverted to its normal situation – that of one German nation split up into several German states. Viewed in a longer-term perspective, the phase of the single, consolidated nation state, from 1871 to 1933, was only an episode in a long history. On the other hand, in the present system – in many respects comparable with that of the German confederation of 1815 – the Federal Republic has been given the leading part on the political, cultural and intellectual stage. Its task for the future will be to play this part wisely and with judgement.

□ Professor Mommsen is Director of the German Historical Institute, London, and Professor of Modern History at the University of Düsseldorf.

'The Community could not survive destruction of the single market'

The Community is in danger. That is the message delivered by Commission President Gaston Thorn last month to the European Parliament. In presenting the Commission's programme for 1982, Mr Thorn declared that, within the Community, the pressures of the economic situation are 'rousing the old demon of protectionism – the illusion that salvation lies in going it alone.'

He added: 'Outside, the Community is having to contend with the aggressive behaviour of its trading partners, just when it should be working for the survival of its traditional industries and promoting the rise of those which hold the key to industrial development in the future.'

Mr Thorn said that the economic situation within the Community was 'disturbing', and in some respect worse than twelve months ago. Employment had reached unprecedented proportions, with over ten and a quarter million people in the Community looking for work – an increase of 28 per cent in one year. He continued:

'We cannot afford to sit back and wait for growth to return of its own accord'

'The Community could not survive the destruction of the single market. If it were to founder, the Community's policies – the common commercial policy, for instance – would lose their *raison d'être*. Even the common agricultural policy, founded on the twin pillars of free internal trade and Community preference, would not last long. Recent events illustrate this all too clearly.'

'Our relations with the United States and Japan are getting more and more strained as the crisis bites deeper. A major dispute is building up over the trade balance.'

On the CAP crisis Mr Thorn stressed that the process of modernisation, on which competitiveness depends, must be pursued. 'But it has to be reconciled with the need to avoid a massive flight from the land, which would be quite unacceptable in the present situation.'

'The Parliament and the Commission,' said Mr Thorn, 'are faced with a new imperative – to put a convincing Community project to the people.' He continued: 'The time has come to take a critical look at our economic policies. I am not suggesting that we should abandon our

GASTON THORN, in a hard-hitting speech, spells out the dangers that threaten the European Community and what it stands for

policies of restraint and control, particularly on money supply, public finance and incomes. But we must also try to create a more favourable environment for employment and investment. We cannot afford to sit back and wait for growth to return of its own accord.'

Mr Thorn added that he was 'duty bound' to make employment the focal point of the Commission's concern, rather than leave our young people a legacy of submission and humiliation. 'The crisis will not go away unless we have a strategy to drive it away. And the heart of this strategy must be top priority for investment.'

Internally, the Community would need to take action to improve the coherence of the system, financially and economically. Externally, the need was for effective monetary cooperation, in the first instance with the United States. 'This restatement of European monetary identity has a double, symbolic value, since it affects both mutual solidarity and discipline.'

Mr Thorn welcomed the market liberalisation measures recently announced by the Japanese Government, but said a new initiative was called for within GATT. On the situation in Poland he said the Commission deplored 'the brutal stifling of the hopes of the Polish people,' adding: 'The Community must support any moves to end the present oppression.'

But the Commission's main concern, he said, was the deterioration of relations with the United States. And he delivered this warning:

'Europe and the US are beginning to doubt and hence distrust each other'

'Our differences could escalate into something much more serious than the present trade dispute, which has been exacerbated by the economic crisis and by domestic problems. We get the impression that Europe and the United States are beginning to doubt and hence distrust each other.'

'This does not preclude keen competition between Europe and America, and economic competition can still, at times, degenerate into conflict. The strategy worked out with the United States is quite clear: preservation of an open trading system and strict compliance with the GATT rules. We will not waver in our determination to ensure that the rules of the game are applied without distinction by one and all.'

'But our differences with the United States are more than purely commercial. Of particular concern to me are our divergent views on North-South relations and on the form and substance of future dialogue.'

'American economic and monetary policy and its corollaries – a budget in deficit and high interest rates – are imposing enormous burdens on the entire Western economy. The countries of the Atlantic Alliance have now reached such a degree of interdependence that the development of trade within the Alliance is not feasible without closer coordination of economic policy.'

Mr Thorn's address ended with a reaffirmation of the Commission's 'special mission' – to convince member states and the general public that there is no alternative to the Community – 'it is the only effective remedy for the ills that plague us.'

Applications invited for EEC research grants

In order to encourage university research in the field of European integration, the European Commission is awarding 20 research grants, of a maximum of £2,600 each, of which three will be reserved for historical projects.

The awards will be given to young university teachers at the start of their careers who, individually or as a team, are doing research work in this area. The first half of each grant will be paid at the beginning of the project, and the second on receipt of the finished text, which must be in one of the seven Community languages.

Applications must be submitted by 31 March 1982, and the awards will be made by 15 July. Further details, and application forms, are available from the London office of the European Communities Commission.

Some like it hot

The sounds which bounced around a room at London's Kennedy Hotel in December were superb. So they should have been: they were produced by the cream of Europe's young jazz musicians. Watching them rehearse, and helping them with their big band sounds, were some of Britain's leading jazz composers, who had written pieces specially for the European Youth Jazz Orchestra's public performances.

Finance for the orchestra came from the Government's new European Awareness Programme. The idea for EuroJazz came from James Platt, director of the Central Bureau for Educational Visits and Exchanges, which was given the responsibility of arranging the event.

A musician himself (he used to play tenor sax in a band), James Platt spoke with enthu-

Big band sounds from the newly-formed European Jazz Orchestra are being compared with Woody Herman, Stan Kenton and Count Basie. We were there for their London début

siasm as he listened to the orchestra being put through its paces by instructor and composer Bobby Lamb. 'We've got the best youth jazz orchestra in the world,' was his enthusiastic verdict.

Bobby Lamb agreed after hearing them

Average age of the jazz men: just 19.

perform on their first public appearance at the mecca of jazz, Ronnie Scott's Club, on 20 December. He said: 'When this band takes off – as it has done several times today – it's a match for any I know, be it Kenton, Herman, Buddy Rich or even Basie.'

Four European countries responded to invitations from the Foreign Office to send their top young jazz musicians to London, and British jazz enthusiasts were able to involve other nations through personal contacts. The result was a 50-strong orchestra from nine of the ten Community countries (only Luxembourg failed to contribute, through lack of time).

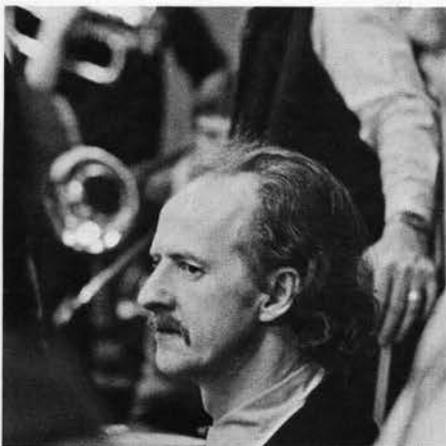
Under the direction of Tony Male, deputy director of the Bureau and chairman of the British Association for Jazz Education, the young musicians combined in small group sessions as well as playing together as a big



BOOKSHELF



Bobby Lamb, former lead trombone, and Euro-jazz project administrator Christopher Powls (below) supervise the orchestra's London concerts.



band. The well-insulated walls of their London hotel made it possible for them to rehearse into the early hours.

Youngest player was 15-year old Mike Smith on drums. The average age of the musicians, who included two girls, was 19. With the exception of the two Italian members of the orchestra, every participant spoke En-

A 50-strong orchestra from nine of the ten Community countries

glish. But, as the organisers pointed out, music – and jazz is no exception – is an international language.

The European Community already has a well-financed youth symphony orchestra, for which Edward Heath is a guest conductor. James Platt hopes the youth jazz orchestra will receive similar recognition.

Many of the young musicians who came to London in December, as well as some of the British contingent, are already world-class. Most play, or have played, in symphony orchestras, and several have been members of major professional orchestras. But their 'feel'

Gone Tomorrow. By Joseph Hone. Secker & Warburg, £6.95

Latest collection of broadcast talks by a former BBC man and UN information officer in New York, several of them with a European flavour – Brussels, Munich, Budapest, Barcelona, Finland and Poland.

Independent Social Movements in Poland. By Peter Raina. London School of Economics/Orbis Books, £15.00

As the author sees it, the mass movement towards a liberalised régime in Poland grew out of a number of smaller movements, which he identifies through documents, many of a subterranean nature, not easily accessible outside Poland. They make poignant reading, given the turn of events since his book was finished.

EEC and the Third World: a Survey. Edited by Christopher Stevens. Hodder & Stoughton, £5.00 (paperback)

A guide to the agencies, policies and finance involved in Europe's approach to the North-South problem, notably through the Lomé Convention, by ten specialists in their respective fields.

The Common Agricultural Policy. By Jan Pearce. Chatham House Paper 13. Routledge & Kegan Paul, £3.95 (paperback)

Most readers are likely to turn straight to the author's last chapter, Prospects for Reforming the CAP. She recognises that the problem is political as well as merely economic, and adds: 'The economic implications of a political decision should be taken into account, however, if only because they are likely to have political repercussions. Were this done more systematically, the CAP could come nearer to achieving the five objectives of the Treaty of Rome.'

for jazz and ability to improvise give them, in the view of many experts, a musical edge over purely classical performers – as they demonstrated at their public concerts at the Round House and London University's Logan Hall.

Graham Collier, leading British jazz composer who wrote a piece specially for the orchestra, points out that Europe is an important market for musicians. He spends much of his time on the Continent, playing and working with orchestras in Denmark and Sweden. He has also taught in Oslo and Helsinki, and took his own band to Cologne in January.

Bill Ashton, another of the tutor/compos-

British Dogmatism and French Pragmatism: central and local policymaking in the Welfare State. By Douglas E. Ashforth. George Allen & Unwin, £27.50

This is a study, by an American academic, of how national political and administrative constraints affect the formulation and implementation of local government reform. The author writes in his Preface: 'The image of local politics in the liberal state, so persuasively advanced by Tocqueville, seems to have disappeared, but we do not know what will take its place. Representative democracy needs local participation and the welfare state requires local decisions. How these last two needs will be reconciled is one of the most pressing issues confronting democratic political systems.' The book proceeds to examine the divergent courses taken in Britain and France, with a suggestion that British local councils have allowed themselves to come off second best in their tussles with partisan or doctrinaire governments.

EEC Law. Second edition. By Anthony Parry and James Dinnage. Sweet & Maxwell, £16.00 (paperback).

A substantially updated edition of a work that first appeared in 1972, on the UK accession to the Community. It now surveys the subject as it stands on the accession of Greece.

Building Europe: Britain's partners in the EEC. Edited by Carol and Kenneth Twitchett. Europa Publications, £16.00

The editors have set out to produce a textbook that encapsulates in one volume the aims and aspirations of each member state relating to the European Community: their attitudes towards the EEC, the motives which prompted them to join in the first place and the extent to which they see membership as furthering their national interests.

ers and founder-director of the National Youth Jazz Orchestra, pays tribute to the understanding which had been reached very quickly by the musicians. He hopes it will be funded by other governments and will spread throughout Europe.

There is enough money to finance another two jazz events on the same scale, either annually or on a six-months basis. The organisers hope that, with professional sponsorship and the involvement of other European governments, the sounds of the young jazz musicians will eventually be heard at gigs throughout Europe.

Questions in the House — and the answers

**EUROPEAN
PARLIAMENT**

A group of written questions submitted to the European Parliament in January by Lord O'Hagan, MEP for Devon, concerning the Labour Party's plans to take the United Kingdom out of the Community, have been answered by the Commissioners concerned, and by the Commission President

Question: The Labour Party's national executive committee document asserts 'We do not accept that we will be in breach of international law by seeking to withdraw from the EEC having given due notice.' Does the Commission accept this to be a true statement of the position?

Answer (by President Thorn): The Commission does not share the views expressed in the statement referred to by the Honourable Member.

Question: The British Labour Party's NEC has stated: 'There is no evidence that our withdrawal from the EEC would have any adverse effects on our industry. Indeed, taking into account the huge trade deficits in manufactures which have opened up with the EEC, there is a good deal of evidence to the contrary. Our ability to produce joint industrial projects, such as the European Airbus would not be impaired.' Since seven out of ten major British export markets are now member states of the Community, does the Commission believe this to be true?

Answer (by Vice-President Etienne Davignon): From the outset the Commission wants to state that it does not envisage UK withdrawal from the Community, an event which would be highly detrimental to the whole of the western world.

Developing intra-Community trade is a central feature of an integrated common market, and the facts concerning trade between member states can therefore provide useful information. But the Commission does not believe that a negative or positive balance in particular months or years, or in particular products or sectors, should be regarded as of primary importance in assessing the effects of membership (or of possible withdrawal) on any given member state. Other factors such as competitiveness, internal demand, and economic policy are also important.

From the statistical data available, the following can be said: There has for some time been a steady shift of British trade towards other member states of the EEC. UK visible exports to the EC were 19.8 per cent in 1958, 32.3 per cent in 1973, and 42.3 per cent in

1980. Imports have followed a similar pattern.

All Community countries except Greece were among the 12 most important UK export markets in 1980, with the Federal Republic replacing the USA as the most important single export market.

For the first time the UK had a trade surplus with other Community member states in 1980. Fuel exports, especially oil, were an important factor in this improved performance.

Britain in 1980 had a deficit with other Community countries on trade in manufactured goods. But in terms of the export/import ratio (an indicator not subject to the same inflationary distortions as cash value figures) this deficit was no larger than in 1973, in marked contrast with the significant deterioration in the UK manufactures export/import ratio with major markets elsewhere.

The facts suggest that those who regard UK trade performance as unsatisfactory, whether in overall terms or in manufactures, are wrong to blame the Community. If British industry had also had to surmount the common external tariff and other obstacles to trade with the Community since 1973 its performance could have been significantly worse.

Any country withdrawing from the Community would face leaving a relatively dynamic and preferential market, and the prospects of having to restructure its trade pattern. Such a fundamental adjustment would be all the more painful as the world economy, and world trade, are expected to show relatively modest growth in the years ahead.

The Commission recognises that industrial co-operation projects such as Airbus do not necessarily involve all member states, nor are they necessarily restricted to enterprises operating within the Community.

However, Community policies for the internal market, innovation, research and development, and for the development of industry, are far-reaching and steadily being improved. In this context there is no doubt that companies operating within the Community will be in a preferential position to participate in cooperative industrial ventures in the future.

The Commission therefore feels that with-

drawal from the Community would make it more difficult for UK industry to participate in such projects.

Question: The Commission may not have been surprised to read in the NEC document, the following description of the consequences of membership: 'The imposition of EEC taxes which force up the price of our food and effectively denies us access to food from the cheapest and most efficient sources and the acceptance of an agricultural regime which distorts the regional pattern of production and creates expensive and wasteful food surpluses...'

Is this an accurate description of the effects of the Common Agricultural Policy?

Answer (by Commissioner Poul Dalsager): The Commission is of the opinion that the statement to which the Honourable Member refers does not accurately describe the effects of the Common Agricultural Policy. In general terms, it pays insufficient attention to the fact that this policy cannot be looked at in isolation.

'The Community is the largest importer of agricultural products in the world'

During the past year, the Commission has published three major reports concerning agriculture, which have endeavoured to place the problem in this broader framework. The latest of these reports contains detailed analyses of the agricultural situation in the Community ('Guidelines for European Agriculture', published on 23 October 1981).

In particular, the Commission would refer the Honourable Parliamentarian to paragraphs 21-23 of this document. It would be highly unlikely that European consumers could be supplied for long at low and stable world prices if Community supply depended to a greater extent on imports. World market prices are notoriously volatile because the quantities involved in international trade are often marginal in relation to total production, and may reflect short-term fluctuations in production or speculative action. Cheap food can therefore only be defined as regularly available at present in limited quantities and in few circumstances.

In spite of such uncertainties, the Community is the largest importer of agricultural products in the world, importing goods in 1980 of a total value of around 40 billion dollars.

letters

From the Baroness Ewart-Biggs

I am writing as a very contented reader of your magazine to congratulate you on the constantly high standard in both presentation and content of the magazine.

The need for such a publication appears to me to be considerable as, in my view, neither Government nor Press here have ever presented the facts of European membership to the public, facts which are affecting their lives to a greater and greater degree.

I only hope the magazine finds its way to those who still find it hard to accept the reality of Britain's membership of the European Community.

Jane Ewart-Biggs
House of Lords, Westminster

Atomised

'Nuclear farmer's share increases' says Euroforum (January/February, page v). I should like to meet him - I haven't come across a nuclear farmer before.

Reg Dorland
Shortlands, Kent

□ We apologise for a mutation in the headline: 'farmer' started out as 'power'.

Lead in petrol

You were right to draw attention to the ambiguity of the EEC position on leaded petrol. Government ministers have found difficulty in interpreting this directive.

Free information on the lead problem is available from CALIP, 68 Dora Road, London SW19 on receipt of a stamped, self-addressed envelope.

Jill Runnette,
The Conservation Society,
Wimbledon, SW19

Kill that kilometer!

I was surprised to find in a publication on Europe the American spelling 'kilometer' ('Europe on the Trot', December issue).

A kilometre is one thousand metres, and the word cannot possibly therefore be properly rendered other than kilo-metre.

However, the US bastardised version has been creeping in, and it is evident that eternal vigilance is going to be essential to ensure that, if we are eventually to lose our English mile, at least we get it replaced with the genuine European model.

Derek Bradley
Editor, 'Education & Training',
Strand, London WC2

Man overboard

I enjoyed the article 'How Europe Stands up for Women' in the issue of December 1981.

I feel one of the major instruments of oppression of women is language. You yourselves should carefully consider the implications of your own use of the English language.

Below are examples taken from issue 12 of how English systematically *excludes* women: 'man in the street'; 'citizen . . . him'; 'businessmen'; 'concentrations of men and industry generate pollution'; 'polluter . . . he'; 'Rich Men's Club'.

Jim Johnston
Creekside, London SE8

Debating point

Commissioner Andriesson ('Opinion', Euroforum) says he is glad that the debate on European union has 'got off the ground again'.

Not in the UK it hasn't. We, who stand to lose most by way of our constitution, are being kept in the dark. There is no debate - not in the press, not on the TV channels - and there can be no doubt that this is deliberate.

European union is the sticking point even for those of us who are favourably inclined towards the EEC. But this is no excuse for presenting the nation with a *fait accompli*.

You are in a position of great influence. When is the debate going to be heard by the public?

Margaret Edwards
Salisbury, Wiltshire

The EEC is having a quite unexpected comeback in popularity in Britain. The latest Mori poll found that opinion was almost evenly balanced between those who wanted Britain to stay in the EEC (49%) and those who wanted it to leave (51%). Just 18 months before, 71% of Britons wanted to leave the Common Market. There is no obvious reason for the swing back to the EEC, but it might be due to:

(1) Mrs Thatcher's success in cutting Britain's payments to the EEC budget and the toning down of her EEC-bashing.

(2) The rise of the Social Democratic Party, which is strongly pro-European.

(3) The identification of the Labour Party, which is the leading champion of British withdrawal, with extreme left-wing policies (although the latest poll shows that even Labour supporters have become more pro-European in recent months).

(4) Worries about President Reagan's America.

(5) A more favourable press. There have been fewer stories about bungling Eurocrats in recent months. Britain's stint as EEC president may have helped, too.

- Economist

Because Britain has received significantly more than estimated from the Community under the terms of the temporary 1980 agreement to reduce its contributions, Mr Thorn suggests that contributions in future should be based on the actual figures at the end of each year rather than on predictions.

This runs counter to the British

view that the budget problem should not be under constant negotiation, but should be resolved by producing a permanent mechanism. Although Mrs Margaret Thatcher argued at the London European summit for a seven-year deal, the British Governments view is that any deal should automatically be renewable, provided the budget mechanism is fairly worked out now.

- The Times

In the past few years, several aggrieved Britons have gone to the European Court of Justice in Luxemburg with the backing of the EEC to seek justice they believed was denied them in their homeland.

And it has paid off.

- Daily Express

A call to return the Elgin Marbles to Greece from their present home in the British Museum was rejected by the Government in the Lords yesterday.

The restoration to Athens of the celebrated Parthenon sculptures is being demanded by the actress, Melina Mercouri who is now the Greek Cultural Minister.

But Lord Avon said that the Government had no plans to return the marbles. The ownership was vested in the trustees of the British Museum, and the arts Minister saw no reason to change the law.

- Guardian

Taking Britain out of the Common Market may be a popular election slogan but it is poor economic policy and some union leaders are getting worried about it.

The TUC and the Labour Party are overwhelmingly committed to

withdrawal. Their members who disagree with them have almost given up the fight.

But now a policy paper by the staff of the TUC has warned of the damage that pulling out could do.

Food prices may turn out to be higher outside Europe than inside, it says, because cheap food is no longer offered by the Commonwealth.

Though imports from Europe have risen substantially, so have our exports to it. If leaving Europe means new trade barriers there will be fewer exports and fewer jobs.

Of course, the TUC staff is right. Leaving the Market could be a dreadful mistake. But we won't be able to go back if it is.

After the hostility we have shown to the EEC, most of our partners would be relieved to see the back of us.

- Daily Mirror

The Government should decide to take Britain into full membership of the European Monetary System. A united European currency bloc has more hope of persuading the American government to pay attention to the external effects of its monetary policy.

- Sunday Times

WHAT'S IN THE PAPERS