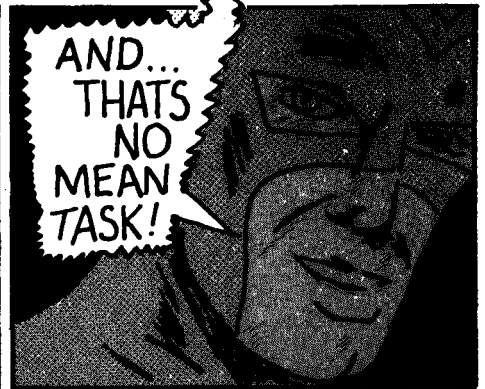
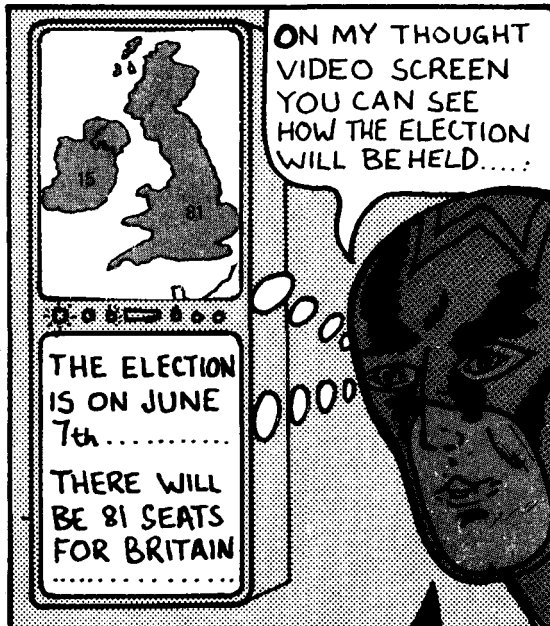
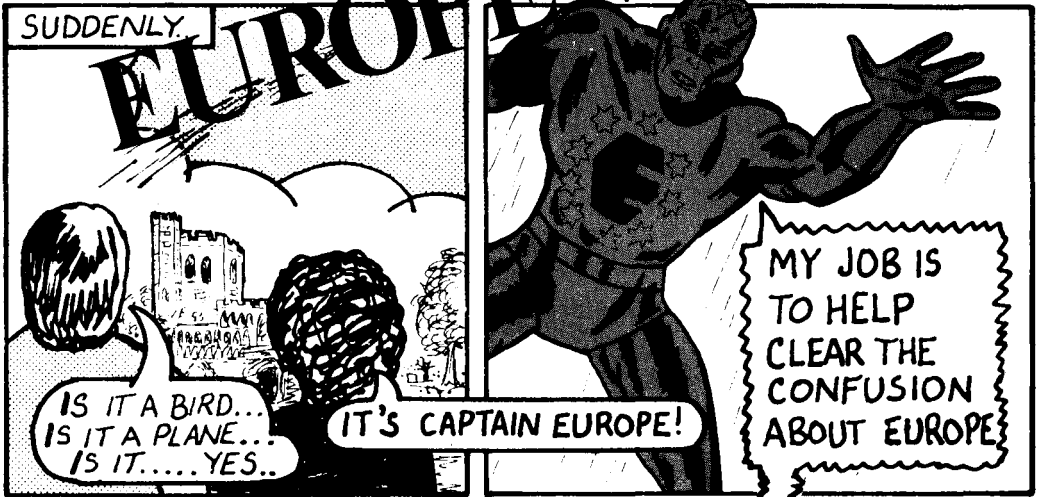


European Community

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May/June 1979

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European Community



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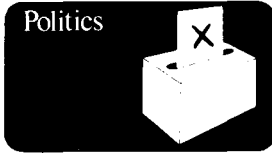
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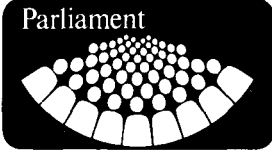
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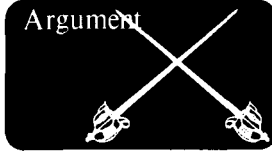
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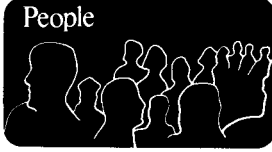
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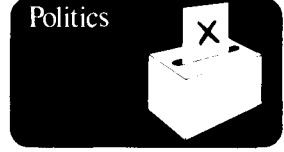
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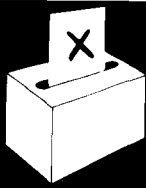


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Four days in June

Getting Europe to the polls

In June the people of the nine-nation European Community will be going to the polls to take part in the world's first international general election. They will decide who is to represent them in the European Parliament.

The election is being held over a four-day period, the people of the United Kingdom, Ireland, Denmark (including Greenland) and the Netherlands going to the polls on Thursday, June 7 and the people of Belgium, France, Germany, Italy and Luxembourg voting on Sunday, June 10.

Everyone over 18 in the Community will be entitled to vote, which means that as many as 180 million people out of the Community's total population of 260 million could take part.

The elected European Parliament will meet for the first time in Strasbourg on Tuesday, July 17.

The idea of electing members to the European Parliament is as old as the Community itself. Six years after the end of World War II, on April 18, 1951. France, Germany, Italy, Belgium, the Netherlands and Luxembourg signed a treaty setting up the European Coal and Steel Community. That treaty made provision for a 'Common Assembly', the forerunner of today's European Parliament.

Article 21 of the ECSC Treaty reads:

'The Assembly shall consist of delegates whom the parliaments of each of the member States shall be called upon to appoint once a year from among their own membership, or who shall be elected by direct universal suffrage . . .'

Treaty of Rome 1958

The Rome Treaty, which set up the EEC in 1958, was unequivocal on the subject of direct elections. Article 138(3) reads:

'The Assembly shall draw up proposals for elections by direct universal suffrage in accordance with a uniform procedure in all member States.

The Council shall, acting unanimously, lay down the appropriate provisions, which it shall recommend to member States for adoption in accordance with their respective constitutional requirements.'

Acting on these instructions, Parliament drew up the first draft of a convention on direct elections on May 17, 1960. This was forwarded to the Council so that it could 'lay down the appropriate provisions'. But no decision was taken despite constant pressure from Parliament to get the Council 'to complete its work on direct elections as soon as possible'.

Paris summit, 1974

There was no shift in the Council's position until 1974. In December of that year the heads of government of a Community which now included the UK, Ireland and Denmark met in Paris and gave the green light for elections which 'could take place at any time in or after 1978'. They asked Parliament to submit proposals.

European Elections Act

The European Parliament duly submitted the draft of a new convention in January 1975, and this was taken as the basis for the European Elections Act which was signed in Brussels on September 20, 1976. It specifies that there are to be 410 seats, allocated as follows: 81 each in France, Germany, Italy and the United Kingdom, 25 in the Netherlands, 24 in Belgium, 16 in Denmark, 15 in Ireland and 6 in Luxembourg. Members are to serve for five years. They may also be Members of their national parliaments. Each country is to decide its own electoral system, a common system to be drawn up for subsequent elections. The elections are to be held over four days, starting on Thursday morning and ending on the following Sunday, the count beginning once the last polling station closes.

The date decided

The European Council decided at its meeting in Copenhagen in April 1978 that the European elections would be held over the four days from Thursday, June 7 to Sunday, June 10, 1979.

Parliament's task

The job of the new Parliament when it assembles on July 17 will be the same as that done at present by an

assembly made up of members of the nine national parliaments. This involves passing the budget, advising on legislation and exercising political control. The present assembly will be dissolved when the new Parliament takes office.

Budget

The European Parliament exercises a wide measure of control over the Community's budget. Its specialist committee is able to consider every item of income and expenditure envisaged, to discuss these in detail at meetings with representatives of Commission and Council and to submit its conclusions to the vote of the whole House. The House may approve the budget, amend it by increasing certain heads of expenditure subject to a given ceiling or it may reject the budget altogether. In the event of disagreement between Parliament and Council, who together constitute the Community's budgetary authority, a conciliation procedure is initiated so that a compromise may be reached.

This conciliation procedure may be initiated in respect of any Commission proposal having financial implications.

Legislation

Under the Treaties the Community's decision-taking Council is required to consult Parliament on proposals from the executive Commission for laws to apply throughout the Community.

Parliament's opinions on Commission proposals, which take the form of resolutions agreed to by the whole House, may call for amendments to or reject the proposals in question. The Commission often amends its proposals to take account of Parliament's views but it is not obliged to do so.

Control

The European Parliament is able to exercise a measure of democratic control over the Commission and the Council by virtue of its right to address questions to the other institutions. It avails itself of the right at Question Time in the House, through a procedure of oral questions and through written questions. Parliament also has the power to oust the Commission by means of a vote of censure if it feels the Commission is failing in its responsibilities.

Parliament's powers are:

- the right to vet the budget, i.e., pass or reject it, and the right to increase, within certain limits, discretionary spending;
- the right to dismiss the 13-member Commission by passing a censure motion;
- the right to be consulted on proposed Community laws;
- the right to question the Council and Commission.

The powers vested in the directly-elected Parliament will be no greater than those held by the present assembly. But the elected Parliament will undoubtedly have a greater moral authority.

Moreover, even within the limitations set by the Treaty, the Parliament provides the public with a means of observing, questioning, and where necessary objecting to proposed Community legislation.

Over and above these practical considerations, however, lies the undoubted psychological boost which the European Community will receive from the inauguration of this political process; indeed, the elections will be a milestone in Europe's history.

Voting in the UK

The European Elections Act of September 20, 1976 left it up to each

member State to decide on its own national electoral provisions.

In the United Kingdom, the European Assembly Elections Act received the Royal Assent on May 5, 1978. Its main points were as follows:

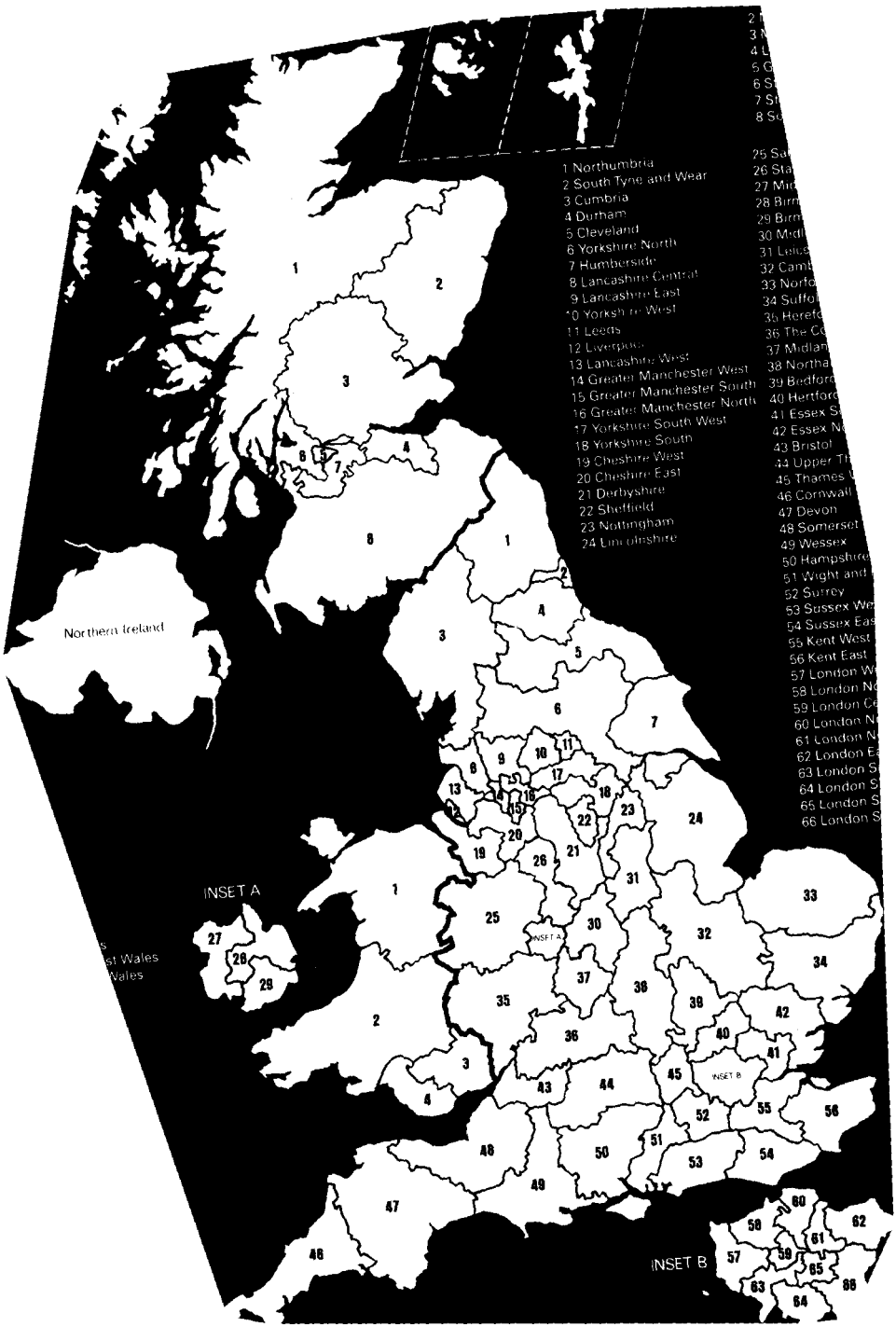
Those able to vote at European Parliament elections will be (a) those entitled to vote at House of Commons elections in the appropriate area and (b) peers entitled to vote at local government elections in the relevant area. UK citizens resident abroad will not be able to vote, nor will other Community citizens resident in the UK (except for Irish nationals). About 41 million people in the UK are entitled to vote.

The UK is divided into 78 single-member constituencies and one three-member constituency (average 1977 electorate in brackets):

England	66 (514,000)
Scotland	8 (473,000)
Wales	4 (512,000)
Northern Ireland	3 (344,000)

The electoral system in Great Britain will be the same for the first European elections as it is for national elections. This means that in England, Scotland and Wales the candidate who gets the most votes will win. Northern Ireland has been declared a single three-member constituency. Voting there will be by single transferable vote. Vacant seats will be filled by by-elections. By-elections in N. Ireland like those in the rest of the UK, will use the first-past-the-post system.

A special clause has been inserted in the Act limiting the British Government's ability to accept changes in the Treaties which would increase the European Parliament's powers. Normally, such changes would be ratified by Order in Council. In these cases, however, Westminster will have to give its approval.



- 1 Northumbria
- 2 South Tyne and Wear
- 3 Cumbria
- 4 Durham
- 5 Cleveland
- 6 Yorkshire North
- 7 Humberside
- 8 Lancashire Central
- 9 Lancashire East
- 10 Yorkshire West
- 11 Leeds
- 12 Liverpool
- 13 Lancashire West
- 14 Greater Manchester West
- 15 Greater Manchester South
- 16 Greater Manchester North
- 17 Yorkshire South West
- 18 Yorkshire South
- 19 Cheshire West
- 20 Cheshire East
- 21 Derbyshire
- 22 Sheffield
- 23 Nottingham
- 24 Lincolnshire
- 25 Suffolk
- 26 Norfolk
- 27 Middlesex
- 28 Birmingham
- 29 Bristol
- 30 Merseyside
- 31 Lancashire
- 32 Cambridgeshire
- 33 Norfolk
- 34 Suffolk
- 35 Herefordshire
- 36 The Cotswolds
- 37 Midlands
- 38 Northamptonshire
- 39 Bedfordshire
- 40 Hertfordshire
- 41 Essex South
- 42 Essex North
- 43 Bristol
- 44 Upper Thames
- 45 Thames Valley
- 46 Cornwall
- 47 Devon
- 48 Somerset
- 49 Wessex
- 50 Hampshire
- 51 Wight and Isle of Po
- 52 Surrey
- 53 Sussex We
- 54 Sussex East
- 55 Kent West
- 56 Kent East
- 57 London West
- 58 London North
- 59 London Central
- 60 London North East
- 61 London North West
- 62 London East
- 63 London South East
- 64 London South West
- 65 London South East
- 66 London South West

Northern Ireland

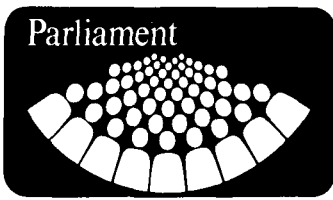
INSET A

West Wales
East Wales

INSET A

INSET B

INSET B



The pioneer Parliament

Lord Ardwick says good-bye

Lord Ardwick, journalist and former political advisor to the Mirror Group, says good-bye to the old European Parliament.

Cheerfully, I ringed July 17 on my calendar — the day when the old European Parliament officially dies and the new elected one takes over — as 'Liberation Day'. No more pre-dawn journeys to hell-port Heathrow; no more long sessions in Brussels' hot and draughty committee rooms, going through too many draft directives and regulations; no more two-hour luncheons and three-hour dinners in restaurants where they always served too much and too late.

But I find myself already suffering premature nostalgia, envying Jim Scott-Hopkins and other Tories nominated in winnable seats. Not a single one of us from the Labour delegation is going back to the Parliament since the party ruled out the dual mandate for MPs, and its European selection committees found the claims of peers — who were free to stand — too easy to resist.

Most of us are now aware of how important the European Parliament was to us personally. All very well to moan that it was not a real Parliament, that it was merely a consultative assembly with very small power and that it was of secondary concern to members heavily

burdened with national responsibilities: the truth is that many people felt more fulfilled in Europe than they did at Westminster.

The work on the specialised committees gave them something hard and lasting to get their teeth into. And they had a sense of achievement too. For the legislation that comes before the Parliament is still in draft. It can be discussed across the table with the Commissioner responsible for it; and it can be amended in the plenary with hope of the amendment being incorporated in the final version.

Two decades

This has been a brave, pioneering Parliament. It has fought over two decades to increase its efficiency and to widen its scope and its influence. And it has largely succeeded. We hand over to the elected members a mature and experienced Parliament with a residue of experienced Parliamentarians, who can give wise counsel.

This Parliament, in its modesty, has been its own worst detractor. During the past year or two, members would speak of the superior legitimacy and authority of the elected Parliament to come. Every time they did this, they succeeded in making our nominated Parliament appear *illegitimate* and transitory. And authority forgets a dying Parliament as surely as it forgets a

dying King.

But we can claim credit that we were our own executioner. For nearly 20 years the nominated Parliamentarians pleaded and planned to be replaced by an elected Parliament, which would, by reason of its more democratic provenance, command more authority and enjoy more influence. Some people believed that the elected Parliament would make a demand for more *powers* which would be irresistible simply because it rested on the votes of the sovereign people. But this put Parliament in a classic Joseph Heller situation. You could not, people would argue, concede direct elections to a Parliament with such limited powers. But nor could you entrust a non-elected Parliament with more than minimum powers.

The Parliament also suffered from a well-publicised fallacy. Because a federal Europe would require an elected Parliament, people argued that an elected Parliament would presage a federal Europe. The argument was used by both the federalists and their worst enemies. And this created an embarrassment for the average good European who wants all integration short of real federalism. For the federalist argument put a strong weapon into the hands of all those who were not only anti-federalist, but wanted to halt the development of the Community completely.

The European Parliament also got itself bogged down in the dual mandate controversy, eventually to be rescued only by one of those old Community compromises. The dual mandate is wrong in principle: but the principle will not be immediately applied. It has an Augustinian ring: 'O Lord make me chaste — but not yet'.

Another stumbling block was the

attempt to get an agreed electoral system for the elections. A further creative compromise: each country can follow its own system, even choose its habitual day of the week for polling. Europe should be grateful to Schelto Patijn, the young Dutch socialist lawyer, who was rapporteur on direct elections; he brought much clarity and ingenuity into the discussions.

Debates?

I wish I could say my nostalgia will be for the great debates in the hemicycles of Luxembourg and Strasbourg. But I cannot. We had many fine discussions, but seldom did we really debate. Instead we held symposia of the highest class, with each speaker saying his piece, regardless of what had gone before or might come after. And if you asked a Commissioner or the Council President of the moment to tackle a certain point when winding up and he failed to do so, you could not get up, as you can at Westminster, and challenge him to answer you.

There are other reasons that the discussions in our Parliament, instructive and well-reasoned though they were, never reached the emotional and dramatic heights of a historic debate in a national Parliament. In the European Parliament, the life of the Government was never at stake because there was no government. Moreover the Group spokesmen were often expressing a soft-focus compromise reached by the national political parties comprising the Group. And this took the sharp edge off the speeches.

Another defuser of drama has been the ill-mannered chattering of which we were all guilty. Sometimes you could see and hear an excited knot of three or four members and a political secretary discussing a

tactical ploy while the member addressing the House struggled to capture its attention. Even when the speaker was only a few yards away and speaking your own language, you had to listen to him through headphones in order to keep the chatter out.

Nor has the bureau shown much genius in arranging our most important debates at times when there could be a full house and at times early enough for the media to operate effectively. The economic debates suffered the worst, an odd lapse in an Economic Community.

Fist shaking

And yet, . . . and yet. There were times when the Parliament shook a brave fist at authority if it did not strike a blow. Though our conventional weapons were few, we did have two nuclear deterrents. We could throw out the Budget; and we could sack the Commission. The first was never attempted; but two Groups (one of them the Conservative Group) did try to censure the Commission. Parliament has made it clear that it would have to be matter of first importance before it would put a war-head in that missile — i.e. load it with a two thirds majority.

Parliament did however achieve a neat coup last December. Just as we backbenchers were set in for a long session on the amendments to the Budget, came a mysterious request that the sitting should be suspended for 15 minutes so that the Group leaders might confer. When we resumed, the Budget Committee's rapporteur, the German Liberal Bangemann arose to announce that all the Budget amendments had been withdrawn; and this meant that the Budget could pass forthwith.

Most of us had to get hold of Erwin Lange, chairman of the

Budget Committee or his British colleagues, Michael Shaw and Lord Bruce, for a plain man's guide to these sensational events.

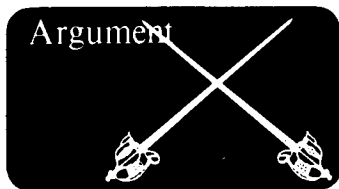
It seemed that the Council, having received Parliament's amendment for an increase in the Regional Fund, had failed to amend the proposal in good time and by the prescribed majority. So all Parliament needed to do was to leave well alone and not to demand any further changes. Then the President could declare that the Budget was approved. This the President did.

Memories

My most precious memory is of that session in January 1977, when Roy Jenkins, the new President of the Commission and Anthony Crosland, the new President of the Council made their debut together. They had been the young intellectual stars of Gaitskell's front bench. Both were good Europeans, but whereas Roy had gone to the stake for his European views, Tony had put Party unity first. Moreover, his belief in Europe had been cooled by his concern that moves towards monetary union might impair Britain's right to depreciate the pound.

Their inaugural addresses were of high calibre, Jenkins' visionary, Crosland's pragmatic. Indeed Crosland's long speech might have formed a base on which the British parties could have shared a constructive policy towards Europe. But he died a few weeks later, and Dr. Owen, his unexpected successor, had to take over unprepared.

I'll have vivid memories too of the people I worked with, of those three musketeers, the Commissioners Ortoli, Davignon and Gundelach, dedicated, painstaking, and voluble explicators of their policies. Of the



Be positive about Europe!

Chambers of Commerce point to the disastrous consequences of withdrawal from Europe

The extracts below come from an Association of British Chambers of Commerce paper setting the British contribution to the EEC budget in perspective. While it cost £14 per year for each British citizen to belong to the EEC, the British Government costs each British citizen £800 a year. Although waste in Brussels must be resisted, far larger savings can be made in Whitehall and local government.

Even the much maligned Common Agricultural Policy (CAP) is put in proper perspective — the food 'mountains' in many cases amount to a few days consumption and seldom more than one month's. The CAP has also cushioned a massive reduction in Europe's agricultural labour force.

The paper points to areas where European cooperation can bring positive advantages.

The General Election campaign has regrettably been marred by a number of wilfully misleading statements about Europe. To listen to some speakers, one would believe that the European Community is responsible for all the ills from which we currently suffer. The truth is different. What is now urgently needed is a positive approach to Europe to get the best out of it. We may have been members of the EEC

for more than six years but it is difficult to refute the charge that we still haven't yet truly joined the club.

What are the facts?

Our trade with the EEC has grown dramatically since 1975.

British withdrawal from the EEC is simply not an option. Withdrawal would inevitably mean that British exports to Europe would have to pay import duties. How many firms could succeed in exporting then? And, of course, our withdrawal would disrupt the operations of large firms whose production is geared to free trade in Europe which includes imports as well as exports. Some firms might find it not worthwhile to continue British operations.

Here one might stop but for the fact that this talk of withdrawing from Europe and the overt hostility to Europe is doing real damage. The talk heard so far cannot be ignored as mere election window-dressing.

First, efforts to blame Europe are distracting attention from the true gravity of Britain's own position. There are a number of areas where reform is essential if Britain is to survive as a prosperous society. To pretend that a display of xenophobia is a substitute for grasping some painful nettles is utterly irresponsible.

Second, bashing the EEC can

British Exports to the EEC

Year	Value £m	Value in £m at 1975 prices	Index of Real Value
1975	6,510	6,510	100
1976	9,305	7,933	122
1977	12,152	8,649	133
1978	14,103	9,200	142

only damage out future chances of achieving cooperation with our European partners on really important matters of policy.

Britain's vital world wide interests have never before been so vulnerable. This country lives by trade. Our industries depend upon the uninterrupted flow of raw materials. We cannot act effectively alone any more. We need to work with allies. The urgent need is to achieve cooperation with our European partners who face the same difficulties — difficulties made more acute in their cases by their almost total lack of indigenous energy supplies.

We must also face the hard fact that our ability to export freely depends upon the maintenance of free trade round the world. Our freedom to sell in overseas markets has to be negotiated and the EEC can — and does — work together for this purpose. We rely upon cooperation in Europe to achieve the necessary opportunities and safeguards for British firms and employment.

□ *Third*, we are in danger of ignoring the positive advantages the EEC has given. It is an important contribution to securing a measure of political stability in Western Europe. By bringing together the European nations, it has ensured that differences cannot escalate and endanger the peace of Europe.

□ *Fourth*, the obsession with the narrow aspects of the EEC has ignored some major areas for future

cooperation. The member States of the EEC each spend immense sums on research and development. Cooperation in Europe offers one road to real savings.

These are all areas where real benefit could be obtained.

Of course, the EEC is not perfect. The CAP contains a number of anomalies and the budget does put a disproportionate burden on the UK. But it is necessary to keep a sense of perspective. The UK Government currently costs each of its citizens £800 a year; the EEC costs each UK citizen £14 a year. To pretend that profligacy in Brussels is sufficient to undermine the UK economy, while profligacy in Whitehall can be safely ignored, is manifestly absurd.

The CAP

Even the much-maligned CAP has some achievements to its credit — notably cushioning a reduction in the EEC's agricultural labour force by one third — a reduction which would otherwise have had the most serious consequences for the social, political and economic cohesion of Western Europe. Few British programmes to cushion declining industries have achieved so great a cut-back in over-manning so cheaply.

A main purpose of the CAP is to ensure adequate supplies of products year in year out; and this has been achieved. Any effective programme intended to avoid short-falls is bound in an area as unpredictable as agriculture to throw up surpluses, and thus the famous

mountains and lakes have resulted.

Like EEC expenditure overall these product surpluses need to be put into proper perspective. The figures which follow and which are, of course, subject to short term variation tell their own story — and it is worth noting that at the present time the ‘wine lake’ does not even exist!

What should Britain do?

1. Work to build coherent European policy in international relations to safeguard and promote our common interests.
2. Seek to achieve cooperation in government projects. Businesses clearly cooperate on a European basis where it pays. Government should as well.

3. As part of a determined effort to stamp out wasteful public spending, press for economies in Brussels — but don't forget that there is far bigger scope for economy in Whitehall and local government.

4. Push for greater economic integration. Entry into the EMS has been urged by Chambers of Commerce as one move in this direction, which would have distinct long term advantages in domestic policy especially in its anti-inflationary implications.

5. Recognise that Britain's economic performance is poorer than that of Germany or France for domestic reasons.

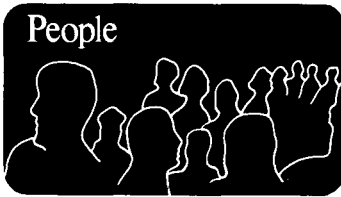
Agricultural Produce in Store

	Tonnes	Days Consumption
Barley	200,000	2
Beef	190,000	10
Butter	293,000	63
Rye	630,000	76
Skimmed Milk Powder	488,000	92
Wheat	1,000,000	11
Wheat (durum)	160,000	5

President Jenkins on the death of Monsieur Jean Monnet

It is difficult to imagine Europe without Jean Monnet. His death is a great sadness for the European Community and for all those who over a generation and more have sought to give effect to the European idea. No-one contributed more than Jean Monnet to the founding and construction of the Community. No-one shared his unique combination of imaginative thinking and practical creation. He had moments of frustration and disappointment, but he never lost his faith or hope in Europe, his resourcefulness in finding new routes forward.

In the last few months the Community has once more been on the move, and Jean Monnet himself was well aware of it. That we should have recovered a sense of momentum is the best tribute we could have paid to the inspiration and impetus which he gave our endeavours for more than thirty years. A great father of Europe is dead. But the Community is very much alive and will remain his greatest memorial.



Migrants and the EEC

From a speech by Vice-president Henk Vredeling, at the National Council of Social Service Conference, March 27, 1979

The migration of labour within the countries of the European Community has become a focus of concern for two reasons.

Firstly, the economic recession and unemployment have drawn the public's attention to the presence of so many migrants within our frontiers — and in a sense which is often far from positive. There are six million unemployed in the European Community and, by a strange coincidence, the number of migrants in our work force comes to about the same figure. Accordingly, for simple minds it is quite obvious that the solution to the problem of unemployment would be simply to throw out the migrants. For all its simplicity, this solution would be quite wrong.

Secondly, we are faced with the imminent enlargement of the Community to include Greece, Spain and Portugal. Many people think that hundreds of thousands, particularly in Spain and Portugal, are waiting impatiently for the moment at which their country becomes a member of the enlarged Community, when they will then set out on the gold rush to the so called 'rich' north, unchecked by national frontiers. But the north is not as rich as it was, and for other reasons, too, the Spanish or Portuguese migrant who wants to seek his fortune elsewhere in the Community is running a considerable risk of being grievously disappointed.

Free movement

When the European Community was established a quarter of a century ago, we regarded the free movement of labour as the fulfilment of a great ideal. Narrow national boundaries, which for so long had hindered the opportunities of people with initiative and a feeling for adventure, were removed, not just the frontiers between the countries of the Community, but also the frontiers with the outside world. In the 1960's huge waves of migration got under way, not least because of our own cheerful encouragement. For in the course of the 1960's western Europe increasingly came to use cheap labour from outside the Community. The demand for labour grew to such an extent that foreign workers were needed in order to keep up production. But above all, our affluence grew to such an extent that we no longer wanted to soil our hands with the dirty and unpleasant jobs which nevertheless still had to be done. For this reason too, we were only too pleased to let the foreigners come.

When this development was at its height there were close on seven million migrant workers in the Community — making, together with the members of their families, more than twelve million people. Three-quarters of these workers came from outside the Community, particularly from the countries around the

Mediterranean and from the developing countries: Turks, Yugoslavs, Portuguese, Algerians and Spaniards — about half a million workers altogether. In addition, there were half a million workers of Commonwealth origin in the United Kingdom. The army of migrant workers from within the Community was 1,800,000 strong; it consisted primarily of Italians (860,000) and Irish (494,000).

Since then the Community has been hit by economic recession and unemployment, but there has been no major change in the number of foreign workers. We estimate that after 1973 the number of employed migrants fell by about 800,000; 250,000 of them became unemployed but are still in the Community, the others have left the Community.

There are still about six million employed foreigners, and if we include the members of their families we get a figure of 12.5 million people. The number of family members is increasing sharply; in 1976 the number of children of foreign workers aged between 10 and 15 was estimated at 800,000. However, it is still a fact that three-quarters of the foreign workers come from non-member countries. Here too, the situation has hardly changed since 1973. The larger Community countries, West Germany, France and the United Kingdom, have about the same number of foreign workers each: 1,900,000 in both West Germany and France and 1,700,000 in the United Kingdom, 450,000 of whom come from Ireland and 630,000 from the Commonwealth.

Social tensions

It is not surprising that at a time of recession and unemployment tensions emerge between foreign workers and 'our own' workers which, given certain conditions,

could lead to an explosion. This unpleasant risk is all the more acute since, in general, the foreign workers have not been given the chance — and also have not always wanted to take the chance — of integrating into western society.

Of all the problems which were created in the sixties when we permitted or were forced to permit hundreds of thousands of foreigners to come to our countries, the worst is that of the second generation, the children of the foreign workers. Their number is growing rapidly and for many of them a hopeless situation has developed. They have been torn for ever from their parents' country of origin, but have great difficulty in putting down genuine roots in the country where their parents hoped to find happiness and prosperity. It was for these reasons that the Commission put forward the Directive for the teaching of the language of the host country and for the continuation of contact with the language and culture of the mother country. It took two years for the Council to agree on this proposal, and only in a limited form, but some action is now under way.

Need for a new policy

The distorted development brought about by the uncontrolled migration of the fifties and sixties faces society with serious consequences. It is especially clear that on this point we need to get together and organize the situation in order to prevent things from becoming worse. Now that all the member States of the Community have virtually stopped immigration from outside the Community because of the employment position, we have a breathing space which will enable us to consider the situation and lay down a new line of approach. But during this breathing

space we have to recall that the citizens of the Nine continue to have the right to move freely and to seek and take up employment in another State.

Apart from this fundamental right the emphasis should be placed on preventing any return to the unrestrained disorganized waves of spontaneous migration which occurred in the past. Above all emphasis should be placed on the individual position of the migrant worker. We have learned that freedom to come and go and do as one wishes may not be exalted indiscriminately as the be all and end all of social and economic policy. Real freedom includes the chance to choose — a choice which foreign workers did not have at all when they decided to settle in our countries. The vast majority of them lived below subsistence level in their country of origin and in such circumstances there is no need to weigh up the pros and cons when the opportunity arises to move to countries where there is enough work and the streets appear to be paved with gold.

If a person has to decide whether or not to emigrate, his appraisal of the situation is only free and independent when the standard of living and prospects for advancement are comparable in the country of origin and the country to which he plans to migrate.

Our first concern must, therefore, be to set in motion a process of regional economic development in areas from which waves of migrants are to be expected. We must offer potential migrants a future in their own countries; we must endeavour to ensure that the state of material need which forces them to emigrate no longer applies. This is also the purpose of the period of transition which the Commission wishes to observe when the new member States,

Greece, Spain and Portugal, enter the Community, before the right to freedom of movement can be fully applied. The transition period must be used to create opportunities in those countries for a reasonable standard of living for those workers who, for purely material reasons, might wish to come and work in our countries.

Whatever limitations might be placed upon the movement of workers from these new member States during a transitional period the Commission insists that these limitations must be restricted to labour market considerations. We cannot accept that the pretext of public order alone can be accepted as a further limitation. This would lead to a grave danger of Europe with first and second class citizens.

It should likewise be stressed that the new migration policy will be a real, joint European policy. The Commission took the initiative in March by submitting to the Council of Ministers comments and procedures for matters which might be part of a coordinated migration policy vis-à-vis third countries. The need for such coordination is apparent if one considers the variety of arrangements which have dominated the whole migration system in the member States. All this has led to a large heterogeneous population of migrants with varying rights in regard to employment, living and working conditions.

Our policy is that all migrants who work and live in our Community should be entitled to equality in regard to working and living conditions. To this end member States should consult and coordinate their policies in regard to the entry and stay of third country migrants and their dependents.

The diversity of the migrant

population makes the process of managing the labour market complex in the extreme. We need to gain some idea of numbers of workers entering the Community from non-member countries and of the trends in these migratory movements. The Commission's communication to the Council for consultation between the member States should therefore be seen primarily as a matter of labour market policy and specifically of labour market policy coordinated at Community level.

Illegal migration

A pressing problem which must be considered in this broad context is that of illegal migration and illegal work. It is a problem that, by its very nature, cannot be measured precisely in quantitative terms; illegal migrants are not, by definition, registered. It is estimated that about 10 per cent of foreign workers reside and work illegally in the countries of the Community — that is to say about six hundred thousand people.

It is also difficult to determine how serious the question is in qualitative terms. What we can say is that all the less pleasant aspects of the fate of foreign workers hit illegal workers twice as hard. Illegal immigrants

have literally no real rights whatsoever and are thus vulnerable from all sides. Since the threat of immediate expulsion from the country in which they are staying looms over them at all times, they are defenceless against all forms of blackmail and exploitation. Their circumstances are truly inhumane.

It is perfectly obvious that this question must be dealt with urgently, primarily for social reasons. The Commission made a proposal for a directive on the matter about a year ago, which — firstly, makes all those who organize, encourage or participate in illegal migration or illegal work liable to penalties and, in particular, makes employers who make use of illegal work face up to their responsibilities; — secondly, offers social protection to the illegal immigrants themselves; although their position is not regularized, they are assured social security and the guaranteed minimum income for the period that they have been employed in a member State of the Community, even though illegally. The main purpose of the latter provision is to make it unattractive for employers to employ illegal immigrants: henceforth they will not be cheaper than other workers who are in the country legally.

Quotation of the month

'There can be no improvement in Community performance without some transfer of sovereignty. Who pretends otherwise is throwing dust in the eyes of the people of Europe. Improvements in procedural mechanisms are, of course, conceivable. But nobody should succumb to the illusion that he can wash himself without getting wet.'

Commissioner Guido Brunner, in an interview with Europa.



Tokyo Round GATT —

Major milestone in trade liberalisation

The initialling in Geneva on April 11-12 of the final package as it has emerged from nearly six years of multilateral trade negotiations (MTN) marks a major milestone on a long and historic road. The Tokyo Round, so-called after the Declaration that launched the process in Tokyo in 1973, has been the biggest and most ambitious of all post-war trade negotiations; indeed, the biggest trade negotiation the world has ever known.

It comprises a major reduction in industrial tariffs and a substantial agricultural settlement. The rule of law in world trade has also been reinforced through the strengthening of GATT (General Agreement on Tariffs and Trade), under whose auspices the negotiations took place. This has been done through a whole series of new codes on non-tariff barriers governing areas of real importance to businessmen and traders. Codes agreed so far cover issues such as standards, customs valuation, government purchasing, subsidies and countervailing duties, antidumping duties, etc. . .

The Community's achievement in the MTN has been twofold. First, outlets for Community exporters in world markets will be increased and improved. Second, it has put an end to the two-tier system whereby the United States was not obliged to apply all the GATT rules in the same

way as the other partners; for example the material injury criterion for the application of countervailing duties on subsidised goods.

As regards tariff reductions, other than those in the civil aircraft sector, which constitutes a specific agreement, the United States' industrial tariffs will be reduced by about one-third, Japan's by about one quarter and the Community's external tariff from 9.8 per cent to 7.5 per cent (excluding imports which enter the Community at zero duties). Nevertheless a caveat remains regarding Japan. It has not been possible to strike a satisfactory balance between the Community and Japan within the framework of multilateral negotiations, and bilateral negotiations will continue in an attempt to correct the yawning trade gap between the two sides.

On agriculture, the acceptance by the various partners in the negotiation of the principles and mechanisms of the common agricultural policy (CAP) has brought an end to what Mr. Finn Olav Gundelach, Commissioner for agriculture, described as the atmosphere of 'trench warfare' that has so often characterised discussions of agriculture in the GATT in the past.

Consultation procedures and mechanisms have been introduced which will serve to limit any technical

or concrete problems that may arise. The Community's trading partners have recognised that it can grant export restitutions on its agricultural products, while for its part the Community has reaffirmed its acceptance of the principle contained in GATT that restitutions must not lead to an unfair expansion of its market share. This does not mean that the Community cannot look for new markets. However it signifies an awareness that no-one stands to gain from a 'rat-race' which raises subsidies to such a level that resources are squandered.

International agreements on meat and dairy products are included in the agricultural package. But regrettably it was not possible to overcome the differences between certain countries on a cereals agreement, despite the mediatory role the Community played during the negotiations.

On individual products the Community has achieved better access to various important markets including the United States, Canada and New Zealand for products such as cheese, cognac, whisky and biscuits, etc. . . . In return the Community has made concessions on, for example, tobacco, rice, dairy products, meat, etc. . . . However these do not damage the principles or mechanisms of the CAP, and they are matched by adequate compensations for Community producers.

The special situation of developing countries has been taken into account throughout the negotiations. The Community has already applied tariff cuts on imports of tropical products and no reciprocity will be asked of the developing countries for the further reductions.

Negotiations on an issue of particular interest to the developing countries, the selective application of the safeguard clause, continue. Here

the Community's aim is to get rules that fit into the GATT system. But, as Viscount Etienne Davignon, Commissioner for industry, has emphasised, a misunderstanding on this issue must be swept aside: the Community does not want a new protectionist instrument. What it desires is that the safeguard clause should be applied in a manner agreed by all.

Main results

Industrial tariffs and agriculture

□ *In the industrial sector*, substantial progress was made in attaining the European Community's main objective: the harmonization of tariffs.

The general extent of the tariff reduction is moderate. The average EEC tariff is reduced from 9.8 per cent to 7.5 per cent.

These tariff reductions will take place over a period of eight years.

□ *For Agriculture*, tariff reductions are more limited. For its part, the Community has considerably improved access to its markets for products of particular interest to its partners, and has obtained in return, the acceptance of the principles of the common agricultural policy.

Non-tariff barriers

□ The negotiations resulted in international agreements which further define and clarify the international disciplines that figure in the General Agreement in both the *industrial and agricultural* fields.

All these agreements include special measures in favour of developing countries to harmonize their standards and technical regulations as well as their sanitary and phytosanitary rules, so as not to create unjustified barriers to trade.

The agreements are on:

- subsidies and countervailing duties
- customs valuation
- import licensing procedures
- governmental procurement.

Sectoral agreement on civil aircraft

This is the first sectoral agreement negotiated under the GATT, covering both tariff and non-tariff aspects. The main aim is to eliminate customs duties on aeroplanes, helicopters, motors, components and parts, and the electronic equipment used in aircraft.

It is of great importance because of:

- the volume of trade involved (in 1976, it was worth \$2 billion between the US and the EEC),
- the specific solutions it brings to certain non-tariff barriers,
- the priority accorded to the Committee of signatories for the settlement of all disputes related to the aircraft sector which may arise.

Agricultural results

Negotiations took account of the special nature of agriculture: in return for improved access to Community markets (at the level both of tariffs and quantitative restrictions), the Community's partners recognised the principles of the common agricultural policy.

- In addition to the tariff reductions and disciplines related to non-tariff barriers already mentioned, international agreements on both meat and dairy products were concluded.

These agreements improve international cooperation in this area. The agreement on dairy products

also includes minimum price provisions.

- The negotiations furthered the search for active cooperation in the agricultural sector as a whole. The modalities for this must be worked out as soon as possible.

Reform of the legal framework for the conduct of world trade

The reform of GATT, aimed at adapting it to the evolution of the international economy and trade since it was set-up in 1947, is a long term objective.

Negotiations reached an overall solution on five issues:

- A legal framework was established for differential and more favourable treatment for developing countries.
- Closely linked to this recognition, indeed its logical *quid pro quo*, is the so-called clause of 'gradual return'. This means that less developed contracting parties commit themselves to take on their full rights and obligations under the GATT in line with the improvement of their economic and trading situation.
- GATT rules on safeguard measures taken for balance of payments or economic development reasons are clarified.
- Mechanisms of the GATT for consultations, dispute settlement and surveillance are improved and refined.
- It has been agreed that when the MTNs are over, GATT rules on export restrictions will be reviewed to take better account of the needs of developing countries.



How fares equal pay?

Community progress report

Even though considerable progress, particularly in Britain, has been made in implementing the Community equal pay policy for men and women, practice in all countries still falls short of principle. The major reason is that traditional work roles for men and women still persist — with women concentrated in the least well paid jobs.

The European Commission has reached this conclusion following a careful analysis of the position in all Community countries three years after the adoption of Council Directive 75/117/EEC of February 10, 1975 which required all member countries to introduce the principle of equal pay into national legislation.

The effect of the directive of February 1976, concerning equal treatment and non-discrimination on any grounds for men and women in employment, and which came fully into effect in August 1978, is only touched on in the Commission's report. A detailed review will be published later.

Aims

Article 119 of the Treaty of Rome laid down the principle of equal pay for equal work as far back as 1957. It was included for economic as well as altruistic reasons, to ensure that free competition was not distorted by the employment of women at lower rates than men for the same work. That Article was largely

ignored by women (and governments) except in the famous case of Miss Defrenne, a Belgian air hostess, who invoked it to claim compensation from Sabena Airline on the grounds of inequality of treatment between air hostesses and stewards.

In the 1970s, however, influenced by women's militant demands, the Community began to take a more positive and enlightened attitude towards women. On February 10, 1975, the Council of Ministers agreed to reinforce the general legal provision of Article 119 by the specific directive on equal pay which expressly excluded discrimination based on sex (in particular in job classification); provided for legal appeal for those who felt themselves discriminated against, and gave protection against dismissal to workers who complained.

Under the directive member Governments were obliged to provide the Commission, before February 12, 1978, with relevant information enabling it to draw up a progress report. The Commission has updated the information to September 1978.

Response

The Commission notes that the essential purpose of the equal pay directive was to specify procedures likely to ease the implementation of equal pay and, at the same time, to generalise certain minimum standards of protection for women workers. Its report is concerned not only with

the letter of the law but its spirit as implemented in practice.

At present general laws or regulations specifically for the purpose of implementing the principle of equal pay exist in eight member States, including the Equal Pay Act 1970 (amended by the Sex Discrimination Act, 1975) in the *United Kingdom*. In *Germany* it was considered unnecessary to introduce specific measures because all persons considering themselves victims of wage discrimination already have recourse to labour courts under existing law. The Federal Labour Court has already established a body of case law on the application of the principle of equal pay for the same work and for work of equal value.

The Commission notes that though in principle and in general terms pay discrimination is illegal in all Community countries, certain problems still remain. In *Belgium, France and Luxembourg*, for instance, some regulations provide various benefits in cash or kind (e.g. residence allowance or travel vouchers) for certain public officials as 'head of household' — almost invariably interpreted as a man.

Tradition and legal custom in industrial relations are also reflected in the way member countries handle the equal pay issue on the shop floor.

Either through special measures or basic labour law, discriminatory clauses in collective agreements are considered null and void in all member countries, but protection of workers against dismissal following a complaint or action aimed at obtaining equal pay varies. In six countries (*Belgium, Denmark, France, Ireland, Luxembourg and the UK*) employers involved in such dismissals are obliged to pay compensation or fines; a judicial decision

for reintegration in the firm in a new or in the original post is generally followed, if not complied with, by damages paid by the employer. In the *Netherlands*, the unilateral ending of a contract of employment must have prior approval from the regional labour office. In *Germany* and *Italy* such unwarranted dismissals are considered to be illegal and declared null and void.

States vary also in the 'effective means' they employ to ensure that the principle of equal pay is observed. *Belgium, France, Italy and Luxembourg* entrust supervision to their Works Inspectorates. *Ireland* and the *Netherlands* have no administrative supervision at company level; workers seeking action through the labour courts must first apply to the 'Equality Officer' in *Ireland* or to the Equal Pay Commission in the *Netherlands*. In the *UK, Denmark and Germany* employees (or their representatives) are only entitled to apply to the competent courts if they have not been able to obtain satisfaction through the normal channels (trades unions, conciliation boards and so on). In the *UK*, however, the Equal Opportunities Commission can help complainants to refer the matter to the Industrial Tribunals and, in certain circumstances, the Secretary of State for Employment may initiate action in the courts. The EOC may also carry out official investigations and require offending employers to change their ways.

If the purpose of the Community directive was to make it easier for women to go to court for justice on pay claims the evidence suggests that it has not been successful. In the period under review there were no court actions in *Luxembourg* and *Denmark*, practically none in *Belgium, France, Italy* and the *Netherlands*, and in *Ireland* out of 114

cases referred to the Equality Officer, only 11 were subject to proceedings in the Labour Court. In the UK, however, 2,500 individual actions were brought before an industrial tribunal, of which 1,092 were the subject of a hearing, the others being settled amicably by conciliation.

The Commission does not believe that any member country is so perfect that its women have no justification for complaint on pay matters. It believes that too few women are aware of their rights in the matter and particularly praises the British Equal Opportunities Commission for its educational work in this field; indeed, it would like to see other countries follow its example. The Commission also suggests that many women are still afraid to claim equal pay for fear of dismissal, while others are not always aware that discrimination even exists.

Some advances on the pay front

Despite weaknesses in legislation women have made some advances on the pay front, though the position varies considerably from country to country. In the *United Kingdom* where in 1972 average gross hourly earnings of manual workers in industry showed men with 79.09 new pence per hour and women 46.53 pph — a difference of 41.2 per cent — by 1977 the position had improved to 163.20 pph and 115.80 pph respectively, a difference of 29 per cent. The *Netherlands* showed a contraction also from 34.2 per cent in 1972 to 25.2 per cent in 1977. In *Belgium* and *Germany*, where in 1977 the percentage differences between men and women's hourly earnings were 29.3 and 27.5 respectively, there had been only a 2 per cent contraction since 1972,

while in *France* the gap slightly widened from 22.9 per cent to 24.2 per cent between 1972 and 1977. Yet in all countries women's earnings grew at a faster average rate than men's over the period.

The Commission believes that the generally unsatisfactory picture presented by its report, could be the result of a too narrow interpretation of the intentions of the Community directive. The evidence clearly shows that as far as job classification is concerned there is an underestimation of the value of certain posts occupied exclusively or principally by women, resulting from the underestimation in the first place of 'qualities' attributed to women workers such as dexterity, meticulousness, precision, or of the 'unpleasantness' of posts traditionally occupied by women, such as sustained attention, repetitiveness and monotony. Such underestimation often results in disguised discrimination in the form of occupational segregation where employers or trade unions do not have to compare women's earnings with men doing the same or similar work.

The Commission concludes that significant progress for women will only be possible if women themselves take the lead and, with the help of trade unions and the Committees or Commissions responsible for promoting equal opportunities for women, insist on their rights. For its own part, the Commission proposes to initiate infringement procedures against those countries that it considers are not properly fulfilling the intention of the directive, and will arrange a meeting of trade unions and employers at Community level to seek ways and means of eliminating indirect discrimination, particularly at the job classification level.



Textiles and clothing

The Commission seeks an industrial policy

The textile and clothing industries provide about 10 per cent of industrial jobs, and account for some 8 per cent of the Community's industrial activity.

But the industries are in difficulties. In a recent Communication to the Council, the European Commission has put forward guidelines for a policy of innovation and rejuvenation.

Difficulties

The textile and clothing industries consist, on the whole, of small or medium-sized firms, particularly in the clothing industry, with a wide diversity of products and outlets, and marked fluctuations in demand. They also contain a high proportion of women workers and tend to be heavily concentrated in certain regions.

The industries have already been in difficulties for many years. The economic crisis of 1974-5 particularly affected textiles and clothing because it coincided with a sharp increase in imports of inexpensive textiles. Even the most dynamic firms have found it hard to keep up or intensify efforts to innovate or modernize, though the situation varies from country to country.

To safeguard the Community industries and allow time for rationalisation and modernization, the Community has negotiated limitation agreements with 23 low-cost supply-

ing countries, and devised similar arrangements for six countries with which it has preferential trade agreements, with Taiwan and the state-trading countries. These agreements cover 127 categories of textile products and include either *quantitative limits* (quotas) for categories of sensitive products, or a *mechanism for potential limitation* which can be applied to sensitive products from present small suppliers, or to less sensitive products which may become sensitive in time.

These arrangements, negotiated under the Multifibre Arrangement (MFA) have helped to lift the threat to the Community industries caused by the enormous influx of low-cost textile products from developing and other countries in the last two or three years, but the Commission emphasises this is only a limited reprieve. The agreements are due to expire in 1982; the interval, the Commission insists, *must* be used to adapt to new conditions of both Community and international competition. Unless this is done, the textile agreements will merely have provided a false sense of security.

Objectives

The Commission suggests that the main objectives must be greater competitiveness integrated into the international trade system, and based on company initiative channelled to developing points of strength.

The Commission seeks particularly to help small firms where management finds it difficult to adapt to adversity and, in consultation with the industry, will be looking into ways and means by which the public authorities can help them in special fields, such as product and marketing policy, sales promotion, in statistical information about markets, and the provision of a proper balance between production, marketing and research.

The Commission points out that most of its objectives can only be carried out by firms themselves. However, subject to certain conditions, Community aid is available to supplement national aids to the industry for restructuring, while the European Social Fund has an important part to play in helping workers affected by changes to their livelihood.

International sales

The Community is the world's leading exporter of textiles and clothing; it, therefore, has a firm basis from which to expand sales in its traditional markets and to find new ones. The Commission suggests that firms could be helped here by intensified national and Community financial support for special, short-term projects, such as prospecting for new markets and finding out how to penetrate them, organizing deputations abroad, advertising campaigns, industrial fairs, specialist exhibitions, and so on. This offers a vast range of possibilities for inter-company collaboration at national and Community level and for the coordination of national efforts.

Meanwhile, the Community will continue to try to reduce the barriers to international trade, insisting that reciprocity by both industrialised and developing countries is essential.

The Commission will also try to promote a code of practice on international trade in textiles which should benefit importers and exporters alike.

The third world

The Community has already pointed out to developing countries the risks they run in the present world context in letting textiles and clothing account for a disproportionately large share of their industrialised efforts, and has suggested that they should encourage diversification of their industrial activities in their development plans.

On the other hand, some of their activities concerned with semi-finished products complement Community products, and should be encouraged within the framework of Community level rules.

Meanwhile, as noted, the Community has made agreements with about 40 suppliers to control the influx of imports from low-cost countries until 1982.

In this connection the Commission has recently submitted recommendations to the Council concerning the conclusion of Agreements between the Community and India, Bangladesh and Sri Lanka. Identical in substance, they consolidate the draft agreements drawn up at the end of 1977 to control trade in textile products. These cover all MFA products of wool, cotton and man-made fibres originating from the three countries.

In exchange for limitation, the agreements contain an undertaking by the Community not to introduce further quantitative restrictions under GATT or the MFA, or measures having an effect equivalent to quantitative restrictions.



Bruges

The Bruges College of Europe annual symposium (June 14-16) will be on 'Prospects for EEC agriculture'. Address for further information: Dyver 11, 8000 BRUGGE, Belgium. Tel 050/33.53.34.

Radiation risks

The Commission proposes to spend £45.5m over 5 years on a new radiation protection research programme, to be carried out in national institutions and universities. It aims to update basic health protection standards and evaluate biological and ecological effects of nuclear activities.

New Community facility (NCF)

£333m is expected to be made available shortly for the first NCF loans to promote infrastructure and energy investments in the community. Priority will be given to transport, telecommunications, agricultural development, water engineering, environmental protection and reducing dependence on energy imports.

Bank helps Scotland

The European Investment Bank has provided over £400m for Scottish industrial and infrastructure development (not counting a further £56m for development of off-shore oil and gas fields) since the United Kingdom's accession to the Community in 1973. The total for the U.K. comes to £1,360m.

Review body

Former MP Dick Taverne is one of the members of a five-man Review Body recently appointed by the Commission to examine its structure, functioning, and personnel policies. The chairman is Dirk Spierenburg, formerly Vice-President of the ECSC High Authority; the other members are Karl Buschmann, former President of the German Textile Trade Union; Paul Delouvrier, since 1969 President of Electricité de France and earlier Director of Finance in the ECSC High Authority; and Giuseppe Petrilli, since 1960 President of IRI, the Institute for Industrial Reconstruction in Italy, and prior to that a member of the EEC Commission.

Rare minerals

The EEC is almost totally dependent on imports from developing countries for 8 essential minerals (cobalt, chromium, copper, manganese, nickel, phosphates, tin, tungsten). That is why the Commission proposes extra aid to develop prospecting and promote investment in production in these countries.

Food aid

The Commission proposes to spend £360m on food aid this year. This will pay for 720,000 tonnes of cereals, 150,000 tonnes of milk powder and 45,000 tonnes of butter-oil. Much of this will go to the Middle East, India and S.E. Asia.



Agricultural prices

European Commission proposes freeze for 1979-80

The European Commission has taken a tough line in its price proposals for 1979-80. In view of the problem of surpluses of dairy products and sugar, the stagnation in food consumption, a substantial agricultural budget and the general economic situation, the Commission has proposed a freeze in prices expressed in units of account and a levy on milk producers which would grow progressively as output increased in the dairy sector.

The main effects of the Commission price proposals; if adopted by the Council, would be:

- an increase of less than 1 per cent in food prices in the United Kingdom from the 5 per cent green £ devaluation
- a reduction of £200m a year in the Community's budget, not including the revenue from the levy on milk producers
- a levy on most milk producers which would raise £100m a year for every percentage point of levy
- a butter subsidy of up to 12 p per lb
- a cut in the Community's sugar production.

Dealing with new mcas

Since 1971 the introduction or increase of mcas (monetary compensatory amounts) has become virtually automatic when Community currencies have changed in value, so the strong currency countries have

not responded by revaluing their green rates (and so cutting support prices) when their currency value strengthened, nor have the weaker currency member States usually devalued their green rates in line with falling currency (and thereby increased support prices).

This failure to adjust green rates and mcas has resulted in an enormous variation in prices within the Community and a maximum spread of 36 points between the United Kingdom, which has the largest negative mcas and Germany, which has the highest positive amounts. Thus a German trader selling into the British market qualifies for an export subsidy which amounts to nearly 36 per cent of the intervention price for many products.

Under a compromise proposal, mcas would be automatically increased if the central rate of a Community currency changed, so that if, for example, the deutschmark were upvalued, the German farmer would be protected against the cheaper imports by an increase of the mca levy on imports and his product support prices would be maintained at the pre-revaluation level. The system already works in this way.

If the Commission or a single member country wanted an examination of the currency change, then a Council meeting would be held where ministers could decide, by qualified

majority vote on a Commission proposal, to take measures which would obviate the need for new mcas.

Any increase in common prices should be used, as priority, for phasing out mcas of the stronger currency countries.

Green currencies

The Council has already agreed to a devaluation of 5 per cent in the UK green £, the Italian green lire, and the French green franc and elimination of mcas for Ireland, and on how the ECU should be introduced in the CAP.

Cereals

Only minor changes would be made in the cereals sector. Intervention prices would not be changed, whereas target prices would be adjusted to take account of changes in transport costs. The programme which has been implemented over the last few years for simplifying the working of the Community's cereal market and allowing a greater play of supply and demand for all feed grains is almost complete. It meant that during the 1977-78 year there were virtually no subsidies on exports to world markets and a carry-over stock last August of just over half a million tonnes, equal to just a few days' supply.

Changes are proposed for *rye*, where the intervention price would be lowered to the level of feed grains, but a direct premium would be paid to growers in areas heavily dependent on the crop.

To encourage production of round-grain *rice*, which is more saleable throughout the world than long-grain, intervention and threshold prices for the different types would be put on the same level.

Sugar

The market situation for sugar gives cause for concern. Total Com-

munity production exceeds foreseeable consumption by 2.2m tonnes. Production in 1978 was 11.7m tonnes and when 1.2m tonne imports from developing countries are taken into account, the quantity available for export rises to 3.35m tonnes in a world which is in considerable surplus. The cost of exports amounts to about 600m ua (£250m), of which about a quarter is met by the levy on sugar beet processors.

In view of this situation and increasing criticism from non-member countries, the Commission proposes cutting the B quota from 27.5 per cent of the basic A quota to 20 per cent. B quota production receives a guaranteed price equal to 70 per cent of the A quota figure. These proposals imply no change for British producers.

Beef and veal

No changes are proposed in the prices levels and mechanisms of the beef market. The variable slaughter premium used in the United Kingdom would continue on the present basis, as would the provision of a flexible system for intervention buying.

The market situation in beef has improved markedly in the last year or so, and stocks are expected to be down to about 100,000 tonnes (five days' consumption) by the end of this year.

Milk and milk products

This is the sector where the Commission has proposed the most radical measures to deal with the problem of a growing structural surplus. Information from member States indicates an increase in output of 4.3 per cent in 1978, with butter production up 7 per cent and skimmed milk powder by 8.5 per cent. Expenditure on the milk sector from the Community's budget in 1978 is expected to be about £2,200m.

Forward estimates suggest a worsening of the situation.

The Commission believes that this problem can be dealt with either by reducing intervention prices or by introducing a variable levy on production; soundings among the member States indicate a preference for the latter, so the Commission is proposing a levy which could be adjusted three times a year in the light of any changes in milk production levels throughout the Community.

The levy would be pitched at a minimum of 2 per cent of target price, instead of the current level of 0.5 per cent. The rate of levy for each four-month period would be determined by comparing milk deliveries with the equivalent period in the previous two years, and would be twice the level of the rate of production increase. Thus if production was up 1.5 per cent in comparison with the two previous years, the levy would amount to 3 per cent.

The Commission is conscious of the social problems which could be posed in some areas and for some categories of farmer of a progressive co-responsibility levy and therefore proposes some exemptions. Those exempted would account for about 13 per cent of total Community milk output. Although they make up 30 per cent of all milk producers, their importance in total production is declining.

The exemptions would cover:

- producers in less favoured areas
- full-time farmers:
 - less than 55 years old or 55-60 committed to taking a pension at 60
 - delivering less than 60,000 litres of milk annually
 - having less than 25 hectares

- undertaking not to increase cow numbers
- stocking less than one dairy cow per hectare.

In proposing the levy, Commissioner Gundelach said that the Commission was quite open to discuss possible improvements in the proposal — ‘in particular we shall be ready to look at regionalisation of the levy or its application to individual farmers. Furthermore, it is obvious that we shall need a certain flexibility at the beginning of its application. The rate should not jump immediately to a very high level. We need to make sure that farmers can genuinely respond to the arrangement and restrain milk production.’

A vigorous policy of subsidies for skimmed milk, skim powder and butter has helped to keep stocks down to manageable levels in the last year. The Commission proposes to maintain or increase subsidies, using the revenue from the co-responsibility levy. A general subsidy of up to 12p per lb is proposed for butter, of which 9p would be met from Community funds and the balance from national exchequers. Other measures are being examined to boost the use of butter in food manufacturing. Money raised from the co-responsibility levy would be used to boost consumption.

Among the other measures proposed are continuation of the non-marketing scheme and beef conversion scheme (by the end of December about 700,000 cows, equal to 2.78 per cent of the EEC dairy herd, had been submitted for premiums), suspension of investment aid for dairy production and continuation of the social butter scheme (which is not applied in the UK).

Statistic of the month

Disposable net national income per capita — 1977

	in national currency		in EUA	in terms of purchasing power standards
FR Germany	DM	17 015	6 425	5 506
France	FF	30 974	5 525	5 325
Italy	LIR	2 719 100	2 701	3 426
Netherlands	FL	17 033	6 083	5 197
Belgium	BFR	258 203	6 316	5 319
Luxembourg	LFR	303 296	7 419	6 603
United Kingdom	£	2 194	3 357	4 309
Ireland	£	1 655	2 533	3 227
Denmark	DKR	49 805	7 265	5 816
Community	—	—	4 715	4 714

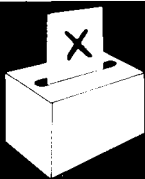
Source: EUROSTAT

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gentle, courteous but firm Signor Colombo, the last President of the old Parliament; of my own colleagues; Tom Ellis prematurely celebrating the death of the nation-state over its undug grave (and once in Welsh too!); John Prescott, in hot and angry pursuit of the Multi-nationals; Mark Hughes, charting a safe course around the North Sea Pout Box; of Gwynneth Dunwoody, never fearing to voice her own distinctive view and of Donald Bruce, the best and most abrasive debater of them all.

More memories too of colleagues on the Legal and Economic Com-

mittees: of Sir Derek Walker-Smith never at a loss for a legal latin tag. Of Lord Murray's genial complaint 'Here, we use Latin ad nauseam'. Of Sir Brandon Rhys Williams meandering mellifluously through the mysteries of money; and of Tom Normanton demanding the protection — sorry, wrong word — the *defence* of the textile industries against unfair competition. They can both hope to return to the Economic and Monetary Committee after the election. I am not just nostalgic, I am green with envy — green as the farming pound.



Spain and the Community

Detailed entry negotiations to begin this autumn

Spain applied for membership of the European Community in July 1977. The opening of formal negotiations on February 5, 1979 followed the presentation by the European Commission of a favourable Opinion on Spanish entry at the end of November last year.

Considerable preparatory work remains to be done, however, and the negotiations proper will probably start in the early autumn.

In its Opinion the Commission made clear that Spanish entry would require considerable and difficult economic adjustments both for the Community and for Spain, and recommended a ten year transition period after entry before final economic integration.

Background

Spain first approached the Community regarding associate membership in 1962. This was then unacceptable but, in 1970, the Community concluded a trade agreement with Spain as part of its effort to frame a coherent approach to trade relations with Mediterranean countries.

Following the death of General Franco, and the return to democracy in Spain, the new Spanish government made it clear in February 1976 that it wished to adapt the 1970 agreement with a view to Spain's eventual integration into the Com-

munity. This led in July 1977 to a formal request for membership. The opening of negotiations was approved by the Council of Ministers last December.

The economy

Spain started industrialisation late and, though about 38 per cent of the civilian labour force is engaged in industry, 75 per cent of firms employ less than six workers and only 22 per cent employ more than 500 people. Spain's major industries — textiles, steel, shipbuilding and fishing — will inevitably add to the surplus capacities already prevalent in these industries among the Nine. Furthermore, Spanish industry has developed within strong protective barriers and the removal of these barriers will inevitably cause hardship to the more vulnerable enterprises.

There are also problems with agriculture. About 55 per cent of the land area is used for agriculture; agriculture accounts for 9 per cent of GDP (compared with 4 per cent in the Community) and engages 20 per cent of the population (8 per cent in the EC). Spain's mainly Mediterranean products will compete not only with southern regions of France and Italy, but cause problems with other Mediterranean producers — Algeria, Morocco, Tunisia, Israel, Cyprus and Turkey — with which the Community has preferential trading agreements.

The Commission has already drawn attention to these problems and is frank about them in its Opinion. Nevertheless the Commission maintains that the opening of the Spanish market should be welcomed by other Community exporters (in particular the motor industry) and should provide opportunity for better penetration of Latin American markets where Spain has a long historical relationship.

Action

Although Spain has great potential for development it will take time, in most sectors, for her to parallel the economies of the Nine. The Commission, therefore, considers that transitional measures should be applied for a period of up to 10 years. If in the course of the transitional period, conditions were such that the timetable for integration could be adjusted in a given sector, a decision to that effect could be taken by the Council.

Meanwhile, the Commission considers that as far as her *industry* is concerned, Spain must meet three requirements:

- elimination of the present imbalance by the dismantling of tariffs between the Community and Spain. This was supposed, but failed to happen under the 1970 agreement. At present the Community has reduced its tariffs by about 57 per cent, as against 26 per cent on the Spanish side;
- harmonisation of the basic conditions of competition, especially from the angle of taxation and aids, and introduction of VAT;
- speedy involvement of Spain in industrial restructuring schemes and in the common disciplines adopted for Community industries in crisis.

Regarding *agriculture* the Commission admits that the CAP is likely

to boost production, particularly in Mediterranean products. Enlargement, therefore, is likely to bring with it more than a proportionate increase in problems linked with farm structural shortcomings and with differences in farmers' incomes. It will, therefore, be necessary to step up efforts to reduce productivity differences between farms in the Community. To avoid hardship structural reform will have to be accompanied by adequate regional aid to the poorer areas.

Strengthening

The Commission emphasises again that to ensure the success of enlargement, and particularly of the integration of Spain, it is essential that the Community of the Nine take steps to improve its decision-making capacity, such as a greater use of majority voting and giving the Commission greater discretion to decide on technical matters. Unless this is done, further enlargement will accentuate differences between the member States and is liable to aggravate the Community's difficulties in adopting and implementing common policies.

Spain and the other applicants, Greece and Portugal, have made it clear that they are not interested in joining a diluted Community. It is essential, therefore, the Commission insists, not only to maintain what has been achieved (*acquis communautaire*) but to strengthen the core of the Community so that it can take on its new responsibilities.

Spain, of course will be a full member of the Community from the first day of entry into force of the Act of Accession; it will participate during the transitional period as a full member, with both the rights and duties that this entails.



New Books

Direct Elections I

The European League for Economic Cooperation has published *'Your vote in Europe'*, a guide for all those taking part in the elections. It gives an A to Z guide to the workings of the European Community and will most interest those looking for ammunition in the campaign. While no justified criticism of the Community is omitted, many of the myths which have grown up about the workings of the EEC are factually answered as well. Price £2.50 obtainable from ELEC, 16 Regency Street, London SW1, Tel 01-828 8604.

Direct Elections II

'The European Parliament, a guide to direct elections' by Robert Jackson and John Fitzmaurice (Penguin Special, 95p) is a straightforward book which explains the significance of direct elections. It studies the circumstances surrounding the campaign, the way the European Community is governed, the powers of the European Parliament, how it works, how the various parties line up and what constitutes party policy.

Direct Elections III

In *'Parliament for Europe'* (Jonathan Cape, £2.95) Professor David Marquand argues that the practical problems now facing all the Community's member States can be

overcome only if substantially more power is transferred to the Community level with the directly elected European Parliament acquiring a much bigger say in Community decisions. The Europe we know today must be replaced by a Parliamentary Europe, with a European party system, through which voters' attitudes can be translated into action.

Political Parties

'Political Parties in the European Community' (Allen & Unwin, £10.50), edited by Stanley Henig, contains a series of chapters by leading experts. It raises broad issues about the rôle of political parties in Western Europe and brings together in one volume a wealth of comparative and statistical information about elections, electoral systems, party membership, finance and organization.

How it works

'The European Community – How it works' by M. Emile Noël, Secretary General of the Commission for more than 20 years, is a concise guide through the mysteries of the Community institutional system for the uninitiated. It also describes the realities of practice and power in Europe for those familiar with the theory. On general sale and from Government bookshops, price £2.60.