

European Community

No. 9

November 1977

Jobs for young people





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

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Printed by Edwin Snell printers, Yeovil, England
European Community also appears in the following editions:

30 Jours d'Europe, 61 rue des Belles Feuilles, 75782 Paris Cedex 16.
Tel. 553 5326

Comunita Europea, Via Poli 29, 00187 Rome. Tel. 68 97 22

Europa Gammel Torv 4, Post Box 144, 1004 København K.
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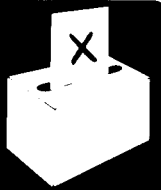
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Code of conduct for South African firms

The Nine take a stand

At their meeting in Brussels on September 20, 1977, Foreign Ministers of the Nine agreed on a Code of Conduct for companies which have subsidiaries, branches or representation in South Africa. The English version of the text is appended.

HMG intends to commend the new Code to British companies with affiliates in South Africa and to issue in consultation with the CBI and TUC appropriate guidance for its use. The Code and additional guidance will supersede the guidance on employment practices in South Africa issued by the Department of Trade in 1974 and 1975.

The new Code differs from the earlier British guidelines in laying particular emphasis on the development in South Africa of a system of

industrial relations based on collective bargaining between employers and institutions representative of and freely chosen by African workers. This section of the Code is in line with two major Conventions adopted by the International Labour Organization (Nos. 87 and 98).

The Code also covers other important matters such as migrant labour, wages and fringe benefits, equality of opportunity and treatment in employment and encouragement of African advancement. It also requests companies to publish regular reports on progress in implementing all sections of the Code and provides for Governments of the Nine to examine and review information published.

Code of conduct for companies with subsidiaries, branches or representations in South Africa.

1. Relations within the Undertaking

A Companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type of organization to represent them.

B Employers should regularly and unequivocally inform their employees that consultations and collective bargaining with organizations which are freely elected and

representative of employees are part of company policy.

C Should Black African employees decide that their representative body should be in the form of a trade union, the company should accept this decision. Trade unions for Black Africans are not illegal, and companies are free to recognize them, and to negotiate and conclude agreements with them.

D Consequently, the companies should allow collective bargaining with organizations freely chosen by the workers to develop in accordance with internationally accepted principles.

E Employers should do everything possible to ensure that Black African employees are free to form or to join a trade union. Steps should be taken in particular to permit trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute trade union documentation and display trade union notices on the company's premises, to have reasonable time off to carry out their union duties without loss of pay and to organize meetings.

F Where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish. However, the existence of these types of committee should not prejudice the development or status of trade unions or of their representatives.

2. Migrant Labour

A The system of migrant labour is, in South Africa, an instrument of the policy of apartheid which has the effect of preventing the individual from seeking and obtaining a job of his choice: it also causes grave social and family problems.

B Employers have the social responsibility to contribute towards ensuring freedom of movement for Black African workers and their families.

C In the meantime employers should make it their concern to alleviate as much as possible the effects of the existing system.

3. Pay

Companies should assume a special responsibility as regards the pay and conditions of employment

of their Black African employees. They should formulate specific policies aimed at improving their terms of employment. Pay based on the absolute minimum necessary for a family to survive cannot be considered as being sufficient. The minimum wage should initially exceed by at least 50 per cent the minimum level required to satisfy the basic needs of an employee and his family.

4. Wage Structure and Black African Advancement

A The principle of 'equal pay for equal work' means that all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation.

B The same pay scales should be applied to the same work. The adoption of the principle of equal pay would, however, be meaningless if Black African employees were kept in inferior jobs. Employers should therefore draw up an appropriate range of training schemes of a suitable standard to provide training for their Black African employees, and should reduce their dependence on immigrant White labour.

5. Fringe Benefits

A In view of their social responsibilities, undertakings should concern themselves with the living conditions of their employees and families.

B For this purpose company funds could be set aside for use:

- in the housing of Black African personnel and their families;
- in transport from place of residence to place of work and back;
- in providing leisure and health service facilities;



The month in Europe

Community meets Comecon

On September 21, 1977, a delegation from Comecon was in Brussels to meet M. Henri Simonet, Belgian Foreign Minister and President of the Council of Ministers, together with Wilhelm Haferkamp, Vice-President of the Commission. The two parties agreed in principle that negotiations should begin in the Spring of 1978 with a view to concluding

an agreement between Comecon and the Community.

JET for Culham

The Council of Ministers has agreed on the site for the Joint European Taurus, which is now to be built at Culham in the UK. This restores the impetus to the nuclear fusion research project which has been delayed for two years owing to disagreements about where the JET is to be built. (See *European Community* May 1977)

Continued from page 4

- in providing their employees with assistance in problems they encounter with the authorities over their movement from one place to another, their choice of residence and their employment;
- in pension matters;
- in educational matters;
- in improving medical services, in adopting programmes of insurance against industrial accidents and unemployment, and in other measures of social welfare.

6. Desegregation at Places of Work

In so far as it lies within their own competence, employers should do everything possible to abolish any practice of segregation, notably at the workplace and in canteens, sports activities, education and

training. They should also ensure equal working conditions for all their staff.

7. Reports on the Implementation of the Code of Conduct

A Parent companies to which this Code is addressed should publish each year a detailed and fully documented report on the progress made in applying this Code.

B The number of Black Africans employed in the undertaking should be specified in the report, and progress in each of the six areas indicated above should be fully covered.

C The Governments of the Nine will review annually progress made in implementing this Code. To this end a copy of each company's report should be submitted to their national Government.



Help from the CAP

UK to get £4.5 million from Farm Fund

More than £1 million in EEC aid has been set aside for seven major drainage schemes in East Anglia in the first batch of grants from the Community's Agricultural Fund under the 1977 programme. Total funds set aside for the UK amount

to £4,589,343.

Eight Scottish projects have qualified for aid totalling £868,000.

The biggest of the awards is £686,000 for construction of a pig processing factory at Cookstown, Co. Tyrone, Northern Ireland.

The projects concerned

	Aid allocated		
Expansion of an animal feed mill at Lifton, Devon	£69,597	Construction of two pumping stations near Ely, Cambridgeshire	£33,072
Construction of an animal feed mill at Killmarsh, South Yorkshire	£53,537	Construction of a slaughterhouse at Burradon, Tyne and Wear	£93,418
Expansion of slaughtering and meat processing facilities at Portlethen, Aberdeenshire	£261,000	Improvement of land drainage near Barton on Humber, South Humberside	£26,778
Construction of two straw processing factories at Inveralmond, Perthshire and Tholthorpe, N. Yorkshire	£378,653	Construction of a grain drying and storage plant at Cannington, Somerset	£116,023
Construction of a cereal seed processing plant at Gloucester, Gloucestershire	£23,644	Construction of a packhouse for carrots at Chatteris, Cambridgeshire	£73,684
Improvement of facilities at an abattoir at Larkhall, Lanarkshire	£65,234	Improvement of a slaughterhouse at Galashiels, Selkirkshire	£72,179
Construction of a pig processing factory at Cookstown, Co. Tyrone	£686,000	Improvement and expansion of a slaughterhouse and meat processing factory at Dumfries	£162,540
Expansion of a pig processing factory at Newry, Co. Down	£235,795	Construction of a pumping station and other drainage works near Acle, Norfolk	£48,232
Improvement and expansion of a slaughterhouse at Cinderford, Gloucestershire	£41,423	Construction of two pumping stations and other drainage work near Owston Ferry, South Humberside	£35,321
Construction of pumping stations and improvement of drainage channels near Wisbech, Cambridgeshire	£52,792	Improvement of the channel of the River Douglas near Rufford, Lancashire	£48,960
Improvement and expansion of an abattoir at Hereford and Worcester	£63,190	Construction of a slaughterhouse at Langport, Somerset	£116,154
Expansion of barley handling and storage facilities at Mintlaw, Aberdeenshire	£27,764	Construction of a pumping station and other drainage works near Caister, Norfolk	£32,053
Improvement and expansion of animal feed mill and fertilizer plant at Aberdeen	£122,833	Improvement of a poultry processing factory at Moira, Co. Armagh	£171,176
Improvement and expansion of an animal feed mill at Thornton Dale, Yorkshire	£135,748	Improvement of a poultry processing factory at Newbridge, Midlothian	£99,179
Construction of pumping station and improvement of drainage channels near Stoke Ferry, Norfolk	£28,148	Construction of a poultry processing factory near Blandford, Dorset	£56,250
Expansion of an animal feed mill at Darlington, Co. Durham	£35,730	Land drainage improvement works near March, Cambridgeshire	£824,151
Improvement and expansion of a slaughterhouse at Brechin, Angus	£57,298	Construction of a pumping station and other drainage works near March, Cambridgeshire	£27,777
		Construction of a poultry processing factory at Bury St. Edmunds, Suffolk	£214,010
			<hr/> £4,589,343



Exports and credit

Trying to work together

The Community has a Common Customs Tariff for imports, but in exports it is every man for himself.

This has worried the Commission for a long time. During the trade boom of the post-war period, many countries introduced export credit systems to protect their exporters from certain risks. Today, with economic recession, unstable currencies and soaring rates of inflation and balance of payments problems, competition in the foreign trade sector has become increasingly fierce. The great divergence that exists in the export insurance and credit systems of the member States leads to unfair competition and flouts the spirit of the Treaty of Rome.

In an attempt to bring the situation under some control, the Commission has submitted to the Council of Ministers a draft directive laying down uniform principles to be applied by the member States in their systems of credit insurance and export credit guarantees.

The proposals have two objectives:

- To eliminate differences between the external credit systems of the member States, in third country markets, and
- To facilitate cooperation between undertakings of different member States in the search for external markets.

A first step

On March 14, 1977, the Council adopted a Decision applying guidelines to the minimum interest rates and the maximum duration of export credits. This Decision was due to expire on June 30, but is expected to be extended to the end of the year. The Decision was not adopted without difficulty, however, particularly from France.

The four major members of the Community, Britain, Germany, France and Italy, were already operating the guidelines under a 'Gentleman's Agreement' with the US, Canada and Japan. The Commission, whose responsibility under Article 113 of the Treaty as sole Community negotiator in such matters was confirmed by the European Court of Justice in 1975, maintained that the Big Four arrangement was not in accordance with this responsibility and proposed to bring these members before the Court (a move dropped in the light of the March Decision).

The French objected to the Commission's role in this sensitive area, but finally accepted it. The five other Community members also subscribed to the Agreement, thus bringing the Community into full participation. The guidelines are designed to curb cut-throat external competition in export credits, particularly to

Comecom and developing countries. Though a number of goods are excluded from the Agreement (e.g. agricultural products, nuclear plant, ships and aircraft), the Commission has noted that, so far, there have been few departures from countries accepting the guidelines.

Background to the Directive

In its new Directive the Commission aims to harmonize external insurance and credit facilities further.

In 1970 and 1971 the Council of the Six adopted three Directives on specific types of transactions, but as their coming into force relied on the adoption of other Directives never adopted by the Council, they remained ineffective. Enlargement of the Community presented further problems. Following much preparatory work with experts from the member States and UNICE (Union of the Industries of the European Community), the Commission believes that the way is now clear for measures of harmonization. The principles contained in the Directive take into account the most up-to-date practices and experience both in respect of credit insurance and credit guarantees and management principles in the banking sector.

If adopted, the Directive will supersede the earlier ineffective Directives.

Scope of the Directive

The draft Directive sets out common principles for medium- and long-term transactions with public and private buyers, leaving it to local insurers and guarantors to draw up policies in accordance with the requirements of national law based on these

principles. Before the policies are adopted, however, there must be consultations with the Commission and other insurers and guarantors.

Supplier credit

This is the traditional source of export credit. An exporter concludes a contract with a buyer in a third country in which he undertakes to supply goods (or services), and agrees that the goods are to be paid for on a credit basis over a specific period. The exporter covers himself against the risk of non-payment by taking out credit insurance. The Directive sets out the general principles to be applied concerning the scope of the guarantee, events constituting a cause of loss and the period before ascertainment of loss, the effective date and the extent of the guarantee, indemnification and premiums. It should be noted that according to these principles the exporter cannot obtain cover in excess of 95 per cent, i.e. he must bear a small part of the risk, and in addition the guarantee does not apply where non-payment by the buyer is attributable to the fault of the exporter. The satisfactory performance of an export contract (performance bonds) which are being demanded increasingly by certain countries which are recipients of export credits.

Bank Guarantees

In order to finance supplier credits granted to a buyer an exporter normally has recourse to a bank. The bank is not a party to the export contract and its function is limited to providing the necessary financing without risk of loss. Accordingly, the bank seeks from a credit insurance undertaking a non-conditional 100

per cent guarantee against default in payment of the credit granted. The principles applicable to these guarantees are also covered by the Directive. Should any non-payment by the buyer be due to the fault of the exporter, the insurer may proceed against the latter to recover the sums paid to the bank under the direct guarantee. The granting of such a guarantee renders the exporter liable for a premium since he is the beneficiary under it.

Financial credits

The system of financial credits (or purchaser credits) has gained ground in recent years. Under this system, the export transaction is financed by a loan granted by the exporter's bank directly to the buyer (or to the buyer's bank). The only export credit insurance required is in respect of this loan and it is granted directly to the bank and not to the exporter as such. The principles applicable to this form of credit insurance are also set out in the Directive. As in the case of a direct guarantee to a bank to finance a supplier credit, the bank demands a non-conditional 100 per cent guarantee in view of the fact that it is acting simply as a financing body, and is not a party to the contract. Here again, in the event of non-payment owing to the default of the exporter, the insurer may proceed against the exporter to recover the indemnity paid to the bank. Similarly, the exporter must pay the premium owed to the insurer.

As far as premiums are concerned, complete harmonization is not envisaged at present. The total percentage of transactions insured or guaranteed by credit insurers or guarantors in the member States

compared with total exports ranges from 7 to 35 per cent, which makes harmonization of premium rates very difficult. In addition, the premiums paid by exporters cover a much wider range of insurance and guarantees than those referred to in the proposal for a Directive (e.g. guarantees against cost increases or exchange risks).

In order that systems of premiums may be updated however, and that their effect on the application of uniform principles may be made clearer, the Directive provides that the rules, scales of premiums or premium tariffs applied to the export credit insurance or guarantees provided for in the Directive will be notified to the Commission and to insurers. The Commission also intends to continue to endeavour to attain a harmonized system of export credit insurance premiums in which the premiums collected are adequate to cover losses over a number of years.

Consultative Committee

Lastly, the Directive envisages the setting up of a consultative committee on credit insurance and export credit guarantees consisting of representatives of the member States and the Commission. Three years after the implementation of the uniform principles, after having consulted this Committee, the Commission will present a report on the experience gained. It could, if necessary, make proposals to adjust the uniform principles; after having consulted this Committee, the Commission will present a report on the experiences gained. It could, if necessary, make proposals to adjust the uniform principles to meet practical needs.

The Commission hopes that the Directive will come into force on March 1, 1978.



Youth unemployment

The Commission acts

Deeply concerned by the worsening unemployment situation of young people, the Commission, on a proposal by Mr. Henk Vredeling, has suggested new Community aids for job creation premiums, and employment programmes in the public sector. These are among the suggestions contained in a communication to the Council on the problem of youth unemployment. Other measures which the Commission suggests are: an increase in aid from the European Social Fund for training school-leavers, a special priority for training schemes which include practical courses, and the development of labour market services such as guidance, placement and training.

Present situation

Youth unemployment, which now stands at two million, has more than quadrupled since 1969 and the proportion of young people among the unemployed has risen in the same period from 24% to 37%. There seems little doubt that youth unemployment will remain at an unacceptably high level for several years.

The Commission also draws attention to the *qualitative* aspects of the problem, pointing out that the matching of the young job seekers to the type of jobs offered them has become more difficult. Over the last fifteen to twenty years, a contrast has arisen, often unnoticed, between the

development of educational systems and the higher levels of education on the one hand and the relative stagnation of working conditions and responsibilities offered to young people on the other.

The Commission's analysis concludes that the solution depends on measures to:

- re-establish a form of growth more favourable to employment;
- adjust the education and training to the needs of modern society;
- improve working conditions to meet the needs of workers and increase motivation.

National measures

The three types of existing aid are:

- premiums to encourage firms to increase their staff;
- public sector employment programmes;
- aids to encourage firms to organise practical courses for young job seekers.

An important conclusion which emerges from the Commission's analysis is that the guidance-training-prospection-placement-employment cycle constitutes a whole.

Community measures

Since July 1975, the *European Social Fund* has allocated more than 280 million units of account as aid to vocational training programmes for

the young unemployed. But in the same period applications for assistance for such programmes totalled over 600 million u.a. Because of the shortage of resources the Commission gave priority to young persons seeking their first job.

In July 1977, the Commission sent a *Recommendation* to the member States aimed at ensuring an adequate vocational training for young unemployed. In December 1976, the Ministers of Education adopted a *Resolution* which provides for a Community level three-year programme of studies, pilot schemes and other actions.

Strengthening Community action

The Commission considers that all member States should be in a position to offer to young job seekers either the possibility of working or the opportunity of undertaking training. It therefore suggests two types of action:

— the extension of *financial assistance* either from the Social Fund or otherwise.

— more general measures aimed at widening or increasing the commitments of member States to the promotion of the employment of young people, with the assistance of the Commission.

Community aid

The Commission also considers that it is important to link theoretical and *practical* training with employment.

New types of aid

The Commission also considers that common action should be taken

to provide new types of aid for young job-seekers. This could be aid for the creation of jobs and the subsidizing of employment. Measures of this type exist in all member States, although they vary in procedure and scope.

A partial Community involvement in this aid would appear advisable for several reasons:

Firstly, it is desirable to ensure a Community framework for these aids which, originally seen as provisional, counter-cyclical actions, are now tending to become more durable. There should be cooperation in their implementation and follow-up in order to ensure their full efficiency.

Priorities

The following two fields deserve particular attention:

□ Community help for job creation

This type of aid could be allocated either to support the development of certain Community policies (especially in the industrial field) or in labour market areas with particularly serious sectoral difficulties or a particularly high level of youth unemployment.

□ Community help for public employment programmes

There is in this field particular potential for Community action. Community resources could be allocated to assist national programmes to create employment for the under-25s.

Public sectors which have pressing needs include health, education, rural and urban development, and aid to the elderly.



More nuclear safety

Commission plan for nuclear waste

As a further contribution to the debate on the Community's nuclear policies accompanying the policy decisions on reprocessing and fast breeders, the Commission has also adopted an action plan for the management and disposal of nuclear waste.

In all three policy areas, the Commission has stressed the paramount need to maintain the strictest standards of safety and environmental protection.

Long Life

Nuclear waste is radioactive and therefore toxic; and highly radioactive waste with a very long life needs to be stored away securely for thousands of years.

At the moment nuclear waste is produced in relatively modest quantities and its existence has not so far raised serious important difficulties. But the foreseeable increase in the Community's nuclear power programme during the coming decades gives the problem new dimensions.

Waste material must be treated and conditioned so as to satisfy the most stringent conditions for permanent storage. Various methods of processing highly active waste exist in the Community (vitrification in particular), and their development on an industrial scale is now being

looked at. As for permanent storage some promising solutions are under study (for example, if conditioned, it can be stored in certain geological formations).

The Community institutions have for several years recognized the necessity of joint action in the field of waste disposal. Member States face similar problems because of their nuclear programmes. All are densely populated. All nuclear waste has to be handled and stored in such a way as to ensure protection of the population and the environment from radiological risks; commercial aspects have only secondary importance, and therefore nuclear waste management is a public service. Community action would avoid unnecessary multiplication of waste storage sites, and facilitate surveillance and security.

R & D

Community action at the present time consists essentially in the execution of Research and Development (R & D) programmes now under way. These programmes complement and are partly integrated in those of the member States. They represent a first effort, but waste disposal goes beyond the technical aspects of R & D. It involves juridical, administrative and financial questions, and whatever measures are necessary to protect

people in the Community. All these considerations transcend the purely national realm. For these reasons the Commission now proposes a new Community plan of action.

This plan will cover all the problems posed by the differing types of radio-active nuclear waste, and will pay special attention to wastes which are highly radio-active and/or very long-lived, coming especially from reprocessing factories.

It will extend from 1978 to 1990. A shorter period would not be worth the effort, taking into account the duration and importance of work to be carried out. The plan is to be subject to overhaul every three years. It centres on six main points:

- Analysis of the basic situation in the Community leading to the adoption of solutions in due time.
- Measures making it possible to draw up a Community network of storage sites.
- The harmonization and progressive standardization of waste management practices and policies.
- Continuing efforts of research and development for the entire duration of the plan.
- The study of ways in which the Community could share certain costs, concerned with management-storage of the waste.
- Regular information for the public.

Statistic of the Month

The table below shows the marginal rates of income tax in the nine cases specified for each member State.

Marginal Rates of Income Tax on Average Industrial Earnings (AIE)

Country		Single man	Married couple	Married couple with two children
Belgium	AIE	34.8	33.2	27.8
	2 × AIE	44	44	44
	3 × AIE	46.75	46.75	46.75
Denmark	AIE	50.3	50.3	50.3
	2 × AIE	61.1	61.1	61.1
	3 × AIE	61.1	61.1	61.1
France	AIE	25	20	15
	2 × AIE	40	35	20
	3 × AIE	45	40	25
Federal Republic of Germany	AIE	33	22	22
	2 × AIE	47	30	30
	3 × AIE	50	43	43
Ireland	AIE	35	35	26
	2 × AIE	45	45	45
	3 × AIE	55	55	55
Italy	AIE	16	16	16
	2 × AIE	27	27	27
	3 × AIE	32	32	32
Luxembourg	AIE	42	26	22
	2 × AIE	56	42	40
	3 × AIE	57	54	54
Netherlands	AIE	31	31	31
	2 × AIE	58	49	49
	3 × AIE	63	63	63
United Kingdom	AIE	35	35	35
	2 × AIE	45	40	35
	3 × AIE	60	55	55



More Community news

Crossing frontiers

The Commission has urged the member States to simplify checks at the Community's internal frontiers, some of which are still over-zealous, despite an earlier Commission recommendation in 1968.

The Commission has also forwarded to the Governments of Belgium, France, Luxembourg, the Netherlands, Denmark, and Italy a letter calling for the abolition, with effect from January 1, 1978, of 'customs presentation charges' on small consignments of non-commercial character sent free-of-charge by one individual to another, containing products purchased at the conditions obtaining on the home market of the member State from which the consignments are sent. Their total value must not exceed 40 ua.

The Commission has received many complaints regarding this matter from people who are at a loss to understand how a charge can still be levied on a 'tax-free' consignment. The Commission feels that this charge, which yields negligible revenue, unnecessarily complicates non-commercial parcel consignments from one member country to another.

US negotiator visits Commission

Robert Strauss, President Carter's Special Representative for Trade Negotiations, visited the Commission on September 21 and 22, 1977. The meeting confirmed the agreement already reached at an earlier visit by Mr Strauss on July 11, to complete the current phase of multilateral trade negotiations by January 15, 1978, so as to set the stage for negotiating the final package.

Quotation of the Month

'Very often, to hear people speak in this country, one could imagine that there was the UK on the one hand and "Them", the Community, on the other — a separate and, in the mouths of such speakers, usually a hostile power out to do the UK harm. Nothing could be further from the truth. The Community belongs to the British as much as it belongs to the rest of the Nine and the decisions taken in Brussels result from the exercise of British influence and power as much as that of any other member State.'

Christopher Tugendhat, speaking to the Royal Institute of Chartered Surveyors on September 26, 1977.



Community bookshelf

Judicial Protection in the European Communities

by *Henry G. Schermers*
Kluwer, £18.50

Sir Harold Wilson has said that a week is a long time in politics. That may be true of national politics, so largely concerned with the surface of things. European politics is something different. Here it is long-term trends that are significant. And therein lies the chief importance of the Court of Justice of the European Communities. While the national courts make news, the European Court is making history, creating case by case a framework of European Law within which national systems must operate. The golden thread that runs through those decisions is laid down in the preamble to the EEC Treaty, especially in its reference to an 'even closer union of peoples of Europe'.

Comprehensive, concise and well presented, Mr Schermers' book is expressly concerned with the small print of this new legal framework, but he never forgets the principles behind the Court's rulings. Too expensive and specialized for the ordinary reader this book may be, but as a text book it could become a classic and for the lawyer at all involved in EEC law it is worth every penny.

The Common Market and How it Works

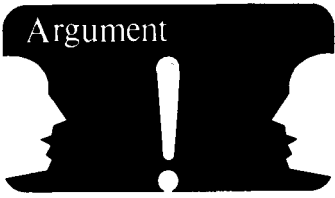
This is the title of an up-to-the-minute book by Anthony J. C. Kerr, published by Pergamon Press. Complete with illustrations, tables, maps, and diagrams, it provides a very comprehensive critical study of all aspects of the EEC.

Lessons from Europe

This is the title of a new pamphlet by Max Wilkinson, a correspondent of the *Financial Times*, comparing what it describes as 'British and West European Schooling' — mainly in France, Germany, the Netherlands and Sweden. With a foreword by Dr Rhodes Boyson, MP, it mainly calls for a tougher curriculum. It is published by the Centre for Policy Studies at £2.95.

Tripartitism

Government, Business and Labour in European Capitalism sounds like a Marxist mouthful, but in fact is the title of a symposium edited by Richard T. Griffiths from papers presented in January 1977 at the Conference of the University Association for Contemporary European Studies. The contributors include Professor M. M. Postan of Cambridge and Dr Joan Mitchell of Nottingham, and the book is published by Europotentials Press at £9.50.



Jenkins aims at monetary union

Extracts from his Jean Monnet Lecture in Florence on October 27, 1977

The most important weakness of the Community today is its central economic mechanism. Following the demise of the Werner Plan the concept of gradualism has come to supplant more ambitious schemes, but the reality on the monetary front has been retrogression. We must now look afresh at the case for monetary union. My belief is that we should relaunch a major public debate on what monetary union has to offer, on the conditions that can make it acceptable to both strong and weak economies, and on the approach steps that must precede it.

□ Monetary union favours a more efficient and developed rationalisation of industry and commerce than is possible under a customs union alone with the present exchange rate risks and inflation uncertainties as between member States.

□ National balance of payments problems in the sense that these are experienced today would be largely removed as an immediate constraint on economic management, and macro-economic policy would not be subject to the present exchange rate and external financial risks.

□ Monetary union would impose a single common inflation rate, and could help establish a new era of price stability in Europe and achieve a decisive break with the present

chronic inflationary disorder. Floating exchange rates transmit violent and sudden inflationary impulses.

□ To restore full employment requires a new impulse on a historic scale. Monetary union could create a broad strengthening of demand and confidence.

□ An associated system of public finance must also be envisaged, to ensure a broad regional distribution of wealth and employment.

□ Monetary union would imply a major new authority to manage the main lines of monetary policy, but we must only give to the Community functions which will deliver significantly better results because they are performed at a Community level. However, there can be a new and realistic model for a highly decentralised type of monetary union in which the public finance function of the Community would be stripped down to a few high-powered tasks with a quite small central bureaucracy. The political implications are great, but do we intend to create a European union or do we not? Real and efficient sovereignty over monetary issues already eludes the governments of Europe to a high and increasing degree.

□ The successful creation of a European monetary union would take Europe over a political threshold.