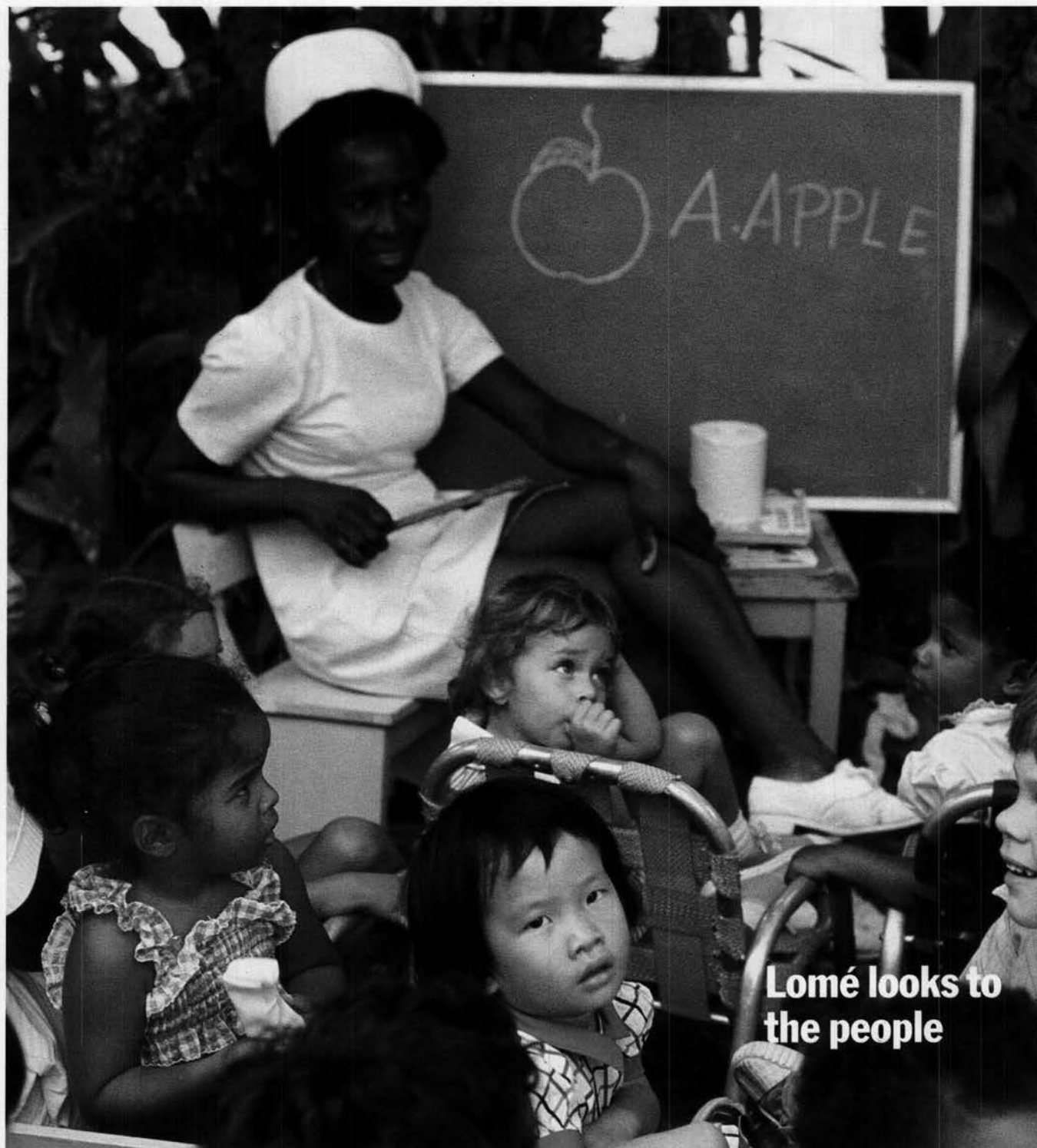


Europe 84

No. 12

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**Lomé looks to
the people**

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Towards a Citizens' Europe: President Thorn's four difficult years

As 1984 draws to a close, and with it the four-year term of Commission President Gaston Thorn, what are the hopes and gains of the administration which he has led through those difficult times?

As his term of office as President of the Commission came to an end, Mr Gaston Thorn observed that his four years as President had perhaps been the most difficult in the history of the Community. 'The time is not far off,' he said, 'when we may have to ask whether the very existence of the Community is threatened by the growing centrifugal forces, fueled by the worldwide economic recession, and the worsening internal divisions which have been allowed to accumulate by a long period of indecision.'

He added: 'The ambitions for the Community harboured by the Commission over which I presided from 1981 to 1984 have turned out to be far beyond the results actually achieved.'

However, he was able to conclude that 'the Community has withstood its divisions.' In sum, as the result of long, patient and often thankless work, as well as the passionate and often invaluable support of the European Parliament, the Commission was able to conclude that the main difficulties had been overcome before the end of his term of office.

It should not be forgotten that the very existence of the Common Market seemed, at certain moments, to be threatened in its basic principles, such as the free movement of goods, when each member government was tempted to defend its borders in order to protect employment and its own national industries, by putting up barriers to other countries' products or granting subsidies with the effect of distorting competition and exchange rates. And it should not be forgotten that the Community's own resources were used up for the first time in its history, with the result that, towards the end of 1983, and during a fair part of 1984, certain Community policies lived under the threat of their funds drying up, with the agricultural fund in particular finding itself on the point of being unable to meet its commitments.

Despite all this, a look back at the past few years shows that achievements of fundamental importance were made.

There was agreement on increasing the



Community's own resources in order to finance it in future, even if the Commission thinks that this increase is not enough and will soon have to be followed by another. There was renewal of the Lomé Convention, uniting the Community with more than half the countries of the Third World, with its scope and authority now extended by the accession of Mozambique and Angola.

There has been decisive progress towards Spain and Portugal joining the Community as full members, after the successful extension of the Community to include Greece. We have seen partial reform of the Common Agricultural Policy; the launching of a new common fisheries policy; and the development of certain joint programmes of fundamental importance for the future of the Community, such as the ESPRIT program-

me, soon to be followed by other joint research programmes.

Apart from these tangible results, implemented by formal decisions, there are others which are more difficult to quantify or lay down in legal texts, notably changes in peoples' outlooks and ways of thinking, which have occurred only gradually, and whose effects will only be felt in future. It may be that we are beginning to discern the shape of the Europe of the future, the basis of which has for the most part been laid by the Thorn Commission, with the support of national and Community goodwill. We can quote a certain number of these more abstract results, derived as they are from intuitions which could have come only to an institution which by its very nature has before it the common European interest and not the interests

CONTINUED ON PAGE 24

ACCORD AT THE DUBLIN SUMMIT

As this issue of EUROPE 84 was going to press, the meeting of the European Council in Dublin had just ended. The Council's success, in achieving agreement upon outstanding problems affecting enlargement, paved the way for further negotiations with Spain and Portugal aimed at securing the entry of those two countries into the Community.

The Greek Prime Minister, however,

stated that his country's acceptance of the two new members would be conditional upon the Community agreeing upon increased aid for the poorer Mediterranean regions, including the whole of Greece.

The President of the Council, Dr Garret FitzGerald, said that the Greek reservation could affect the timing of the entry of Spain and Portugal.

How have Europe's airlines got their fares in such a twist?

Air transport activities in Europe are dominated by international services, since no states have really significant domestic markets. Additionally, the system is based on bilateral agreements under the Chicago Convention. All member states have airlines, many of which are owned, financed or otherwise supported by the governments.

Most, if not all, the EEC member states would regard it as unthinkable that their airlines should go out of business. Some of them even regard it as unthinkable that airlines should not operate on particular routes which, for political or economic reasons, they consider important. And many others are reluctant to expose the airlines to a degree of competition, which would put these objectives at risk. This means that these same member states cannot accept policies which would lead the airlines into deficits, which would be unacceptable to the taxpayers. Long term stability is of prime importance.

With respect to air fares, the European Civil Aviation Conference (ECAC) has set up a system for the establishment of fares through the 1967 International Convention, which has been followed almost universally in Europe at least in principle.

This convention is an effort to balance off the interests of each member state, so that their airlines are not suffering from the price competition of other airlines in Europe to a degree that they would consider unacceptable. This system worked quite well for many years, and it was only when the economic pressure in the USA led to deregulation that questions began to be asked about the air fare establishment system in Europe.

Market forces, in fact, seem to wreak havoc with the present system via discounting 'under the table', as in bucket shops. It has even come to a point that when I talk to airline representatives in Europe, they tell me I'm crazy if, as a business person, I go out and pay the full fare.

Since its inception in 1958, the EEC has been very active in agriculture, manufacturing industries and services, but has not really treated air transport in the same way. Significant initiatives came about only in 1980 and 1984; and no political decision of any real importance has yet been reached. One of the reasons was that there would be a break with the traditional bilateral systems, since the common market is basically multilateral. The other is that air transport policy can only be created by unanimity between the ten member states, since it must be based on article 84 of the Treaty.

The general objectives of a common air transport policy for the EEC, as proposed in

Frederik Sorensen, head of the EEC's Air Transport Division, spells out the conflicts and difficulties inherent in a common air transport policy, and points to some possible ways out

the Commission's second memorandum on air transport, will have to be placed within the concept of Article 2 of the Treaty of Rome. This Article sets out, in very general terms, the tasks of the Community, which are that it shall progressively bring together the economic policies of member states; that policies shall promote an increase in stability; and that policies shall work towards closer relations between member states.

The result must be a balanced economic expansion, and an accelerated raising of the standard of living. This, in fact, is the whole reason for the creation of the common market; and it will have to be applied also to air transport, when it comes to air fares. It means that we are looking for reasonable air fares —

fares which are produced at as low a cost as is reasonable to expect.

Both ECAC and the Commission have looked at the facts concerning air fares in Europe, and have reached similar conclusions. We do not think that excessive profits are being earned in air transport in Europe. Some even say that airlines are earning too little. The counter argument is that airlines can stack the cards in their favour, by allocating too large a share of their fixed and/or general costs to the European sector.

However, when one looks at the costs, and tries to break them down, more than 60 per cent can be allocated directly, for example fuel, landing and route charges. Consequently, I do not think this argument of the difficulty of allocating the costs invalidates the general conclusion that air transport in Europe is not yielding excessive profits.

Are airlines, then, incurring too high costs? In order to reply to that question, one must examine if the airlines are efficient in Europe. Since a very competitive non-scheduled market exists in Europe, the popular thing is to try to compare the costs of scheduled with non-scheduled operators.

This has been done through the so-called 'cascade studies' which have been carried out in the United Kingdom and the Netherlands.

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'They tell me I'm crazy if, as a business person, I go out and pay the full fare'

The results of these studies show that there is a certain difference between the two types of operators. The non-scheduled are somewhat more efficient than the scheduled, but not really drastically so: maybe something like 10 per cent more efficient. This, in effect, has been confirmed by a recent study which the Commission has had carried out, and which came to the conclusion that the scheduled airlines in Europe might reduce their costs by some 10 per cent.

Are the scheduled airlines producing the wrong products? That is another question which is put fairly often in Europe, and it is very difficult to answer.

The widespread practice of discounting may seem to indicate that this is the case; but, on the other hand, there is the experience of SAS, who in recent years have concentrated on the economy fare, and reaped a rich harvest.

SAS, in fact, have started what one could call a miniature price war, since they are selling a product, at an economy price level, for which other airlines charge more. SAS may not fully agree with this way of summarising the situation, but I think this is a fair representation of facts.

One might also claim that there is, in Europe, a market for more simplified products, 'unbundled' fares, without the severe restrictions which exist. An indication of this is the use of inclusive tour prices with hotel vouchers, where the vouchers are thrown away by the passengers. I think that there is a market for such cheaper products, and I would like to see some airlines in a position to try to tap this market.

It is an unhappy situation that market forces at present are mainly evidenced by competition on service, which in itself increases costs. Discounting in general is not in

'Market forces seem to wreak havoc with the present system'

the user interest, because it is done in the dark. Not everybody knows how to go about getting a discount – except in the United Kingdom, where they have the bucket shops. The big customers know, but the general customer does not. The presence of these practices do show, however, that there is competition in Europe among airlines.

The Commission is now of the opinion that it would be beneficial to the air transport sector to seek to install a more uniform basis within the EEC for the establishment of air fares. A proposal for a directive was issued in 1981, and amended in the second Memorandum. The philosophy behind the proposal is that the air transport sector must be financially sound, so that revenue covers costs, and that air fares should in general be related to costs. The possibility of being able to travel on several airlines with the same ticket is also valuable, and airlines should be able to consult on air fares.

However, no airline should therefore be forced to agree air fares with another airline; it should be possible for it to propose new air fares directly to the responsible authorities. Here, too, it should be made easier to introduce new ideas, and the Commission has suggested country-of-origin rules, or zones of flexibility around certain air fares.

The proposal varies the degree of governmental control in accordance with the flexibility permitted to individual airlines. Airline pricing would be subject to approval by both governments if it included zones of flexibility with a minimum percentage range. Within the zones the fares would be free, or subject to double disapproval or to country-of-origin approval at the choice of the states concerned.

If the fare proposal was an individual air fare and a dispute arose between governments, the governments would be expected to consult each other and seek an agreement. If this proved impossible, in the end the country of origin would be permitted to go ahead, unless the country of destination accepted two zones of flexibility for the route in question.

The proposal thus seeks to ensure, in a much more direct way than through arbitration, that the system of governmental approval gives adequate scope for the introduction by airlines of innovative and enterprising fare policies. The proposal also encourages a more direct contact with user representatives.

The proposal on air fares must, naturally, be considered alongside other proposals made in the second Memorandum. However, even by itself it would bring improvements to the air transport sector in the EEC, and I hope that the Council will take speedy action towards approving it.



Local authorities bid for a new European charter

MORAG ALEXANDER reports on a conference of local and regional representatives to discuss ways of getting the best out of Community membership

European issues dominated the fourth biennial conference of the British Sections of the International Union of Local Authorities/Council of European Municipalities, which was held in Nottingham from 7-9 November.

Councillor John Morgan, chairman of the British sections, told delegates in his opening address that one of their basic aims is to promote greater European unity. 'We fully support the view that some issues can only be tackled on a European basis,' he said, through a European Community which has teeth and which can enable the European countries to face up to the challenges confronting them on the world scene.

There is no conflict, he added, between this objective and that of stronger local self-government: the two go hand in hand. 'International measures in general, and European Community policies and funding in particular, influence the things which local authorities do, and the way they do them. That is why we are so keen in the British sections on establishing an effective policy dialogue between the European institutions and the bodies representing local and regional authorities.'

Baroness Elles, vice-president of the European Parliament and Conservative MEP for the Thames Valley, addressed the first plenary session on the role of the European Parliament in helping to promote this dialogue. She pointed out that the strong territorial link between a region and its MEP, which is enshrined in the British electoral system, is less common in those European countries with 'list' systems. The process of consultation should be facilitated by the constituency system. She said, 'I hope that all those present take the opportunity to present their concerns directly to their own MEPs, as well as taking them up in the framework of the consultative committee on local and regional authorities.'

The elected European Parliament, Lady Elles said, has had much success in amending Commission proposals: since direct elections in 1979, the Council of Ministers has accepted 27 per cent of the European Parliament's amendments in full, and 14 per cent in part. Local authorities are major beneficiaries

of the European Regional Development Fund – since 1979, the European Parliament has succeeded in doubling appropriations.

How local authorities can gain access to funds from Europe, and how they deal with EEC policy issues, was considered in an informative workshop session led by Randall Smith from the School of Advanced Urban Studies at the University of Bristol. In those local authorities which actively seek Euro-money, it is customary to designate one officer to co-ordinate the council's activities centrally. These officers are, in Randall Smith's words, 'incurable Euro-watchers'. Their job is liaising with departments to identify schemes for Euro-funds, checking the appropriateness of applications, ensuring that there is a sustained awareness throughout the authority of funding sources, keeping up to date with what is happening in Brussels, and monitoring the progress of funded projects.

From their practical experience, Euro-specialists can advise the local authority associations. They can also forge links with officials in central government and the EEC.

Maintaining a central capability to deal with EEC issues costs money – Randall Smith estimates about £50,000 a year in a very active authority – and the benefits can far outweigh this expenditure.



'There is a growing conviction that there is no alternative to the European Community' – Commissioner Frans Andriessen

A recurring theme at the conference was the sharp contrast between decentralisation in many European countries and increasing centralisation in Britain. This was underlined in an unscheduled report from Sir Duncan Lock, former chairman of the Association of District Councils, who had just returned from the conference of Council of Europe Local Government Ministers in Rome.

The issue at the Rome meeting was the European charter for local self-government, which is supported both by the local authority associations and by the trade unions. They are urging the UK Government to accept it as the basis for a European convention, binding in international law, rather than as a recommendation. Sir Duncan reported that, in the final vote, 12 countries backed the convention, while six (the UK, Ireland, Norway, Sweden, Turkey and Cyprus) asked ministers merely to adopt the charter. Although Sir Duncan claimed to be encouraged by the outcome, delegates felt that the UK Government's stance fits with what they see as its increasingly centralist attitudes.

In a plenary session, EEC Commissioner Frans Andriessen, responsible for competition policy and relations with the European Parliament, was billed to speak on 'the development of the EEC from Common Market to a human community' – a development in which local authorities have a clear interest. Commissioner Andriessen's address, however, left little doubt in delegates' minds that, though the 'Europe of the citizen' is an important objective of the Commission, the current economic climate has triggered off national reflexes that work against the European ideal.

The Council of Ministers, said Commissioner Andriessen, 'has deteriorated into a meeting place of representatives of national governments. It has become an instrument of inter-governmental co-operation rather than a Community institution.'

He was critical of the UK's stance over its budget contribution, and of what some European commentators see as its moves to block European integration. 'I can say for myself how greatly my own country looked forward to Britain's entry into the European Community, and what a great opportunity it presented to your country and the Community. We hoped for so much and perhaps you will understand, therefore, how great is our disappointment when we feel that you have not taken that opportunity,' he said.

But the Commissioner held out hope. If common sense prevails, he said, we could be on the eve of a new phase of the Community's development. There is a growing conviction in large parts of the Community, and within a broad spectrum of the population, that there is no alternative to the European Community, and that stagnation is tantamount to regression. There is an increasing awareness that closer co-operation alone will safeguard the continued existence of Europe as a politically and economically viable entity. E

Europe and the ECU: laughing all the way to the bank

That will do nicely, sir,' smiles the Spanish receptionist as Herr Schmidt hands over an ECU-denominated travellers' cheque in settlement of his hotel bill.

The scene could soon be commonplace, as Schmidts, Duponts, Joneses and Contis all over the EEC choose to pay their holiday expenses abroad in ECUs. And millions of European citizens might one day soon hold deposit accounts in ECUs, ECU credit cards, and invest in ECU bond issues.

Prize money at the European motor racing Grand Prix at Brands Hatch is already paid out in ECUs, and thousands of Eurocrats receive their salaries, either wholly or in part, in ECUs. But the popularisation of the ECU amongst Europeans at large could be just around the corner: already, Thomas Cook and a consortium of French banks are independently planning to introduce ECU travellers' cheques early in the New Year.

The rise and rise of the European Currency Unit is well-known in banking circles. From a unit of account invented for the convenience of Community banks and institutions, the ECU, mainly as the result of market forces, has become the third most popular currency on the Eurobond market.

Chairing a recent London conference on the commercial use of the ECU, Robert Jackson MP called this spontaneous groundswell of demand 'history finding a way through the back door'. For 20 years, Europeans had been searching for ways to ensure the stability of exchange rates. But the root of the problem was reconciling an integrated exchange rate system with unintegrated national systems. In the end 'the privateering approach may prove more creative than a panoply of government measures,' he said.

The opening speaker, André Louw of the European Commission, saw the ECU as a passport to monetary and financial integration in the Community. 'The ECU should aim to become a European foreign currency – not to replace national currencies, but one that European operators should select naturally in their foreign dealings,' he declared.

In addition to ECU travellers cheques, new developments include a note issued by the European Investment Bank – and, marking the ECU's true coming of age, the first-ever bond issue to be launched in the United States.

There are three reasons for this success. First, the ECU is a basket currency, made up of weightings of all the currencies of the Ten. (The weightings were revised in September 1984 to take account of the drachma.) Being a basket, the ECU is safer than individual currencies, simply because it is less subject to fluctuation. It is not speculative, but a compromise between debtors and creditors.

LYN JULIUS reports on a London conference at which the European Currency Unit, or ECU, was the star of the show


Martin Edwards, of the National Westminster Bank, speaking on the short-term money market and hedging value of the ECU, said that the ECU was an 'almost perfect' hedge: its volatility was minimal, the risk on covering funds very small. The secondary market, however, he said, is still very small. One drawback is the number of 'non-settlement' days – there are some 33 public holidays in the member states as a whole. Otherwise, it took a banker no longer to raise a payment in ECUs than in Deutschmarks.

André Swings, of Kredietbank NV, claimed that the ECU was about to reach the great mass of European consumers, provided that banks came up with the right services. Consumers had subscribed in droves to the first 35 million ECU bond issue by the Italian telecommunications firm SOFTE in 1981. But as yet, the only truly free investors' marketplace was the Benelux. For mass appeal, banks should encourage their clients to select the ECU as their second base currency, by de-

veloping a package based on an ECU demand (or call) deposit account. Mr Swings estimated that up to 1,000 banks are now dealing in ECUs.

Credit cards, offering monthly billings in ECUs, as a Luxembourg bank already does, seemed the ideal means of activating an ECU deposit account. Eurocheques, too, could be drawn in ECUs, but in practice this would depend on widespread pricing in the currency. Travellers' cheques would offer both the sporadic and the frequent traveller a currency which would keep its value from one foreign trip to the next. Besides its simplicity and stability, the ECU had the added attraction of being 'a little Belgian to a Belgian, a little Italian to an Italian, and therefore less foreign'.

The final speaker, Shaun Pitt, of accountants Deloitte, Haskins and Sells, said that recent changes in tax law meant that the ECU was to be treated, for accounting purposes, as another foreign currency. Therefore, raising an ECU bond issue becomes more attractive. Mr Pitt looked forward to many more British firms following the example of Rank Xerox, which raised a bond issue in June 1981.

But it was conference chairman Robert Jackson who put the whole question of the ECU's role in perspective. 'What is the use of stripping the barriers in Europe,' he asked, 'if the effects can be reversed in the course of a single afternoon's currency trading?' 



'She only married him for his ECUs...'

'The Common Market should live up to its name. Barriers to the free movement of goods must be dismantled'

PIERRE PFLIMLIN, after his first six months as President of the European Assembly, answers questions from Marcel Scotto on how he sees the way ahead both for the Parliament and the European Community

SCOTTO: *Public opinion is either ill-informed or knows nothing about the European Parliament. How do you intend to put an end to the Assembly's 'identity crisis'?*

PFLIMLIN: If the Assembly is suffering from an identity crisis, it is perhaps partly because the nature and limits of its powers are not well known. It is also, perhaps, because the Parliament has been asked during the last five years to deal with very diverse questions, and that the general impression might be of an abundance of questions, without there being any distinguishable guiding principles. So one of my intentions is to try – without renouncing the rights and duties of the Parliament to deal with many questions – to concentrate its work on questions of a fundamental nature, which relate to Europe and to the role of the Community.

What are they?

Our prime objective must be the fight against unemployment, to pull out of the crisis. The European Parliament does not have any miracle cure at hand. It has nevertheless drawn up, on the basis of a report that it commissioned by Mr Albert and Mr Ball, a programme for economic revival, the main lines of which I consider to be valid.

First, the Common Market should live up to its name. Barriers to the free movement of goods, and the division of markets, must be progressively dismantled. Losses due to these various divisions have been estimated at 50 billion ECUs a year. One method for removing the trade barriers, at least for new products, is to establish European standards, rather than multiplying the number of national standards. The existence of a true common market would be a strong incentive for the investment we need by existing firms, and for the creation of new enterprises. Any hope of economic revival has to be based on a reawakening of the entrepreneurial spirit.

The second approach falls within the area of scientific and technological research. In the past, Europe's prosperity and political influence depended, to a great extent, on the lead taken by our predecessors in these fields. It is absolutely essential for Europe to recapture its leading position, which has been taken over by the United States, Japan and other countries. We are spending a lot on research, but this spending is too dispersed. A common research policy, modelled on the ESPRIT programme, could greatly increase the efficiency of our researchers' efforts. Telecommunications should take priority in this regard.

The third approach, as I see it, is progress towards monetary union. The ECU is playing an increasingly important role, particularly in the area of loans. It should become a real currency, with a role comparable to that of the dollar.

But hasn't the Parliament that you have been presiding over since July in fact made its mark through budgetary questions?

Yes indeed. Right from the first session, realising that, despite Fontainebleau, and in view of the Council of Ministers' refusal, in the first



instance, to submit a supplementary budget, the European Parliament decided that it would only release the credits needed for the payment to the United Kingdom on condition that a draft supplementary budget was submitted.

Parliament's prerogatives were not involved. The question was one of how the Community should work. Because, if there had not been a supplementary budget, in October the Community would have found itself having to suspend payments. It would have been unable, in particular, to pay the farmers the sums to which they are currently entitled, and it was our concern to avoid this risk of a situation where Community payments were suspended, the political consequences of which would have been awful, that led us to link the two things – United Kingdom refund and submission of supplementary budget.

Contrary to certain interpretations, we followed the logic of the Fontainebleau decisions. As soon as a supplementary budget was submitted, the Parliament released the credits intended for the United Kingdom.

Frankly, I cannot understand why the Council of Ministers comes up against obstacles of this sort. I do not consider them, myself, to be serious obstacles. Because, in the end, what is it all about? The Community budget currently represents only about 0.9 per cent of the member states' gross national product and 2 to 3 per cent of the national budgets: a modest sum, therefore. And if you consider the margins that can exist within this budget between the positions of one or another of the countries, you will realise that the sums involved are even more modest.

Do you think that the European Union Treaty, launched last February by the Parliament, will have concrete repercussions in the short term?

I hope that this draft Treaty will be adopted by the member states, or at least by a majority of them. But a lot of progress can be made even in the framework of the current Treaties.

In my opinion the debate about 'small steps' as opposed to 'big

“We followed the logic of the Fontainebleau decision. As soon as a supplementary budget was submitted, the Parliament released the credits intended for the United Kingdom”

steps’, is a false debate. First, relations between the Parliament on the one hand and the Commission and the Council of Ministers on the other, must be improved. These relations are too often strained, as they are at the moment. Now, what really counts is that the Community as a whole is efficient and appears to be so in the eyes of the public. Therefore, permanent consultation between the Commission and the Parliament should be very important.

There is also the fact that, since 1966, the Council has nearly always taken unanimous decisions, whereas the Treaty provides for majority decisions. What is serious is that the right of veto has been used prior to Council deliberations, and that sometimes it is sufficient that objections are made in the preparatory stages for a question not even to be brought before the Council of Ministers. This is a factor which paralyses, and considerably harms, the Community’s capacity for action.

While it is realised that it would be difficult to bring the majority rule into play for problems that are really of fundamental importance to one or other of the member states, in normal circumstances it should, once again, be possible to take majority decisions.

Coming back to the 1984 draft Treaty by the European Parliament, I repeat that I attach a great importance to it. With Mr Altiero Spinelli, who was the first to promote the idea, and is the new Chairman of our Institutional Affairs Committee, I presented it officially on 11 October, to the ad hoc committee set up last June by the European Council of Fontainebleau, on the initiative of the French President. I remember that in his speech to the European Parliament the previous month, Mr Mitterrand said that he approved of the principles of this draft Treaty.

What do you feel about where the EEC should have its seat?

I myself regret that, after the signing of the Treaty of Rome in 1957, the Community of Six was not capable of deciding one way or another on this question of the EEC’s headquarters. In effect, the Six at the time could only agree on a provisional *modus vivendi*, which still exists today. We are now in 1984. We are now Ten. The Council, and all the Community bodies, are facing considerable difficulties. It is to be regretted. And I think the chances of seeing the Ten arrive at a solution that the Six could not find are not very great in the foreseeable future.

Coming back to the Community budget, the fundamental question is still this famous budget discipline that the Council of Ministers wants to impose on itself, the Commission and the Parliament, is it not?

This ‘budgetary discipline’ formula can have different meanings. For some governments it seems to be a question of the Council of Ministers unilaterally fixing a ceiling on the Community’s resources and its spending at the same time. If such a decision were to be taken without the Parliament’s agreement, it would constitute a repeal of the Parliament’s powers, and would be a violation of Article 203 of the Treaty that the Parliament could not allow under any circumstances. It is a fundamental question linked to the Community’s development.

There are two opposing points of view. One is what I would call static or conservative – the Community is what it is, and what is important is that it should cost as little as possible, and less than it does at the moment. This is a regrettable and dangerous stance.

Then there is what I would call the dynamic view, which is that the Community must increasingly become an instrument of economic development, to pull us out of the crisis. All too often – I see it in my own country, in France, but I think that it can also be seen in other countries – European policy is thought of as something special, something apart, which falls outside the economic, financial and social concerns of each country.

I recently found this again when I was participating in some political study days in France. I heard some excellent speeches by competent people. But the word ‘Europe’ was never mentioned. It is a serious mistake not to situate the problems experienced in each country within the European context.

The ambiguity of the Parliament’s powers is that the Assembly votes the spending but does not vote the receipts. Do you not think that this would be a way to solve this dispute once and for all?

I think it is logical that the Parliament should also have its say regarding the receipts. But the fundamental problem would remain. What matters is the difference between the two visions – that of some member states, static and even regressive, and an evolving and dynamic vision of Europe. Whatever budgetary methods are used, this fundamental debate will remain.

“The dynamic view considers that the Community must increasingly become an instrument of economic development, to pull us out of the crisis”

Small firms are breaking through in Greece

Though faced with many formidable problems – not least a maze of national regulations – a new breed of

Greek entrepreneurs are heading bravely into the age of the small business – and making a go of it

A number of small firms in the field of computer applications and the development of business-designed software has sprung up in Greece over the past 10 years – firms that have made inroads into a highly competitive market.

Set up by groups of young people aged under 30, and often fresh out of university, these firms start up with only limited capital and rudimentary commercial and financial expertise. Nonetheless, they have come up with some interesting technological innovations and have succeeded in developing and sometimes even creating a market amongst initially reticent potential clients.

Some of these software houses are now trying to branch out into export, by following in the wake of large civil engineering firms active in the Middle East or Africa, for example. Others have opted for a high degree of specialisation (software for hospitals, applica-

tions in the field of sport, etc). One firm has gone 'upstream', and has proved its worth as a manufacturer of hardware: a 'made in Greece' mini-computer, with a wide range of applications, is now available for use by banks.

Meanwhile, some textiles firms, working on a craft industry scale, are turning out products of such high quality that they are now supplying department stores in London and Paris with articles which bear their own label. Although faced with many problems – competition from Asian producers who pay low wages, the increase in labour costs, the need to invest in modern equipment, stiff quality controls – these firms have been able to hold their own in a period of economic recession.

One young engineer, a management-level technician in a major nationalised company, spent part of his free time designing, building and perfecting a range of precision instruments for injecting hospital patients auto-

matically with mini-doses of drugs. His aim was to develop simpler – and therefore more reliable and less costly – instruments than those currently available. Satisfied with the technical aspect of his work, he tried to obtain a loan so that he could produce the instruments on an industrial scale. Although the banks liked his ideas, they wanted him to prove that a market existed for his products. The hospitals were quite willing to place orders for his instruments, provided that he could demonstrate that he had sufficient production capacity.

A dead end? Yes, but only until the recession put his job with the nationalised company at risk. Now, a combination of family and bank loans, plus advances from a potential client, will make it possible for the project to get off the ground.

In country regions a number of agricultural firms, largely family concerns, are switching over to new farming methods and making major investments in such areas as irrigation, hydroponics, and crop-growing in a protected environment. These are backed up by preferential loans and CAP market policies. Where they have taken place, such developments have completely altered the context of rural life. The agricultural sector has acquired new significance in the economy as a whole.

The prime importance of small and medium-sized enterprises in the Greek economy is widely acknowledged. Of some 422,000 firms in Greece in 1978, only about

'In country regions, family concerns are switching over to new farming methods'

2,700 employed more than 50 persons. An overwhelming majority was made up of enterprises employing fewer than 10 people – very small enterprises when considered at European level. SMEs accounted for 93 per cent of the manufacturing industry, representing 98.5 per cent of the total number of firms in the trade and tourism sectors. As regards employment, 51 per cent of the employed population was working in firms with fewer than 10 people, 17 per cent in enterprises with between 10



and 50 people, and 32 per cent in companies with a workforce of over 50.

The important role played by SMEs explains why policies aimed at supporting them – notably in the form of interest-rate subsidies and a simplified system of taxation – are something of a tradition. Nonetheless, these policies failed for many years to help enterprises overcome their perennial problems of organisation, management, access to finance and the development of export potential. One shortcoming in the system, for instance, was that, although small and medium-sized enterprises (SMEs) could obtain loans at favourable rates of interest, they had to be able to provide real guarantees that were beyond the means of most entrepreneurs.

However, in Greece the spirit of innovation is particularly strong (if not especially disci-

plined) in this type of SME. The hope that such small enterprises will provide jobs (especially for young people) has induced the Greek Government to adopt a more energetic policy towards them.

From now on, access to credit for SMEs will be assured by financial guarantees offered by EOMMEX, a public body which used to confine its activities to the more traditional promotion of craft industry. This fresh approach to financing small businesses should overcome the banks' reticence.

EOMMEX is in the process of creating industrial estates or office blocks especially designed to house small enterprises, a move which will both protect the environment and guarantee the provision of basic services. There are also plans to set up common service centres (industrial design, technical infra-

structure, accounting facilities, etc) which will improve the enterprises' organisation.

Furthermore, the creation of co-operatives has been encouraged in the fields of footwear, ready-made clothing, sportswear and so on, with a view to SMEs pooling their supplies of raw materials, upgrading quality standards, and taking greater advantage of export markets – in short, improving their competitiveness in sectors affected by the recession.

Meanwhile, the Ministry of Youth is trying to promote schemes aimed at helping young professionals who want to set up their own businesses, and who have managed to overcome the daunting administrative formalities and red tape which, in Greece, remain the biggest obstacle to any burgeoning of entrepreneurial spirit.

A. D. PAPAYANNIDES

In Denmark, small means successful

It might seem somewhat contradictory that a small country like Denmark – with no other raw materials than farming land, with no great companies, and blessed with a language which, considered in the European context, remains very exotic – is among the ten richest countries in the world in terms of gross national product per inhabitant. Such are the facts. But it has not always been like that.

A hundred years ago, Denmark was a little agricultural nation, poor, surrounded by richer countries with economies based on coal, steel and timber. Denmark, on the other hand had a relatively developed cottage-industry economy, but only an embryonic industry proper.

The basis of Denmark's industrial development was the initiative of a great number of individuals, participation freely entered into, and fairly advanced popular education, rather than raw materials, capital, or centralised management. Half of its present-day companies are private, and account for three-quarters of the labour-force employed; about 20 per cent are limited liability companies, representing about 10 per cent of the employed; another 10 per cent are cooperative societies, limited partnerships and other forms of company, which again employ 10 per cent of the labour-force; while the 14 per cent of single-owner companies account for around five per cent of salaried staff.

It is equally typical that, over and above this industry, there exist 10 times as many small craft firms carrying out production, repairs and after-sales service. This division has remained more or less unchanged for over 25 years. No tendency towards industrial concentration or large-scale industrial development has ever been seen in Denmark. Jobs are evenly dispersed over the whole country; and a clear tendency towards industrial de-

MORTEN KNUDSEN, director of the Institute of Technology, Copenhagen, explains why one of the Community's smaller member states manages to keep up with the big ones

velopment may be noted in those regions which were once predominantly agricultural, rather than in the region of the capital, Copenhagen.

Danish industry today has many facets. It is no longer dominated by agriculture, but includes all forms of industry essential to a modern society, with the exception of those which particularly depend on raw materials and energy, such as heavy industry proper, or large-scale mass production. A large proportion of our industry can be thought of as a mechanised craft trade, such as the furniture industry, which enjoys ever-increasing success, and in which some 400 small firms are exporters. All these manage to survive, despite high costs and a tiny domestic market. This is thanks to their facility in finding small markets where there is room for flexible production of specialised products, as well as a traditional but well-maintained production system, constant work-effort and good sales promotion.

'A large part of our industry can be thought of as mechanised craft trade'

Parallel to this situation there exists a smaller industrial sector, at just as high a level technologically as any advanced companies in the world. Among these are the electronics-related companies, the pharmaceutical industry and the food industry. Here, strenuous efforts have been made in research and industrial development. Despite their often modest size by international standards, many of these companies have risen to a predominant position in the well-defined areas of the market with which they are concerned, as in certain measuring instruments, insulin and enzymes.

With only 15 per cent of the labour-force employed in industry – and in small companies – as well as an industrial research effort which is one of the lowest in the EEC, Denmark cannot really claim to be an industrial country. Despite this, there is a positive attitude towards industrial development in Denmark, which is something new. The new technology, particularly information technology, will have a decisive importance for Danish industry.

Trade union attitudes towards the new technology is another factor. Even if, among many industrial workers, there is a fear that new technological developments could lead to basic changes in their working situation, we find a very positive attitude towards technological updating.

Our trade union leaders understand that changes leading to loss of jobs can be predicted, and that if companies do not introduce the new technology they will surely lose ground and may even have to close down. Also, Denmark has enjoyed a free economic policy, independent of government coalitions: with one exception, the state owns no production companies. The aim, pursued with the help of funds for industrial promotion, is to create healthy companies, not to maintain existing ones on the verge of col-

lapse. We have kept the right to declare bankruptcy, as a dynamic element of economic life. That is why there are no industrial graveyards in Denmark, but – quite the reverse – a living industrial organism which is nothing if not competitive. This is clearly shown by the ever-growing number of new businesses, started with the help of venture capital, which can now be obtained much more easily.

The same pattern can be seen in the textile and clothing industry, whose competitive capacity is these days constantly increasing. It has upgraded itself in the low-salary sector, not with the aid of government subsidies, but by a remarkable effort in the application of

'The aim is to create healthy companies, not to maintain existing ones on the verge of collapse'

new technology to excellent design, high quality and sound commercial practice.

Contrary to what is happening in the other EEC countries, employment among the Danish labour-force is on the increase in this sector. Something similar is taking place in the wood and furniture industry as well as in

several other industrial sectors. A new win of optimism is blowing through Danish industry: in general, exports, orders and profit are on the increase.

The need for international cooperation explains our lively interest in the technological and industrial development programmes set up by the various European communities. We also believe that Danish companies and research centres will be able to make a valuable contribution to this international cooperation. In the EEC context, we are, of course, small, and occasionally difficult; but we have a good jumping-off point within a lively industrial structure and a vast network of technological services.

How young entrepreneurs make out in Holland

Some 15,000 new small and medium-sized businesses are set up in the Netherlands every year. But 20 per cent of these cease to exist within the year, and only 40 per cent survive after five years.

Major factors in this poor survival rate are under-capitalisation and poor management. The chances of a fledgling business surviving are very low, owing to the lack of a good business plan and proper funding. Many young entrepreneurs have extreme difficulty in finding a good source of finance: they are mostly people in receipt of some kind of handout, who wish to start up in business on their own account, but have no real resources of their own available. And banks are often less than enthusiastic towards them.

However, entrepreneurship is the subject of intense interest in the Netherlands, and reassessment of its value is one reason for the growing number of business startups. High unemployment – averaging 830,000 men and women – is another reason, as was stated this summer by State Secretary P. van Zeil, from the Netherlands Ministry for Economic Affairs, at a one-day conference on new independent businesses.

A variety of bodies are engaged, successfully or otherwise, in providing help and support for new young businessmen. Frank Roders, an adviser with the Kollektieve Ontwikkelings Maatschappij (concerned with collective development) put it in this way: 'People often come to us with the wildest ideas, without realising what the financial implications are. They are often not accustomed to thinking in financial terms.'

Many new businesses are initially

financed with family capital. Those in receipt of social welfare payments are allowed under the Netherlands regulations on the self employed to start up in work or a profession with temporary support from the government. A third possibility is a loan from an 'alternative' bank, whose requirements are not just strictly commercial.

According to an inventory prepared in 1983 by the Tilburg Economic Institute Foundation, there are about 250 bodies, organisations and agencies concerned with providing help. Most projects put up are brand new. Last year there were no less than 70 business start-up centres, where fledgling entrepreneurs were able to find accommodation. At least 50 local authorities had plans for similar centres.

Government policy for new entrepreneurs must be essentially general in scope: entrepreneurs tend to be people who go into business on their account because of a variety of circumstances, and who are prepared to take the concomitant risks. They are primarily 'doers', looking for scope to 'do their own thing'. Accordingly, a policy of ad hoc action is needed, since the problems are quite specific.

Weak points in the provision of assistance include inadequate practical advice about the critical problems of marketing, sales and distribution. Many of those responsible for providing assistance tend towards over-provision, in the sense that new entrepreneurs are inundated with masses of information which they cannot handle properly, often including superfluous data.

Even when the young entrepreneur has gone beyond the phase of needing help and is actually operating in business, assistance is still needed,

often in the form of somebody who can simply act as a sounding-board. It emerges strongly from the latest survey that a new entrepreneur needs to obtain information from others who have just started up in business, and from potential customers. Armed with this information he is in a better position to make a true estimate of his market and of how quickly his product might be accepted.

Dr A. van den Heuvel, general manager of Hevo Beheer BV (Veghel), pointed out in September, at a symposium on new entrepreneurs, that established businesses had to be prepared to give a helping hand to new entrants. Such help, he said, need not be detrimental to one's own business.

One of the conclusions reached at the symposium was that changes in education since the 1960s put new entrepreneurs at a disadvantage. Education over the last 20 years has been chiefly general in character. The most adverse factor is 'the complete lack of any orientation to business values', in the words of Dr G. Mustert, director of the North Brabant Economic and Technological Institute. School-leavers whose education has been purely general suffer a double handicap, because their education has never made any contribution to training for independent entrepreneurship.

According to Dr Mustert, there has also been something of a fundamental change in the banks, to the detriment of new entrepreneurs. The second bank you approach shows you the door when it turns out that you have already been to another bank. The potential new entrepreneur's business plan is not even given serious consideration, he says.

HARRIE VAN SEUMEREN

EURO FORUM

Lomé III now has its eyes on the men, women and children...

The Lomé Convention has survived the strain of the world economic recession. The successful conclusion of negotiations on the renewal of this unique trade-and-aid contract, made in Brussels on 23 November, marks the beginning of a new era in relations between the European Community and 64 developing countries in Africa, the Caribbean and the Pacific (ACP). Signed in the Togolese capital on 8 December 1984, the Third Lomé Convention will come into force in March next year with a guarantee to lead new, improved EEC/ACP co-operation into the 1990s and reconfirm Lomé as the vanguard of North/South relations.

When the Lomé renewal negotiations opened in Luxembourg in October, 1983, few expected the going would be so rough. But to conclude a contract which would directly affect the livelihood of nearly 350 million people in the Third World over the next five years is no easy task. There is no doubt that, throughout the negotiations, both sides were well aware of the scale of the commitment they were entering into.

In a powerful display of the North/South Dialogue in action, the EEC/ACP states spent a total of 413 days and six ministerial meetings carving out their future together. The intricacies of the EEC/ACP trade régime, from the amount of ACP strawberries the EEC could import to the definition of an ACP fish, were debated to the last detail. Moral issues, such as respect for human dignity or cultural identity, were discussed at the highest level; and

'Moral issues, such as respect for human dignity or cultural identity, were discussed at the highest level'

the overriding question of financial assistance was a source of heated debate in the closing months of the talks.

But, in the end, there were no regrets. 'It is a matter of great satisfaction that such an important negotiation has been concluded,' said the EEC President and Irish Minister of Foreign Affairs, Peter Barry. 'Each party made an effort to meet the other half way,' he added, noting that there was confidence and hope for the future.

The ACP President, Rabbi Namaliu,

Minister of Foreign Affairs of Papua New Guinea, was just as positive. Although he admitted that the ACP Group had wanted better trade and aid provisions, he agreed that 'overall, we have a well-balanced Convention, more rational and streamlined with greater thrust, and devoid of many of the dangers we feared when we commenced our negotiations.'

The results, for many, may have been disappointing. But both sides knew full well that, although the ACP needs are boundless, EEC resources are limited. With the effects of economic recession still biting deep, the European Community made the best offer it could. And, within days of the final negotiating session, it even agreed to increase its aid offer, proving that, despite their empty coffers, the Community could muster up the political will to recognise and cement the privileged position occupied by the ACP states in its relations with the outside world.

'Member states have agreed to work out the best ways in which farm surpluses can be made available'

The Third Lomé Convention will, nevertheless, have a great deal new to offer the ACP states. Its funds have been boosted from 5.5 billion ECUs to 8.5 billion, representing an increase of over 50 per cent of the funds earmarked for Lomé II. It may be argued that this figure reflects no more than a simple adjustment in real terms. But it is, nevertheless, far superior to the efforts made by aid donors in other international fora, such as the International Development Association, whose funds have actually been reduced.

'The ACP's needs and the EEC resources have been reconciled,' said European Development Commissioner Edgard Pisani; and the ACP President agreed. He admitted that the ACPs wanted 10 billion ECUs to cover their increasing development needs over the next five years, but added that the offer made by the EEC 'was arrived at in a spirit of compromise' and was acceptable to the ACPs.

Efficiency will be the overriding aim in Lomé III. Well aware that, no matter how much is offered, it would never be enough, the member states have committed themselves to improving the quality of Lomé aid. Every penny must

be made to count. To achieve this, contact co-ordination and co-operation will be vital at all levels.

The grand design of this new 'dialogue', to be incorporated into Lomé III, is to ensure that the development goals of the ACP states are supported fully by EEC funds. The key to achieve this is the entirely new, ambitious programming process which marks a world of difference between the old system of financing projects to the new system of supporting development policies.

But this dialogue does not stop at the North/South vertical. Co-operation between South and South will also be important in Lomé III, and co-operation at the regional level will be encouraged as far as possible. To complete the dialogue, North-North co-operation will also be essential. It is a recognised fact that collaboration between aid donors within the European Community, or in the international arena, is an indispensable (but sadly lacking) ingredient.

'Measures must be taken to guarantee long-term food security, especially in the Sahel region of Africa'

Food is another vital priority of the new-look Lomé. Added impetus will be given to agricultural development in the ACP states, with the search for food self-sufficiency through food strategies, food security and food production, the all-important factor. Experience has taught both the EEC and ACP states that, although emergency food aid operations are essential, measures must be taken to guarantee long-term food security, especially in the Sahel region of Africa.

Also in this context, the EEC member states have agreed, for the first time ever, to work out with their ACP partners the best ways in which supplies of EEC farm surpluses can be made available for ACP food deficit countries on a long-term basis.

But Lomé's new approach to combatting hunger in the world intends to go beyond traditional farming into an area which is relatively unknown in EEC/ACP relations. The innovation in this field is the decision to include a new chapter on EEC/ACP fisheries co-operation in Lomé III. The aim will be to develop ACP fishing industries, using compensation paid by EEC fleets which fish ACP waters. Six bilateral fisheries agreements of this type have

'Another first for Lomé is the condemnation of apartheid in the new Convention'

been signed between the EEC and ACP states, and it is hoped that, with added emphasis placed on fisheries in Lomé III, a new wave of agreements will follow.

The human factor in EEC/ACP relations is yet another important new element in Lomé III. The idea of 'small is beautiful' will dominate EEC-funded development projects, whether in the area of transport, energy, agriculture, health or infrastructure, and the aim will be to involve the local populations at all levels in the development process. With this in mind, efforts will be stepped up in the area of training and education, so that the ACP people can learn to help themselves.

Proof of the new EEC/ACP commitment to man at the centre of development is the decision to include, for the first time ever, a Chapter on Socio-Cultural Co-operation in the Lomé Convention. The aim will be to ensure that the cultural identity of ACP populations, both in the ACP region and those currently residing in the EEC member states, is safeguarded.

Support will be given to enhancing ACP human resources and increasing ACP creative capacities. 'The Convention, concerned as it is with development, sets the human person - men, women and children - at the centre, and sets out to advance his or her right to self-reliant development, within his cultural milieu, and to protect his dignity,' said the ACP President. 'In this vein,' he continued, 'we have improved the treatment of students and migrant workers and emphasised the role of women in development.'

A central part of this new emphasis on man is the commitment both sides have given in Lomé III to the respect of human rights. Lomé III will ensure that, in all countries, human rights must be allowed to flourish under the protection of the law, said Mr Pisani. He also stressed the fact that, as requested by the ACP states, the link has been established between human dignity and the economic and social development of the ACP populations. Yet another first for Lomé in this context is the condemnation of apartheid, which both sides have vigorously voiced in the text of the new Convention.

Another element of great signi-

ficance, according to Mr Pisani, is the movement in Lomé III towards encouraging increased private investment in the ACP states. 'We call upon EEC industry to get involved in ACP economies,' he said. Once again, this is an innovation in the North/South context, in that never before have both sides agreed to accord investors fair and equitable treatment to encourage or create clear, stable conditions conducive to investment. A joint commitment has also been made to maintain a predictable, safe investment climate.

In addition to these new ingredients, improvements have been made to the overall trade and aid package in several areas. The SYSMIN system for maintaining mineral production capacity in the ACP states has been extended to include important ore producers such as Niger, Botswana and Zimbabwe. The agricultural vocation of the STABEX system for stabilising ACP export earnings has been confirmed, new products have been added to the list receiving aid, and the funds have been boosted. In the industrial sector, the Lomé Origin Rules have been relaxed and simplified, and special measures have been introduced to take account of the difficult problem as regards the origin of ACP fish.

Finally, the accession of Angola and Mozambique to the Lomé fold will certainly give an added boost to EEC/ACP relations. The entry of these two important Southern African states will swell the Lomé ranks to 66 countries from North and South of the globe, representing almost half the member states of the United Nations General Assembly, and will extend the EEC/ACP sphere of influence to virtually the whole of black Africa.

It is true, as pointed out by Edgard Pisani, that there are no revolutionary changes in the new Convention. But both sides admit that to have forced Lomé to charge off into vast new areas of co-operation without first correcting the errors of the past would have been foolish.

The First Lomé Convention was an exercise in diplomacy, a political step forward in North/South relations, and it succeeded handsomely. The Second Lomé Convention was intended to put politics into practice, but the economic recession exacerbated its teething problems. With economic recovery on the horizon, it is hoped that this new, streamlined version - which aims, above all, at assuring the effectiveness of EEC aid for the benefit of ACP men, women and children - will finally get down to what Mr Pisani has called 'real development'.

JANE MORRICE

8,000 runners in the EEC Marathon

Svend Erik Kristensen, a 28-year-old Danish chemist, made international athletic history when he broke through the tape to win the first EEC Marathon in Dublin on 29 October.

The race, which is an annual event – sponsored by Radio 2, the second national channel, and the Dublin Business Houses Athletic Association – was given a truly Community flavour this year with the participation of 20 runners wearing special blue and gold EEC singlets and shorts.

The runners, a man and a woman from each of the member states, were sponsored by the European Commission, which paid their air fares to Dublin and looked after their three-day stay in the Irish capital.

Kristensen was with the leaders from the start, after an early break was made by Ireland's Gerry Deegan. He was joined in the leading pack by two other EEC runners, Giorgios Afordakis of Greece and Hans Pfisterer from Germany. Britain's Ievan Ellis was in a second breakaway group with a number of Irish runners.

With two miles to go the Dane took over the lead and, despite a brave last effort from Hooper, he crossed the finishing line to win in 2 hours 18 minutes and 25 seconds ahead of Hooper. Afordakis and Pfisterer finished almost together three minutes later, with Ellis a further three minutes behind.

The leading women runners had been given a 15-minute start, and this group was led from the 'off' by two of the top EEC runners, Françoise Bonnet from Reims in the Champagne country and Annette Roberts from London, who established a long early lead.

They had both slowed almost to walking pace by the time Irish girl Ailish Smith, running in her first marathon, passed them about a mile from the finish and went on to win in 2 hours, 27 minutes and 30 seconds. Annette Roberts was overtaken almost on the line by another Irish runner, Ann Archbold, and Bonnet was fourth. A third EEC entrant, Germany's Bernadette Hudy, finished seventh.



Support for Ailish Smith – a winner at her first attempt.

A straight line into Europe

Organisations, companies and individuals who do business with the European Commission have surely compiled their own well-thumbed directories based on hard-won experience of looking for the right person in the right office in the right department, who can actually help with an inquiry.

So do we need yet another such aid? Jim Hogan, who as a professional journalist has found his own way round the EEC labyrinth, has just produced a fresh, exhaustive and up-to-the-minute guide which shows that we do.

It is called *EEC Contacts 1984/85*, and is published by Eurofi (UK) Ltd, 25 London Road, Newbury, Berks, price £19.50. In the words of Earl Jellicoe, chairman of the British Overseas

Trade Board, in a foreword, it tells British firms where to 'plug in' and gain information about all aspects of doing business in the Community. It pinpoints over 1,000 contacts, each with address and telephone number, all individually checked, and indexed alphabetically by subject (Accountancy, Bankruptcy, Computers, to pick from the As, Bs and Cs), sub-divided into specific functions.

Though EEC entries predominate, a wide range of organisations outside the Community, which are involved in particular aspects of the EEC's operations, are also included. All ways round, this is a uniquely practical aid to getting on in Europe.

D.T.

Approval for more Ethiopian aid

Development Ministers meeting in Brussels have approved European Commission proposals for a new emergency aid programme to help the famine-struck peoples of Ethiopia and the Sahel region of Africa. The plan will include 57 million ECUs (£34 million) to buy and deliver 200,000 tonnes of cereals.

Through November and December, about 160,000 tonnes of cereals will have arrived at Ethiopian ports – enough to feed the population for about three months. The main problems facing the operation is not sending the food – it is shipping it to the people who need it. Increasing the capacity of ports to absorb shipments, finding the lorries to distribute the aid inside the country and organising air bridges are just three of the logistical bottlenecks.

After dealing with the most important issue, the ministers discussed ways of better adapting aid to the specific needs of the countries concerned. They agreed that better co-ordination between donor countries was needed. This will involve detecting critical situations in advance and providing an immediate response to the needs of the Sahel countries.

They agreed that member states should rely on non-governmental organisations, and other international aid agencies, as the most efficient means of distributing aid in the field.

In the long term the Community hopes that its 'food strategies' will help the Third World to increase its agricultural self-sufficiency by encouraging farmers to produce more. A number of food strategy experiments are already in Mali, Kenya, Zambia and Rwanda.

The force of Hortense

The force of Hurricane Hortense, which ripped through an area of Aquitaine in south-west France early in October, killed three people, destroyed hundreds of houses and disrupted electricity supply to thousands.

Damage was also caused to maize fields, orchards and vineyards, as well as the region's oyster beds.

The European Parliament has called for aid from the Commission to the region, in what it describes as a 'gesture

of European solidarity'.

The funds, the resolution stresses, should be allocated directly to those whose property or economic activity has been affected by the catastrophe.

Russia's 'abuse' of psychiatry

MEPs want to help a member of the Moscow Working Commission to investigate the use of psychiatry for political purposes.

Mrs Irina Grivnina, has asked permission to leave the Soviet Union and take up residence in the Netherlands, at the request of the Government there. To date, the Soviet authorities have refused permission for exit visas.

The European Parliament has now added its voice to those of the governments of the Netherlands and West Germany, as well as the American Psychiatric Association, in asking for pressure to be brought by the governments of the member states of the Community to secure Mrs Grivnina's release.

The Parliament's demand, in the form of a Resolution of 11 October, says it is 'appalled by the widespread and repeated abuse of psychiatry in the Soviet Union'.

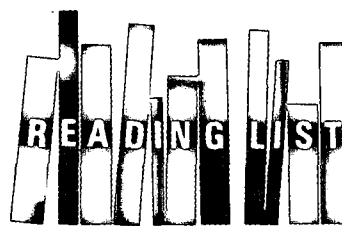
'Cut the chemicals' says Narjes

Consumers should understand that even a minimum level of pollutants in agricultural produce is far less acceptable than good shape or attractiveness, according to Karl-Heinz Narjes, Commissioner for environmental protection.

'We have to face up to the need to reduce environmental problems resulting from the use of agrochemicals,' he said, in an address to a symposium on chemicals in agriculture in Dublin in October.

The symposium was attended by representatives of government, environment groups and consumer groups, to compare points of view and determine future action.

There was no doubt, Dr Narjes said, that the levels of pesticides and fertilisers used nowadays had had unacceptable effects on the environment. This is now a priority area, requiring action on Community level.



African Regional Organisation. Edited by Domenico Mazzeo. Cambridge University Press, £22.50

A collection of essays by African, Indian, European and American scholars, dealing with relations between Africa and inter-governmental organisations, including the Lomé Convention.

An Atlas of EEC Affairs. By Ray Hudson, David Rhind and Helen Mounsey. Methuen, £6.50 (soft covers)

History, organisation, population, labour markets, economic performance, resources and other aspects of the EEC's operations, graphically mapped and charted.

Public Industry Policy Analysis. By Terry Garrison. ELM Publications, £6.90 (soft covers)

An outline and examination of 'conventional wisdom' in policy-making, and of the current political emphasis in dealing with firms such as British Leyland, the National Coal Board, British Steel, British Rail, London Transport and De Lorean.

European Regional Incentives 1984. Edited by Douglas Yuill and Kevin Allen. University of Strathclyde. £25.00 (soft covers)

A publication from the Centre for the Study of Public Policy, dealing comprehensively with comparative information on regional incentives in the European Community, for the benefit of both the public and private sectors.

A Rural Policy for the EEC? By Hugh Clout. Methuen, £5.95 (soft covers)

This, the fourth volume in Methuen's EEC series, looks at the changing European countryside and compares various member states' policies towards it.

Freedom of advertising means freedom of expression

Recent technological developments have transformed the potential for television: direct broadcasting by satellite and the possibilities for multi-band cable have effectively opened up the airwaves.

Cross-frontier broadcasting is now a reality. Broadcasting in the future cannot be confined to national frontiers and national audiences: nor can restrictions on programmes and advertising be based on outdated national or international regulations and practices which take little account of the existence of the EEC and Community law.

The new technology has opened up an enormous market for programmes in the EEC. It provides real opportunities for the creation of a true Common Market, not only in goods and services, but also in terms of European integration. Cross-frontier broadcasts will promote understanding between member states, and the creation of a properly financed European broadcasting industry will guarantee the preservation of our European heritage.

In June, the Commission of the European Communities published 'Television Without Frontiers' – a Green Paper on the establishment of a common market for broadcasting, especially by satellite and cable. In this wide-ranging discussion document, the Commission recognises that the perpetuation of divergent national broadcasting/advertising regimes will hinder the development of the common market.

Advertising revenue is likely to constitute the major source of finance for television in the future. If these national restrictions are extended to the new media, they will prevent the development of a genuine common market in advertising.

Cross-frontier advertising, the Green Paper argues, will not only promote trade within the EEC, but will also speed up the merger of national markets into a common market. 'However, the national rules governing broadcast advertising create major obstacles to the broadcasting of advertising across frontiers,' it adds.

In addition, the Commission recognises the importance of the informational function of advertising. 'Advertising that is honest and fair is not only a service at the disposal of advertisers, but in general also represents a means of informing consumers, making it easier for them to meet their requirements in terms of goods and services.' The Commission acknowledges that the EEC is already committed to the free flow of information, ideas and opinions across frontiers without unnecessary interference from public authority. Broadcasting (of programmes and adver-

Following the recent EEC discussion paper on a common market for broadcasting, DAMARIS O'HANLON suggests that the Commission may not have taken its argument on the protection of advertising quite far enough

tising) is, for the purpose of the EEC Treaty, a service. It is also a form of communication, protected by the guarantee of free speech contained within Article 10 of the European Convention on Human Rights.

In the Commission's words, the provisions of Article 10 act as a guarantee for cross-frontier broadcasting. That the Commission has recognised the importance of Article 10 in the context not only of broadcasting but also of advertising is highly significant.

Twenty-one countries in Europe, including the 10 member states and the applicant countries, Spain and Portugal, are parties to the Convention. And the Convention pre-dates the EEC Treaty: as the Commission has pointed out, the Convention forms part of the legal order of the European Community – the rights and freedoms laid down in the EEC Treaty must, therefore, be interpreted in the light of those guaranteed under the Convention.

The protection afforded to advertising under Article 10 is comprehensively dealt with in a timely publication of the marketing commission of the International Chamber of Commerce, entitled 'Advertising and Freedom of Expression in Europe'. The co-authors are two well-known UK human rights lawyers, Anthony Lester and David Pannick.

The foreword to the Opinion is contributed by Sir James Fawcett (a former president of the European Commission of Human Rights), who describes it as a decisive authority on 'commercial speech' in the context of constitutional and international guarantees of

'Some of the restrictions proposed would appear to breach the European Convention on Human Rights'

freedom of expression.

Lester and Pannick point out that many member states' existing restrictions on advertising appear to breach Article 10. For example, effective prohibitions on television advertising; quantitative restrictions on television advertising; restrictions on the freedom of members of the liberal professions to advertise their services to the public; effective prohibitions on comparative advertising, and restrictions on cross-frontier advertising. The Convention is a living instrument, and its provisions must therefore be interpreted in the light of present-day conditions. Just because a member state has imposed a particular restriction for some time, or other member states have similar restrictions, does not justify their retention, nor does it make such interferences with free speech valid under Article 10.

Somewhat illogically, the Commission has not taken its argument on Article 10 this far. Whilst arguing, on the one hand, in favour of approximation of the laws governing broadcast advertising and proposing a European standard of advertising, it would permit member states to impose additional restrictions on those broadcasts originating within their own borders. Those member states who wish to maintain their existing restrictions on advertising are therefore wrongly offered a *carte blanche* to do so. Indeed, some of the restrictions proposed by the Commission as part of the European standard would appear to breach Article 10.

It is vital to the success of a strong European broadcasting industry, to realising the potential of the new media for the Common Market and, indeed, promoting the reality of a common market having no barriers between member states, that the Commission be urged to take its arguments on Article 10 and the EEC Treaty rules on competition and freedom of movement of goods and services to their proper and logical conclusion. 'Advertising and Freedom of Expression' in Europe shows that Article 10 already provides the effective standard of advertising practices throughout Western Europe, to which member states and Community institutions are already committed.

It is to be hoped that the arguments propounded by Lester and Pannick receive the attention they undoubtedly deserve. Certainly the ICC has done its utmost to ensure that they receive a degree of prominence: not only has its marketing commission published the opinion, but it has also arranged for a symposium, entitled 'The Freedom of Commercial Communications and The Impact of the European Convention on Human Rights', to be held in Paris on 13 January 1985.

Making industry work: is the Commission at odds with the employers?

At this year's annual conference of the Confederation of British Industry, EEC Commissioner Ivor Richard and Dr Jim McFarlane, of the Engineering Employers Federation, expressed differing views on

the involvement of employees in Europe's industrial regeneration, and with it the drive for more jobs. Here, in edited versions of their speeches to the conference, is what they had to say

I have come to the conclusion that the general view of the CBI is that the European Commission has no rights to propose legislation in the social field. That is a view which I reject.

Not only has the Commission the rights to propose legislation in the social field, but it also has an obligation to do so. I regard myself as the responsible EEC commissioner, under an obligation in the pursuit of improving working and living conditions, to propose legislation where necessary.

What I am seeking to do is to help build a Europe which is more efficient and cooperative, more profitable and contented. In this endeavour it is important that Community legislation is relevant to the real world.

Let me give you two examples of what I mean by relevant.

The CBI say that the Vredeling Directive is irrelevant, and likely to worsen industrial relations in Britain. Yet in Europe and in the UK, the role of the multinational corporation, in many areas, has fundamentally changed the nature of social protection accorded to workers.

We have in recent months come across a very large number of cases in West Germany, all involving major multinationals operating in the Federal Republic who have each, in their own way, reduced the value of the German worker consultation legislation to near zero, through the process of taking decisions at headquarters outside Germany, and announcing them as *faits accomplis* through the local management in Germany.

This is something which will happen more and more, and therefore calls for a Community-wide solution, which in part is what Vredeling is. It is not a problem that can be adequately dealt with by member states alone, nor by voluntary codes of practice by the multinationals, because the bad boys would ignore them. Therefore it is best dealt with by the ten member states coming together and achieving a consensus within the framework of Community legislation. I do not regard that approach as social engineering. I regard it as common sense.

My second example is on the reduction and reorganisation of working time. As you know, this has been ferociously attacked by employers' organisations at Community level. But the essence of their attack does not deal with my proposals. I am not proposing less work for more wages. I am not proposing a reduction in the competitive position of European industry. I am not proposing greater rigidity in the labour market. What I am saying is that one way – and I emphasise *one way* – of dealing with unemployment is by an agreed system of work-sharing.

But I have said quite specifically – and indeed got into great trouble with the trades unions – that work-sharing should not produce an increase in unit labour costs, and that the maintenance of competitiveness against our trading rivals is of paramount importance because without it we cannot sell our goods.

I have also urged, particularly on the employers, the importance of having regard to the benefits that can stem from the reorganisation side of our proposals. We want to see greater flexibility in working structures if it will increase efficiency. I have always thought that these proposals are an ideal example of a balanced package. It says to the



'I am not proposing less work for more wages. What I am saying is that one way of dealing with unemployment is by an agreed system of work sharing'
– Ivor Richard

trades unions: 'Yes, it is possible to at least maintain, and possibly to increase, jobs by a reduction in hours, though this will almost certainly mean some loss in wages. But of course the price that you will probably have to pay is to agree with the employers to adopt more realistic and efficient work practices.'

This is not social engineering, but a balanced approach to try to do something about unemployment.

I know that there is a measure of scepticism about the readiness of trades unions to take lower wages. Indeed, some employers tell me categorically that it cannot be done. But it is being done, and being done in the Community.

At the present time in Holland, some 60 per cent of workers are covered by contracts which involve a reduction in hours and a reduction in real wages. In Belgium, through a tripartite agreement between government, employers and trades unions, the workers have accepted a 3 per cent reduction in real wages as the price to be paid for a 3-4 per cent increase in jobs. Similar experiences are to be seen in the Federal Republic of Germany, Italy and France.

So if this concept of work-sharing can in some circumstances be successful, I would expect that you would at least look at what we are proposing, and not attack us on spurious grounds.

I should like to say something about what I regard as the greatest

piece of social engineering that Europe has been subjected to in this century: the pursuit of macro-economic policies by some governments, which inevitably has resulted in mass unemployment.

For governments constantly to claim that unemployment is not their business is patently absurd. Given the very low level of private investment available to European industry, governments are under a responsibility to help provide the money for productive public investment. When the Commission called upon member states to increase available investment by an additional 1 per cent of gross domestic product, it was not calling upon them to throw money at our economic problems. It was arguing that, in certain areas like construction, energy, informatics, there were opportunities for genuine public investment which would produce business and more jobs in the private sector.

We did not call for an increase in the public service bureaucracies. We called for governments to invest money to create genuine business and real jobs. And the CBI has made a similar call on the British Gov-

ernment in recent months.

For if we accept the view that governments cannot create jobs; and if we accept that, as a result of restructuring and of the impact of the new technologies, existing industry will require fewer workers; and if we accept that, for demographic reasons, we need to create a million new jobs in Europe simply to stand still, and yet we are producing no net increase – well, if we accept those facts we have also got to accept that the Economic Community faces the prospect of a permanent pool of unemployment well in excess of 10 per cent of the workforce.

If we accept that, then we must also accept, to use the Archbishop of Canterbury's words, that 'people will wake up to the fact that this is no longer a decent society'.

It is because we do not want to see these fears become reality that the Commission seeks to follow a balanced approach to our problems. Efficiency and profit should be matched by cooperation and concern. We should not have to face the stark choice of monetarism or Mr Scargill's Marxism. There is a better way, and we ought to follow it.

I was told the other day that at a very recent meeting of the ten member states of the European Community, all agreed that the unemployment problem was top of their agenda.

You would never guess it by looking at the programme of the European Commission. Most of the draft directives, recommendations and memoranda with which we have become so dreadfully familiar seem to have quite different ends in view. These directives will not promote vigorous business life and thus improve employment prospects. On the contrary, they seem to be designed to impose a new social framework on industry, irrespective of its commercial effects.

It is time for a change in direction and a change in priorities.

There seems to be a certain sluggishness, even complacency, about some of our European institutions. Sometimes they twitch over internal issues like the Budget or the CAP. But what signs do we see of Europe actively gathering its forces to answer the external threat, the threat to our industry, our commerce, our jobs from other parts of the world?

Thirty years ago, when the Common Market was being formed, European industry was second only to America. Damaging competition from the Far East and elsewhere was unimaginable to most of us. It seems to me that parts of the European Commission think they are still living in that comfortable world. But those in industry who have had to face the new competition in world markets know its reality. We have had our rude awakening. But I am not sure that the bugle has yet sounded in Brussels.

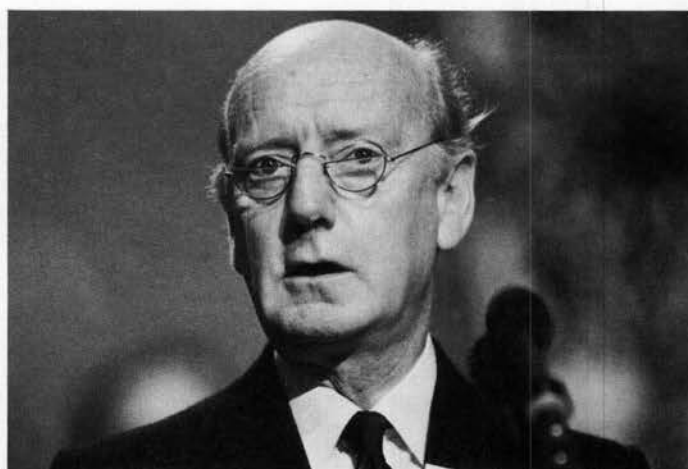
Commissioner Ivor Richard is very persuasive. But I think he is wrong. I question whether the Commission, in respect of employment and social affairs, has been addressing the right issues. Employment will not be improved in Europe if all we do is burden employers with additional obligations and costs.

The flood of draft directives and recommendations that the Commission has sponsored would have done credit to the 1974 Labour Government, when it was still totally in thrall to the unions: not only the notorious Fifth Directive and the meddlesome Vredeling, but also proposals on temporary work, part-time work, occupational pension schemes, parental and other leave, noise at the workplace and half-a-dozen others.

We have also had the draft recommendations on the reduction and reorganisation of working time. These proposals arrive faster than we can digest them. You would think we were Strasbourg geese on a forced feeding régime.

Looked at on their own, by somebody who has lived in Utopia rather than in Europe, nearly all these ideas may seem well-intentioned. Social engineering always does. They have something else in common – they all cost money, and they all make additional problems for the running of a business.

The one thing they have nothing at all to do with is making and selling the products on which our lives depend. It seems to me that they are inspired by people who think European industry is still so large and prosperous that it can bear any burden put upon it. Years ago,



'Ivor Richard is very persuasive. But I think he is wrong. I question whether the Commission, in respect of employment, has been addressing the right issues' – Jim McFarlane

perhaps many of us thought that too. But now, with over three million unemployed in Britain (and 15 million in Western Europe as a whole), we know that we are vulnerable and that each extra cost has to be paid for in some way. Very often, it is paid for in extra unemployment. So we should look at the Commission's proposals in this light. Do they help us to compete or do they hinder us? The answer is obvious. They hinder us. And in hindering us, they damage employment proposals.

Ivor Richard has said that we are excessively negative. I do not think we should be ashamed about that. We view every proposal on its merits. If it is damaging, we shall say No to it, no matter how many times we may have done so in the past or may do so in the future. There would be fewer negatives if there were fewer proposals.

Mr Richard has also said that we are excessively nationalistic – not European enough. Well, we know that our sister organisations in Europe share to the full our anxiety about most of the Commission's proposals. If this is not always reflected in the attitude of their various governments, we can only be grateful for the fact that we are not suffering a similar handicap in our own country.

If we turn away from the negatives of social engineering and look for positive proposals, they are not hard to find. Many of them have been discussed at this conference. We wish the European Commission would do the same.

Light fantastic: a breakthrough in computer science

It is not often that a layman like myself is offered the chance to watch a demonstration that could revolutionise one of the world's most advanced technologies – computer science.

It happened at Heriot-Watt University, in Edinburgh, on a visit last October. Dr Brian Wherrett, who works with Professor Desmond Smith – head of the physics department at the University, and the driving force behind the project – explained that the discovery belongs in the realm of 'optical bistability'. Put simply, it suggests a way of using light, instead of electronics, as switching devices in some computers of the future.

The demonstration laid on for me showed how the intensity of a laser beam, passing through glass which has been coated with a semi-conductor substance, increased steadily. Suddenly its image, projected on the laboratory wall, became much brighter, though there had been no corresponding increase in the laser beam.

The significance of such a phenomenon might be missed by most of us. Among scientists around the world, however, it has caused tremendous excitement: so much so that the European Community has given around £1 million to the research work, which now involves eight universities in six European countries.

The existence of 'optical bistability', Dr Wherrett told me, was predicted in 1969, and first observed in sodium vapour in 1976. The most significant step, in subsequent research, was the Heriot Watt team's discovery of strange optical effects near the band gap of semiconductors, the substances used in computers.

The team's early work involved a carbon monoxide laser producing infra-red light which they passed through a sample of the semiconductor indium antimonide sitting in a magnetic field. This produced variable wavelengths. Next they switched off the magnetic field and watched what happened.

'What we discovered immediately,' Dr Wherrett told me, 'was that, as we wound up the power of the laser, the incident bell-shape of the laser beam altered when the beam was transmitted through the sample. A dip formed in the centre and spread with increasing power levels. From this observation we deduced that there was a large non-linearity in the reflective index of the semi-conductor.'

In simple language, this means that the velocity of light in the sample depended on its power level.

In the optical bistability experiment which was demonstrated for us, the refractive non-linearity was being used to give a more dramatic effect. We observed the intensity of

ROY STEMMAN has been to a Scottish university which is leading research into the next phase of computer science – helped by funds from the European Community

the transmitted beam as the laser was turned up. The output was nonlinear, in that it did not increase in proportion to the input – indeed it suddenly brightened. When the laser intensity was turned back down, however, the output's brightness did not show an immediate and corresponding drop.

A graph of this phenomenon, therefore, shows the sudden increase and decrease occurring at different points: they do not follow the same curve. What that means is that, for a given input, there can be two different outputs. It is this quality which gives the phenomenon its name: optical bistability.

'The optical beam is doing exactly the same as a switch or memory is for electronics,' says Dr Wherrett. 'So we can see in this a tie-up between optical bistability and possible optical computing or optical information processing, in the same way as highly non-linear characteristics in electronics have led us to the transistor and transistor computers.'

'The optical beam is doing exactly the same as a switch or memory does for an electric current'

Dr Wherrett makes the point that the project is not attempting to copy electronic computing with optical bistability. 'Clearly, today we are where computers were 20 or 25 years ago. It could be that in 10 to 15 years we will be competing with computers – maybe even overtaking them. I really don't think we can speculate at this stage. What we will be doing is looking at the advantages which optical bistable devices have over electronic ones.'

Professor Smith, in a paper in 'Nature' (January 26, 1984), described the rapid growth that has occurred in the field, adding: 'With the development of this growing family of optical devices based on optical bistability,

all the elements required to make an optical computer have now been demonstrated.'

For example, it would be possible to take a beam of light carrying a large amount of information and process it by putting it through a variety of devices, including optical bistable elements. A lens or mirror can easily communicate thousands of channels of information in parallel, and one optical beam can be passed through another with little or no interference, whereas electronic currents have to be kept separate.

Fibre optics are increasingly being used as a means of communication, and the light signals they carry are usually converted to electronic signals at the receiving end, so that they can be used in computers and other microprocessor-based devices. It is conceivable that optical bistable devices could be a faster or more efficient means of translating fibre optic signals.

One advantage which such optical devices could have over electronic ones is that they could be two-dimensional. 'By that I mean one could take a beam which has on it a large amount of information and process the beam,' Dr Wherrett explains. 'It could be passed through lenses or a variety of devices which could include optical bistable elements.'

Existing bistable semiconductor systems are relatively slow compared with the fastest electronics (a switch using the former might take 100 nanoseconds compared with only 10 nanoseconds for the latter). But Dr Wherrett points out that the ability to process a large amount of information in a single beam of light might compensate for the comparative slowness.

If computer science is any guide it is possible that conjecture about the applications of optical bistability under-estimate its potential. But, for the time being, the scientists involved in this fascinating study are concerned more with its theory and practice. Commercial developments will take care of themselves when we have a greater knowledge and understanding of the laser's behaviour when passing through semiconductors.

The multi-national research collaboration hopes to provide many of the answers and has already made important discoveries. The indium antimonide system is so far the best they have evolved but it does have its drawbacks. One is that it operates in the infra-red spectrum. Another is the necessity to cool it. It is also, at present, a rather difficult substance to use for fabrication purposes.

The use of zinc selenide, on the other hand, has moved their work into the visible spectrum – hence the demonstration I saw in Edinburgh – and at room temperature.

'We've been fortunate in seeing optical bistability in these structures,' Dr Wherrett told me. 'But it is likely that it is due to thermal processes rather than electronic processes, as in the previous optical bistability we have seen. As a result, it is somewhat slower and we expect limitations of around one micro-second.'

The EEC's initiative in giving financial aid to the optical bistability work stems from a new research support scheme established with the help of the Committee for the European Development of Science and Technology (CODEST), an independent group of eminent scientists from all the member states. The long-term aim of 'Community Action to Stimulate Science and Technology' is to help

'The six countries involved are the UK, Belgium, Germany, France, Italy and Ireland'

European research fulfil its potential, which is at least equal to that of the US and Japan.

One of the ways it is hoping to achieve this objective is by small collaborations between two or three laboratories (public, private or university), involving meetings and visits.

In addition, it decided to support a single operation on a larger scale between a number of universities. CODEST suggested a number of possible areas, including what was then known as 'optomic memory'. The Edinburgh team, which was already studying optical bistability, learned of the EEC's project from Dr Paul Mandel, in Brussels, who was conducting associated research at the Université Libre. It was agreed that a number of experienced people in Europe ought to be approached to make a joint submission, and Professor Smith toured the relevant universities to discuss the plan.

Their proposal was successful and the EEC gave 1.8 million ECUs to the research venture, of which approximately one-third will be used by Edinburgh over a two-year period for its major role in the project. Professor Smith and Dr Mandel are responsible for its co-ordination. In addition, there is funding from other sources for some aspects of the Heriot-Watt work.

One reason for the selection of the optical bistability study to receive CODEST support is undoubtedly the fact that European scientists have already established a leading position in the field, giving a firm foundation from which to launch a combined initiative.

The six countries involved in the work are the UK, Belgium, Germany, France, Italy and Ireland. As well as the Edinburgh and Brussels universities, the other major participants are the University of Frankfurt; Fraunhofer Institute, Freiburg; Max-Planck



BEN JOHNSON

Institute, Munich; University of Milan; University of Pisa, and CNRS, Strasbourg.

A future challenge to the computer: 'One could take a laser beam which has on it a large amount of information, and process the beam.'

Institute, Munich; University of Milan; University of Pisa, and CNRS, Strasbourg.

In addition, The Royal Signals and Radar Establishment, Malvern; University of Florence; University College, Dublin, and Berlin's Technical University are either associated laboratories or are involved in subcontract work. Each university or laboratory is concerned with different aspects of the theory or practice of optical bistability.

The two-year project is now at the half-way stage. 'At the end of the period,' says Dr Wherrett, 'we have said we will try to produce a prototype computing device. We have not yet said what it will be like. It certainly will not be a computer. The work we have done on zinc selenide had not started when the project began, and that has been extremely successful.'

'We have now a demonstrable effect that is visible in the laboratory. We have been able to do things we could not have done without the EEC support. And a lot of publications are now coming out which would not have appeared.'

If enthusiasm has any influence on the results the project will be very successful, due in part to the energetic role of Professor Des Smith, who has no doubt that the optical phenomenon will have many useful applications in the future.

It certainly seems highly likely that in the short term – that is, the next five or six years – a number of original devices will appear which use the parallel processing capabilities

of optical bistable systems. They would be particularly useful in fields where a lot of information is being generated at one time and it needs to be used immediately rather than stored. 'That's the area where electronic computing cannot cope at the moment,' Dr Wherrett explains.

'The long-term aim is to help European research fulfil its potential against that of the US and Japan'

The Edinburgh group are also interested in a robot eye – though this is not part of the current study receiving EEC funds. 'In a situation where you want to take a visual image and process it so as to produce eventually information which the electronics of a robot can act upon, the optical bistable switch, used as a two dimensional eye, would in principle allow such processing to occur,' he told me. 'We do not yet have the spatial resolution to achieve that but we hope to be able to produce such a device before too long.'

In the laser laboratories at Heriot-Watt University I detected a mood of cautious optimism, and an undercurrent of barely concealed excitement that those involved in the projects are pioneers in a field that could be of enormous importance in the near future. **E**

Tribute to 'a great leader'

The European Commission issued the following statement on 31 October:

It is with grief and dismay that the Commission has learned of the assassination in New Delhi of the Prime Minister of India, Mrs Indira Gandhi.

Mrs Gandhi was a figure of historic importance. She led the world's largest democracy forward on the path of progress, and displayed the qualities of courage needed to master the challenge of governing a sub-continent afflicted by a wide range of social, cultural and political problems.

The world has lost a great leader; the European Community mourns a partner with whose country it is linked by both formal agreements and a long-standing and cordial relationship.

Fears for Third World ecology

Every year about 12 million hectares of forest in the Third World are burnt for firewood. Uncontrolled deforestation, soil exhaustion and erosion are increasingly leading to the spread of deserts and a potential ecological catastrophe.

Development Commissioner Edgard Pisani and Environment Commissioner Karl-Heinz Narjes have now drawn up guidelines for future Community action to help maintain the ecological balance.

Future aid projects will increasingly take into account environmental protection imperatives. A balance will have to be struck between rational resource management, current needs and the needs of future generations. This will require, among other things, improved training for officials from developing countries linked to the Community through the Lomé Convention, says the Commissioners.

Jenkins presses for more aid to Ethiopia

After visiting Edgard Pisani, the European Commissioner for development aid in Brussels, to discuss Community relief for the famine in Ethiopia, Mr Roy Jenkins said he had received more letters on this subject from his Hillhead constituents than on any other recent issue.

Many of them, he said, had urged him to use his influence as a former President of the European Commission to ensure that the Community did everything in its power to alleviate the dreadful consequences of the drought.

Mr Jenkins added that the Community was delivering at least as much grain to Ethiopia as can be unloaded and distributed. This flow, he said, must be continued for many months. 'But in the longer term, the need is to encourage more indigenous food production and to halt the encroachment of the desert which is advancing south right across Africa from Senegal to Eritrea at a substantial rate every year.'

Dangers from deadly cargoes

Will the sinking of the Mont-Louis and its radioactive cargo bring about a change in the EEC's environmental protection policy? Environment Commissioner Karl-Heinz Narjes believes that it should, and has called for comprehensive Community legislation to protect Europe's coastline.

The story of the collision between the Mont-Louis and a car ferry off Ostend on 25 August is very far from over.

The French ship was carrying 350 tonnes of uranium hexafluoride gas from Le Havre to Riga, in the Soviet Union. While divers worked on the wreck to salvage the cargo, Commission officials were drawing lessons from the disaster.

Referring to the existing rules on the transport of dangerous radioactive materials, Mr Narjes says that, if need be, the European Commission is ready to put forward con-

crete proposals to plug the loopholes that currently exist in international law.

Up to now the International Maritime Organisation (IMO), which is the governing body for international sea traffic, and the member states, have refused to give the Commission and the Community greater powers in the field.

But, Mr Narjes asks, 'Isn't now the time to start thinking about Europe's coastline?' The answer, he claims, is closer cooperation between coastal states: whether bordering the North Sea, the Baltic or the Mediterranean, in order to create a set of universally applicable rules.

Mr Narjes and members of the European Parliament have called on the member states to ratify existing agreements on protection of the sea, including the London, Oslo and Paris Conventions.

Annual report forecasts more jobless

Europe's economy is growing, but not fast enough to contain rising unemployment, according to the European Commission's annual economic report.

Gross Domestic Product in the 10 EEC member states will grow by about 2.2 per cent this year, compared with 0.9 per cent last year and 0.6 per cent in 1982, says the report. Next year, the Commission expects growth to increase to 2.3 per cent - short of the 2.5 per cent needed to stabilise the number of jobless in the Community.

The number of unemployed, who will average about 11 per cent of the workforce this year, will consequently rise to about 11.5 per cent in 1985, says the Commission.

Europe's rising rate of unemployment contrasts starkly with those of its industrialised competitors, the United States and Japan. In the US unemployment fell to 7 per cent from 10 per cent over the 18 months to July, and next year is expected to fall still further.

The Community's solution to stagnation in the job market is an expansionary policy to increase growth rates to between 3.5 per cent and 4 per cent, says the report. It calls for tax cuts of about 1 per cent (matched by a 1 per cent cut in public expenditure), together with incentives and micro-economic

policies designed to encourage job creation by small firms.

Whilst welcoming recent efforts to cut taxes in the United Kingdom, France and the Netherlands, the report goes on to recommend tougher measures to control mounting public debt burdens in some member states, notably Belgium, Ireland and Italy, and an effective freeze on labour costs.



Cleaning up the Med

Delegates from 17 Mediterranean countries have met in Brussels to discuss ways of cleaning up what is fast becoming one of the world's most polluted seas.

The talks, which were jointly organised by the European Commission and the United Nations Mediterranean Protection Programme, were also attended by a number of international organisations, including the World Bank, the European Investment Bank, the Arab Development Fund, UNESCO, and the UN Food and Agriculture Organisation (FAO).

EEC officials hope that examination of the issues involved could lead to improved cooperation between countries both at bilateral and multilateral levels to stem an ever-growing flood of pollution. According to Aldo Manos, who heads the UN programme, nearly a quarter of Mediterranean beaches now suffer from some kind of pollution.

Speaking to reporters before the meeting, he said that tankers discharge an estimated one million tonnes of oil into the sea every year. But oil is just 'the most visible' form of pollution, he said. Industrial pollution and sewage discharged into the sea is also a serious threat, he said.

In a joint statement issued after the meeting, delegates said that they had agreed in principle to launch a \$200 million programme to construct facilities where tankers could pump out their bilges at 53

ports in 16 countries. Funding for the scheme would have to come from bilateral and multilateral sources of development finance like the World Bank, they said.

Other projects agreed in principle included the building of a hydro-dynamic model of the western Mediterranean, to study currents and schemes to develop renewable energy resources and aquaculture. Efforts to protect the dwindling number of monk seals in Mediterranean waters were also discussed.

MEPs condemn plastic bullets

The death last August of 22-year-old Sean Downs, hit by a plastic bullet fired by the security forces in Belfast, has sparked off a new row in the European Parliament over use of the controversial weapons for crowd control.

The tendency of plastic bullets to cause serious injuries has been recognised for some time. This is the fifth time in two years that the Parliament has condemned their use.

An estimated 60,000 to 70,000 plastic bullets have been used during the troubles in Northern Ireland, leaving behind them a disproportionate number of lasting injuries compared with other forms of riot control, such as rubber bullets or water cannon, MEPs claim.

The resolution adopted by the Parliament calls on the British Government 'to forbid the use of deadly weapons against civilians', and appeals to the Council of Ministers to impose a total ban on the use of plastic bullets by security forces and law enforcement agencies in the 10 member states.

Threat to marine life

High concentrations of radioactive material from European nuclear reprocessing plants are accumulating in marine life in the Barents Sea and off the east coast of Greenland, according to the former Dutch Independent MEP Doeke Eisma.

But according to Environment Commissioner Karl-Heinz Narjes, a complete ban on radioactive

effluent discharges into the sea from nuclear installations, as proposed by the European Parliament in March, is not feasible.

He rejects charges that radiation levels are dangerously high, and says that they are well inside the 'basic norm' safety standards agreed by the Council of Ministers.

Under the 1974 Paris Convention on the prevention of marine pollution from land-based resources, all the contracting states with the exception of France agreed in March to use 'the best available technology at nuclear reprocessing plants to minimise radioactive discharges into the marine environment'.



Music as a common language

1985 is to be the European Year of Music. At a press conference in Brussels to launch the event, formally Queen Fabiola of the Belgians described the plan as an important contribution to 'the building of fraternal links between peoples'.

The idea for a European Year of Music was first adopted by the European Parliament in 1980, and was later adopted by the other EEC institutions and the Council of Europe.

An organising committee was set up headed by former German President Walter Scheel, himself a talented guitarist, and backed by figures including European Commission President Gaston Thorn and Council of Europe Secretary-General Marcelino Oreja Aguirre.

The event coincides with the tricentenary of Johann Sebastian Bach, Georg Friedrich Handel and Domenico Scarlatti. But the opening event will be the traditional New Year's Day concert from the Vienna Philharmonic.

In all, 23 countries will be taking part in the events, which include over 1,000 concerts from the Portuguese Algarve to the North

Sea. They will include almost every kind of music from Gregorian chants to rock and from jazz to opera.

Speaking at the press conference, Walter Scheel said that the aim of the scheme was to encourage musical education at both amateur and professional levels, to improve musicians' career prospects, to promote musical creativity and to encourage talented young people.

Among the notable events of 1985 will be a number of festivals, including a jazz festival in the Netherlands and a choral festival in the Algarve, tours by an Irish folk group and the European Community Youth Orchestra, workshops, competitions and a Music Day in all the participating countries on 21 June.

The cost to the Council of Europe and the EEC will be about 730,000 ECUs (£432,000), which will go towards some 30 joint projects.

Getting closer to Jordan

The European Community and Jordan have agreed to seek closer ties through trade promotion and joint agricultural and industrial development projects.

The move follows the first-ever joint cooperation council meeting in Luxembourg between EEC Foreign Ministers and a Jordanian delegation led by Jordanian Foreign Minister Taher al-Masri.

Ortoli joins Total oil

One of the Commission's most experienced executives, Vice-President François-Xavier Ortoli, has stepped down to go to a top job in the oil business.

He becomes chairman and managing director of the French oil giant Total, after a distinguished career as Commission president and, for the last eight years, a vice-president and commissioner in charge of the financial and economic affairs portfolio.

Mr Ortoli was a senior French civil servant in the Fifties. He served the Commission briefly as director-general for internal market affairs before returning to the French government and ministerial office, notably as education minister.

He was back in Brussels in 1972 and spent the next four years as

Existing relations between Europe and Jordan, one of the key states in the Middle East peace process, are governed by a 1977 economic cooperation agreement that gives Jordan 103 million ECUs (£61 million) in EEC aid over the period 1977-1986.

Action call for Europe's poor

A group of MEPs has called for fewer theoretical studies and more concrete action to combat the spread of poverty in Europe.

In 1975, when the first EEC poverty programme was launched, there were about 30 million Europeans living below the poverty line. Since then the situation has steadily deteriorated, affecting a number of new social categories.

In 1983, the Parliament concluded that poverty had not been overcome and was rising in all 10 EEC member states.

The Parliament's social affairs and employment committee has now put forward a number of proposals to improve the efficiency of the Community's new five-year programme.

The report, which was compiled by British Socialist MEP Tom Megahy, says that a central bureau should be set up to improve public awareness of the situation and develop links between interested parties. The time for seminars is past, and now is the time to act, says the committee.



Commission president, steering the Community through some of its most difficult economic problems.

He then stayed on, under Roy Jenkins' presidency, taking the financial and economic affairs commissionership, concentrating on efforts to achieve convergence between national economic policies.

THE RIGHT WAY TO MAKE THE COMMON MARKET A REALITY

Commission Vice-President Christopher Tugendhat calls for fair competition between member states, and common standards throughout the European Community



The European institutions must remember that the biggest industrial challenge facing all member states is the reduction of distortions and restraints that inhibit the efficient functioning of the economy. Under the guise of spreading the available work more widely, enhancing the position of disadvantaged groups and maintaining professional standards, the political pressures to increase these distortions and restraints are very strong. At a time of high unemployment that is understandable. People naturally become defensive.

The single, most important contribution the European institutions can make to enhancing the competitiveness of European industry and thus to reducing the present terrible level of unemployment, is the creation of a real common internal market, comparable to that which exists in the United States.

I want to see a situation created in which managements can regard the Community as a single market, in which decisions are taken on the basis of economic efficiency instead of with a view to maximising the benefits and minimising the disadvantages arising from the continued existence of separate national markets. If Europe really became a single market then the consumer, through the market place, could determine which would prosper and which would not. It would then be up to those companies which failed this acid test to adapt their practices and structures or go under.

Much still remains to be done. Tariffs

have long since been abolished in Europe but a mass of non-tariff barriers remain. At the Commission we estimate the cost of frontier formalities alone as being of the order of 5-10 per cent of the pre-tax value of traded goods. The time wasted as a result of delays represents a loss of about £500 million per year.

In financial services, too, progress has been far too slow – so slow, indeed, that in the field of insurance the Commission has launched proceedings in the European Court against several member states in order that the right to provide services across frontiers, which we believe follows directly from the Treaty, can be implemented.

On air fares the British and Dutch Governments have got fed up with waiting and taken matters into their own hands with the introduction of cheap fares on a limited basis between London and Amsterdam. I hope sufficient increased traffic will be generated to persuade other governments to follow suit, and I am encouraged that Britain is now holding talks on this question with Belgium and Germany.

But neither the Court nor independent initiatives by individual governments is the best way to bring a real common market into being. The right way is by means of agreements reached through the political process and applying equally to all member states.

The task of the European institutions is two-fold. On the one hand they must work to ensure that the legal and taxation systems of the member states are sufficiently transparent, non-discriminatory and compatible with each other, to ensure that the competition is fair and the adaptation possible. On the other, they must work to eliminate the bias in favour of national suppliers that still exists in the field of public procurement, and to introduce common standards throughout the Community.

Whether or not we in Britain make the most of Europe depends finally, and above all, on ourselves.

□ This is a shortened version of Mr Tugendhat's address to the CBI Conference at Eastbourne on 5 November.

WHO PAYS FOR THE ARTS?

Next April, the Greater London Council is taking the Hayward Gallery back from the Arts Council.

This event – a conflict over control of the arts – is an example of a much wider debate that is affecting the cultural life of Western Europe. There is evidence to suggest that central governments' support of the arts is past its heyday; that regional authorities are playing an increasingly important cultural role; but that, if the arts are to flourish and survive, the consumer and private patron will have to accept greater financial responsibility.

In short, those concerned with the maintenance and expansion of Western European cultural life should now be thinking seriously about organisation and fund-raising. A start was made in November 1983 at a Research Workshop in Munich, organised by the Bavarian Ministry of Education and Culture under the auspices of the Council of Europe. The conference papers, which have now been published by the Policy Studies Institute*, provide a useful basis of discussion.

Of the eight countries represented – France, Germany, Great Britain, Italy, Switzerland, Austria, Norway and Sweden – all rely to varying extents on public support for the arts, either through central government and/or regional and municipal authorities. Definitions of what 'art' or 'culture' mean in this context are so diverse, however, that it is not possible to make any direct comparisons on generosity. Government subsidy of the press in Sweden and Norway helps inflate the public contributions, but, even after all allowances are made, the statistics suggest that Britain's public expenditure of £5.80 per head on the arts is the lowest of the eight.

This dearth of public funds, however, is compensated for by private funding, an approach so far carried furthest in Britain and now beginning to be pressed by other countries in the European Community, including France, Italy and parts of Germany. Italy, where central government is mainly concerned in maintaining the country's vast architectural heritage, has introduced generous tax concessions to encourage private donors to sponsor the arts; but there was some disagreement in the Workshop as to whether such measures should be pursued too far.

As John Myerscough, editor of the PSI booklet points out: 'The interaction between commercial provision of art and entertainment and the subsidised sector is of growing significance. A better understanding of this intricate relationship is important for an assessment of the prospects of both sides'.

PEGGY CRANE

*Funding the Arts in Europe, edited by John Myerscough. PSI, £4.50



Full circle for James Tissot

France and England both have a claim to James Tissot. But neither, in this century, has been particularly keen to insist on it. Brilliantly successful in his time – far surpassing in riches any of his French contemporaries – he fell totally out of favour after his death in 1902, as the modern movement swept away the last vestiges of drawing-room painting, and with them the reputations of artists – the Pre-Raphaelites among them – who had nothing to say to a public living in a totally different world.

The exhibition at London's Barbican Centre brings Tissot back to life. Some 200 exhibits cover his career. It stretched from the Latin Quarter of Paris, as an intimate of Degas and Whistler, through his protracted sojourn in London, where he settled after the Commune, to his last phase, back in Paris, as an illustrator of biblical scenes, which made him yet another fortune.

From start to finish he was essentially a fashionable painter, adept at catching the stylish languor of the well-to-do. He even looked the part: handsome, brooding, elegant, sure of his place in that stratum of 19th-century society which belonged to the well-heeled bourgeoisie, with their handsome houses and gardens, their soirées and balls, their opulent picnics and effortless travels in the pursuit of pleasure.

All this seems, suddenly, both interesting and enviable. And always, somewhere near the centre, are the beautiful face and form of the painter's mistress, Kathleen Newton, a divorcee with two young children, to whom Tissot remained devoted until her death – sadly, but fashionably, from consumption – when she was still only 28. Her presence

Above: 'The Ball on Shipboard' (Tate Gallery). Right: 'October' (Montreal Museum of Fine Arts). Below: 'The Garden Bench' (private collection).



helps to give coherence to a succession of otherwise dissimilar pictures, from domestic interiors to shipboard parties.

She also helps to infuse several of Tissot's major paintings with their feeling of moody privacy. Sir Michael Levey, in an introduction to the catalogue, identifies something rather deeper in such paintings, suggesting psychological uncertainty. Often, a group of figures occupying the same scene seem out of touch with each other, preoccupied by unspoken thoughts.

It is a mark of Tissot's spectacular return to favour that 'The Garden Bench', shown on this page, lately achieved a world record for the highest price ever paid at auction for a Victorian painting: half a million pounds. The woman with the children is Kathleen Newton, and the picture was painted just before (or perhaps just after) she died. In it, Tissot restores her to the full bloom of young motherhood.

QUESTIONS IN THE HOUSE

Doeke Eisma, Netherlands:

How often has the Commission reminded the member states that they must comply with Article 4 of the directive on bird conservation, in that they must set up special protected areas? Which member states have not yet fulfilled their obligations under this directive and what measures does the Commission propose to take against them?

Answer given by Karl-Heinz Narjes on behalf of the Commission:

Member states were reminded in March 1980, February 1981 and October 1981 to comply with Directive 79/409/EEC, including Article 4 thereof, which requires them to set up special protection areas for the conservation of birds.

Between 1981 and 1983 the Commission reminded most member states three times to designate such protected areas in order to comply with Article 4. In one case, failure to do so formed part of an infringement procedure pursuant to Article 169 of the EEC Treaty, which the Commission initiated in February 1984.

On 27 July and 21 December 1983 the Commission decided to initiate infringement procedures pursuant to Article 169 against all member states on the grounds that their legislation does not fully comply with Directive 79/409/EEC. Further action will depend on the outcome of this official procedure.

Luc Beyer de Ryke, Belgium:

It has become a commercial practice in France and other European countries to offer free credit, which allows the consumer to postpone, sometimes by several months, the first repayment on the goods he has purchased.

Abuses have been brought to light, particularly by consumers' organisations, which have condemned this practice, claiming that these apparently attractive offers conceal the economic reality from the consumer.

Does the Commission intend to frame a directive to prevent this practice at European level by improving the protection and information provided to consumers?

Answer by Karl-Heinz Narjes on behalf of the Commission:

If consumers are induced to enter into consumer credit contracts by representations which lead them to believe that no interest or other charges are payable for a certain period, when in fact such payments are merely deferred, the case would already appear to be covered by the Misleading Advertising Directive, adopted by the Council on 10.9.1984.

Article 2(2) of this Directive pro-

vides that 'misleading advertising' means any advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches, and which by reason of its deceptive nature is likely to affect their economic behaviour, or which, for those reasons, injures or is likely to injure a competitor.

Under the Directive, advertising of the kind mentioned by the Honourable Member could be made the subject of complaint. It would then be for courts or administrative bodies in the member states to investigate whether it is deceptive in the case in question.



Karl von Wogau, Germany:

Since 1 August 1980, it has been prohibited to import into Italy used omnibuses more than seven years old of foreign origin. There is no equivalent ban on buses of domestic origin. This measure has been justified on the grounds that these vehicles allegedly constitute a threat to road safety, even though it can be shown that used buses can remain safely in operation for 10-12 years, especially if they are inspected before delivery to Italy, thus guaranteeing that they are in perfect condition.

Does the Commission share the view that this constitutes discrimination?

Answer by Karl-Heinz Narjes on behalf of the Commission:

Further to an infringement procedure initiated by the Commission pursuant to Article 169 of the EEC Treaty, and concerning the problems referred to by the Honourable Member, the Court of Justice, in a Judgement delivered on 27 March

1984 (Case 50/83), declared that, by refusing to test, for the purpose of registration, buses originating in other member states which are more than seven years old, the Italian Republic had failed to fulfil the obligations devolving upon it under Article 30 of the EEC Treaty.

The Commission has already asked the Italian authorities to indicate what action they have taken to comply with the above-mentioned judgement.

Mr Axel Zarges, Germany:

In the light of experience acquired during the 1984 election campaign, which revealed that Community citizens were relatively poorly in-

formed about the Community, is the Commission prepared to review the entire public relations work of the European Communities, and to organise it in such a way that broad sections of the population of the Community receive on-going information about the Communities, ranging from the activities of the individual bodies to a presentation of the substance of Community policies?

Answer by Mr Lorenzo Natali on behalf of the Commission:

The Commission is aware of the need for the public to be kept informed about the European Community and its institutions. In order to meet this need, the Commission must develop new Community-wide information media. It must also have sufficient resources at its disposal. This is why the Commission proposed, in its preliminary draft budget for 1985, that two new headings be introduced.

The first is designed to finance the promotion of a 'policy com-

mensurate with new trends in European television', to quote the title the resolution adopted by Parliament on 30 March 1984. The priority aim is to carry out a feasibility study on a non-stop televised information programme.

The second concerns the launching of public awareness campaigns designed and coordinated at European level. By means of topics such as energy conservation, road safety and environment, these campaigns will try to increase the general public's awareness of the Community solutions to them.

It is now up to the budgetary authority to allocate the resources needed to carry out these measures and not to reduce appropriations for information, as was the case in 1984.

Aldo Bonaccini, Italy:

Having regard to the success achieved with participation and the drafting of important texts during the Year of the SMUs and craft industries, can the Commission state what programmes it intends to introduce in this area in the near future?

Answer by Karl-Heinz Narjes on behalf of the Commission:

The activities arranged during the year in question created an awareness of the European dimension of the problems encountered by small businesses. It emerged that there are many common factors affecting small businesses, and also that specific factors such as the geographical location of small businesses in outlying or frontier areas of the Community, or certain features specific to particular member states, have to be taken into account.

The Commission has sent the Council a communication on Community policy with regard to small and medium-sized enterprises and craft industry. It is based on the action programme approved at Strasbourg during the conference to close the Year. It lists a number of priority measures already launched or to be undertaken as part of the Community's general policy or small businesses.

The conclusions arising from the meetings organised last year emphasise the difficulties encountered by small businesses in connection with financing, the training of managers and their staff, access to information and, in general, as regards the legal tax, administrative and social environment in which they operate. In a good many of these areas specific Community directives and regulations have already been adopted, e.g. the various directives adopted in 1983 with a view to strengthening the internal market.

Farmers are hit unequally by new Common Market quotas. More than anything, they yearn for a measure of direction. Prisoners of a system which has in the past benefited so many of them, they want to be told how much that system is going to permit them to produce in the future.

Because the CAP is in the hands of our EEC partners as much as it is in our own, it is going to be very difficult for Mr Jopling to deliver such assurances. If farmers want to be properly free they should seek to abolish the CAP. Short of that, they must in present circumstances expect more cutbacks still.

— Daily Telegraph

A grant from the Common Market will enable Devon catering students to train in top Continental restaurants.

Mr Donald Robertson, the chairman, told a meeting of Devon's further education sub-committee in Exeter yesterday that the Euro catering course at the College of Further Education was attracting a £252,000 grant.

This would enable the course to be enlarged to seven terms, and two of these would be spent in a French or German college on an exchange basis.

— Western Morning News

Firms making sophisticated consumer electronics have a secret fear. What they make is now so complicated that only a handful of people, who are quite often based in Japan, understand how it works. So few engineers are able to design improvements or repair faulty products. The Japanese firm Matsushita is celebrating 10 years of making Panasonic TV sets in Wales by trying to do something about this.

Matsushita is setting up a £500,000 trust in Britain to retrain engineers who have been left behind by today's rapid advances in technology. In the US a similar fund is worth \$10 million.

— New Scientist

Niger's President, General Seyni Kountche' said yesterday that a 'Marshall Plan' was needed to rehabilitate the Sahel region of Africa, scarred by 15 years of drought.

Medium-term stockpiles and emergency supplies of food were needed immediately by the Sahel countries, he said.

— Reuters

A £500,000 plan to create 20 new small businesses a year backed with EEC and local public sector cash, is due to get off the ground here early next year.

The revolutionary 'business making machine' will be based on a former linen mill on Crumlin Road, in the north end of the city.

The revolutionary aspect of the project is to encourage men and women of proven ability in other fields who have ideas for small business enterprises to leave their own jobs and take over units at Brookfield Mill.

It is hoped that the guarantee of a regular salary for six months while the businesses are being built up will attract the right type of entrepreneur and assure the success of the project.

— Irish News

More power to the Daily Star's elbow for telling the truth about the crazy antics of the EEC!

Prices have never stopped rising since we became partners.

— Daily Star

A campaign to ban the import of frogs' legs into the EEC has been launched by the Dutch Association for the Protection of Animals through the Eurogroup for Animal Welfare.

According to the association, protecting frogs is an important way of tackling hunger, since surveys show that rice crops in areas where there is no frog hunting are significantly better. That is because the frogs eat large numbers of the worms and insects which attack the crops.

— The Times

Transatlantic trade relations deteriorated sharply yesterday as the EEC announced retaliatory action against a US ban on steel pipes and tubes. And in the US, steel importers announced they were going to court to seek an injunction against the ban.

The Community announced its withdrawal from a voluntary deal to curb booming exports to the US. And a compensation claim through the General Agreement on Tariffs and Trade is likely.

— Guardian

Mr Helmut Schmidt, the former West German chancellor, remains a strong supporter of the ECU. He thinks that with proper grooming it could become a reserve currency alongside the dollar and the yen, thereby deflecting speculative flows of money away from the mark.

He is campaigning for the ECU inside West Germany, whose residents are forbidden to hold ECU assets. The impact of a relaxation of this ban could be dramatic: in Italy, where the ECU is legal tender, it accounts for 20% of short-term trade finance, more than the D-mark (17 per cent) and second only to the dollar. Three years ago it was not used at all.

— Economist

The EEC is to pay half the cost of a £2 million feasibility study into a second crossing of the River Severn, raising hopes that it will give financial help to the eventual scheme chosen by the Government.

— The Times

The EEC is giving grants of £1.1 million for the Dartford Tunnel approach scheme and £4.3 million for the Swanley M25 link.

— Kent Messenger

The miners' strike has had a dramatic effect on Britain's coal trading.

Imports from other EEC countries rose by 120.5 per cent in the first seven months of this year over the same period of 1983. From outside the Community coal imports rose by 55.1 per cent. Exports slumped to a nominal tonnage. From being a net exporter, Britain has become a net importer.

The figures, published yesterday by the EEC's Statistical Office, show the US is the main supplier outside the EEC.

— Financial Times

Local authorities in the West Midlands are being urged to claim their share of a £1,000 million surprise kitty set up by the European Parliament to revive Britain's economically ailing regions.

The funds have been set aside by a Common Market budget committee. One of its members, Midlands West MEP, Mr Terry Pitt (Labour) is contacting his constituency council leaders in Sandwell, Wolverhampton, and Dudley to tell them not to miss the opportunity to help their towns.

— Birmingham Post

WHAT'S IN THE PAPERS

Britain is top of the league table for getting EEC cash to provide jobs.

The proud boast has come from South-West Essex Euro MP, Dr Alex Sherlock.

He said: 'In 1984, Britain will receive some £355 million from the European Community Social Fund to help provide jobs in Britain — that is 32.4 per cent of the total money available, and represents as much as France and Italy will get between them.'

Britain does so well because local authorities and the Manpower Services Commission understand better than bodies in other countries how to apply for money from this fund, he added.

— West Essex Gazette

The European Community's fisheries inspectorate, set up as a result of pressure from the UK, has brought about a 'marked improvement' in the way quota observance is being tackled, agriculture minister John MacGregor told the House of Commons on 29 October.

Since the inspectorate began work, the Commission had closed some 20 fisheries to the vessels of other member states this year, had initiated a formal administrative inquiry under control regulation provisions into the Dutch mackerel fishery, and is examining allegations of false catch reporting of the Dutch sole fisheries.

— British Business

Towards a Citizens' Europe

CONTINUED FROM PAGE 3

of any particular country or sector.

There has also been a faint but growing awareness of what President Thorn has called 'second-generation Europe'. We may well ask why the Community does not arouse more enthusiasm among young people, why it generates no real excitement, or why it seems bereft of ideals. The basic reason undoubtedly lies in the fact that the achievements of one generation cannot be perceived as an ideal or an objective by following generations.

In this respect, united Europe is a victim of its own success. To those born in the Fifties or afterwards, what once seemed such a fabulous achievement appears quite natural; they were born to it. For them, the Second World War belongs to history, and the idea that they will never have to take up arms against those born just across the next frontier is self-evident; anything else would be simply unthinkable.

How, then, to explain to the young that, unlike them, those who made the Community were obliged, in the absence of a united Europe or common ideals of liberty and democracy, to destroy one another in a terrible war?

The whole point of European union was to make sure that this could never happen again, and this first objective has now been realised so completely that it is no longer capable of moving people; now it is as natural as the air we breathe.

The same is true of the reconstruction of Europe, with the building of schools, houses, hospitals, roads, etc., and the free movement of people and goods. What point is there in trying to explain that, before the Community, people were not entitled to go and work in a neighbouring country, and that all sorts of restrictions and limitations stood in the way of buying foreign goods? It is for all these reasons that we have to prepare something new and better, not just because of the inevitable gaps and technical shortcomings which have appeared in the present treaties over the years.

Now, the draft European Union drawn up by the Parliament already exists, several national parliaments and various heads of government have expressed their support for it, and second-generation Europe has become part of our vocabulary and way of thinking.

Another idea which has been accepted only with difficulty by politicians, trade unions and public opinion is the unavoidable need for industrial reorganisation. In the past, the prosperity of whole regions of the Community was founded on textiles, steel, coal or shipbuilding. Whole communities were formed around these activities, traditions grew up and a precious heritage of skill and knowledge was passed on from father to son. How are we to explain that much of this will have to

disappear, or at least undergo radical alteration, because the world has changed in the meantime?

It is the Commission which has taken on the often unpleasant task of dispelling illusions, speaking the truth and asking people to face up to facts. Nowadays, countries in other continents (including the Third World) are perfectly capable of making low-grade steel, run-of-the-mill textiles and low-technology ships, and making them at lower cost; people in the Community who fight at all cost to maintain such activities as the economic basis of an area or region are only storing up an even more dismal future for the very regions they are trying to defend.

As Vice-President Davignon used to explain to often hostile, unreceptive audiences: 'Everything spent on keeping unprofitable activities alive by artificial means has to be taken away from the industries of the future; each operating subsidy to a loss-making industry represents less investment for enterprises on which the future of Europe depends.'

His courage in saying this was repaid at first by criticism, verbal attacks and sometimes even insults. Now, the textile industry has been largely restored to health, the future for the steel industry is less bleak, and shipbuilding is next on the list.

'It may be that we are beginning to discern the shape of the Europe of the future'

The third fundamental idea which now seems to be more readily accepted is that of European financial integration and monetary autonomy.

When the Commission presented its memorandum on this subject in Spring 1983, the reaction of the central banks was only just polite; they paid homage to the document's good ideas and worthy intentions, while letting it be known what they thought of the dreamers on the third floor of the Berlaymont.

However, positions have changed dramatically in the last year and a half. The suggestions put forward by François-Xavier Ortoli have been discussed and analysed in detail, while more and more voices are being heard in favour of implementation, setting up a Community-wide financial market to prevent European savings going to finance overseas investments, and giving the ECU a wider role to play, so as to give Europe rather more autonomy with respect to the dollar, for example by paying in ECUs for the goods which Europe buys – and there is no reason why this should not include oil.

In yet another field, the Commission has had the satisfaction of achieving a real psychological breakthrough before coming to the end of its term of office, namely the strengthening of the Common Market. How many times did Mr Narjes have to hammer home the same concepts before they began to find acceptance? Again and again he insisted that the abolition of customs duties is only a first step for European industry; traders, transporters and in the end consumers all benefit from the advantages of a wider market, so what is required is to create the conditions for a real domestic market within the Community.

How many times did President Thorn, the tireless apostle of Europe, draw attention to the frightening escalation of customs inspections and hold-ups at border crossings? It took the lorry drivers' blockade at the beginning of 1984, with many crossing points blocked with thousands of trucks posing a challenge to the basic principle of the Common Market, namely the free movement of goods, before cries of alarm were raised in country after country and industry after industry and a sustained effort was undertaken at last to do away with technical, fiscal and administrative barriers.

Another development which deserves to be noted is the concept of a 'Citizens' Europe', a term coined by President Thorn a few years ago to refer to achievements which have a direct impact on the everyday life of citizens, and which can give them a feeling of actually belonging to a Community. It was not until the Fontainebleau summit in June 1984 that the 10 heads of government adopted the Commission's terminology, and invited it to set up an ad hoc working party to help it draw up a package of measures to give the existence of the Community more real impact on the day-to-day life of its citizens.

This autumn the Commission presented a programme with this objective. The package includes a European passport, arrangements for transferring currency, duty-free allowances, removals within the EEC and equivalence of degrees.

'Let us give everyone the feeling of really living in a Community. The Community should not be absent from any aspect of daily life – its presence should be felt everywhere,' declared President Thorn in an interview published in an Italian weekly magazine in October. He emphasised the importance of what might seem, at first sight, to be minor achievements: a European anthem, a Community blood transfusion card, a green card which can be shown at frontiers without stopping, the minting of an ECU coin, etc. 'People sometimes tell me that these are mere trifles,' he added. 'But what is that supposed to mean? Life is made up of trifles, little things and touches of poetry. It is only by giving back citizens the feeling of pride in being European that we will be able to muster our forces for grand projects and great challenges.'

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