European Community

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The case for EMU

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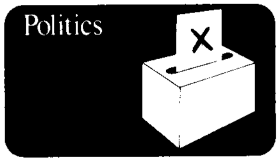

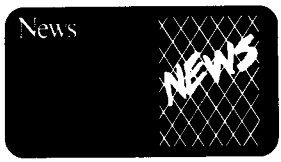

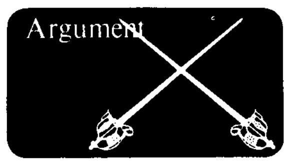

The Community in March

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Politics

The case for EMU

Roy Jenkins restates the argument

No one can pretend that the idea of economic and monetary union is new. But I think that many of the arguments for it *are* relatively new and that the old arguments for it are if anything reinforced by recent developments.

☐ First, monetary union would favour a more efficient and expansionary ordering of industry and commerce. I know of few businessmen who, whatever their doubts about the political will, do not believe that the removal of exchange rate risks and inflation uncertainties between member States would have a major confidence-giving effect.

Dollar

☐ Second, union would bring all the advantages to Europe of a major international currency, backed by sufficient economic diversity and strength to make it an asset and not a burden. The United States, even with a weak balance of payments, derives many advantages from that position. For the first time for many years Europeans would be freed from excessive dependence upon the dollar, still the only effective international medium of exchange, although an increasingly unsatisfactory one.

☐ Third, union would help us to control inflation and provide us with the means collectively to recover the control over prices and demand which most governments have individually lost.

☐ Fourth, union would give a major new stimulus for growth and thus employment. By lowering barriers and giving a greater sense of assurance and opportunity to our people, it could constitute a means for the unleashing of energies on the scale that followed the beginning of the railway age, or the rise in mass living standards during the last decade. Such an impulse is greatly needed today if we are to restore the employment levels and the confident growth of the sixties.

Regions

☐ Fifth, it must be combined with moves to promote better regional distribution of work and wealth in Europe through measures to accelerate the flow of public finance. The poorer regions of the Community will need assurance that their economic difficulties will not be aggravated, and the richer regions must know that they will have more stable and secure markets. Europe will take major steps forward only when they can be shown to bring benefits to both the strong and the weak economies in our Community.

☐ Sixth, economic and monetary union would be part of that process in which we seek to balance the need for some decisions to be taken, if they are to be taken at all and are not merely to be responses to processes over which we have no control, at a level higher than the national one, with those in favour of decentralization of political and economic power. This is no contradiction. If union logically requires concentration of monetary powers, so our experience since the war suggests dispersal of choice over use of public expenditure. We shall only propose to give the Community those functions which can best be performed by it.

☐ Lastly, I believe that no proposal for political union can make practical sense without the underpinning of economic and monetary union. And without this, enlargement will almost inevitably mean a weakening of what we already have.

New approach

Of the seven arguments I have mentioned, only the first and the last now look as they did at the beginning of this decade. Moreover the approach route has also changed. Seven years ago the map showed a straight upward road of narrowing exchange rates which finally merged into each other. Now we have to manage a floating rate system with one group of countries grouped round the currency that is at present strongest in the Community. The approach must naturally be different.

No system

The Bretton Woods system served us all very well for a generation. In 1968 it cracked. In 1971 it broke, in essentials. Since then there has been no real system. And here, as elsewhere, without a system — and sometimes with one too — the power goes to the big battalions. Few things are more frustrating for those who believe in Europe than to see that we, who also have big battalions, seem unable to organize them, deploy them, and put them under central command. Without such re-ordering of the European monetary system, member States will continue to be subject to all the short-term hazards of exchange rate problems — affecting those with strong as well as weak balance of payments — with their profound implications for internal economic policy. In a union these problems could be borne with much greater equanimity in a larger perspective. I have already referred to the advantages of creating a new and strong international currency. In this way we could help to create order out of current international disorder. The Community is the right size of unit for this purpose and would by its own weight impart a new stability to the international monetary system.

Hypothesis

Rather than repeat familiar generalities about growth, inflation and employment, I should like to turn the argument round by inviting us to put ourselves in the shoes of individual Finance Ministers confronted with the problems of day-to-day economic policy.

We would face record levels of unemployment. We would see little immediate prospect of an upturn. We would know that between now and 1985 there are nine million more young people expected to join the Community's potential labour force than there are old people who are likely to leave it. By all the rules of traditional post-war economic management this would be the moment to pump extra purchasing power into the economy, so as to bring unemployment down to a more tolerable level. Our first instinct as a Minister conscious of the human and social costs of unemployment, would be to do just that.

But as things now stand, we would not be able to follow our instinct. Before taking action we would have to ask ourselves and our advisers: what would be the effect on prices and on real economic activity of expansionary action? The answers would be discouraging.

In member States with weak or vulnerable currencies, the assessment would go something like this. A major expansion of the fiscal deficit, or of aggregate demand, would risk provoking an exchange-rate crisis. A sharp drop in the exchange rate would cause inflation to accelerate once again. It would also increase inflationary expectations and make stable wage bargaining more difficult. Last but by no means least, it would unsettle the financial climate and damage both consumer confidence and business investment. In short, expansion in aggregate demand would be likely to produce a rapid and adverse effect on the price level, coupled with only dubious and retarded effects on output and employment.

External

So much for a possible diagnosis of the situation in countries with weak currencies. But in countries with strong currencies the position is not much better. The strong economies of Europe — unlike the United States — depend very heavily on exports for the buoyancy of their economies. This means that their levels of investment are determined at least as much by the state of demand beyond their frontiers as by the state of their own domestic demand. Measures to stimulate domestic demand are likely to have only a limited effect on employment. Even in the strong economies, therefore, governments are deterred from taking action to expand the economy — whether by increasing public expenditure or by easing credit conditions — by the fear that the effects on employment will be doubtful and slow while the effects on prices will be rapid and damaging.

It is not because governments are indifferent to high unemployment that the Community is still in the grip of recession. It is because, in the Community as it is at present, each Finance Minister feels caught in a trap which is at least partly one of scale. If those from weaker countries could survive an exchange rate crisis, and those from stronger ones knew that demand would continue to be strong elsewhere in the Community, then each would feel better able to do what he knew was right in the longer term. Monetary union does not offer an automatic way out of that trap. But I am convinced that it represents the best way in which the trap might be sprung.

Budget

Finally, I turn to one or two of the institutional aspects for the Community. It is clear that monetary union would necessarily involve a bigger and more redistributive Community budget. According to the report of the so-called MacDougall Group of economists on the role of public finance in European economic integration, monetary union would require Community expenditure of about 5 to 7 per cent of total Community GNP, compared with the present Community budget of less than 1 per cent of total Community

GNP. Much of the additional expenditure would be redistributive. Its purpose would be to direct resources into the poorer parts of the Community so as to ensure not equality of economic performance but a reasonable share-out of the greatly increased wealth which monetary union should make available. The existing process by which member States redistribute resources between their own stronger and weaker regions would thus be carried out on a wider Community scale.

Challenge

Such changes would represent a formidable challenge to our institutional inventiveness. At 5 per cent of total Community GNP, the Community budget would be incomparably smaller than the central budget of any of our member States or than the central budget of states with federal institutions. The notion that monetary union would involve the creation of a federal Europe on the model of the United States or the Federal Republic of Germany is misconceived. So also is the idea that it would involve the creation of a new and cumbersome bureaucracy in Brussels. Here it is worth recalling that one of the reasons for the size of the central government machine and budget of such countries as the United States is that it carries substantial responsibility for social and welfare expenditure. I see no such need for centralization in Europe.

Power

At the same time there is no question that the creation of a monetary union would involve a significant transfer of power from member governments to the Community. But that is inevitable if we mean what we say about creating a European Union. Two of what are generally regarded as the most important functions of a modern government — control over the exchange rate and control over the money supply — would be exercised by a central Community institution instead of by governments. It is, perhaps, worth asking how much control over such functions member governments really exercise. As a former Chancellor of the Exchequer I cannot help thinking that they tend to get the worst of both worlds: the appearance of responsibility without real power. But be that as it may what we are proposing would be a radical institutional as well as psychological change, and we must recognize it as such.

Possibilities

The ideas of us all about what sort of institution would be required have not yet been worked out. We shall have to consider how it should be composed; what its relationship should be with member governments; what its relationship should be with other Community institutions and in particular the Parliament; to whom it should be accountable, and how. There is clearly a wide range of possibilities: at one end a body under the permanent surveillance of Finance Ministers; at the other something like the Federal Reserve Board which, I add in passing, is responsible to Congress rather than to the Executive of the United States. My own feeling is that just as the Community has no parallel in other modern institutions, so whatever we create would also have to be tailor-made to our own constitutional requirements.

News

The month in Europe

China pact

On Friday, February 3, Sir Roy Denman for the Commission and Mr Sun Sou-Cheng for China initialled a draft trade agreement. It will run for five years, annually renewable, and will include a Joint Committee to sort out any problems.

Flood aid

The Commission is to help those areas of Britain, France, and Belgium affected by recent floods.

Milk marketing

The Commission has proposed that the Community's organization of the milk market should be altered to accommodate such organizations as the British Milk Marketing Board. Some fears had earlier been expressed that they might be incompatible with the CAP.

Food prices

The end of the UK transition period on January 1, 1978, when British farm guarantee prices were finally aligned on the Community level, should mean no more than one penny in the pound extra on food prices, according to the British Ministry of Agriculture, Fisheries and Food.

New steel plan

In view of the steel crisis, the Council agreed in December 1977 to levy temporary dumping duties on steel imported below published prices, to negotiate bilateral agreements stabilizing imports, and to raise by an eventual 15 per cent the internal Community guidance prices of steel products.

Electric cars?

The Commission announced recently that it has been encouraging the establishment of a European electric road vehicle association, which should be set up officially within the next few months.

Energy saving

The Commission has set up a special Directorate for Energy Saving within its Energy Directorate-General. It will be headed by Riccardo Perissich, formerly *chef de cabinet* to a member of the Commission.

Giolitti in London

Antonio Giolitti, Commissioner for Regional Policy, was in London on February 6 and 7, 1978, studying the problems of inner-city areas and urban decay.

Report

Business cooperation

E.C. 'marriage bureau' made more effective

The Commission has amended its instructions to the Business Cooperation Centre to enable it:

☐ to concentrate on a smaller number of sectors;
☐ to take a more active role;
☐ to widen its geographical field.

Activities

The Business Cooperation Centre was set up in 1973. Its main function is to help effect cross-frontier cooperation and integration arrangements between firms in member countries.

Between May 1973 and November 1976 the Centre answered 2,000 requests for information, and processed something like 350 requests for cooperation, which resulted in 50 inter-firm agreements.

However, as an instrument of industrial policy, notwithstanding the results achieved, it does not appear that the Centre has been turned to best account.

Its resources are extremely limited, and its work is spread over all sectors of the economy; as a result its economic impact Communitywise is negligible.

By linking up medium-sized firms, the Centre is helping to bring into being firms in this category which are of Community structure and scale, and in consequence more competitive. This is a prime objective in the process of cyclical and structural change.

Fewer sectors

The sectors to be concentrated on, the list of which would be for guidance and subject review, should be those marked by:

☐ reasonable growth;
☐ the necessity to improve the competitive structure of the sector under consideration, particularly by means of cooperation between small and medium-sized independent firms operating in this sector, considering also competition from third countries;
☐ fast technological change in production techniques or products, i.e. sectors requiring faster and costlier investment and needing to amortize this by enlarging their markets.

Examples might be building and related activities (building materials, project studying), transport, processed chemical products, the wood and furniture industry, fringe electronics, plastics processing, business services.

More active

The Centre may only enter into contact with firms that approach it of their own accord.

The Centre has by now built up a considerable fund of knowledge as to the demand and scope for multilateral cooperation arrangements in some sectors. In such cases it should be entitled to act as a catalyst and approach the firms itself. Each such initiative should of course be taken in accord with the other Commission departments concerned, so as to ensure the necessary harmony with the other policies, particularly competition policy.

A wider field

The Centre was planned purely from the Community angle: it does not put Community firms in touch with non-Community ones.

Nevertheless, a number of non-member countries have asked, under agreements between them and the Community, that the Centre should also establish contacts between firms of theirs and firms in the Community. The countries in question are of course not members of the Lomé group, the Lomé countries being able to make use of the Centre for Industrial Development.

Conversely, Community firms are often on the lookout for matchings which do not exist within the Community but do exist in a non-member country. Consequently the Commission has decided that in the case of non-member countries:

☐ which have a structured bond with the Community, either on a bilateral basis or within the framework of regional arrangements (a cooperation agreement, a free trade agreement or the like);

☐ which expressly make a request;

☐ which are prepared to set up organizations (Chambers of Commerce, Trade Federations, etc.) functioning as a corresponding body to the Centre, and responsible for relations with the firms of their countries;

☐ the bilateral body provided for in the agreement may consider whether, in which sectors and on what lines the Business Cooperation Centre could be made responsible for putting firms in the Community and firms in the country concerned in touch.

First balance sheet

The Business Cooperation Centre's activities between November 1975 and October 1976 were as follows:

Information: number of requests 512

Search for partners:

☐ number of requests 77

☐ number of replies 910

☐ Contacts made 63

As a result of these contacts, about fifty cooperation agreements were confirmed to the Centre, involving the following partners:

24 British firms
23 French firms
22 German firms
16 Belgian firms
9 Dutch firms
8 Italian firms
2 Danish firms
3 Irish firms
1 Luxembourg firm

108

Sector	Type of cooperation	Nationality of firm
Paints	Reciprocal distribution	F — I
Plumbers' fittings wholesale manufacturers	Joint sales on non-European markets	F — UK
Hospital equipment	Reciprocal distribution, exchange of licences	D — I
Fertilizers	Joint distribution subsidiary	F — UK
Lubricants	Pooling of knowhow, sales under joint trade mark	1 B — 7 D — 10 F — 1 NL
Milk products	Reciprocal distribution	IRL — NL
Foodstuffs	Joint distribution subsidiary	I — NL
Industrial packaging	Exchange of knowhow, reciprocal help	UK — NL
Mechanical engineering	Joint subsidiary	D — IRL
Accounting experts	Reciprocal representation	IRL — B
Data processing	Joint development and execution of projects	DK — UK
Chemical industry	Reciprocal distribution	D — B
Banking	Reciprocal management of operations abroad	B — D — F
Wire manufacturing	Exchange of sales networks	D — UK

Consumer Affairs

Food, curious food

Community action for consumers

The Treaty of Rome requires the Council, acting unanimously on a proposal from the Commission, to issue directives for the approximation of such provisions laid down by law, regulation or administrative action in member States as directly affect the establishment or functioning of the Common Market.

As far as foodstuffs and the consumer are concerned, the object of Community legislation has been, and is, not only to give the consumer greater choice, but to ensure certain minimum standards and, as far as possible, extend the consumer's rights and benefits to the level of the best obtaining in the Community's nine member States.

Choice

This does *not,* as many people believe, mean uniformity. Rather, as Mr Finn Gundelach, the Commissioner responsible, has told the European Parliament, the object is to ensure that 'consumers should have the broadest possible choice of different commodities.'

Because of wide differences of custom and variety within the Community, legislation affecting foodstuffs and consumers has relied on the directive rather than regulation. The directive lays down the objective to be attained, but leaves it to the individual State to achieve this objective as it sees fit. Even then no directive can be adopted without the *unanimous* decision of the Council of Ministers.

Inevitably, progress has been slow. In an effort to speed things up in 1974 the Scientific Committee for Foodstuffs was established to help the Commission formulate policies. The Committee consists of fourteen distinguished scientists from all the member States, and several of its reports have formed the basis of Community action, e.g. restricting the use of rapeseed with a high erucic acid level. The Committee has also examined the full list of additives in foods with a view to their modification in the light of the ending of the transitional period for the three new members of the Community and the need to reconcile any remaining differences between them, especially Britain, and the Community lists of additives.

Food legislation

The Council has so far adopted 15 food directives under Article 100:

1 Colouring matters O.J.* L115/62
2 Preservatives O.J. L12/64
3 Purity criteria for preservatives O.J. L22/65
4 Surface preservatives for fruit O.J. L148/67

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5 Antioxidants	O.J.	L157/70
6 Cocoa and chocolate	O.J.	L228/73
7 Sugar	O.J.	L356/73
8 Emulsifiers and stabilizers	O.J.	L189/74
9 Honey	O.J.	L221/74
10 Fruit juices	O.J.	L311/75
11 Preserved milk	O.J.	L24/76
12 Materials in contact with foodstuffs	O.J.	L340/76
13 Erucic acid	O.J.	L202/76
14 Dietary foods	O.J.	L26/77
15 Coffee extracts and chicory extracts	O.J.	L172/77

These measures fall into two main categories: 'horizontal' and 'vertical'. The 'horizontal' directives include the measures on colourants, preservatives, antioxidants and emulsifiers. They cover the whole range of foodstuffs. 'Vertical' directives, on the other hand, are concerned with particular groups of foodstuffs, such as cocoa and chocolate, honey and fruit juices.

Of the 'vertical' directives covering individual foodstuffs, some are optional, in the sense of setting a standard for intra-Community trade while allowing freedom of action within member countries, whereas others, such as the directive on honey, apply the same standards throughout the Community, whether in domestic or intra-Community trade.

Much of the Community legislation now under consideration in the Council is developing the measures listed above. This is the case for instance, with new proposed measures on additives.

Additives

Legislation on colourants, preservatives and anti-oxidants was among the earliest of the food laws adopted by the Community.

This additive legislation consists essentially in setting out permitted lists of substances which may be used in food manufacture. Member States may not authorize their manufacturers to use any substances not on the relevant list, nor may they impose 'a general prohibition' on the use of permitted substances.

The authorized substances themselves must meet two essential conditions:

☐ they must not present any danger to health;

☐ they must meet a proven technological need.

Accession

In the Treaty of Accession, which set out transitional terms for Community membership for Denmark, Ireland and the United Kingdom, it was provided that until the end of the transition period on December 31, 1977, Britain could authorize the use of certain substances not on the permitted lists and that over a rather shorter period, Britain could prohibit the use of certain substances on the EEC permitted lists.

In practice, December 31, 1977, was not a major turning-point as was perhaps feared in the days when Community membership was under discussion. Over the intervening years, the permitted lists have themselves been frequently modified. The Scientific Committee for Foodstuffs has given its views on the desirability and undesirability of certain substances and its judgement has universally been accepted by the interested parties, so there has been a gradual convergence of the permitted additives used in Britain and in the original member States.

Any discrepancies between the UK lists and the Community's lists arise from new waivers or temporary authorization given following the advice of the Scientific Committee, because there is still some doubt as to the acceptability of a particular substance.

The lists of permitted substances do not specify the parameters for actual use, but simply state which substances manufacturers are entitled to use. This means that member States can still use food additives legislation to restrict the sale of imported foodstuffs, simply by the specific prohibition of a colourant or preservative for use in a particular product or by imposing other limitations on use which could act as a restriction on trade. The next stage in Community legislation is to try to remove such anomalies. The Commission is looking at the best way of doing this and is planning to discuss this problem with national governments and interested parties like the food processors. Detailed proposals have not yet been considered in the Commission, so the prospect of this legislation is, at the least, years away.

Materials in contact with foodstuffs

The 1976 directive on materials in contact with foodstuffs lays down that:

'Materials and articles must be manufactured in compliance with food manufacturing practice, so that, under their normal or foreseeable conditions of use, they do not transfer their constituents to foodstuffs in quantities which could:

☐ endanger human health;

☐ bring about an unacceptable change in the composition of the foodstuffs or a deterioration in the organoleptic characteristics thereof.

Provision is also made for specific legislation under this heading and two measures are now before the Council:

☐ relating to ceramic articles;

☐ relating to vinyl chloride monomer.

The first of these is designed to limit the extractable quantities of lead and cadmium in ceramic articles and has been before the Council since late 1974.

The proposal on p.v.c. is now under detailed discussion in the Council. When adopted, it will limit the vinyl chloride monomer in materials and articles coming into contact with food to a maximum permissible level. What that level should be, and whether the same standard should apply for all products (e.g. for solids as well as liquids) is still being discussed.

Labelling

This proposal is being treated as a priority in the Council of Ministers working party and there is some hope of its adoption within the next few months. Its basic purpose is to provide information and protection for the consumer and to provide a Community standard for labelling of all prepackaged foodstuffs.

The pace of progress

Progress in developing Community legislation for foodstuffs has been painfully slow. Consequently the legislative programme has become concentrated on those sectors where the differences of view between the member States are not too great and the problems not too complex.

In December 1973 the Council of Ministers drew up a list of 41 draft food law directives to be adopted before December 31, 1977. Only seven of those 41 have so far become Community law.

At the end of 1976 the Commission withdrew six long-standing proposals in the food sector. Most of the withdrawn proposals originated as far back as the mid-sixties. They dealt with bread, beer, mayonnaise, edible ices, confectionery and casein and caseinates. Some had been rendered invalid by time, but they remain in the general programme and may eventually be dealt with in other ways.

Consumer legislation

In 1975 the Community agreed an action programme for the protection of the consumer. This provided a framework for various measures which have now been finalised by the Commission and put before the Council of Ministers or are still in the initial drafting stage and have not been accepted yet by the Commission.

The furthest advanced of this legislation is that concerned with the labelling of prepackaged foodstuffs, which will clearly have a most important effect on the European food industry. Proposals have also been submitted on product liability and unit pricing. The object of the latter is to ensure that the price per unit measure of packaged foodstuffs as well as their total selling price are properly displayed, making it easier for the consumer to make quick price/quantity comparison.

Product liability

This proposed directive 'relating to the approximation of the laws, regulations and administrative provisions of the member States concerning liability for defective products' promises long and complex arguments. The Commission says in its proposals that liability should 'cover all types of movables, including therefore agricultural produce'.

The proposals essentially puts liability on the producer for death, injury, damage or destruction caused by defect in a particular product. If the goods come from outside the Community, liability then rests with the importer. The principal argument is that, if the producer knows that he has ultimate liability, then he will be able to insure himself against the risk and will be able to spread the cost. The producer, who could be the person who puts his trademark on the goods and 'represents himself as its producer' becomes liable even if there was no reason to believe at the time of manufacture that the product might prove defective.

Protection

For the food manufacturer wishing to trade on a Community scale, or meeting competition in his domestic market from foodstuffs produced elsewhere in the EEC, the development of foodstuffs and consumer protection laws has considerable significance. At its most negative, it does have a stabilizing effect on the activities of individual governments in these sectors, since the evolution of Community policies makes the nine individual member States less inclined to pursue unpredictable and divergent policies. At its best Community legislation makes trade between the member States much easier and opens up the market of 259 million consumers as a single market.

For the consumer, the legislation means greater protection against harmful additives in foodstuffs throughout the Community.

Science & Technology

An electrifying plan

Community may aid cross-Channel power

The plans for building a tunnel or a bridge across the Channel to link Britain with the continent may seem to be dead. But the EEC Commission is now studying a new project to link Britain and France — by electricity.

At the last EEC 'summit' in Brussels in December 1977, the Heads of Government gave the go-ahead for the Commission's plan to raise one billion units of account (£650 million) to finance new industrial investment — notably in the energy sector. This new loan facility, the joint brainchild of Roy Jenkins and François-Xavier Ortoli, is designed to boost investment, create more jobs and help Europe develop more independent energy supplies.

Sea-bed

Now the Commission is analysing projects which could qualify for aid from the new loan facility. Top of the list is a £220 million scheme to build a major new electric link between Britain and France.

There is already a low-power link across the Channel carrying 160 megawatts which was installed in the 1960s — and which has proved extremely useful. Britain made especial use of it to 'buy' French electricity in the cold winter of 1962-3. The present proposal is to replace it with a 2,000 megawatt link, with four pairs of electricity cables laid on the bed of the Channel between Dungeness and Boulogne. The link would be 60 kilometres long and would take four years to build.

The new link would provide a variety of benefits to both Britain and France. Since peak-hour consumption take place in different periods in each country (partly thanks to the time difference) — the link could be used to switch electricity from Britain to France during French peak hours and vice versa during Britain's peak hours. By the time the new link came into operation, the total capacities of the French and British grids would be each about 50,000 megawatts — so the link would provide up to 4 per cent extra electricity for either country at a time.

Exchange

At present, Britain has a far bigger electric grid than it needs thanks to heavy over-investment in the early 1970s. This means that it could hope to be a net exporter of electricity to France over the next decade. Then by the 1990s, France's heavy nuclear investment programme will be coming on stream, probably giving France an over-capacity which would allow it to export electricity in turn to Britain.

Books

L'Europe interdite

Written by former Commissioner Jean-François Deniau and published by Les Editions du Seuil at 45Frs, this is an insider's wry, elegant, witty, and disabused view of the Community's development since its author helped negotiate the Treaty of Rome.

Intergovernmental relations in the EC

This is a new study by C. Hull and R. A. W. Rhodes, focussing on an often neglected aspect of the Community — the way in which national and sub-national administrations become involved with it and with each other. It proposes more, not less, regional and other participation in the Community process. It is published by Saxon House at £7.00.

International Migration and Dependence

Also from Saxon House, at £8.50, this book by Stephen Adler studies the impact of migrant workers on one particular set of relationships, those between France and Algeria. Despite its title, it stresses interdependence as much as dependency, and suggests how LDC's could improve their situation in respect of migrant labour.

A Dictionary of the European Economic Community

Compiled by John Paxton and published by Macmillan at £7.50, this is the Community from A to Z — from 'A.A.S.M.' to 'Zollverein'. We find it very useful ourselves.

Tax Planning for Businesses in Europe

Written by M. Roy Saunders, a Chartered Accountant, primarily for professional advisers to multinational enterprises, this surveys the UK, France, Germany, Luxembourg, Belgium, Switzerland, the Netherlands, the Channel Islands, Liechtenstein, and the Netherlands Antilles. 'The pursuit of tax avoidance schemes by UK businessmen,' it says, 'is like adultery to an unhappily married man; you know you shouldn't, but you are left with little alternative.' The handbook is published by Butterworths at £12.00.

Judicial Protection

Judicial Protection in the European Communities, by Henry G. Schermers, noticed in our November 1977 issue and published by Kluwer at £18.50, is available from Sweet & Maxwell Ltd., or through UK bookshops.

Argument

Thoughts for the think-tank

Douglas Hurd, MP, on the Berrill Report

The Central Policy Review Staff's Berrill Report deals in several places with the new dimension of work created by our membership of the EEC. Its suggestions on this front seem sensible.

The Report does not however deal with the possibility of using our membership of the EEC to simplify some of the problems with which the Report deals. It should surely be possible for the members of the EEC to begin to share each other's burdens in the diplomatic field.

The EEC is still groping towards a common foreign policy, but progress has been made. Because political co-operation lies outside the Treaties, the Commission's role has so far been fairly strictly limited to matters of trade.

On a wide range of such matters the EEC now speaks and negotiates as one. To some extent this is also beginning to happen on largely political matters, for example the European Security Conference at Helsinki and Belgrade.

On the ground this increasingly means nine ambassadors setting out from nine large houses in nine large cars to say much the same to the Foreign Office of a third power. There should surely at least be experiments in common services, e.g. in the preservation, on a Community basis, of some of the consular posts which the CPRS suggests in Chapter 9 should be closed.

There might be experiments in common political reporting. For example where there is a subject of interest to the Community as a whole, for example regional pressures on the Spanish Government, one qualified diplomat from one of the nine Embassies might be asked to prepare a report which would then be used by all the others. Going one stage further, there might be an experiment with an EEC Embassy in some medium-sized country, where members of the Community had no particular separate interest to protect. This is a different concept from that now operating, e.g. in Washington, where there is an EEC post *in addition* to the posts of the nine member States. My suggestion is of an experiment with an EEC post which would replace or rather fuse together parts of the national Embassies. The Trade Offices would obviously have to continue to compete. There would be administrative difficulties, but these would probably not be insuperable if the will to resolve them existed.

Ideas of this kind need further study before they could be fruitful, but it is a pity that the CPRS did not start this ball rolling.