The Davignon Plan for steel, based on successive short-term, medium-term, and long-term proposals, was adopted in principle by the EEC Commission in April 1977, at which time minimum prices for steel reinforcing rods (used mostly in construction) were adopted, along with automatic import licenses to foreign exporters to maintain a better overview of import flow into the EEC.

The medium-term proposals, which include a drive for an average price hike of 15 percent, toughening of surveillance measures, integration of Spain into specific crisis plans in the EEC, and the watching of the progress of U.S. antidumping proposals, will be discussed on Dec. 19. No specific long-term proposals have been published, although Davignon in numerous speeches and statements has made clear his intention to bring about a fundamental restructuring of European steel. However, there is no consensus over how such restructuring will be financed. The increase in borrowing limits for the European Steel and Coal Community (ESCS), the major funding arm for steel, have not been approved. Special levies of member states for a central fund has so far been blocked, notably by the West Germans.

Similar national balking at an all-European solution has forced Davignon to threaten economic retalizaiton from the the EEC for member states unwilling to follow the Commission's shipbuilding proposals. In 1977, Europe accounted for only 20 percent of the world's merchant fleet, after commanding 25 percent in 1970 and 35 percent in 1950. In shipbuilding, Europe accounted for 23 percent of the world's total in 1976, a drop from 51 percent in 1960. Davignon intends to fix total EEC production at a level "sufficient to cope with international competition" by coordinating Community loans and grants to national governments for use in projects compatible only with the Davignon objectives. Since most shipbuilding industries exist in regions already hard hit by high unemployment, the EEC Commission under Davignon is threatening to withhold funds for alternative employment generation and job retraining if the Davignon proposals are not adhered to.

How Long Will Bonn's New Economics Minister Last?

Irritation spread among West German government and financial officials two weeks ago when Otto Graf Lambsdorff, the new Economics Minister, replied to a question about the accelerating collapse of the value of the U.S. dollar: "Who can stop it now?" Within minutes of his remark, the dollar made a new plunge on the international foreign exchange markets, and could only be stabilized through massive interventions by the Bundesbank and by Finance Minister Hans Apel, who publicly contradicted Lambsdorff on his estimation of the dollar's strength.

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Lambsdorff's comment has confirmed the already widespread doubts about the new minister's commitment to the policies of his Chancellor, Helmut Schmidt. Even before he took over two months ago from Hans Friderichs (who resigned to replace the assassinated head of the Dresdner Bank, Jürgen Ponto), he had stated his opposition to Schmidt's desire to maintain stability within the European currency "snake": "Now that France has left the currency union this institution no longer has any importance for European policy," he told an interviewer. "Any function it still may have is being paid for too dearly by the Federal Republic."

Lambsdorff was also known for his lack of enthusiasm about Schmidt's nuclear energy development program. In his previous function as economic policy spokesman for the small Free Democratic Party (FDP), the government coalition partner of Schmidt's Social Democratic Party, he shared the views of Horst-Ludwig Riemer, Economics Minister of the state of North Rhine-Westphalia, who wants to promote coal-generated energy to the exclusion of nuclear power. Two days before he took his new post, he held extensive consultations on energy conservation with U.S. Department of Energy head James Schlesinger.

Since then, Lambsdorff has emerged as the engineer of an "energy compromise" between antinuclear environmentalists and Schmidt's forces. The compromise, which was adopted last month in principle by the FDP and by Schmidt's own Social Democrats, generally agrees on the need for nuclear energy but leaves a myriad of loopholes whereby individual nuclear projects could still be halted by the so-called Citizens' Initiative environmentalist groups. Lambsdorff's willingness to make such compromises has encouraged members of the Social Democrats' left wing to announce a new campaign against West Germany's giant nuclear deal with Brazil.

The compromise, along with many aspects of Lambsdorff's energy conservation program, have been strongly criticized by the leaders of West German's state governments, who almost unanimously agree on the urgent need to proceed with construction of an expanded network of nuclear plants. Gerhard Stoltenberg, conservative Minister President of Schleswig-Holstein, has appealed directly to Schmidt to move ahead in spite of possible objections from Lambsdorff and one or two other cabinet members. The cabinet, however, has so far tried to avoid a direct confrontation, and this week issued a contradictory policy statement whereby (1) coal would maintain priority over nuclear energy, but (2) the individual states have the right to carry out their own policies should they disagree.

Another aspect of Lambsdorff's opposition to nuclear energy was revealed last month by Otto Wolff von Amerongen, head of the powerful German Association of Industry and Chambers of Commerce (DIHT). Close Schmidt ally von Amerongen told the West German business daily *Handelsblatt* that many nuclear projects are currently being held up because of the refusal of the Credit Oversight Council to approve the necessary financing. This council, based in West Berlin and allied with the Economic Ministry, has also played a role in efforts to halt movement among European banking circles toward utilizing Luxembourg as an independent center of European credit operations.

Lambsdorff is also using the trust-busting Federal Cartel Office to exert pressure on West German's biggest electricity producer, Rheinisch-Westfälische Elektrizitätswerke (RWE). His ministry has asked 30 industrial producers of electricity to provide evidence that RWE is overcharging them for the extra current they need during peak periods. The losses suffered by this overcharging, according to Lambsdorff, have prevented these companies from buying more energy conservation devices for their plants. The Cartel Office's suit, which opens this month, dovetails with a proposal made earlier this year by Lambsdorff's ally Riemer for the full nationalization of RWE. RWE Chairman Mandel has been one of the most outspoken supporters of full-scale nuclear development.

Lambsdorff was originally installed to replace his predecessor Friderichs, who aggressively supported Schmidt's growth policies, in order to maintain the balance between Social Democrats and Free Democrats in Schmidt's cabinet during the difficult period around the terrorist kidnapping of the industrialist Hanns-Martin Schleyer. He was the only FDP official besides Friderichs who possessed both the skill and the public image to prevent the outbreak of disorienting squabbles over side issues. But now rumors are already circulating in Bonn that he will be replaced with a more competent person at Schmidt's earliest convenience. As *Handelsblatt* commented as early as Sept. 12, "He wouldn't be the first Jonah to be spat out again by the whale in Bonn."