

EUROPEAN COMMUNITY NEWS

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COMMISSION OF THE EUROPEAN COMMUNITIES

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THE VIEW FROM THE SUMMIT

The setting was only 250 feet above sea level, but the "Summit" was probably the highest in its overview of European affairs since the 1919 Versailles Conference. Now the chiefs of the enlarged European Community's nine member states are presenting to their respective home audiences the successful results of the October 19-20 meeting in Paris:

- * transition to the second stage of economic and monetary union on January 1, 1974 and completion not later than December 31, 1980. The creation of a European Monetary Cooperation Fund was confirmed, and a common position agreed for international monetary reform.
- * creation of a Regional Development Fund by December 31, 1973
- * a Community program by January 1, 1974 for an enlarged Social Fund
- * a Community program and timetable before January 1, 1974 for a common industrial, scientific, and technological policy
- * a Community program and timetable by July 31, 1973 for a common environmental policy
- * a Community program as soon as possible for guaranteeing energy supplies at reasonable costs
- * more coordinated foreign policies among the member states, including four rather than two annual meetings of member states' foreign ministers
- * a Community program as soon as possible vis-à-vis the developing countries
- * liberalization of world trade and a more intensive dialogue with the United States and Japan
- * strengthening and democratization of the Community institutions
- * draft reports from the Community institutions before the end of 1975 on transforming the present Community into a European Union. These reports would be submitted to a Summit Conference.

The Summit thus produced, for the most part, calls for action. Observers noted that the Community had made the most progress in the past when establishing such self-imposed timetables and deadlines.

MANSHOLT TAKES STOCK

"It could mean everything or it could mean nothing," EC Commission President Sicco L. Mansholt told an October 23 news conference in Brussels, referring to a new phrase that had emerged from the Paris Summit -- "European union." The chiefs of the enlarged Community's nine member states had spoken repeatedly of a European union, but without defining its nature -- whether cooperation, confederation, or federation. The next Summit will have to define the character of this European union, Mr. Mansholt said. But in any case, "political Europe has been thawed."

The Commission President expressed general satisfaction with the extensive work programs outlined at the Summit. He called on the present Commission "to leave behind a political testament of what the new Commission [of the enlarged Community] can do. We now need a strong Commission with a strong intelligence and strong imagination."

Mr. Mansholt registered disappointment, however, with the Summit's failure to tackle Community institutional reform, such as a directly elected European Parliament with real powers. "The Summit has not cleared up the situation," he said. Mr. Mansholt was also disappointed that the Summit "did not recognize the desires of the Third World."

In conclusion, Mr. Mansholt said, that although the Summit may have accomplished nothing in the short term, it had opened great possibilities for the future. "It now depends on the members' political will to make a European union with real powers and responsible to a directly-elected Parliament," he said.

THE SCRATCHY "DISC"

The United States is all wrong on its figures when it comes to the Domestic International Sales Corporation (DISC), according to the European Community. US figures show that DISC's gain only 5 cents on each \$100 exported. The Community, on the other hand, calculates that the eventual DISC benefits would amount to \$4.50 on \$100 in exports. The DISC program, part of the Revenue Act of 1971, gives exporting companies tax deferral on up to 50 per cent of the export profits. Domestic critics charge that this loss in tax revenue will have to be made up by the average taxpayer. Foreign critics, including the Community, maintain that DISC violates the General Agreement on Tariffs and Trade (GATT) rules against export subsidies.

BOOTH SEEKS US-EC UNDERSTANDING

A world conference on international investments was suggested by Arch Booth, Vice President of the US Chamber of Commerce, during a recent European visit. Such a conference, he said, would establish rules for both foreign investors and the host countries. Meeting with EC Commission Secretary General Emile Noel October 4 in Brussels, Mr. Booth also noted the positive attitude in European capitals following the US proposals at the International Monetary Meeting. He warned, however, against growing protectionist pressures in the United States and throughout the world.

TED POMPIDOU, MEET GEORGES HEATH

When Britain joins the European Community in January, Britain's 18 Conservative members just might sit, as a group, with France's 19 Gaullists in the European Parliament.

Tory strategists are hard at work deciding just whom to throw their weight to. Ideologically, Britain's Conservatives belong with the Strasbourg Parliament's Liberal bloc, since "Liberal", on the Continent, refers to believers in liberal, laissez-faire economics. This bloc is mostly Italian, and Italian Liberals have been courting Premier Heath's men; but "progressive" Tories regard the Italian Liberals as too far to the right.

Mr. Heath himself, and many of his strongest "pro-European" followers would prefer to join the Christian Democrats. This would align the British governing party with a predominantly German force, and make the Christian Democrats the Parliament's largest bloc -- roughly 40 per cent of the Common Market legislature. One factor pushing Heath towards this alliance is that Germany was consistently a powerful friend of Britain in the tortuous negotiations to bring the United Kingdom into the Community. But Italian Christian Democrats, who offer themselves in Italian elections as a substitute "progressive" force to the Communists and the Socialists, want no part of an image-destroying alliance with Britain's "big business" party.

President Pompidou's (Gaullist) European Democratic Union (EDU) has been making overtures to the Conservatives also. Joining the group which has given the British negotiators the greatest trouble in the past makes Machiavellian sense, since marriages imply mutual concessions, and the advantage for the Gaullist bloc would be doubled strength (becoming the European Parliament's third largest group) and a shedding of the group's chauvinist, mono-tribal image.

A fourth alternative, also under consideration, is for the Tories to form a separate group, like the EDU. But as well as looking like an inauspicious "mono-tribal" start in European Parliamentary life, forming a separate Tory bloc would also mean poor chances of securing chairmanships of committees, and fewer chances to speak in debate -- since time is allocated to blocs on the basis of their size.

The European Parliament has few powers at present but these are expected to grow -- although one point that the Conservatives share with the Gaullists is a desire not to see the Strasbourg legislature become a real legislature for many years.

Meanwhile, in the immediate future, there's a fifth possible choice for Conservatives appointed to serve in Strasbourg -- that they may never get there at all. If Britain's Labor Party goes through with Chairman Wedgwood Benn's threat to boycott the Strasbourg Parliament, the danger of being voted out of office while away would keep Heath's 18 parliamentary voters back in Westminster.

(The "national" membership of the enlarged European Parliament in January will be: Britain, France, Germany, and Italy, 36 members each; Belgium and the Netherlands, 14 each; Denmark and Ireland, 10 each; and Luxembourg, six.)

COMMISSION ENVISIONS AGRICULTURAL INCOME SUPPORTS

Next year may see a shift in the Community's common agricultural policy (CAP). In postponing a decision on agricultural price supports until the enlarged Community begins operating next January, the Commission on October 20 noted ways other than price supports to maintain farm revenue, such as income support. Under the present price support system, large producers benefit most. Income supports, on the other hand, would keep the little farmer's pocketbook full.

GOLD, MONEY, AND INFLATION

The British and Italian payment of foreign debts in everything but gold may become the Community rule rather than the exception. EC Commission Vice President Raymond Barre left open this possibility when reporting to the European Parliament October 11 on the decision to create a European Monetary Cooperation Fund.

At present, Common Market countries are supposed to pay debts to each other in gold, dollars, or special drawing rights in proportion to the composition of their reserve assets. This formula, agreed to last spring, was a stage toward the projected economic and monetary union, of which Mr. Barre was the chief architect. But, with the free market price of gold almost twice the official price, Italy balked at settling debts in gold. Britain, too, after borrowing heavily and floating the pound, used assets other than gold to repay debts. Now it appears that perhaps all the member states may freeze their gold reserves until the status of gold in a reformed international monetary system is established.

In another surprise move, Mr. Barre told the Parliament that the Community should keep the lid on consumer price increases next year at 5 per cent -- rather than the 3.5 per cent target suggested earlier by the Commission. The current rate of price increases in the Community is set at about 6 per cent. Without efforts to stem inflation, Mr. Barre said, this rate could reach 7 per cent next year.

P R E S S V I E W S

NOT BUILT IN A DAY

If Rome wasn't built in a day, neither was the European Economic Community, which is only a few months away from expanding its membership from six to nine and which has just emerged from another period of Summit soul-searching in a mood somewhat more optimistic than the cynics had expected....Tentative steps were taken toward an eventual EEC central bank through the agreement to launch the European Monetary Fund next April 1, toward regional assistance schemes, toward a common energy policy at some future date and even toward the ideal of ultimate political unity that some EEC members want but that others view with apprehension. -- Editorial, *The Journal of Commerce*, October 25, 1972.

AN INERTIAL FORCE

"And yet, it moves!" Despite the pursuit of narrow objectives by member states, procrastination on even the limited surrenders of sovereignty scheduled in the basic treaty, and inexcusable delays on erecting democratic controls over its machinery, the European Community is prospering. The retiring American Ambassador to the Community, J. Robert Schaetzel, correctly perceives "an inertial force which moves Europe on." Even the myriad nuts and bolts required to adjust the machinery to a nine-nation Community will expand the area of integration. From next January, to take one example, the Community will negotiate as an entity on any trade treaties with outside countries. Moreover, the accession of Britain in particular will make inexorably for a more outward-looking, freer-trading Community, concerned with more than its own parochial problems. What the Community needs is obvious. It needs institutions, subject to democratic controls, to administer and eventually to shape those policies which member states are willing to assign to supranational authority. And it badly needs a revival of the spirit that motivated such postwar giants as Monnet and Schumann of France, De Gasperi and Sforza of Italy, Belgium's Spaak and West Germany's Adenauer not only to conceive the dream but to chart the course for a united Europe. -- Editorial, The New York Times, October 19, 1972.

THE SEMICOLON SUMMIT

PARIS -- In a symbolic sense [the] meeting of the nine government chiefs of "Europe" -- meaning the newly enlarged Common Market -- should represent a punctuation mark in contemporary progress. Perhaps it might serve as a semicolon in the sentence that began with the 1957 Treaty of Rome, banding together the Community's first six members and leading into an unknown future. Arnold Toynbee, the historian, who has a gift for the apt phrase, observes: "Western Europe has at last been united on a Napoleonic scale, not through conquest this time, but voluntarily."...But there is nothing even approaching a supergovernment yet, something that could bind the nine members to its decisions. The habit of nationalism still runs strong below the surface appearance of internationalism...The structure of the new Europe has been largely erected but the bricks still need to be cemented together. -- C.L. Sulzberger, *The New York Times*, October 20, 1972.

GIVING EUROPE A HUMAN FACE

The Summit was noteworthy for the new awareness of the need to give the Common Market a "human face." The recent shock of Norway's rejection of membership and the continuing opposition to joining on the part of many British have pointed up this need to break away from the Market's bureaucratic image and bring it closer to the people....The nine statesmen have sketched out a framework and set the goals for the new Europe. A tremendous amount of work remains to be done to fill in the details. The action program outlined for next year is so overloaded that it may be too much for the Community institutions in Brussels to swallow. But the Summit has dispelled the image of a Europe losing its momentum. It has achieved far more than many had dared to hope. -- Editorial, *The Christian Science Monitor*, October 24, 1972.

A COMMON "COSMETIC" MARKET

As "makeup" becomes again a popular consumer issue in the United States, the EC Council of Ministers is considering a directive to harmonize member states' laws on cosmetics. The proposal, submitted October 6 by the Commission, would set common standards both for cosmetic ingredients and labeling as well. The directive includes a list of forbidden dangerous or allergenic substances. This Commission proposal is the fifty-third to harmonize divergent national legislation, with resultant benefits not only to the consumer but to liberalization of trade.

LOW MEIN? LOW TRICK!

Chinese pork is excellent, but it isn't Danish. Ethiopian beef may be good, but it isn't good French. The EC Commission has launched an investigation into allegations that Chinese ribs and Ethiopian steaks are circulating in Europe with forged papers as Common Market meat.

Behind this sweet and sour story lies the cheapness of Chinese and African farm produce compared to the high, subsidized prices of food that European farmers produce themselves. "Naturalized" European, the Chinese and Ethiopian meat escapes import taxes.

WORTH QUOTING

*I would not be at all interested in writing a poem about the entry of Britain into the Economic Market, or whatever they call it. --
Sir John Betjeman, England's Poet Laureate, quoted in Newsweek,
October 23, 1972.*

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