European Community

Nos. 8/9 August/September 1980

Contents

European Community is published on behalf of the Commission of the European Communities.

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Printed by Edwin Snell printers, Yeovil England

European Community also appears in the following editions:
European Community, 2100 M Street, NW, Suite 707, Washington DC 20037, USA
Tel. 202 8629500
30 Jours d'Europe, 61 rue des Belles Feuilles, 75782 Paris Cedex 16, France. Tel. 501 58 85
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The Community in October

October 7	Foreign Affairs Council
October 20	Finance Council
October 20-21	Agriculture Council
October 27	Fiscal Council
October 13-17	European Parliament Strasbourg
October 27-30	European Parliament (Budget) Luxembourg

New Commission President

M. Gaston Thorn of Luxembourg will head the Commission next year

EEC member Governments have unanimously agreed that M. Gaston Thorn should take over from Mr Roy Jenkins as Commission President when the new Commission takes office next January. Gaston Thorn has a distinguished European record and is at present Luxembourg Foreign Minister — and by that token, President of the Council of Ministers till the end of the year. Here, Ben Patterson, Member of the European Parliament for Kent West (European Democrat), gives a parliamentarian's view of the new President and his prospects.

In December 1972 — along with what appeared to be thousands of other aspiring British Eurocrats — I spent a freezing week at the now burnt-out Alexandra Palace doing a Commission entrance examination. One of the questions, I remember, ran something like this:

'Write a letter to the incoming President of the European Community Commission, giving suggestions.'

At the time, I was bursting with ambitious ideas, most of which I put down in the hope that they might even reach M. Ortoli himself. If so, they weren't taken up. But I did pass the exam.

Now I find myself, a Member of the new, elected European Parliament, in a somewhat similar position. I confess that I am perhaps more cynical than eight years ago — well, anyway, a little less sure of a Commission President's power to revolutionise the world. But I suppose my proposals are more likely to reach the incoming President, Gaston Thorn, than in 1972.

I have to say, then — despite lowered expectations in general — that my expectations are quite high as far as M. Thorn personally is concerned.

To begin with, there can be few men around with his experience in European politics, either in range or in time-scale. When he was last President of the Council, in 1976, the February 'European Parliament Report' remarked that his 'stature politically far outstrips his country physically'. Since then, in the last year and a half alone, he has been elected to the European Parliament, re-joined the Government of his country, and now fills the unique double role of President of the Council and President-elect of the Commission. No wonder those who are most sensitive about national sovereignty were unhappy about his selection!

Interestingly, he also last year came within a whisker of becoming President of the European Parliament as well. In view of the awful problems faced by the Parliament presidency since then, he may well be counting it a lucky escape; but, at all events, he has not been absent from Parliament's front benches for long.

It is also perhaps worth remarking that Gaston Thorn's unique experience in European politics can in some measure be attributed to the unique position of his native country, Luxembourg. There was a revealing exchange during the European Parliament's debate of 8 July on the programme of the incoming Council Presidency, when former Commission

President Jean Rey suggested that the time had come for the Council to be composed primarily of the member states' Economics rather than Foreign Ministers.

M. Thorn was against that; 'but not for personal reasons, as I happen to have both portfolios.' In what other Community country would that be possible? Perhaps more important, from what other country would it have been possible for a single man — Gaston Thorn — to have assumed the Presidency of the Council no less than four times?

Finally, as far as M. Thorn's qualifications for the job are concerned, the European Parliament has particular reasons to be enthusiastic.

It was, after all, under his last presidency that the Council finally came to a conclusion on direct elections — a matter which could quite easily have dragged on for years. Perhaps even more significant was the constitutional advance made by Parliament when M. Thorn, at Council Question Time, agreed to answer on matters of foreign policy. Since then, questions to the Conference of Foreign Ministers — a body *not* covered by the Community Treaties — on European Political Cooperation have been a regular part of Parliament's agenda.

Court intrigues

Nevertheless, the very suitability of M. Thorn obscures some real dissatisfaction with the method of his selection. As reported, it reminded one of nothing so much as the squabbles and intrigues of an 18th century court; and, as in the 18th century, the elected representatives of the people are decreasingly inclined to accept without a murmur whatever First Minister the Monarch happens to fancy.

During the next stage, too — the appointment of M. Thorn's colleagues — Parliament is likely to be restive. In this case it will be inclined to back the right of the President-elect himself to have a major say in who his colleagues are to be.

The provisions of the Treaties in this field are not helpful.

First, there is the matter of the number of Commissioners. At one time, before the merger of the ECSC, EEC and Euratom institutions, there were twenty-four. This was reduced to fourteen in 1967 and then to nine in 1970. The enlargement of the Community in 1973 took the figure up to thirteen, and next year (with Greece) we shall be back to fourteen.

Why these particular numbers? Article

Roy Jenkins (left), President of the EEC Commission for the last four years, greets his successor, Gaston Thorn, who will take over in January.

10 of the Merger Treaty is, in most respects, explicit in distinguishing Commissioners from national governments. Commissioners are to 'be chosen on the grounds of their general competence'; their independence is to be 'beyond doubt'.

Yet never has there been even the glimmer of an intention to select for competence and independence *irrespective of nationality*. By a general agreement *not* in the Treaties, the 'big' countries have been allocated two Commissioners, the 'small' countries one. And this, in turn, has meant that the size of the Commission has been determined, not on criteria of administrative efficiency, but by the results of the national quotas.

Most recently, the Three Wise Men recommended the modest reform of cutting every country down to one Commissioner each. This has not happened, despite the fact that the Council is able to alter the size of the Commission, providing it acts unanimously.

When it comes to the actual selection of Commissioners, not even the Council is trusted. The phrase in the Merger Treaty is the 'common accord of the Governments of the member states' — which means, 'if you don't tread on my corns, I won't tread on yours'. Considering that the Commission is intended to be a collegiate body, pursuing a common policy and holding to the traditional principles of collective responsibility, it is difficult to envisage a more unsuitable system of appointment.

Parliament's 'nuclear weapon'

M. Thorn may perhaps have more success in influencing the choice of his colleagues than did his predecessor Roy Jenkins. As a former Member of the European Parliament himself, he is certainly aware that he has at his disposal one constitutional weapon.

This is Parliament's power under Article 144 of the EEC Treaty to dismiss the Commission by a two-thirds majority. The provision is often denigrated as 'an unusable nuclear weapon' — which betrays ignorance both of constitutional theory and the strategy of defence.

The strength of the censure motion, like that of nuclear weapons, lies in the threat of its use rather than in the use itself. Though the European Parliament has scarcely ever used Article 144, and never successfully, the mere possibility that the necessary two-thirds majority could be mobilized has more than once worked wonders.

Now, it would perhaps be no bad thing if the first item on the Parliament's Agenda next January were a formal motion of censure on the new Commission. In all probability it would be rejected by acclamation. Yet the mere fact of its existence would surely strengthen the hand of President-elect Thorn in his dealings with the national governments, if only on the principle: 'I agree; but you know my brother . .!'

An identity of view between Parliament and Commission over the next four years would in any case be useful. All Commissions, like all Governments, come into office at 'a time of crisis'; but, on this occasion, the Thorn Commission really does face some stinkers.

To begin with, the size of the Community itself is again a live issue, with the next enlargement proving even more controversial than the last.

Then, coming rapidly over the horizon, is the threatened bankruptcy of the Community when the current own-resources are exhausted. M. Thorn fortunately had some sensible things to say on the matter when — with his Council hat on — he spoke to Parliament in July. But reform of the CAP, which takes up most of the budget, remains something everyone wants in theory, but no-one is prepared to accept in practice.

On the economic front, the 'de-industrialisation of Europe' is looking less and less like a joke; to say nothing of the continuing energy crisis. Even the Community's most conspicuous recent success — the development of a common Foreign Policy — will create headaches (notably in the Middle East).

Continued on page 16

The Community's bank

A brief guide to finance from the European Investment Bank.

Since the United Kingdom joined the European Community in 1973, loans worth close to £2 billion have been granted by the European Investment Bank (EIB) in the UK.

The EIB is the Community's own bank for long-term finance — its shareholders are the EEC member states — which lends on a non-profit-making basis for a wide range of investment. The UK has accounted for close to 30 per cent of the Bank's lending in the EEC since 1973.

Although most funds have gone to the energy sector and infrastructure development (e.g. water supplies, sewerage, telecommunications and transport), industry is taking increasing advantage of the Bank's facilities and an important aspect is that not only large firms can benefit — small and medium-scale ventures may also be eligible. To facilitate its operations in the UK, the European Investment Bank has recently opened an office in London.

Treaty of Rome

The EIB's task is to contribute, in the Treaty of Rome's words, 'to the balanced and steady development of the common market in the interest of the Community'.

It does this by granting loans (or guaranteeing loans obtained from other sources) for investment projects promoting

- regional development,
- a common interest to several member countries or the Community as a whole; or
- industrial modernization and conversion.

Priority for regional development

Regional development has always been given priority by the Bank — about 70 per cent of all its financing has gone to investment helping regions eligible for assistance under national regional aid schemes (in the UK: Special Development Areas, Northern Ireland, Development Areas and, in certain cases, Intermediate Areas).

One of the Bank's main concerns in helping regional development is how to improve employment prospects, either directly by creating or safeguarding jobs in production activities or indirectly by laying down the infrastructure base necessary for economic growth.

Lending under the heading 'common interest' centres at present on investment helping to reduce the Community's dependence upon oil imports (e.g. development of North Sea oil and gas resources, expanding hydro and nuclear capacity, energy-saving equipment for industry) and major transport improvements between member countries; under the same heading, however, the Bank assists industrial projects where these involve cooperation between different member countries and development of European capacities in high technology fields, and projects which contribute to specific Community objectives, such as protection of the environment.

Support for modernization and conversion may be of regional character (helping to overcome structural problems in regions over-dependent upon declining industries) or of a sectoral nature (e.g. reorganising production in certain industries to keep pace with changes in technology or markets).

Where the money comes from

The EIB funds its operations essentially by borrowing on national capital markets outside and inside the Community and on the international market. As the Bank is a very well known, high-credit standing borrower (AAA rating), it can raise funds on the finest conditions; this is basically the advantage which is reflected in the rates which the Bank offers its own borrowers, bearing in mind that it adds only a very small margin to cover its operating costs.

These attractive conditions led to a 40 per cent increase in loans in the Community in 1979. Annual lending has more than doubled since 1976.

Who can apply

Applications for finance can be made by public and private enterprises of varied legal status, local, regional or national authorities with appropriate borrowing powers or the Government itself.

Terms

Loans are long-term (normally 7 to 12 years for industrial projects, usually 15 years for infrastructure schemes but up to 20 years in certain cases), interest rates are fixed for the life of the loan and loans are paid out at par.

There is no top limit to the amount of a loan in absolute terms but because the Bank regards itself as a 'complementary' source of finance — there to add to funds available from other sources, including commercial banks, not to replace them — it sets a ceiling (at present 50 per cent) of the proportion of the fixed investment costs of a given project.

For reasons of practical administration, however, the Bank prefers not to make direct loans of less than about £2.5m.

Small and medium-scale industry

To help small and medium-scale industrial ventures which require relatively modest amounts of finance, the Bank has an agency agreement with the UK Government under which it opens lines of credit used by the Department of Industry in England, the Scottish Economic Planning Department, the Welsh Office Industry Department and the Northern Ireland Department of Commerce, to make loans on the EIB's behalf for amounts between £17,000 and £2.5m.

Exchange risk cover

The EIB raises funds in many currencies and lends in these currencies. Most of its borrowers prefer to arrange exchange risk cover. *Nationalised industries and utilities* are able to obtain cover via the Treasury (they pay for this but still come out with an advantage over the ruling National Loans Fund or Public Works Loans Board rate). *Private sector industry* benefits from measures introduced at the beginning of 1978 and recently renewed for the period 1980-81. The system operates as follows:

☐ **for larger projects** (loans normally for £2.5m and upwards)

Exchange risk cover may be available from the UK Government for projects which qualify for selective assistance under Section 7 of the Industry Act 1972 (in Northern Ireland, under the Industries Development Act (Northern Ireland) 1966). The charge for this cover is 1 per cent p.a. in Special Development Areas and Northern Ireland, 2 per cent in Development Areas and Intermediate Areas. The effect of the scheme is that the borrower receives the loan, pays the interest and repays the capital in sterling. Currencies composing the loan must be agreed upon by the Government before cover can be granted.

☐ **for smaller developments** (£17,000 to £2.5m per loan).

Exchange risk cover is applied to the loans made under the agency arrangements referred to earlier. This assistance is again restricted to projects qualifying for selective assistance under Section 7 of the Industry Act 1972 (in Northern Ireland, under the Industries Development Act (Northern Ireland) 1966). The loans are currently for a period of 7 years including an initial two-year deferment of capital repayments, at a fixed rate in the region of 10 per cent. The Government covers the exchange risk and provides the guarantee required by the Bank, in return for counter-security provided by the borrower. The Government's charge for these facilities is 1 per cent or 2 per cent, as for direct loans, thus giving a total cost to the borrower of around 11 per cent (Special Development Areas and Northern Ireland) or 12 per cent (Development Areas and Intermediate Areas), for a loan effectively in sterling.

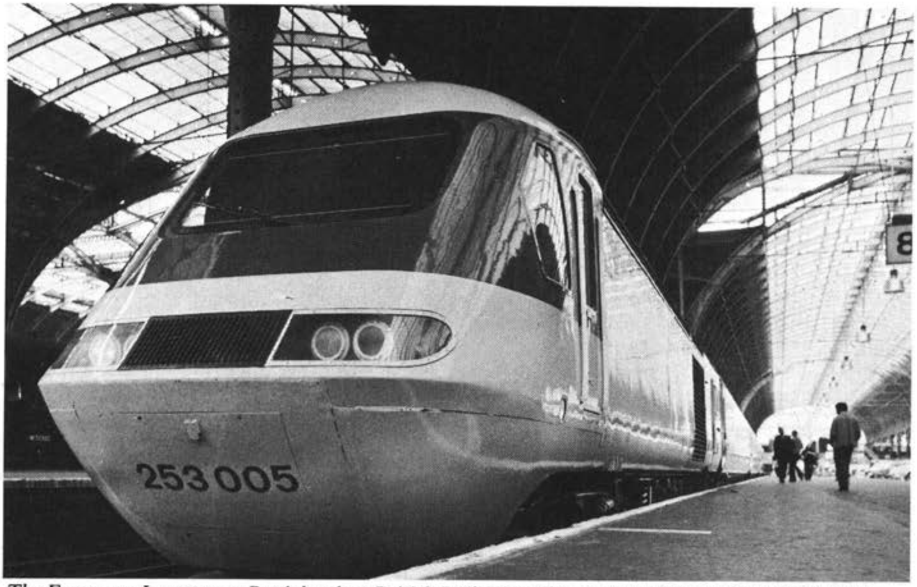
This agency scheme is limited to firms with less than 500 employees and less than £20m net fixed assets. If a firm is a member of a group, the net fixed assets of the parent company should not exceed £20m.

Procedures for obtaining loans

Applications for loans under the *agency scheme* should be made to the regional office of the Department of Industry, or the Scottish, Welsh or Northern Ireland offices in whose area the project concerned is located.

Applications for *direct loans* should be made to the Bank. An important point about the EIB is that it tries to keep its lending procedures simple. Initial approaches may be quite informal. Any potential borrower wishing to contact the European Investment Bank should telephone, telex or write. Contact may also be made through the promoter's own banker. The granting of a loan is submitted for an opinion to the Government and to the Commission of the European Communities. The Bank asks directly for these opinions without the borrower having to intervene. This procedure, like the other stages of the appraisal carried out by the Bank's own staff of economists, lawyers and engineers, is naturally covered by strict rules of banking secrecy.

The application for *exchange risk cover* — either on an agency agreement loan or direct loan — must be made at the earliest possible stage, i.e. at the same time as application for selective assistance, to the



The European Investment Bank has lent British Rail £25 million to build "Inter-City 125" trains for the South West England to Scotland route.

regional office of the Department of Industry or the Scottish, Welsh or Northern Ireland offices, in whose area the project concerned is located.

Where to get more information

Head Office: 100 boulevard Adenauer
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Tel. 43 791
Telex 3530 bankeu lu

London Office: 23, Queen Anne's Gate
London SW1H 9BU
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Telex 919159 bankeu g

The EIB wants to make sure that information on its activities gets through to all those involved in planning and financing investment in both the private and public sectors, or to organisations or private individuals concerned in a broader way with the fields in which the Bank operates.

It has a range of publications available free of charge on simple request to the offices mentioned above. Those seeking regular information can be put on a mailing list so that they receive all new editions automatically, again free of charge.

Current publications include the Bank's Statute, the annual report, EIB-Information (a periodical covering most aspects of the Bank's operations), EIB-key facts (a fold-out leaflet giving a concise overall view of the Bank's activities), EIB 1958-78 (a review of the Bank's evolution in its first 20 years), three technical brochures detailing lending procedures in the Community, in the African, Caribbean and Pacific (ACP) countries which have signed the Lomé Conventions, and in various Mediterranean countries which have signed association or cooperation agreements with the Community.

The Bank participates, subject to staff and time limitations, in conferences, seminars, etc., where it is able to communicate directly with interested groups (businessmen, government or local government officers, etc.) and accepts group visits.

Examples of EIB financing in the UK

Seventy million pounds has been made available since beginning 1978 for financing small and medium-scale industrial ventures in assisted areas; this is through the 'agency scheme' operated by the Department of Industry in England and equivalent authorities in Scotland, Wales and Northern Ireland. By end-June this year, funds had been drawn down to help finance about 100 ventures involving some 9,000 jobs.

Fairly typical loans to larger-scale industrial borrowers have included £4m to Hotpoint for expanding a washing machine factory in Rhyl, Nth. Wales, £5m to Cleveland Bridge and Engineering Company for construction of heavy engineering works at Darlington, Co. Durham, £4m to Hiram Walker for a whisky bottling complex at Dumbarton, Scotland, £5m to Continental Can for a soft drinks containers factory in Wrexham, Nth. Wales, £4m to Michelin for investment in tyre factories in Belfast and Ballymena, Northern Ireland, £7.2m to Sulzer Bros. for a pump factory in Leeds, £6m to Schreiber Industries for a furniture factory in Merseyside.

Among recent loans in the public sector are £3m to Lancashire County Council for construction of part of the Calder Valley Motorway, £25m to British Railways Board for construction of 125 mph trains to run on the main line linking Scotland and the North West with Wales and the South West, £12.3m to help finance a major sewerage and sewage disposal scheme on Tyneside being carried out by the Northumbrian Water Authority, £6.2m to the Shetland Islands council for further development of the North Sea oil port at Sullom Voe.

Farm prices

Member states agree 1980/81 package after tough talks

The farm price battle for the 1980/81 marketing year was a long hard struggle with more than just farm prices at stake; basic principles and budgetary matters were also involved. As so often in the history of the Community, the institutions, working together, have proved more than equal to their task. It is idle to look for winners or losers amongst the member states: there are none. There is one victor — the Community.

The Council of Ministers of Agriculture was the first to prove that 'where there's a will there's a way'. As soon as the agriculture ministers had made the breakthrough and hammered out an agreement on the future organization of the market in sheepmeat, the atmosphere and style of work of the Council of Ministers of Foreign Affairs changed at once. The Commission produced a steady stream of new proposals for a compromise until in the small hours of 29 May 1980 the Community's biggest ever package deal was concluded. Agreement for the forthcoming marketing year became final on 4 June, when the last of the nine governments, the German Government, gave its approval. In the interim, the Commission had stopped the clocks just as it had done in 1962: the new farm prices came into effect retroactively on 1 June.

The Commissioner for Agriculture, Mr Gundelach, can be pleased with the results. Although the Council did not fully apply all of the points Mr Gundelach had made, the compromise is clearly along the lines that he has been doggedly pursuing for the last four years. In practical terms, this means: (1) continuation of the cautious farm price policy ; (2) focusing the agricultural structures policy on poor farmers and less developed regions; (3) with the exception of Germany, virtual disappearance of monetary compensatory amounts; (4) more radical measures to combat the milk surplus.

Cautious price policy

The average price increase of 5.7 per cent (common prices in national currency) should result in an increase of less than 0.5 per cent for the consumer. Thus the policy of moderation in farm prices, begun in the 1977/78 marketing year, is being upheld for the fourth year in succession. This means that agriculture is making a major contribution to the fight against inflation.

The dismantling of the monetary compensatory amounts means that price increases in Germany are below the Community average, which is not unfair since inflation affects German farmers far less than it does farmers in other member states.

Neediest

The idea of focusing the agricultural structural policy on those most in need lies at the heart of the proposals made by the Commission in 1979. It has now received the Council's approval. More assistance will be given to farmers in mountainous and less-favoured regions and such farmers will be partly or completely exempted from the co-responsibility levy for milk. The Commission has also just tabled a special programme for Northern

Ireland earmarking £35m over ten years to stimulate farm development and a further £6m over four years to improve food processing and marketing.

The introduction of income-boosting measures for producers specializing in beef and veal is intended to have an equivalent effect.

Monetary compensatory amounts

A dream has — almost — come true. Germany is the only country to retain any significant monetary compensatory amount. The table below compares the monetary compensatory amounts which applied on 1 January 1979 with those in force on 1 June 1980.

	1 January 1979	*1 June 1980*
Germany	+ 10.8	+ 8.8
Benelux	+ 3.3	+ 1.7
United Kingdom	— 27.0	+ 1.7
France	— 10.6	0
Italy	— 17.7	0
Ireland	— 2.0	0
Denmark	0	0

Since 1 June 1980, there has once again been a genuine common agricultural market for 80 per cent of total agricultural production.

Surpluses

Although the introduction of a new Regulation for the market in sugar was deferred until 1981/82, the package deal does include a number of factors which will help check the inexorable increase in milk production:

— lower than average price increases (4 per cent);

— increase in the co-responsibility levy from 0.5 per cent to 2 per cent of the guide price for milk;

— limiting investment aid.

If milk production increases by 1.5 per cent in 1980 despite these measures, a supplementary co-responsibility levy will be introduced at the beginning of the 1981/82 marketing year. This will be fixed at a level which covers the cost of the disposal of *all* the additional milk.

More milk, less money

Pessimists say that this compromise has been negotiated entirely at the taxpayer's expense and that the measures taken to combat the milk surpluses are inadequate.

It is true that the deal will cost money. In comparison with 1979, expenditure will indeed increase by approximately 11 per cent, but this is still a relatively 'small' amount if we remember that expenditure rose by 23 per cent per year between 1975 and 1979.

Not only the taxpayer is being asked to foot the bill. From 1980/81 onwards, sugar producers will have to bear the full costs of the organization of their market. Milk producers will pay a 2 per cent co-responsibility levy in the 1980/81 marketing year and at least 1.5 per cent in the two subsequent years. In addition to this, there is the sword of Damocles hanging over their heads in the guise of a special extra levy if the milk surpluses persist.

The Commission, the Council and all concerned have at last reached the conclusion that something must be done about the daunting prospect of uncontrolled increases in expenditure. At EEC headquarters, the order of the day is retrenchment. All proposals and decisions are being carefully checked for their cost-saving potential. Strict discipline in the financing of the common agricultural policy should help — directly and by incentive effect — to restore balance on the milk market. In 1980, the market in milk will cost over £3 billion, i.e. 25 per cent of all the Community's own resources. No great powers of foresight are needed to predict that something has got to happen here.

At the time of writing, the milk surpluses still flow in Europe. An additional two million tonnes of milk are expected to be produced in 1980 (1.9 per cent more than in 1979). Production is, however, declining in many regions of the Community, and in others the growth rate is slackening. It can only be hoped that milk producers will feel that they also must do something about the daunting prospect of uncontrolled increases in the co-responsibility levy.

Adrien Ries

Report

Community budget

Growing pressure for change as resources run out.

Britain's budget settlement within the European Community could be the starting point for a change in the way the Community's whole system of income and expenditure is organised, said Mr Christopher Tugendhat, member of the European Commission, in London recently.

Mr Tugendhat told a Bow Group meeting in the House of Commons that this provided a new and important opportunity for Britain to make its influence felt by participating in the formative stage of major developments. The off-the-peg Community which Britain joined could now be given some made-to-measure policies. There was an opportunity to move from the periphery to the centre, and to put forward ideas on something which is of vital interest both to Britain and to the Community as a whole.

'There should be no doubt that the Community is now in earnest about tackling its financial problems' he said. 'Before the British settlement, it sometimes appeared that Britain was the only country really worried about how the Community's system of income and expenditure was working. The Commission warned of the dangers of hitting the "own resources" ceiling and argued for a move towards a better balance in the budget between agricultural and non-agricultural expenditure, but these arguments fell on deaf ears.

'Now demands for change are being heard on all sides. The Brussels Council of Foreign Affairs Ministers of May 30, which reached the agreement on the British budget problem, called on the Commission to carry out a thorough review of the development of Community policies to be completed by June 1981. And the Venice meeting of Heads of Government elaborated on this mandate by stressing "the commitment to implement structural changes which, by ensuring a more balanced development of common policies, based on respect for their fundamental principles, and by preventing the recurrence of unacceptable situations, will enable each member state to become more closely identified with Community objectives and with the deepening process of European integration".

General support

'The resolution of the British budget problem was also followed rapidly by a declaration of intent from the West German Chancellor, Mr Helmut Schmidt, when he declared that farm surpluses must be "ironed out" so that the rise in farm spending could be kept below the rise in the Community's own resources. Changes in the pattern of expenditure must, he said, be put in hand in time to become effective in the 1982 budget at the latest. Likewise the French Government, which has now become a net contributor to the Community budget, has recognised the need for modification to the Common Agricultural Policy. Mr Raymond Barre, the French Prime Minister, has said that it has become "impossible to continue to ignore the volume of output and market prospects".

'This new and widespread willingness to recognise that things cannot just go on as they are is to be warmly welcomed. It provides the opportunity for the Community to put its finances in order so that unacceptable situations do not arise again and so that the balance of Community policies and financial arrangements works to the benefit of all.

'The UK has invested much time and energy in seeking to resolve its own problem on the Community budget and its efforts have been successful. If it can now contribute the same time and energy to building up a new sense of common direction and purpose then Britain's role in the Community and the Community's role in the world, will be much more effective as a result.'

At its meeting on 29/30 May 1980, the Council of Ministers agreed a three-year formula for reducing Britain's contribution to the Community budget. The formula is in two parts: adaptation of the 'financial mechanism' adopted in Dublin in 1975 after the re-negotiation of British membership terms, to limit gross contributions; and supplementary measures for extra Community spending in the UK. Reimbursements from these two sources are expected to total £1,577m for 1980 and 1981. The Commission has now sent the Council draft regulations for implementing the formula. It has put forward amendments to the 'financial mechanism' and has proposed that the supplementary measures should take the form of investment expenditure in the United Kingdom designed to contribute to improvement in its economic performance. Nearly half would come through the amended 'financial mechanism', with the balance from the special measures.

Financial mechanism

The 'financial mechanism', adopted in 1975, was basically concerned with limiting *gross* contributions to the Community budget rather than *net* contributions. According to present criteria governing the mechanism, the UK would be eligible for reimbursements of only 187m EUA (£112m) in 1980. The Commission has proposed amending the mechanism so that in 1980 this sum could be raised to 467m EUA (£280m).

Supplementary measures

The Community aim is for a 'convergence of the economies' of the member countries. The Community can best help, therefore, by strengthening British economic potential through investment in areas hit by industrial decline, and by exploitation of coal resources. This would involve a rolling programme to which the Community could contribute up to 70 per cent of the cost of approved schemes.

The Commission emphasises that any such investment must be consistent with the Community's existing policies for economic development.

Projects eligible for assistance could cover a wide range

— transport, telecommunications, transmission of energy, water supply, sewerage, advance factories and public housing;
— urban renewal programmes;
— investment in coal mining.

Help for infrastructure development would normally be confined to assisted areas and must be consistent with regional development programmes, though exceptions might be made in special circumstances outside these regions.

Appropriate programmes would be submitted to the Commission; when approved each special programme would be published and the UK would be expected to give suitable publicity to the Community contribution.

Once approved the Commission would make an advance payment of 90 per cent of the amount of the Community's share of the cost, and the balance would be paid as soon as the work is certified as finished.

Normally credits would be entered in the Community budget of the year following the year to which they apply. But, subject to Council agreement, if the UK so requests, implementation of the supplementary measures may be credited in advance, with consequent financial benefit. When the Regulation enters into force it will be applicable retrospectively from 1 January 1980.

Just published

Sources

The EEC — a guide to sources of information compiled by Gay Scott (Capital Planning Information, 72 pages, £9.50).
Now in its second printing, this is a concise but most comprehensive guide to the institutions, processes and publications of the Community and is of considerable value to those whose job is to provide information on EEC matters. Throughout, the emphasis is on basic documentation, bibliographical aids or readers' guides.

Law

EC law in the UK (second edition) by Lawrence Collins (Butterworth, 192 pages, £14.50)
This very complete work deals with the general relationship between EEC law and the law of the UK; the operation of directly applicable and effective Community law in the UK; the relationship between UK courts and the European Court in the interpretation of Community law; and avenues of challenge to community acts.

Trading Standards — Comparative Directory of EC legislation as enacted in the UK (Institute of Trading Standards Administration, c/o P.O. Box 5, County Hall, St. Annes Crescent, Lewes, E. Sussex BN7 1SW, £4.50)
Now in its 2nd edition, this invaluable work lists all EEC legislation affecting trading standards and gives the reference and state of the implementing or equivalent legislation in the UK. A supplement identifies a number of prospective laws currently in the EEC pipeline and various amendments to existing laws.

Agriculture

Agricultural implications of EEC enlargement — part II: Portugal (£20)
part III: Spain (£40)
(Agra Europe, Agroup House, 16 Lonsdale Gardens, Tunbridge Wells, Kent)
Like the earlier report on Greece, these new studies contain an extensive description, with statistical information, of the agricultural sector in the country in question, an assessment of its agricultural policy, the background to relations between the country and the EEC. The effect of accession is examined separately for each major agricultural and food product group.

Studies on contemporary Europe — Agriculture in the EC by J. S. Marsh & P. J. Swanney (UACES/George Allen & Unwin, 98 pages, £6.95 hardback, £2.95 paperback)
This is the second of a promising new series edited by Professor Milward of the University of Manchester — the first was *Budgetary Politics : the finances of the EC* by Helen Wallace. Like others in the series, it is intended to provide a straightforward introduction to the policy for students approaching the subject for the first time.

Business

1980 Directors guide to the EEC (IDEA — Institute of Directors European Association, 116 Pall Mall, London SW1Y 5 ED, 45 pages)
IDEA was recently launched by the Institute as the British wing of the Europe wide FJCEE (Fédération des Jeunes Chef d'Entreprises d'Europe). This quick checklist of EEC policy and legislation is designed to keep British

businessmen abreast of main developments in Brussels likely to affect them.

Who owns whom — Continental Europe (Dun & Bradstreet, 2 vols, £69)
A companion guide to editions covering the UK, North America and Australasia and the Far East, this directory shows the pattern of company ownership throughout the Continent, with full names and addresses of parent companies, subsidiaries and associates.

Women

Women and Europe (EOC Research Bulletin, Vol One, No 3 Spring 1980) (Equal Opportunities Commission, Overseas House, Quay Street, Manchester M3 3HN, 73 pages, £1.50)
This issue explains the relation between Community and UK law as it affects equal pay, sex discrimination and social security and reports on progress towards equal pay in the Nine member states, women's economic activity, maternity rights and day-care for pre-school children throughout the Community. It also contains statistical tables and charts, texts of key documents and a useful bibliography.

Women and the EC: community action, comparative national situations by Lady Seear, Jacques Zighern, Ingrid Guentherodt & Françoise Larbre (EEC official publication, 109 pages, £4)
At the invitation of the EEC Commission, a number of contributors have drawn together the various strands of Community action concerning the employment and training of women. Of particular interest are the diagrams and commentaries based on detailed statistics collected in the Community.

Prospects for agriculture in the EEC edited by M. Tracy & I. Hodac (De tempel, Bruges, 462 pages)
The 1979 'Bruges Week' symposium at the College of Europe Postgraduate Institute of European Studies dealt with the urgent theme: How can the CAP pursue its goals in the years ahead? The papers presented at the symposium are published here, in both English and French versions.

Scotland

Scotland's voice in international affairs edited by Clive Archer & John Main (Hurst/Royal Institute of International Affairs, 136 pages)
Different contributors examine the representation of Scottish interests abroad, especially in the EEC, singling out the cases of local government, fisheries, agriculture, industrial development and oil.

Financial resources for economic development: Scotland (Planning Exchange, 186 Bath Street, Glasgow G2 4HG, loose leaf manual with updating service)
This is a very full and up-to-date reference source on the different schemes of financial assistance available for economic development in Scotland. Different sections deal with aid from the EEC, central government, local authorities and the various specialized boards and authorities.

Quote of the month

'There is a need to recognise that, in a modern world, the application of vision and imagination to what has already been created in Europe can provide for the remainder of this century a dynamism and a lead for which the world in the next century will truly be grateful.'
Mr Peter Walker, Minister of Agriculture, Fisheries and Food, speaking at a constituency meeting in Worcester.

Energy

Nuclear energy: for or against?

***European Community* is pleased to publish the following letter from Mr Maurits Coppieters, a Belgian Independent Member of the European Parliament. Mr Coppieters' remarks refer to an article in the November 1979 issue: 'Energy saving is the cheapest and cleanest alternative energy' by Leonard Williams, Director-General for Energy in the European Commission.**

In the article, Mr Williams quoted with approval the attitudes taken at the EEC Strasbourg 'summit' — 'that without nuclear energy no growth was possible' — and the Tokyo 'western summit' — that 'without expansion of nuclear power generating capacity in the coming decades, economic growth and higher employment will be hard to achieve'.

As an active participant in the work of the Energy Committee of the European Parliament, seeking to exercise some measure of democratic control over the doings of the Community institutions, may I ask you to bring to the notice of your readers that the view endorsed at the two summit meetings is increasingly being challenged by serious students of the energy problem. On the one hand economic growth need not at all mean increasing recourse to nuclear power; on the other, neither necessarily means more jobs.

Secondly, I regret Mr Williams' passing dismissal of 'the problems we have had with ecological groups'. In common with a number of my colleagues in the European Parliament, I hope that the Commission will in the future be prepared to take far more seriously the concern of the ever growing number of Community citizens about the multiple dangers of nuclear energy, and their opposition to projects which directly affect them. Could not more space be given to their concern in the pages of your publication?

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These are all problems which the elected European Parliament will also be analysing in committee and debating in public. Its conclusions — if only because they will be the result of compromise, or, in the last resort, of majority vote, by 410 direct representatives of the nations and the political parties of the Community — will be as good a guide to the solutions as any.

For this reason, one of the most helpful starts which M. Thorn could make would be to announce that Parliament's amendments to Commission proposals will *always* be accepted. This would imply withdrawing any proposal, under the Article 149 procedure when the Council disagreed with Parliament.

Oh, and there is also the rather crucial matter — to us — of where the Parliament is to meet. As a partisan of Luxembourg myself, I wish all power to M. Thorn's elbow!

Ben Patterson