haps only the first manifestation of a policy of harassment aimed at making the Europeans pay dearly for eventual American concessions.

Journal of Commerce, April 12:

There is "no European solution to the weakness of the dollar whose fate can be determined only in Washington," Dr. Wilfred Guth told a news conference here Monday night. Dr. Guth, co-chairman of the Deutsche Bank's management board and widely recognized as one of West Germany's top monetary experts, while "urging closer monetary cooperation within the European Community," warned against the fallacy of considering such action "as a substitute for the indispensible dollar recovery."... He also views mobilization of U.S. gold holdings to prop up the dollar as a part and parcel of an overall stabilization strategy.

Le Figaro, April 9:

"The time has come to demonstrate imagination and organization. We must reconcile stability and growth in a stable system of exchange relations. Europe does not have the rate of growth it should have if it had sufficient monetary cohesion." This is what Valery Giscard d'Estaing declared before going into a meeting with the eight other heads of state who were participating in the European Council at Copenhagen. The statements of the President of the Republic led observers to foresee a French initiative in economic and monetary matters. It should take the form of detailed proposals by Giscard d'Estaing.

Le Figaro, by Alain Vernay, April 10:

If pessimism prevailed very early on Saturday among the press correspondents who came from especially all the European capitals and Tokyo, it is principally because of a meeting, at 3 o'clock in the morning between the German correspondents and an important personality of the same nationality, who went unnamed, of course. According to his statements, authenticated the next morning, all those who thought that the Council would permit some surprising breakthrough were seriously mistaken. Serious structural problems would not be resolved by conjunctural measures... What is necessary would be a fundamental overhaul of the international monetary system.

Süddeutsche Zeitung, by Hans Heigert, April 8:

The EEC governments are becoming more and more ungovernable... but there is a bold plan for European integration, and Roy Jenkins is campaigning for it... the European currency union would be a big step forward to stabilizing Europe... and a European reserve should be established.... It is however uncertain whether any Bonn government, no matter what type of coalition, will ever approve such plans.

Journal of Commerce, "Currency Stability Plan of EC Draws Skepticism," April 13:

The European Community's goal of a wider area of currency stability to allow Europe to deal more effectively with American exchange rate policy has met with mounting skepticism. European Commission President Roy Jenkins expressed the view Wednesday that the European system of closely linked currencies should be extended and that the European Unit of Account should be used more widely for intervention and payments.... In other developments Wednesday, Lewis T. Preston, President of J.P. Morgan and Co., told stockholders that the weakness of the dollar creates "unusual and unwelcome risks for businesses, for banks and for individuals." The uncertainty in the exchange markets raises the possibility that governments might resort to controls of capital movements and trade. To restore the dollar, the U.S. needs to display credible programs to restrain inflation, to meet a great share of our energy requirements from our own resources and to sell more of our goods to foreign buyers, Mr. Preston indicated. He called on government to take the actions that will give a "convincing signal of intention or resolve." Similar remarks were made by F. Wilhelm Christians, president of the German Bankers Association in Bonn. He called for cooperation between the U.S., Europe and Japan to deal with the fundamental roots of the dollar problem.

Europe Stands Firm On U.S. Nonproliferation Demands

A U.S. State Department spokesman officially announced April 11 in Washington that, according to the terms of the recently passed U.S. Nuclear Nonproliferation Act of 1978, the so-called Percy-Glenn Act, all pending new licensing approval for shipment of uranium to the nine countries that are members of Euratom, the European Common Market nuclear supply authority, are embargoed as of the April 9 deadline specified in that legislation.

The reason? Quite simply, the Europeans, and particularly the French and West Germans, have refused to submit to the terms of what they regard as a bad piece of legislation that unilaterally imposes vast U.S. controls over aspects of those countries' internal and foreign affairs in violation of existing international agreements.

At the April 8-9 weekend Copenhagen summit meeting of European Common Market heads of state, the nine countries drafted a letter to the U.S. government indicating readiness to "talk about" the terms of the 20-year old Euratom treaty, but refusing any formal renegotiation of the treaty terms for uranium fuel shipments, reprocessing and re-export of fuel prior to conclusion of the fuel cycle evaluation study in two years.

The issue around the little-understood Percy-Glenn Act could prove to be most destructive to United States foreign relations, not only with Europe and Japan, but also with countries like India, which depends on U.S. uranium to fuel nuclear power plants that provide electricity to the entire Bombay region.

The controversial trigger for the current showdown over U.S. nonproliferation policy is the portion of the Percy-Glenn Act which specifies that Euratom must notify the United States government, *within 30 days* of the April 9, 1978 enactment, of its initiation of renegotiation talks with the U.S. over the basic U.S.-

Euratom Treaty signed during the "Atoms for Peace" era, in 1958.

Although such discussions, once agreed to, can take place for a full year or more before reaching final terms with the U.S., in fact, the U.S. is effectively demanding terms which the majority of other nuclear nations can by no means agree to.

Section 307 of the Nuclear Nonproliferation Act of 1978, titled "Conduct Resulting in Termination of Nuclear Exports" specifies that:

> No nuclear materials and equipment or sensitive nuclear technology shall be exported to...any nation or group of nations that is found by the President to have at any time after the effective date of this section...assisted, encouraged, or induced any non-nuclear weapon state to engage in activities involving source or special nuclear material...and has failed to take steps which, in the President's judgment, represents significant progress toward terminating such assistance, encouragement or inducement, or...entered into an agreement after the date of enactment of this section for the transfer of reprocessing equipment, materials, or technology to the sovereign control of a nonnuclear weapon state...

The new U.S. proliferation law gives Washington veto power over reprocessing of spent fuel use by Euratom and, therefore, veto power over Europe's fast-breeder plant construction which Europe and Japan consider vital to their survival.

As defined above, the legislation would provide unilateral U.S. cutoff of vital uranium fuel supplies to Euratom for any country, such as West Germany or France, which refuses to endorse the highly controversial concept of nonproliferation and technology transfer-control "linkage" in the U.S. law. One top U.S. nuclear expert familiar with Euratom safeguards told this reporter that the act opens "a whole can of worms" which will be "more damaging to U.S. relations with Europe and Japan than anything else we have done." He added, "No one on Capitol Hill knows what they did when they signed the Percy-Glenn nonproliferation bill."

Sharp European Reaction

• Dr. Guido Brunner, head of the European Community Energy Commission, issued a strong statement of support for the French position on April 6, stating that "we cannot negotiate under pressure," saying of the Percy Act, "It is politically not very clever to wave the prospect of a uranium supply embargo in the face of close allies," and concluding, "We are not ready to enter into substantial negotiations before the nuclear fuel cycle evaluation talks are concluded (in two years—ed.)."

• The leading West German conservative daily, *Die Welt* stated April 7 that "France is able to maintain a firm line against the United States because they already get more than half their uranium from the USSR." A leading West German regional conservative paper, *Rheinische Merkur,* stated on April 6 that if the United States ceases to supply uranium to Europe, there are reliable reports that the "South Africans could be making a three deal with the Soviet Union to process uranium," which would provide West Germany and France alternative enriched uranium supplies.

• *Le Figaro,* the leading French daily considered close to the government, in an April 5 article by Christian Guery, spelled out a detailed contingency plan for the Europeans to resist U.S. demands:

—More than 50 percent of France's supply of enriched uranium already comes from the Soviet Union.

—France is implementing a long-term policy of building up its reserves of enriched uranium, reserves which are now at a level of several months while West Germany has at least six months worth of reserves.

—By 1979, the Eurodif plant at Tricastin will begin producing enough enriched uranium to supply France's own requirements; and when it reaches full capacity in 1981, France can begin selling its surplus.

—The only short-term effects of the embargo—if carried out—would be to force France to divert a portion of heavy enriched uranium produced at the military center at Pierrelatte for research purposes, to possibly give the Soviet Union an opportunity to raise its enriched uranium prices to current U.S. levels; and finally, get Europe to give a quick green light to begin construction of the second Eurodif facility, Coredif.

—William Engdahl