MAY-JUNE 1982 No. 231

EUROPE

Magazine of the European Community

EC's 25 years

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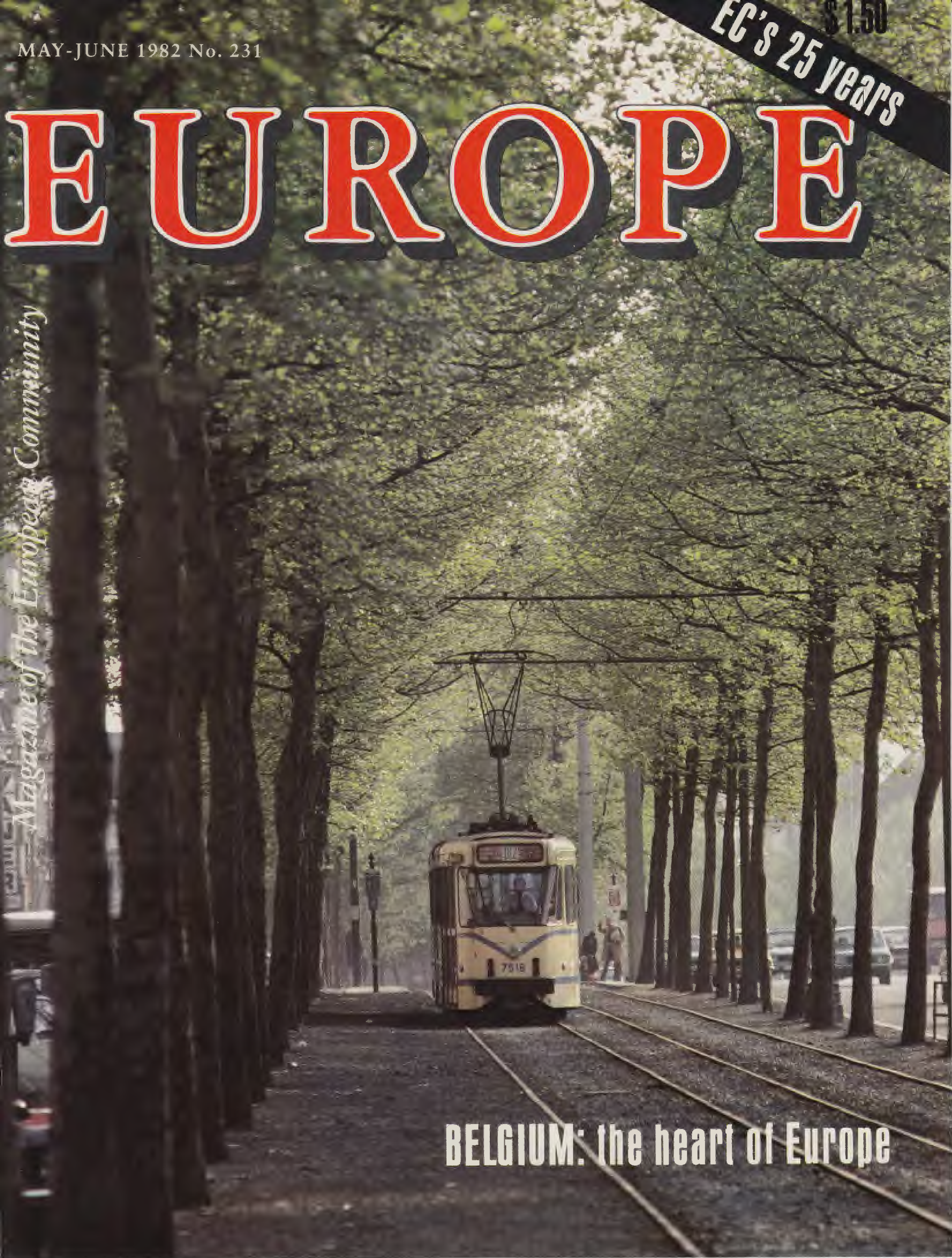


BELGIUM: the heart of Europe

Publisher's Letter

It is with some diffidence, but with great enthusiasm, that with this issue I take over from Andrew Mulligan as publisher of EUROPE. *I hope to bring continuity to a task to which he gave leadership and great distinction and am eager to see* EUROPE *grow and develop, making its special, if not unique, contribution to the Atlantic dialogue.*

As we know from recent headlines this dialogue has become somewhat strident of late: Is this because there will always be inherent differences between the United States and the European Community, or is the recession, which afflicts all of the industrialized West, causing a geological shift in the Atlantic relationship which could have unforeseeable and alarming consequences for everyone?

This column has no handy answer, but I ask the question because the current issue celebrates the 25th anniversary of the signing of the Treaties of Rome and this is surely a moment to be reflective. President Ronald Reagan speaks of his hope of an even more productive relationship in coming years between the Community and the United States. The difference of perception between the United States and the EC on current events in the South Atlantic could have a profound influence on the relationship. Will the outcome of these events tend to isolate further the United States from the EC? Will it add a new perspective to the nuclear debate and the future of the Atlantic relationship?

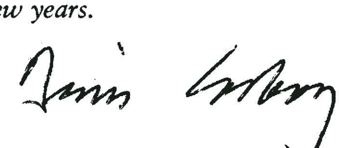
Our lead article is by Robert Schaetzel who was for six years American ambassador accredited to the EEC and whose sombre, even reproachful, assessment of the Community we are honored to publish. It was a poetic irony that Walter Hallstein, the last remaining of the Community's founding fathers, should have died within days of the Rome Treaty's quarter century being marked and former US Ambassador John Tuthill has given us an appropriate tribute to one of Europe's giants.

Also appropriately the member-state report in this issue is concerned with Belgium, the country which is host to the Community's main institutions. But it is a nation which currently shows in a particularly acute form some of the economic agonies which the whole of Europe feels and which are described in detail by John Wyles on page 9.

All this bad news is, of course, grist to the journalists' mill: We thought it would be interesting to ask a reporter what it is like from his own viewpoint to chase the news which supports front page headlines. Axel Krause of the International Herald Tribune *gives a personal description of this process on page 34.*

If, under the economic thunderclouds, you still have the inclination and money to play golf, our piece on page 48 lists and describes Europe's most splendid courses, including some of those I know well in Ireland.

I hope, finally, that you enjoy this issue as much as I shall enjoy publishing EUROPE *over the next few years.*



EUROPE

Magazine of the European Community

MAY/JUNE 1982 No. 231

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REMEMBRANCE OF DR

J. Robert Schaetzel, reflecting on 25 years of US-European relations.

All the caveats—wayward nostalgia, the self-serving memories of old soldiers, and misplaced idealism—cannot dispell the conviction that great events took place in the creative decade that followed World War II. Surrounded by physical and moral devastation political leaders showed daring, originality, and generosity of spirit rare in human affairs. Anyone who anticipated in 1945 the gesture by EC founding father Robert Schuman and Jean Monnet toward the aggressor and defeated enemy would have been dismissed as a lunatic; today that such an initiative should have been taken on May 9, 1950 remains awesome.

The objective situation was so hard and uncertain in those immediate postwar years, as against the prosperity and stability of this time, that it stretches the mind to grasp how Europeans and Americans then could have yielded to such dreams—how Europeans could have engaged themselves in a political venture at complete odds with the nation-state system, a system both the creator and destroyer of Europe.

During the creative period and for a time thereafter, the exceptional, non-adversarial wartime collaboration among Americans and Europeans continued. And for a time the nay-sayers were subdued—the bureaucrats who argued that it could not be done this way; the historians who said it had never been done; the political scientists who insisted that unification among mature European countries was contrary to the will of God. Crucial to the success of this endeavor was the good fortune that Europe was momentarily blessed by a group of exceptional political leaders and, not inconsequentially, by talented followers. A tough-minded idealism encouraged the conviction that unprecedented things could be accomplished.

The idea of a united Europe had a strong hold on Americans through the 1950s and early 1960s culminating in President John Kennedy's image of an Atlantic partnership. The true believers are long gone from positions of official responsibility. Some have died—Dwight Eisenhower, Dean Acheson and David Bruce—the remainder, from vantage points apart from the action, watch and deplore. The current and the preceding American Administrations have been notable for the absence of senior officials with any firsthand experience with the formative years of the Community, or even more recent association with it. Even today's supporting cast of civil servants has had at best a librarian's knowledge of the Community—information without commitment. It can and indeed has been argued that the idealistic involvement of that earlier generation of American officials was abnormal, inappropriate,

This train loaded with coal crossed the Franco-Luxembourg border in February 1953 to inaugurate the opening of the European Coal and Steel Community, the precursor to the European Economic Community and Euratom created in 1957.

:AMS PAST

"Europeans" cannot ignore the fact of a Community deep in trouble, if not crisis. The current vocation of the Community seems to be a combination of deadening, technical detail and inability to resolve major issues and a labryinth of regulations produced by endless committees. How can faith be sustained in a Community that cannot find a means of rectifying the problem of the British contribution to the budget? That every party to this dispute can be faulted in no way excuses the absence of effective political will necessary to a solution. There seeps through Community life not a generosity but a meanness of spirit.

Perhaps most discouraging to the sympathetic American observer are the evident absence of member state support for the

and, perhaps, even inimical to American national interests. But the shared idealism and common effort created a unique rapport between a generation of Americans and Europeans.

The situation 25 years later is remarkably different. Who can remember the bureaucratic battles in Washington between proponents of the Community and those such as former Governor of Massachusetts Christian Herter who held to the vision of Atlantic Union, or those supporters of the European Free Trade Area or, of course, the traditionalists who yearned for the return to a bilateral world? Ironically, without involvement or an historic view, official Washington today accepts the Community—it exists.

With the Nixon Administration a degree of questioning and unease about a united Europe began to strengthen. The rationale for unity of the immediate postwar period—a single market and economy of scale and the institutional framework for Germany—was eroded by success. American willingness to "pay an economic price" for the political benefits of a more united Europe weakened in the face of balance-of-payments difficulties and an economy that had lost its preeminence. Oddly enough, the sharpest American reaction arose with regard to, if not the least important, certainly not the least expected, quarter. As long as the European Community remained a peculiar and impenetrable economic phenomenon, Henry Kissinger's Congress of Vienna mind could ignore it. But when the Davignon Committee took root and the Community showed signs of arrogating to itself political pretensions, the secretary of state took interest and exception.

The 1973 "Year of Europe" set in place a discongruent American attitude: acceptance of the Treaties of Paris and Rome, skepticism verging on antipathy for a Europe that attempted to speak with one voice in foreign affairs. Aversion to Europe with a "political voice" comes not only from nervous Americans. Gerald Frost, executive director of the Institute for European Defense and Strategic Studies wrote in February (Wall Street Journal, Feb.24), "In conversations with European leaders the US Administration should make it plain that it expects them to give membership of the alliance—upon which Europeans still depend in large measure for the preservation of their national sovereignties, their individual freedoms, and even their lives—higher priority than unity within the EC, which merely provides a framework of economic rules and subsidies, and maybe a degree of political cohesion."

A 25th anniversary should be an occasion for satisfaction and anticipation. Yet even that diminishing band of American

The forefathers of Europe, Jean Monnet (left) and Robert Schuman.

Community, an unwillingness to make the minimal but essential sacrifices of national interests, the unceasing atttacks on Community institutions, and an obvious preference for bilateral diplomacy. For example, President Ronald Reagan's summer tour involved initially a stop in Brussels. A summary rescheduling, to satisfy the Germans, saw Bonn in place of Brussels with a North Atlantic Treaty Organization (NATO) heads-of-Government meeting in the German capital. No one remarks on the short shrift for the Community, even on its 25th birthday.

Even more threatening (and whatever the place he may inhabit, how vindicated and pleased Charles de Gaulle must be) are the rash of proposals for intimate extra-Community ententes among the major member states. A meeting between the French President and the German Chancellor results in a joint declaration that the two countries will "work together even more closely" and "tighten even further their concertation of foreign policy." Italian Premier Giovanni Spadolini then offers the Italian vision of an "alliance of three," and so it goes. How can Europeans possibly expect American politicians whose education stopped well short of any studies in postwar European history to enthuse over a Community that its major members disparage or, worse, ignore?

This bafflement may be overtaken by another reaction. Americans may come to feel that they are victims of an historic fraud. In recent years, in addition to the direct election of the European Parliament and the limited European Monetary System, an unexciting period in Community evolution has been marked by two developments: political cooperation and the thrice-yearly meetings of the European Council. Rather than a means of insuring a more effective Community, the Council's activities have the resonance of classical inter-Governmental practice.

The notion of fraud can arise from several quarters. The emphasis placed on political cooperation by German Foreign Minister Hans Dïetrich Genscher and Italian Foreign Minister Emilio Colombo, as well as others seems misplaced if not mischievous unless this political activity rests on the firm base of a coherent and evolving Community. To be taken seriously, or to take itself seriously, the Community must start from its economic foundation. Political initiatives without the power of institutional and economic strength can easily degrade into a form of dangerous make-believe. Indeed, it is hard to shake the suspicion that to a considerable degree the current emphasis on political cooperation amounts to a conscious or unconscious cop-out (to use an American vulgarism), a device for avoiding hard questions and decisions.

The Italians, and particularly Colombo, have been in the forefront in support of the Community. Yet in a recent speech at Georgetown University, where the Italian foreign minister suggested that a Euro-American friendship pact be negotiated, he went on to say, "This pact, in my opinion, should provide for periodic meetings *between foreign ministers* to coordinate their respective views, particularly in times of crisis." (Italics added.) Colombo's constructive address did not face the basic issue: A Community that is not a community will not be taken seriously by a harried and short-tempered America.

Self-serving statistics smack of self-delusion. For example, *The Economist* (February 27) editorialized about the change in the balance of power between America and Western Europe. "The combined gross domestic product of the European NATO countries grew from about three quarters of America's in 1955 to near equality in 1980. . . ." Data employed in this fashion slide over the crucial point: organized economic power capable of being used versus fractured power. Americans, whether in Congress or the executive branch, will become predictably frustrated and irritated by a bogus Europe, one that pretends to disposable power and a major role on the world stage, but which on examination is found to lack the authority of real union or an economy drawn ever closer together through a process of increasing integration.

Yet, paradoxically, a Community caught in self-induced paralysis, unable to resolve critical internal problems, marked more by dissonance than consonance, has not destroyed strong latent American interest in the idea of a united Europe. That this interest should persist, despite an imposing array of evidence arguing a contrary case, only underscores the persuasive case for the Community. A generally open market and a democratic Germany firmly established within a Community framework pay tribute to Schuman's vision; but there are today additional reasons for pursuing the goal.

The signing of the Treaties of Rome in March 1957 instituted the European Economic Community and Euratom.

The momentum of 1980 campaign rhetoric has encouraged the Reagan Administration to ignore basic changes in the world, especially America's weight and place in this world. No longer economically preeminent, increasingly dependent on imported raw materials and energy, and markets, the United States, in its own self-interest, will be drawn to the Atlantic partnership Monnet and Kennedy proposed not as a visionary prospect but as a necessity. For economic, political, but also for psychological, reasons America needs association with a partner with similar interests, goals, and political beliefs.

For the foreseeable future the North-South problem will preoccupy the advanced industrial democracies. The United States lacks the capacity, experience and will to meet this challenge alone. To deal constructively with infinitely complex internal and external problems of the developing nations requires enlightened collaboration among North America, Japan, and Western Europe. The Lomé Convention, linking the EC with 62 African, Caribbean and Pacific nations, indicates the innovative leadership the Community can bring to the development process.

A laboring Soviet economy, overaged leadership, a bankrupt political system, satellites containing seeds of dissent, and a massive, modern military machine do not make an easy Eastern neighbor. Only the most credulous Europeans can believe that a divided, powerless Europe remains other than a central strategic objective of the Soviet Union. The most effective deterrent to Soviet ambitions will be a Western Europe determined to pursue the process of unification.

A strong European Community can only be of the most basic strategic interest to the United States. But it would be absurd to believe that Americans, official or private, can collaborate today in this European adventure. The unique common effort of the 1950s and 1960s, of such endeavors as the joint Euratom program, cannot be repeated. Europeans themselves would be the first to resist any such attempts.

The play is in European hands. If the Community continues to stagnate or if unresolved structural problems threaten its very existence, then the United States can be expected to follow the European lead back to the classical 19th Century nation-state system. Useful if inadequate instruments such as the economic summits will supplement traditional bilateral diplomacy. Frustration in Europe will breed frustration in America. But if Europe can lift itself out of the morass and take the steps necessary to resume the unification process, assuredly America will respond.

The very fact that the last two Administrations, without any grand or idealistic Atlantic designs, have dealt in positive ways with the present Community provides adequate proof. Henry Kissinger used to insist, if disingenuously, that he shared the objectives of the American "Europeans," but disagreed with their tactics—implicitly with the presumed excessive American involvement in the unification process. These apprehensions of Kissinger can be put at rest. Where the Community goes and how it develops will be determined by Europeans; and watched with hope by Americans. €

J. Robert Schaetzel was American ambassador to the EC from 1966 to 1972. He is a writer, lecturer, and business consultant, with special interest in Western Europe.

EC bans imports from Argentina

For the first time in EC history, the Ten acted jointly last month to impose a ban on imports into the Community from Argentina as a protest against that nation's occupation of the Falkland Islands. This decision will be applicable until May 17, 1982. After that date, it will either be extended, modified, or, depending on circumstances, abrogated.

The measure, taken on proposal of the EC Commission under Article 113 of the Rome Treaty, is a logical sequence to the following statement made by the Commission on April 16, 1982. "The Commission of the European Communities condemns the armed intervention of Argentina against a British territory linked to the Community, an intervention committed in violation of international law and the rights of the inhabitants of the Falkland Islands. The Commission expresses its solidarity with the United Kingdom. It makes an urgent appeal to the Argentina Government to implement the resolution of the Security Council, calling on it to withdraw its troops from the islands and to continue seeking a diplomatic solution. It expresses the hope that the Organization of American States will join its efforts to those of the United Nations in order to ensure, by diplomatic means, that a solution based on law prevails."

Argentina accounted for 0.7 percent of all EC imports in 1980, or $2.4 billion. In 1980, the EC exported $3 billion worth of goods to Argentina, which ranks 26th among the Community's customers. By contrast, over one-quarter of Argentina's exports have been sent to the EC. Agricultural products represent the bulk of the EC's imports from Argentina. Among them animal feeds, soybeans and soybean cakes, meat, and wool rank high. The Community is expected to shift to other markets for its needs in these types of agricultural commodities.

The Council's decision does not apply to the following Argentinian products: those which had received import licences before April 16, 1982; those imported under contracts concluded before that date; those being currently shipped to the Community.

the spirit of partnership

RONALD REAGAN

This year, 1982, marks the 25th anniversary of the signing of the Treaties of Rome. These documents established the European Community, then the second largest trading entity in the world and an emerging influence in international relations.

In his State of the Union message in 1957, President Eisenhower welcomed the efforts of "our European friends to develop an integrated community." Every Administration since then has supported that goal. We believed then, and believe now, that a united Europe would achieve economic progress, would play a more effective role in world affairs, and would be better able to join the United States in preserving world peace and security. The European Community has more than redeemed our faith in its purposes. We should not underestimate the progress made in the past quarter century. From a gleam in the eyes of Jean Monnet and others, the Community has become an irreversible and dynamic reality.

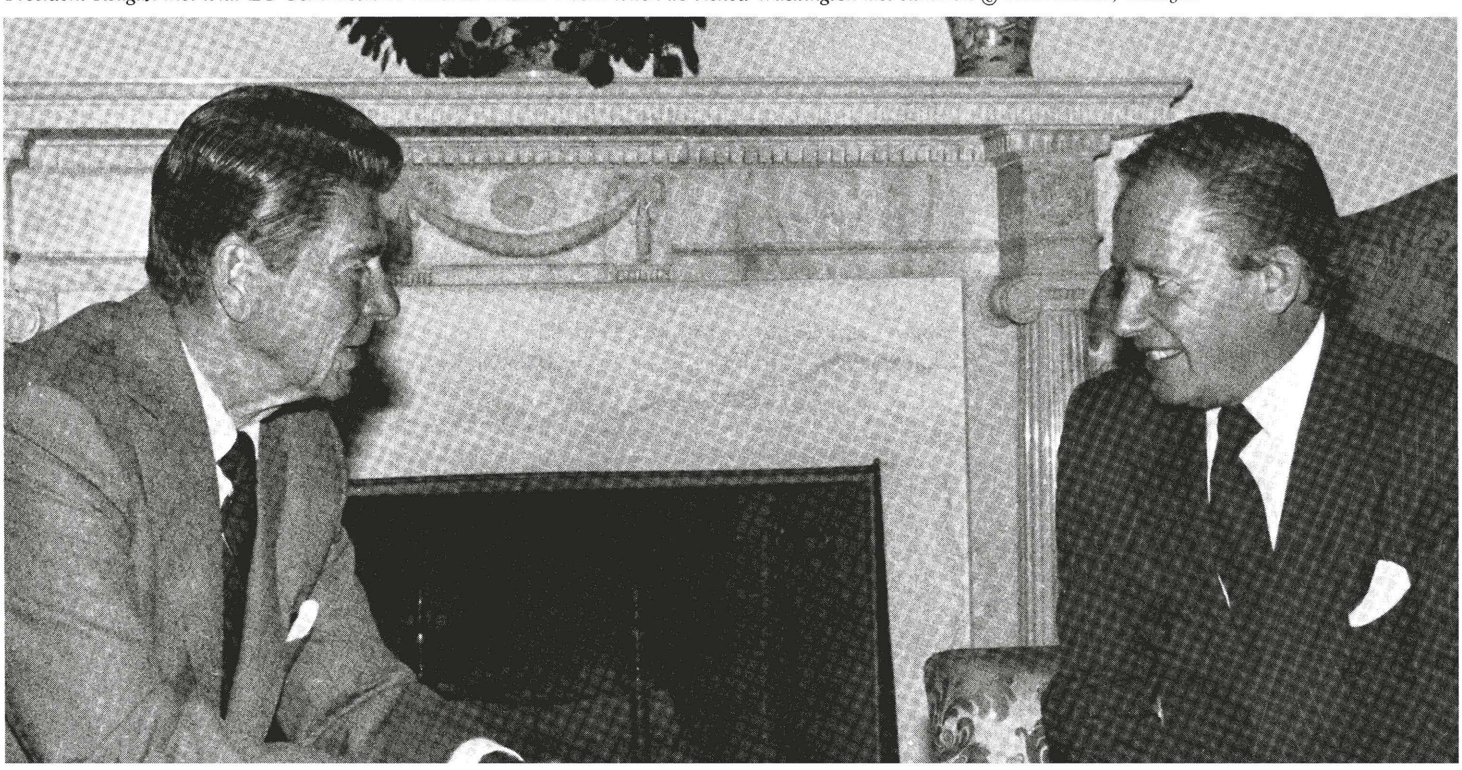
Let me reaffirm clearly the support of this Administration for European unity. We consider a strong and united Europe not a rival, but a partner. As we enter the second quarter-century of relations between the European Community and the United States, we face economic and political challenges as difficult as those which confronted our predecessors in 1957.

However, the relationship between Western Europe and the United States has changed fundamentally. In those days the United States was the dominant partner, and Europe had a more dependent role. Now the economic weight of the two sides is more evenly balanced. The gross domestic product of the European Community is comparable to that of the United States. The United States looks to Europe today for cooperation in a spirit of full partnership commensurate with its economic and political importance.

Both Europe and the United States recognize that partnership involves responsibilities. These responsibilities apply to the economic area in particular where we both have the responsibility to avoid actions which have an adverse impact on our trading partners and to preserve our free trading system. They also extend to our common security interests, where we have the responsibility to cooperate on support for like-minded countries seeking closer Western ties, and to resist the efforts of those who do not share our values to extend their power and influence. The European Community as well as the United States will provide responsible leadership in these areas.

I have every confidence that in the coming quarter century, we will build an even more productive relationship between the European Community and the United States. As we commemorate the achievements of men like Jean Monnet, we must follow his example and those of the other giants of that generation, looking ahead with vision, courage and optimism. €

President Reagan met with EC Commission President Gaston Thorn when he visited Washington last summer. © Robert Knudsen, Washington



Chronology of European Events

1946 *September 19*—Winston S. Churchill urges Franco-German reconciliation within "a kind of United States of Europe."

1947 *June 5*—US Secretary of State George C. Marshall offers economic aid for a collective European recovery program.

1948 *April 18*—Treaty is signed in Paris creating the Organization for European Economic Cooperation (OEEC) for the joint administration of Marshall Plan aid.

1949 *May 5*—Council of Europe Statute signed.

1950 *May 9*—French Foreign Minister Robert Schuman makes proposal to place Europe's coal and steel economies under a common European authority.

1951 *April 18*—Treaty creating the European Coal and Steel Community (ECSC) is signed in Paris.

1952 *August 10*—ECSC executive body, the High Authority, begins functioning in Luxembourg with Jean Monnet as its first President.

1953 *February 10*—Opening of ECSC common market for coal, iron ore, and scrap.

May 1—Opening of ECSC common market for steel.

1955 *June 1-2*—Messina Conference: Foreign ministers of the Six decide on further economic integration as the basis for future political unity.

1957 *March 25*—Rome Treaties creating the European Economic Community and the European Atomic Energy Community are signed.

1958 *January 1*—Rome Treaties go into force. Walter Hallstein becomes EEC Commission's first President; Etienne Hirsch becomes Euratom Commission's first President.

1962 *July 30*—First common agricultural policy regulations go into effect.

November 1—EEC Association agreement with Greece enters into force.

1964 *May 4*—Kennedy Round of negotiations within the General Agreement on Tariffs and Trade (GATT) opens in Geneva.

June 1—First Yaoundé Convention enters into force associating 17 African states and Madagascar with the Community.

December 1—Association agreement with Turkey enters into force.

1967 *February 8-9*—Council of Ministers accepts first five-year economic program and agrees to introduce a value-added turnover tax system in all member countries.

May 15—Kennedy Round ends in agreement to cut industrial tariffs by an average of 35-40 per cent.

July 1—Merger of Community's executive institutions.

1968 *July 1*—Customs union is completed 18 months early. Remaining industrial tariffs between the Six are abolished. Common external tariff around Common Market enters into force.

July 18-19—Six adopt basic common transport policy regulations.

July 29—Six decide to remove last remaining restrictions on free movement of workers and the last national discriminations between member states' workers in employment, pay and other conditions.

1969 *March 25*—Six adopt program to align legislation on technical standards for industrial goods and food.

December 1-2—The Hague summit meeting: agreement to complete, enlarge, and strengthen the Community.

1970 *January 1*—Common foreign trade policy goes into operation.

February 9—Community central bank activates $2 billion short-term mutual monetary aid system.

July 31—Six agree to hold ministerial meetings on political cooperation twice yearly.

1971 *January 1*—Second Yaoundé and Arusha Conventions enter into force. Community's "own revenue" system goes into operation.

July 1—EC introduces generalized tariff preferences for 91 developing countries.

1972 *January 22*—Britain, Denmark, Norway, and Ireland sign Accession Treaty.

April 19—Six sign agreement for European University Institute in Florence, Italy.

September 26—Norwegian entry to Community is rejected by referendum.

October 19-20—The Heads of State or Government—now nine in number—meet in Paris and decide to set up a European Union by 1980, adopting a new program of Community policy.

1973 *January 1*—Britain, Ireland, and Denmark join the Community.

February 1—Convention making civil and commercial judgments enforceable throughout the original six Community members enters into force.

July 19-20—Council agrees on guiding principles on environmental issues.

October 5—Twenty-one countries endorse European Patent Convention.

1974 *July 31*—A dialogue is opened between the Community and 20 Arab States.

1975 *March 18*—The Council sets up the European Regional Development Fund (ERDF) and a Regional Policy Committee.

June 5—A two-thirds majority in Britain vote to remain within the Community.

June 12—Greece applies for Community membership.

1976 *April 1*—EC/ACP Convention signed at Lomé on February 28, 1975, enters into force.

1977 *January 1*—Decision of Nine to extend 200-mile limits for their North Sea and Atlantic fishing zones enters into force.

March 28—Portugal applies for Community membership.

May 7-8—Economic summit: Community, as such, participates for first time in discussions in London of industrialized countries.

July 1—Customs union of Nine is completed; free-trade area with EFTA is completed.

July 28—Spain applies for Community membership.

October 25—Court of Auditors, replacing the Audit Board and the ECSC Auditor, meets for the first time, in Luxembourg.

1978 *December 4-5*—European Council agrees to establish European Monetary System.

1979 *May 28*—In Athens, Greece and the Community sign the Treaty of Accession.

June 7-10—In the first direct elections the citizens of the nine Member States vote for the 410 members of the European Parliament.

1981 *January 1*—Greece joins the Community.

EEC/ACP new Lomé Convention (Lomé II) signed on October 10, 1979 enters into force.

WALTER HALLSTEIN 1901-1982

John F. Kennedy and Walter Hallstein in 1963

Walter Hallstein, the first President of the EC Commission and one of the earliest Europeanists, died March 29 at the age of 80. Gaston Thorn, the current President, called Hallstein's life and work an example and an encouragement at a time when the Community is faced with one of the worst identity crises of its history. John W. Tuthill remembers working with him.

Walter Hallstein was one of the quiet, undramatic, principled people who played a key role in expanding unity between the democratic countries in the 25 years or so after World War II. Public comments about him frequently concentrate on his rigid support of the so-called "Hallstein Doctrine" of non-recognition of East Germany. Much more important, in my view, is his courageous and persistent battle for a unified Europe and for one which would deal with the United States on the basis of greater equality and within which there would be limited "special relationships."

Many people criticized or even ridiculed Hallstein's insistence upon protocol within the EC Commission when he was President. He insisted that foreign representatives accredited to the Commission present credentials in the same way as ambassadors accredited to national Governments. He did this in an effort to support the integrity and even the sovereignty of the European Community.

In diplomacy it is all too seldom that one deals with senior officials fully briefed and conversant with the subject matter. When one finds such individuals who also support high principles it is a pleasure to deal with them. It was always so with Walter Hallstein. He had always studied his brief. He reflected a sense of direction that was to strengthen European unity and that dealt with the United States and other countries outside of the Community on a basis of equality. He negotiated for agreements that would have long-time beneficial effects for both sides and thus would be likely to endure.

Hallstein supported the 1962 British effort to obtain membership in the European Community, although he was unenthusiastic with the emphasis of the MacMillan Government which attempted to define it primarily in trade and commercial terms rather than political objectives. He, of course, was skeptical of Charles deGaulle's position regarding the British application and was not surprised at deGaulle's formal veto in January 1963. Shortly after that veto Chancellor Adenauer proceeded to Paris with considerable publicity to sign the Franco-German agreement. Hallstein supported Franco-German friendship and collaboration, but he felt that a special relationship, one honored by a formal agreement immediately after deGaulle's veto of British membership, would be a mistake.

Hallstein was not alone in this view, but as far as I know, he was perhaps the only prominent statesman to make this view known in advance to Chancellor Adenauer. I understood at the time that Adenauer was angry with Hallstein because of his pointed and vigorous objection to the formal signing of this agreement almost immediately after deGaulle had vetoed an expansion of the Common Market to include Britain. At the same time deGaulle was preventing progress toward majority voting within the European Community, insisting instead upon maintaining the veto right of the individual members.

Walter Hallstein, like so many men of principle, did not win all, or perhaps even most, of his battles. However, like men of principle, it is entirely possible that his stubborn advocacy of the expansion of a group of democratic countries giving up a little sovereignty in order to share in a greater sovereignty will have longer term beneficial effects that if he had won some of the battles on the way. €

John W. Tuthill was the American ambassador to the Community from 1962 to 1966.

the sorry state of Europe's economies

Survey finds different problems, differing solutions

JOHN WYLES

If the economic recovery expected in Europe this year fails to happen, said the EC Commission recently, then there could be "catastrophic consequences." This is claiming a lot for an average predicted growth rate for the Ten this year of only 1.6 per cent, but the tone of the Commission's recent quarterly economic forecast reflects a growing desperation about the economic outlook in the Community. Unemployment, which has been climbing recently at 180,000 a month, will certainly exceed 9 per cent of the labor force this year, average inflation will show only a modest decline from 11.4 to 10.6 per cent, investment will be flat and economies still extremely vulnerable to import penetration.

There is an understandable tendency to look for scapegoats to blame for these miserable problems. The United States has emerged as public enemy number one for pushing up world interest rates by conducting the wrong fiscal policy (too lax) and the wrong monetary policy (too tight). High interest rates are held responsible for preventing the inventory rebuilding which had been expected to lead to a modest upturn last autumn. Second to the United States as the Community's most blameworthy target is Japan, whose rising trade surplus and apparently impenetrable domestic market are believed to be responsible for many of the ills which have befallen the Ten.

President Ronald Reagan and Japanese Prime Minister Zenko Suzuki will be taken gently to task by European leaders at the world economic summit in Versailles in June. But Community Governments cannot escape the fact that inadequate investment reflects not only high interest rates, but also poor rates of return to the investor, excessively large public-sector deficits, social charges imposed without sufficient regard to their impact on production costs and competitivity, and even informal non-tariff barriers which make some industrialists despair of the so-called "Common Market."

Not surprisingly, a close examination of the problems indicates that it is misleading to talk in terms of the "Community economy." There are, of course, common trends such as inexorably rising unemployment brought about partly by the deline of traditional industries such as steel and textiles, as in France, Belgium, and the United Kingdom, and an amazing bulge in the numbers of young people entering the labor force between 1980 and 1985.

But as the March European Council in Brussels observed, individual EC countries have a different mix of problems and differing ideological approaches to tackling them. Some, such as Ireland and Belgium, have allowed public spending to run away for fear of driving their economies further into the ground with more deflation. Others such as France and Greece are prepared to increase public spending as the lubricant for interventionism and dirigisme. Others such as the United Kingdom and West Germany have given first priority to defeating inflation through tight monetary and fiscal policies and are hoping that reduced consumption will make room for new productive investment.

"Economically speaking . . ." © Al Ross, Rothco Cartoons

Here is the patchwork of problems, performance, and potential which has put optimism in rather short supply in the Community:

BELGIUM AND LUXEMBOURG

The Commission is forecasting a growth rate of 0.4 per cent for Belgium this year and 0.1 per cent for Luxembourg. Belgium's unemployment rate is the highest in the Commission, 13.3 per cent and Luxembourg's the lowest, 1.3 per cent. But the male unemployment rate in Belgium is broadly in line with the Commission average and the jobless figures are undoubtedly inflated by generous unemployment benefits for unemployed women.

These and other social spending policies have helped push the Belgian public sector deficit to above 13 per cent of gross domestic product (GDP) last year. The coalition Government of Wilfried Martens is showing more determination and will to tackle the underlying problems than any Belgian Administration for the last few years (see page 20).

DENMARK

The Commission is forecasting a 2.5 per cent growth in GDP this year after a 1.2 per cent decline last year. The Government has been grappling with steady success with public-sector and balance-of-payments deficits well above the Community average. Domestic demand has been extremely weak and fell by 7.5 per cent between 1979–81—a greater downturn than in any other OECD country.

The impact was softened by a marked improvement in export competitiveness so that overseas sales of manufactured goods have risen in volume by 11 per cent. North Sea oil and gas exploration and development are expected to be a major factor in this year's economic upturn, providing some relief on the balance of payments and building up to 1.5 per cent of GDP by the mid-1980s. Export performance needs to be maintained to deal with large foreign-debt burden.

WEST GERMANY

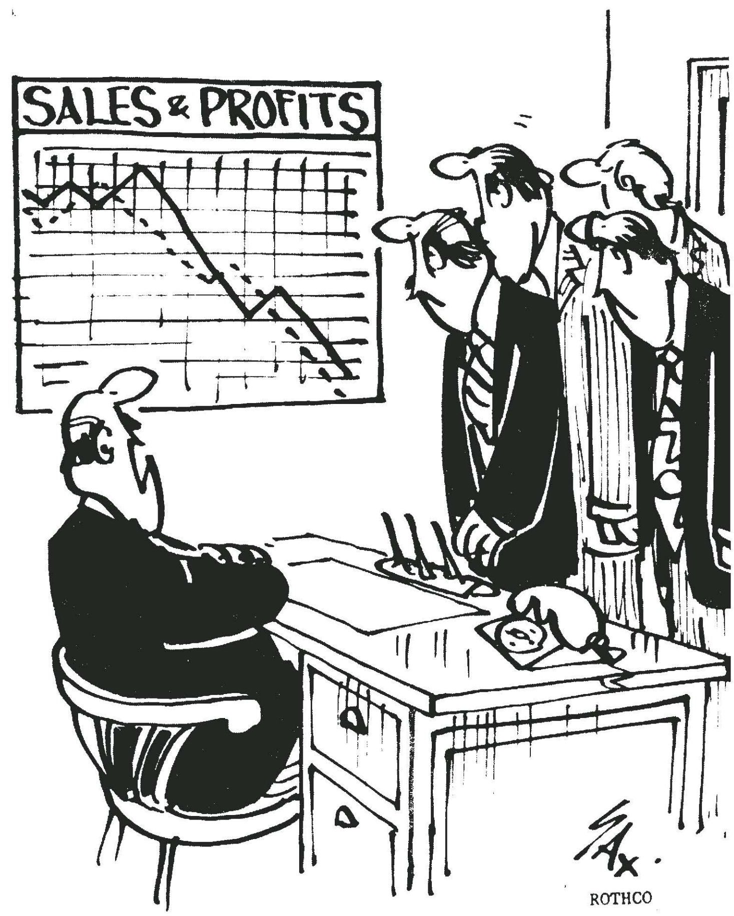
The EC's "locomotive" is still remarkably short of steam. The Commission forecasts 1.4 per cent growth this year after none at all in 1981. Much of this looks likely to come from exports since domestic demand remains flat, partly because of high interest rates and partly because of a very large drop in company profits in 1981. But the current account of the balance of payments should move into a small surplus this year after a DM17.5 billion deficit in 1981. Unemployment has been increasing fast; after it passed 8 per cent the coalition Government brought in a package of credit and investment aid measures together with youth employment schemes that will cost DM12.5 billion in a full year.

The economy is still undergoing some painful restructuring with clothing, footwear, mining, and metal extraction dropping below the recession output levels of 1975. Chemicals, plastics, and office and data processing equipment are growth areas. At an estimated 4.5 per cent, West German inflation this year should be the lowest in the EC. Meanwhile, strong efforts are being made to reduce vulnerability to further oil price shocks. Oil consumption is falling and purchases have been switched to producers not belonging to the Organization of Petroleum Exporting Countries, notably the United Kingdom. Gas is of growing importance, but Germany is missing its nuclear power targets set in the late 1970s.

FRANCE

The Government's growth forecast of 3 per cent is beginning to look ambitious and even the Commission's 2.7 per cent may be on the high side. Most of the increased output is coming from a rise in private consumption deliberately engineered by the new Government which has now, however, called a halt to its expansion of public spending by setting a limit on this year's public sector deficit of 3 per cent of gross domestic product.

At 13 per cent, inflation is well above the Community



"About that profit sharing you employees wanted . . . I'm ready to put it into effect." ©Sax, Weekend, London

"Who knows? There may be other economic systems out there many phases ahead of ours."

average and this, together with a stubbornly large current-account deficit, is a constant threat to the franc. After declining for the past couple of years, industrial output is expected to show good growth this year, with the strength concentrated on chemicals, printing, and drink and continuing weakness in mining, transport, and quarrying. Agriculture remains troublesome with real incomes having fallen steadily over the last few years, but farm products are still holding their share of total exports.

France is making good progress in reducing its dependence on oil for energy, largely because of an extensive nuclear program which raised nuclear energy generation by 66 per cent between 1979 and 1981. Unemployment should hold steady at around 8.5 per cent.

ITALY

Growth may register a slender 1.5 per cent in 1982, with unemployment rising to 9.7 per cent and inflation falling to 16.5 per cent. Exports could increase by up to 5.5 per cent this year with textiles, footwear and mechanical products continuing to perform well. But recession has bitten deeply into mining, food, and tobacco and, despite their export performance, footwear and textiles.

UNITED KINGDOM

The Government is forecasting 1.5 per cent growth this year and the Commission 1.1 per cent. This is after a total drop in output of 4 per cent in 1980 and 1981 and an increase in unemployment from around 6.9 to 11.8 per cent. Manufacturing has born the brunt of the most serious recession since WWII. It has been aggravated by extremely tight fiscal policies designed to reduce inflation, which should fall this year to just under 11 per cent. The balance of payments has been healthy thanks to oil exports and a better than expected performance by manufacturing, despite an overvalued currency.

Traditional industries have suffered badly but employment and output is stabilizing in steel and shipbuilding, though textiles and clothing is still under pressure. Construction remains deeply depressed.

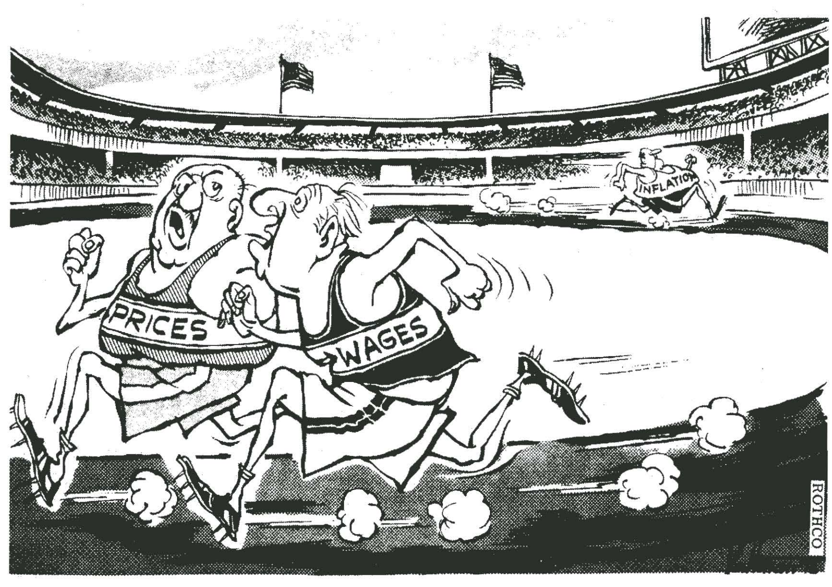
THE NETHERLANDS

Growth of around 1 per cent is expected this year, but unemployment will rise to 9.7 per cent. Domestic demand as measured by private consumption and gross fixed investment is still falling, which means that growth must be derived from a projected 4 per cent rise in exports. The current account surplus is healthy and rising, thanks partly to natural gas. Petrochemicals and oil refining are still suffering serious overcapacity despite cutbacks; the financial sector's performance has flattened out, while the outlook for electronics is unsettled.

GREECE

GDP may increase by around 1.2 per cent this year, but inflation is the highest in the Community at around 24 per cent. The new Socialist Government has raised taxes in a bid to reduce a public-sector borrowing requirement which was 12 per cent of GDP last year. Gross fixed investment is expected to be flat after an 11 per cent fall last year. The shipping industry is struggling to maintain its revenues and complaining that new social measures are making it uncompetitive.

"If I could solve this one, then maybe I could do the other!" © E.A. Harris, Canada



"Are we still catching up with him or is he catching up with us?" ©Valtman

IRELAND

May just manage 1.5 per cent growth this year, but the economy is facing stiff medicine from a budget designed to remedy a much neglected public-spending deficit. Unemployment is rising to 9.7 per cent and inflation is very high at 19.5 per cent. The country's most important industry, agriculture, is suffering from declining incomes, rising costs, and some loss of markets. €

John Wyles reports from Brussels for the Financial Times.

multinational reshuffle

American firms are losing their dominance in many sectors.

GEOFFREY S. CARROLL

In 1958 the original six members of the EC had a combined gross national product one quarter the size of the United States' GNP. In 1981, however, with a population of close to 270 million (as compared with 230 million in the United States), the 10 EC member countries have an aggregate gross domestic product of close to $3 trillion, or roughly equal to that of the United States. The consolidation of the 10 national economies has created the world's largest trading entity, and, together, the United States and the Community now account for approximately 50 per cent of all world trade and more than 40 per cent of the world's total output.

It became clear early on, however, that the remarkable levels of growth and the economic successes attained in the EC would not be achieved without cost to the United States. Over the past 25 years the costs have most visibly materialized in the form of trade disputes—numerous disagreements in the agricultural area, including the infamous trans-Atlantic "chicken wars," and in the steel industry—and in more recent years over the conduct of US monetary policy.

In the political area as well, Europe has succeeded in distancing itself from the United States. Over the past few years, Europe and the United States have disagreed over Middle East peace initiatives, the construction of the natural gas pipeline from Russia, and over the appropriate response to the Russian invasion of Afghanistan, the taking of American hostages in Iran, and the imposition of martial law in Poland. The fact is that Western Europe is becoming more self-assertive and many of the old necessities which gave the United States power over Europe have weakened. Detente with Russia has indeed lessened European fears of invasion; economic development within Europe has reduced the once-pressing need for American finance and technology; and with the demise of the Bretton Woods System, American dominance of the world monetary system has been diluted.

The EC's 25th anniversary was marked more by quiet reflection over the organization's immediate future than by joyous celebration of its accomplishments. The Community has its problems, to be sure. To name but a few: The distribution of EC budgetary expenditure and revenues annually threaten to paralyze the Community; there are growing domestic pressures in a number of member states that are working against further political or monetary integration; and there is substantial divergence in the economic policies and economic performance of the member countries.

Nevertheless, prosperity in Europe has increased faster than in the United States since 1958. Trade between the six original EC

AEROSPACE

1959 $ Millions Net Income	1959 $ Millions Sales	1959 Company and Country	Ranking	1981 Company and Country	1981 $ Millions Sales	1981 $ Millions Income
31.0	1,811.8	General Dynamics (US)	1	United Technologies (US)	12,323.9	393.4
12.4	1,612.1	Boeing (US)	2	Boeing (US)	9,426.2	600.5
8.7	1,301.6	Lockheed (US)	3	Rockwell International (US)	6,906.5	280.2
28.6	1,080.9	United Aircraft (US)	4	McDonnell Douglas (US)	6,066.3	144.6
30.7	1,044.9	North American Aviation (US)	5	Lockheed (US)	5,395.7	27.6
(-33.8)	883.8	Douglas Aircraft (US)	6	General Dynamics (US)	4,742.7	195.0
15.5	728.0	Hawker Siddeley (UK)	7	British Aerospace (UK)	3,309.4	266.3
10.0	435.9	McDonnell Aircraft (US)	8	Aerospatiale (Fr.)	3,120.7	28.1
8.5	435.5	Vickers (UK)	9	Rolls Royce (UK)	2,926.4	(-62.8)
14.3	329.2	Curtiss-Wright (US)	10	Martin-Marietta (US)	2,619.3	188.1

AUTOMOTIVE (Autos & Trucks)

1959 $ Millions Net Income	1959 $ Millions Sales	1959 Company and Country	Ranking	1981 Company and Country	1981 $ Millions Sales	1981 $ Millions Net Income
873.1	11,223.1	General Motors (US)	1	General Motors (US)	57,728.5	(-762.5)
451.4	5,356.9	Ford Motor (US)	2	Ford Motor (US)	37,085.5	(-1,543.3)
-5.4	2,642.9	Chrysler (US)	3	Fiat (Italy)	25,155.0	N.A.
60.3	869.9	American Motors (US)	4	Renault (France)	18,979.3	3,450.9
66.7	843.8	Volkswagen (Germany)	5	Volkswagen (Germany)	18,339.0	170.9
21.2	742.0	British Motor (UK)	6	Daimler-Benz (Germany)	17,108.1	605.1
23.1	700.8	Fiat (Italy)	7	Peugeot (France)	16,846.4	(-348.9)
5.9	588.3	Daimler-Benz (Germany)	8	Toyota (Japan)	14,233.8	616.0
7.1	577.8	Renault (France)	9	Nissan (Japan)	13,853.5	461.6
0.5	418.7	Simca (France)	10	Mitsubishi (Japan)	10,997.6	100.7

CHEMICALS

$ Millions Net Income	$ Millions Sales	1959 Company and Country	Ranking	1981 Company and Country	$ Millions Sales	$ Millions Net Income
418.7	2,114.3	E.I. Du Pont (US)	1	Hoechst (Germany)	16,480.6	251.6
171.6	1,531.3	Union Carbide (US)	2	Bayer (Germany)	15,880.6	356.3
110.1	1,423.8	ICI (UK)	3	BASF (Germany)	15,277.3	197.6
50.0	719.6	Allied Chemical (US)	4	E.I. Du Pont (US)*	13,652.0	716.0
37.4	708.0	Olin Mathieson (US)	5	ICI (UK)	13,290.0	(−46.5)
62.9	705.4	Dow Chemical (US)	6	Dow Chemical (US)	10,626.0	805.0
48.9	615.3	Monsanto (US)	7	Union Carbide (US)	9,994.0	890.0
25.1	585.5	Bayer (Germany)	8	Veba Oel (Germany)	9,645.7	35.9
52.3	583.6	American Cyanamid (US)	9	Montedison (Italy)	9,103.8	(−524.2)
23.7	540.0	BASF (Germany)	10	DSM (Netherlands)	7,514.2	12.5
20.5	529.0	Hoechst (Germany)	11	Rhône-Poulenc (France)	7,155.0	(−461.3)
19.3	471.5	Montecatini (Italy)	12	Ciba-Geigy (Switzerland)	7,113.3	182.1

*These figures do not reflect Du Pont's recent acquisition of Conoco, which moves Du Pont to the number one position.

COMMERCIAL BANKING

Assets ($ Millions)	1960 Company and Country	Ranking	1981 Company and Country	Assets ($ Millions)
11,942.0	Bank America Corp. (US)	1	Citicorp (US)	114,920.0
9,260.4	Chase Manhattan (US)	2	Bank American Corp. (US)	111,617.3
8,688.4	Citibank (US)	3	Banque Nationale de Paris (France)	107,449.6
7,457.1	Barclays (UK)	4	Caisse Nationale de Crédit Agricole (France)	105,906.4
6,126.1	Manufacturers Hanover (US)	5	Crédit Lyonnais (France)	98,147.4
4,539.0	Chemical Bank (US)	6	Société Générale (France)	90,164.9
4,432.0	Royal Bank of Canada (Canada)	7	Barclays Bank (UK)	88,624.7
4,423.9	Morgan Guaranty (US)	8	Dai-Ichi Kangyo Bank (Japan)	88,519.8
4,377.7	Midlands of London (UK)	9	Deutsche Bank (Germany)	88,468.4
4,374.3	Lloyds (UK)	10	National Westminster Bank (UK)	82,585.3
4,345.5	Canadian Imperial Bank (Canada)	11	Mitsubishi Bank (Japan)	76,433.2
3,595.1	Bank of Montreal (Canada)	12	Chase Manhattan (US)	76,189.6
3,593.7	Security First National of L.A. (US)	13	Fuiji Bank (Japan)	75,396.9
3,430.3	Bankers Trust (US)	14	Sumitomo Bank (Japan)	73,459.5
3,312.1	Continental Illinois (US)	15	Sanwa Bank (Japan)	70,268.9

members consistently grew faster than world trade until the first oil shock in the mid-1970s and is still growing at above average rates between the original six and the four newest members. The purpose of this article is not to defend the policies of the European Community nor to speculate about the future direction of the European unification process. Rather, the accompanying tables were assembled to show statistically the tremendous growth of the European business and financial communities over the past 25 years—a fact not well known and an accomplishment which was aided in no small way by the existence of the Common Market.

The tables show the extent to which European industrial corporations and commercial banks have grown in size and scope vis-a-vis their principal competitors in the Organization for Economic Cooperation and Development. Each of the eight tables represents a large international industry, and each individual table compares the 10 to 15 largest firms in the world in that industry in 1959 to an equal number in 1981. Gross sales were chosen as the standard of comparison for corporations because this figure is less misleading than either of the other two possible standards of measure—net profits or gross assets. The commercial banks, however, were ranked according to their total assets. Although the gross sales figure is an inadequate measure of efficiency, it is a reasonably accurate barometer of market presence and control.

Though Europeans have found it difficult to discard the self-image of the economically weak, inefficient, and divided underdogs—particularly since Europe is currently suffering through its third consecutive year of recession, with record rates of unemployment—the data suggests that this appearance is somewhat deceptive. Indeed, since the formation of the European Community, European-based industrial companies and commercial banks have sharply increased their shares of world markets, often at the expense of their US competitors. European businessmen are by nature considerably more outward looking than their American counterpart. For every American company or manager who has knowledge of the outside world (and there are obviously many), there are thousands more whose mental horizons stop at the seaboard. Europe, whose history is deep in cross-frontier dealing, has not been able to afford that luxury.

Early in the 1960s it became clear that the United States did not have a monopoly on innovation, enterprise, efficiency, or quality control. First, many of the European firms successfully challenged US multinational companies (MNC) operating in their individual home countries. Then, in once US-dominated third-country markets—ranging from Latin America to Africa to Asia—American MNCs found themselves competing with European firms which were increasingly as well-financed and well-equipped as themselves. By as early as 1971, the expansion rate of foreign manufacturing operations of large European and Japanese enterprises exceeded the rate of large US enterprises. Not only was the growth rate of European MNCs' sales greater than that of US multinationals, more foreign production outposts were being added to their systems than were being added to the network of US multinationals. In fact, in these third-country markets the host Governments welcomed other foreign-based corporations as alternatives to US companies, for they brought not only similar products and processes, but also different national flags—flags that did not connote superpower.

And now, finally, in the most recent competitive development, many European enterprises are making inroads into the US market, initially through exports and then by taking over American companies or constructing new plants and distribution facilities in the United States. Although European investment in the United States is still small compared to US investment in Europe, it is growing rapidly.

The most recent *Fortune* magazine listing of the largest industrial companies in the

METAL PRODUCTS

$ Millions		1959		1981	$ Millions	
Net Income	*Sales*	*Company and Country*	*Ranking*	*Company and Country*	*Sales*	*Net Income*
40.0	1,146.5	Continental Can (US)	1	Saint-Gobain-Pont-a-Mousson (France)	10,303.9	215.3
40.9	1,107.4	American Can (US)	2	Gulf & Western (US)	5,782.8	255.3
16.6	700.0	Mannesmann (Germany)	3	Continental Group (US)	5,119.5	224.8
36.1	618.3	Guest Kenn & Nettlefolds (UK)	4	Degussa (Germany)	4,857.7	37.7
18.1	560.0	Tube Investments (UK)	5	American Can (US)	4,812.2	85.7
21.4	517.4	Am. Radiator & Std. Sanitary (US)	6	Guest, Keen & Nettlefolds (UK)	4,471.3	(-209.1)
44.8	489.3	Reynolds Metals (US)	7	Reynolds Metals (US)	3,653.2	180.3
85.2	457.8	International Nickel (Canada)	8	Textron (US)	3,637.5	86.1
23.0	448.7	Aluminum (Canada)	9	Cockerill (Belgium)	3,462.8	(-269.6)
6.2	384.8	Salzgitter A.G. (Germany)	10	McDermott (US)	3,282.5	88.4
15.9	332.0	Babcock & Wilcox (US)	11	SKF (Sweden)	2,958.7	105.7
6.9	325.9	Combustion Engineering (US)	12	Klochner-Werke (Germany)	2,781.2	(-5.5)
19.6	322.3	Container Corp. American (US)	13	Vallourer (France)	2,758.2	15.0
6.5	310.2	Crane (US)	14	Tube Investments (UK)	2,693.4	(-43.5)

ELECTRONICS-APPLIANCES

$ Millions		1959		1981	$ Millions	
Net Income	*Sales*	*Company and Country*	*Ranking*	*Company and Country*	*Sales*	*Net Income*
280.2	4,349.5	General Electric (US)	1	General Electric (US)	24,959.0	1,514.0
102.2	2,314.9	Western Electric (US)	2	I.T.T. (US)	18,529.7	894.3
85.9	1,910.7	Westinghouse (US)	3	Philips (Netherlands)	18,402.8	165.2
40.1	1,388.4	RCA (US)	4	Siemens (Germany)	17,950.3	332.4
92.3	1,100.5	Philips (Netherlands)	5	Hitachi (Japan)	12,871.3	503.4
72.3	1,081.0	GTE (US)	6	Matsushita (Japan)	12,684.4	541.9
23.1	866.2	Siemens (Germany)	7	Western Electric (US)	12,032.1	693.2
29.0	765.6	I.T.T. (US)	8	Générale d'Electricité (France)	10,847.1	96.4
27.4	683.8	Bendix (US)	9	Thomson-Brandt (France)	8,657.5	72.9
13.1	583.6	Associated Elec. Industries (UK)	10	Westinghouse (US)	8,514.3	402.9
15.2	579.5	Hitachi (Japan)	11	Toshiba (Japan)	8,146.4	198.1
8.9	512.6	AEG-Telefunken (Germany)	12	RCA (US)	8,011.3	315.3
21.3	496.1	Singer (US)	13	AEG-Telefunken (Germany)	6,755.9	(-163.8)
13.5	494.3	Raytheon (US)	14	Robert Bosch (Germany)	6,505.9	-(163.8)

world (August 10, 1981) showed that of the top 100, 45 were from the United States, 42 from Western Europe, and 8 from Japan. Any way one measures it, there is no question that the United States is still the preeminent economic power in the world and is likely to remain so, but that preeminence is slipping. While the United States is still responsible for the large 21 per cent of world GNP in 1981, this share has dropped from 45 per cent in the 1950s.

Though there was only space available to display eight industry tables in this article, the original study included the examination of seven additional industries: food and beverage products, industrial and farm equipment, paper and wood products, industrial and farm equipment, cosmetics, rubber products, tobacco, and textiles and apparel. The tables show that the United States continues to maintain a predominate global position in the aerospace, paper and wood products, and food and beverage industries.

What the tables do not show is that Boeing saw its share of the non-Communist world market for commercial aircraft drop to 51 per cent last year, down from 67 per cent in 1980, while that of Europe's Airbus Industrie jumped from 20 per cent to 42 per cent. With regard to the paper and wood products industry, while several European companies are annually making small inroads into this traditionally US-dominated industry, the US leadership seems relatively secure as 9 of the top 12 companies in the world are still American. Nor is the strong US position in the world food and beverage products industry likely to deteriorate any time soon—of the top 25 firms in the world, 16 are American, each with annual sales in excess of $3.5 billion.

Of the 15 industries examined, there are several which have remained jointly dominated by European and American firms. Among these are rubber products, tobacco, cosmetics, and industrial and farm equipment. The international rubber industry is dominated by the American companies Goodyear Tire & Rubber, B. F. Goodrich, Uniroyal and General Tire and Rubber—with total sales of more than $16 billion in 1980—and by the two European giants, Michelin and Dunlop-Perelli, with 1980 sales in excess of $15 billion. The dominant participants in the global tobacco industry are R. J. Reynolds, Philip Morris, and American Brands on the US side—with joint sales last year of close to $20 billion—and British American Tobacco, Rothman's International, and Tabacalera on the European side, registering sales of more than $16 billion. With regard to industrial and farm equipment, no single continent was dominant 25 years ago and that holds true today as well. Whereas in 1959 the largest companies were evenly divided between the United States and Europe, in 1981, of the top 25 companies, 10 were European and 9 were American.

The larger number of industries examined in this study, however, show a declining US share of the world market and a corresponding rise in the European presence. Industries included in this group are automobiles, chemicals, commercial banking, electronics and appliances, metal manufacturing, metal products, and pharmaceuticals. Though the United States still possesses the two largest automobile companies in the world, the next 22 of 23 companies on the list are either European or Japanese. Though these tables do not show it, the second ten positions on the automotive list are occupied by such familiar names as British Leyland, Honda Motor, Volvo, Toyo Kogyo, BMW, Saab, Isuzu, Alfa Romeo, Yamaha Motor, and Suzuki Motor. An analysis of the second tier of companies is valuable in that it more often than not accurately shows where the next wave of competition is coming from.

In the chemical industry, whereas in 1959 seven of the top 10 firms were American, in 1981 seven of the top 10 companies are European and the three largest are German. This is a particularly remarkable accomplishment in light of the fact that the American chemical industry has been heavily subsidized, indirectly, through the regulation of natural gas and petroleum prices.

Of all the economic and financial changes which have occurred in the past 25 years, none is greater than the turnaround in the commercial banking sector. Whereas in 1960 the English speaking world (the United States, the United Kingdom, and Canada) overwhelmingly dominated the industry with all of the top 15 banks coming from these countries, in 1981 continental European banks and Japanese banks have essentially reversed the situation. Though the tables do not show it, 35 of the top 40 banks in the world in 1980 were based outside the United States, with five of the top seven and 22 of the top 40 being European.

In the electronics and appliances industry, European companies such as Philips, Siemens, and Générale d'Electricite have developed into formidable competitors of the likes of General Electric and ITT. A close examination of the companies currently ranked 15-25 in this field shows quite clearly that the greatest competitive pressures in the years to come will be provided by the Japanese firms.

The metal manufacturing industry is yet another area whose 25-year history has been characterized by significant growth on the part of European and Japanese companies. Whereas in 1959 11 of the first 13 companies were American, in 1981 20 of the top 25 companies are now foreign based, of which 12 are European and 5 are Japanese. The metal products industry was jointly dominated by the Americans and Europeans back in 1959, and it is still dominated by them today, but the European corporate presence is stronger.

In the pharmaceutical industry, several European firms have done extremely well and sales of each are now more than three times greater than their closest US competitor. However, this does not mean that the Europeans dominate this industry internationally; they do not. Of the top 20 pharmaceutical companies in the world, 14 are US-based and only five are European.

The US economy is still the largest on the earth, but as the tables show, it has declined in terms of sheer power and influence, and it very well may continue to decline relative to the economies of some of its old and new competitors. It is highly unlikely, however, that European corporations will continue to grow over the next quarter-century as rapidly as they have over the last 25 years. The economic accomplishments of the EC—and Japan as well—are part of a natural cycle of growth that was to be expected as these areas recovered from the devastation of WWII.

It would be wrong for Americans, in both the public and private policy fields, to interpret what has happened as a defeat or some kind of national humiliation which both the Europeans and Japanese have enjoyed inflicting upon the Americans. To take this approach would be to misunderstand the process of change and thus run the risk of mishandling the necessary adaptation. It's not been a case of America bad, Europe good, but of both being profoundly different—internally and in relation to each other—from their condition and positions only 30 years ago. An independent version of Western affluence has been created, a version which is inevitably both a tribute to and a constructive criticism of the American original from which so much of Europe's creation of wealth has sprung. €

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METAL MANUFACTURING

1959 Net Income ($ Millions)	1959 Sales ($ Millions)	1959 Company and Country	Ranking	1981 Company and Country	1981 Sales ($ Millions)	1981 Net Income ($ Millions)
254.6	3,643.0	U.S. Steel (US)	1	Thyssen (Germany)	15,235.9	61.6
117.2	2,055.7	Bethlehem Steel (US)	2	Nippon Steel (Japan)	13,104.9	496.2
53.9	1,076.8	Republic Steel (US)	3	U.S. Steel (US)	12,492.1	504.5
77.1	1,022.4	Armco Steel (US)	4	Pechiney Ugine (France)	9,029.7	143.9
55.6	858.5	Aluminum Co. America (US)	5	Canadian Pacific (Canada)	8,539.5	498.7
NA	829.5	Fried. Krupp (Germany)	6	LTV (US)	8,009.9	127.9
29.5	765.7	Jones & Laughlin (US)	7	Krupp (Germany)	7,668.5	33.5
54.9	736.9	National Steel (US)	8	ESTEL (Netherlands)	7,046.1	(−245.8)
48.4	705.1	Inland Steel (US)	9	British Steel (UK)	6,772.7	(−3,891.3)
30.8	668.5	American Metal Climax (US)	10	Bethlehem Steel (US)	6,743.0	121.0
59.2	632.7	Anaconda (US)	11	Nippon Kokan (Japan)	5,930.5	114.2
10.4	609.1	Gelsenkirchener A.G. (Germany)	12	Armco (US)	5,678.0	265.3
30.9	608.1	Youngstown Sheet & Tube (US)	13	Sumitomo Metal (Japan)	5,558.9	117.1

PHARMACEUTICALS

1959 Net Income ($ Millions)	1959 Sales ($ Millions)	1959 Company and Country	Ranking	1981 Company and Country	1981 Sales ($ Millions)	1981 Net Income ($ Millions)
25.1	585.5	Bayer (Germany)	1	Hoechst (Germany)	16,480.6	251.6
NA	529.0	Hoechst (Germany)	2	Bayer (Germany)	15,880.6	356.3
46.7	420.8	American Home Products (US)	3	Johnson & Johnson (US)	4,837.4	400.7
15.4	297.7	Johnson & Johnson (US)	4	American Home Products (US)	3,798.5	445.9
24.9	253.7	Pfizer (US)	5	Roche/Sapar (Switzerland)	3,496.2	138.3
6.2	234.6	Ciba-Geigy (Switzerland)	6	Warner-Lambert (US)	3,479.2	192.7
29.9	216.9	Merck (US)	7	Bristol-Myers (US)	3,158.3	270.6
20.9	209.2	Sterling Drug (US)	8	Pfizer (US)	3,029.3	254.8
30.9	191.5	Parke Davis (US)	9	Sandoz (Switzerland)	2,925.5	120.6
23.4	187.0	Eli Lilly (US)	10	Merck (US)	2,734.0	415.4
16.4	182.8	Warner Lambert (US)	11	Eli Lilly (US)	2,558.6	341.9
23.2	156.9	Upjohn (US)	12	Beecham Group (UK)	2,243.2	175.8

Source for all tables is *Fortune Magazine* (July, August 1960; May 4, August 10 1981.) Industry classification is also abstracted from *Fortune Magazine*. Figures are for 1980.

boardroom brouhaha

Ivor Richard explains the controversial Vredeling proposal

The so-called "Vredeling proposal" is a draft EC directive that would require multinational corporations to disclose considerably more information than they now do on each company's financial situation and "all procedures and plans liable to have a substantial effect on employees' interests." The proposal as it now stands is causing consternation among American executives who see in it a threat to their management control. Ivor Richard, the EC Commissioner responsible for employment and social affairs and thus the closest to the issue was in Washington recently, briefing an audience at the US Chamber of Commerce on the subject. Excerpts from his talk follow.

Ever since I became responsible for this draft directive a year ago I have been surprised at the enormous amount of controversy it has attracted. I am particularly concerned about the degree of hostility it has generated amongst the multinational companies (MNC). It seems to be the view of some multinational companies, particularly American ones, that the prime purpose of this directive is: if not to destroy, then to badly damage them. Nothing could be further from the truth.

The EC is not in a witch hunt against multinationals. Nor, I hope, are multinationals in a witch hunt against the EC. Those holding either belief fundamentally misread the interface between the EC and multinational companies, and the Commission's perception of and policy towards MNCs. Let me explain briefly the balanced nature of that perception.

The multinational company is a focal vehicle for economic change in our Western societies, and the EC is no exception to this. The factors influencing the nature and the speed of such change—be they shifts in international trade, in investment, or in technological know-how—are now essentially international in character. Indeed, in early recognition of that, one of the initial and lasting purposes of the EC has precisely been the creation of a common cross-frontier market encouraging corporations to operate transnationally, and American MNCs have been prime beneficiaries of this process. The maintenance and furtherance of transnational trade and investment remains a key EC priority, reflecting the belief that corporations should be encouraged to adopt an international framework to respond to international challenges and exploit international opportunities.

But at the same time, exploitation of new opportunities—and few in the international business community contest the benefits accruing to MNCs from the creation of the Common Market—must be paralleled by the assumption of new responsibilities, notably to local work forces who, like the companies that employ them, are also caught up willy-nilly in this process of change. We are not simply a Common Market of goods and services, but also a Community of peoples. Strategic decisions made by large enterprises which directly affect the welfare of large numbers of citizens cannot simply be announced after the event.

This is particularly true in times of great structural changes instanced by rapid technological innovation and rising and massive unemployment. I feel that we in the EC must ensure that, in seeking to foster an effective business response to such structural change, in which the multinationals have an undoubted role to play, we must not lose sight of the involvement in that change of employees of such companies. This I think you will agree, is an even-handed approach.

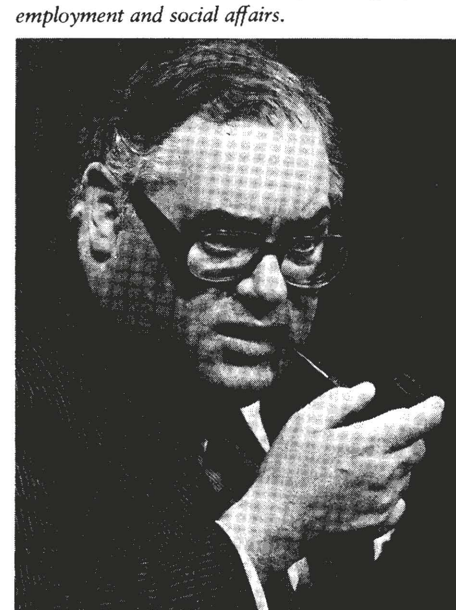
The startlingly rapid changes, both in production techniques and employment structures, that technological innovation engenders cannot simply be conceived, developed, and implemented in a social vacuum. We believe that work forces need to be consulted on these matters, informed of and involved in the decision-making process affecting their livelihood. This is not, I believe, a radical position, nor is it a position against the pursuit of technical innovation. On the contrary. We firmly believe in the process of change, but also in the need to justify it to those concerned. Otherwise the whole process of industrial transformation risks being called into question.

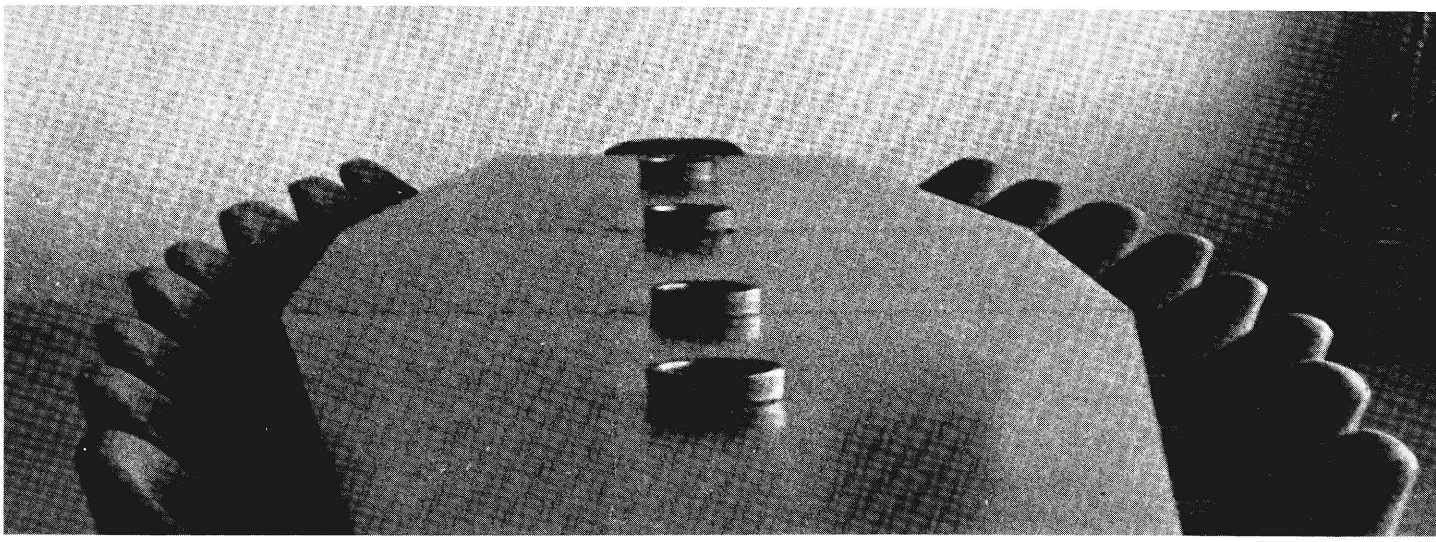
If we are to approach these extremely difficult problems in a constructive manner, then we have to create a sense of cooperation and partnership between both sides of industry. The issues involved are too important for us to try to settle them in the traditional manner of confrontation. I hope that we will be able to forge this new partnership, though I am bound to say that, if the conflict between the two sides of industry which has arisen over the so-called Vredeling proposal is to be duplicated, then there is not very much ground for optimism.

The concern of the Community about the activities of multinational undertakings has been long-standing and has been expressed not only in the Commission but also in the Council of Ministers and in the European Parliament. It is against this background that the Commission approved the draft directive.

I should like to explain my attitude to this proposal. In summary, this directive aims to give workers in companies with subsidiaries the rights to information on company policy which is likely to affect the workers' livelihood or well-being. That seems to me to be a

EC Commissioner Ivor Richard, in charge of employment and social affairs.





quite admirable objective. No one would deny that workers have at least the right to be informed about matters which are often literally a matter of economic life or death to them. This is particularly true in a period of recession, with mass redundancies, plant closures, and an increasing anxiety on the part of workers over their future employment.

That is not to say that I necessarily believe that the provisions of the directive as it stands at present are the best way of dealing with this matter. I appreciate the anxiety of the employers over the possibility that they might have to disclose confidential information, to their commercial detriment. I also understand their worry over the cost of implementing these proposals.

My own view is that there is need for a directive on this matter, but that we need to reduce, or at least simplify, the procedures proposed, and that we ought, if possible, to lighten the burden in administrative and financial terms which it places on employers. I am, however, convinced that if the directive, whatever its final shape might be, is to be effective, it must be statutory and open to judicial enforcement. Both, on the basis of my experience as a politician and as a lawyer, seem to me to be essential features.

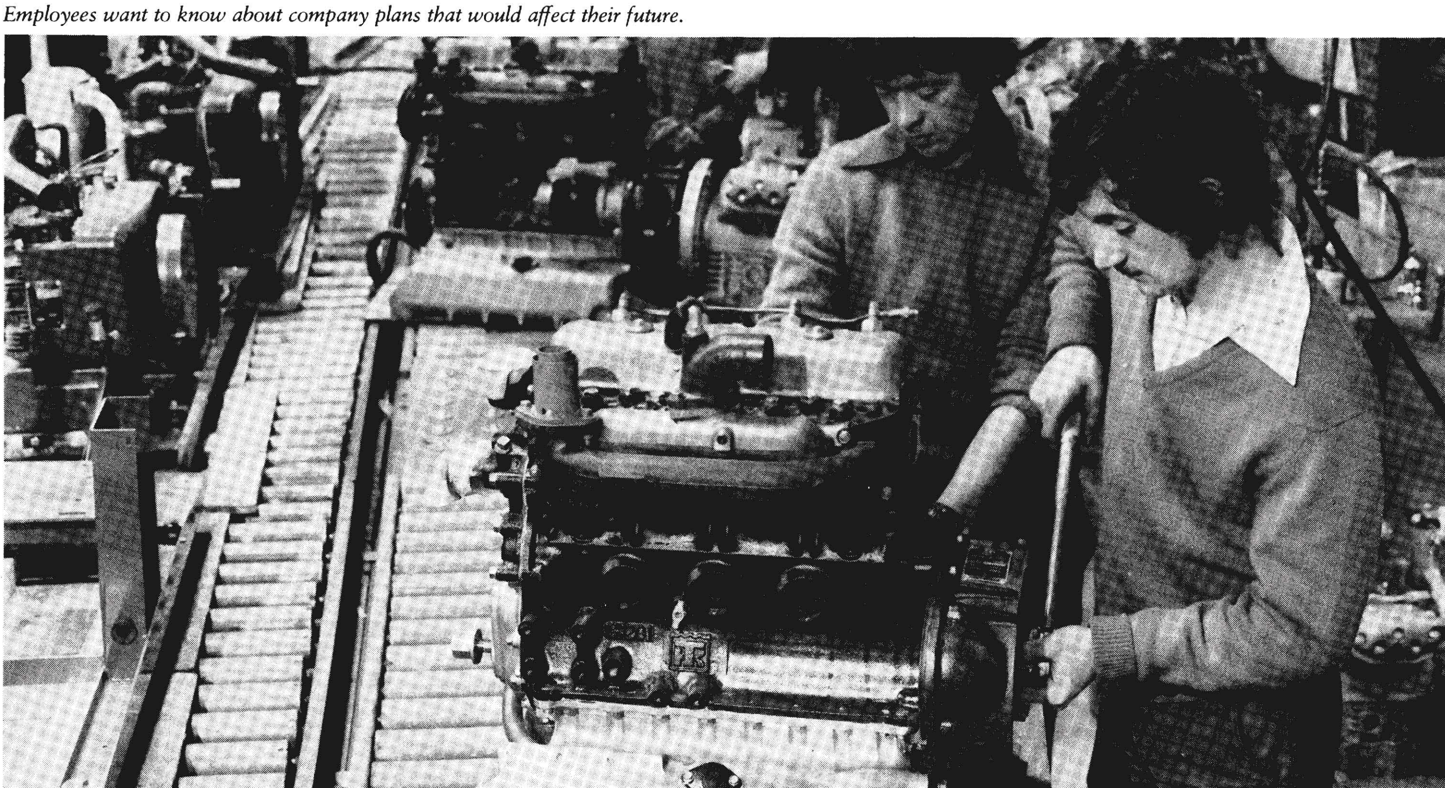
The Commission and the social partners must seek a sensible solution on this draft directive. If by obstructive and uncompromising activities the employers defeat efforts to reach a sensible conclusion, then I do not believe they will have won a victory. All they will have done is to give great offence to organized labor in Europe and risk seriously worsening industrial relations. The economic and employment problems facing Europe are so grave that, without the cooperation of the social partners, they cannot be solved.

I believe that there is a problem here which somehow has to be solved, and solved by dialogue and agreement. To this end I intend continuing, at an appropriate moment, the process of consultation with both sides to see how to resolve the present impasse.

It has been suggested in some quarters that the Commission should "go back to the drawing board" and start afresh. I do not believe this to be either practicable or realistic. What we will do is to consider the opinions of Parliament when they have been finally promulgated. In the light of these proposals, I will then be in a position to decide what amendments may be necessary to the present text. I should like to make it clear that I am not wedded to the text as it stands. I recognize that it causes problems for multinational companies which can certainly be happier expressed and more precisely framed.

I approach this whole matter with what is, I hope, an open mind. I am quite convinced that greater clarification of the responsibilities of a multinational company to inform its workers is needed, and that that need increases, not diminishes, as time passes. I am also convinced that, given good will and flexibility on all sides, it is possible to produce proposals which will clarify that responsibility without endangering the operation of multinational companies in a European context. The Commission hopes, at the end of the day, to be able to produce proposals which are practicable, helpful, and long-lasting, and which will make a contribution to maintaining sensible industrial relations. €

Employees want to know about company plans that would affect their future.



POWER THROUGH ALLIANCES

Leo Tindemans defines Belgium's policies of cooperation

It is impossible in a short text to sum up the day-to-day activities of policy implementation. But, with Belgium holding the six-month presidency of the EC, it is essential that we recall the basic policy lines that characterize Belgium's relations with the rest of the world.

For half its history (from 1830 to 1914) as a young, independent country, Belgium was a neutral country, a neutrality imposed and guaranteed by the larger powers. This legal status was destroyed in 1914. Then, after WWI, my country regained the free use of its independence. In 1936 again, worried about international tensions and the large democratic nations' inaction in the face of rising totalitarianism, Belgium freely chose neutrality, hoping that, like the Netherlands during 1914-18, the country could escape the conflagration it saw coming. In May 1940 this hope was crushed. Later, for the second time, we regained our freedom thanks to the allies—and we haven't forgotten it.

Twice, then, Belgium's neutrality couldn't keep it out of the conflicts. Meanwhile in London, already during the war, a new political philosophy was taking shape: nations cooperating in a framework of commitment.

Immediately after the war Belgium put this principle into practice by joining Benelux association, the European Economic Community, and the North Atlantic Treaty Organization (NATO). How best can we understand, for today and for yesterday, the consequences of this principle of alliance.

My country is perfectly aware that in today's world it cannot hope to have, on its own, any influence on international events and, thus, on its own future. The development of international life has lessened the relative importance of the small and large powers. Instead of accepting this state of affairs, which in fact would have reduced our effective independence, my country was among the first to choose the alliance principle.

In an organized alliance—and for me this term characterizes both the EC and NATO, that is, an interdependent cooperation—Belgium regains the political role that it historical, geographical, political, and economic situation give it. The country can again be associated with a global, and thus effective, policy. It can ensure its security, increase its well-being, and give substance to its ambitions, be they domestic or international concerns.

Alone, we could not have a realistic policy for defense, for economic growth, for crisis fighting, or for promoting detente in East-West relations and in North-South questions. But we can influence, through our choice of diplomatic policy, the evolution of international preoccupations.

This is the paradox of the small country: Its general situation reduces it to near helplessness. Necessity forces it into alliances where it finds itself co-manager of great-power policies. Within the EC as well as NATO, Belgium is not ignorant of the price it pays for these member-state rights. The country recognizes perfectly well that since it has been accorded important rights as a partner, it must pay its dues through a policy of commitment and responsibility.

On the 25th anniversary of the signing of the Treaties of Rome the success of our efforts is real. Although our job is far from over, although certain problems are proving extremely difficult to solve, the path of cooperation and of collective commitments has brought us a long way.

Direct election of members of the European Parliament has given the Community principle popular legitimacy and the autonomy of Community institutions has been reinforced through having financial resources proper to the EC. The European Economic Community and the Common Agricultural Policy have had definite and beneficial effect on member state economies. This Community spirit gave birth to a framework for European Political Cooperation, affirming the desire of European countries to participate collectively in realistic diplomacy. It was in the same spirit that a new approach to North-South relations took shape in the Lomé Convention accords with the African, Caribbean, and Pacific nations.

This responsibility as co-manager of Europe's future or of Western security leads, in Belgium, to a certainty of the importance of our role. The implications of these collective policies are regularly the subject of national debate. These debates and the opposition that sometimes surfaces are normal phenomena. Nevertheless the reactions brought on by certain EC or NATO decisions have never caused our country to adopt a negative attitude within these organizations.

For 30 years Belgium has based its foreign policy and its security concerns on the principle of organizational alliances. It has every reason to be satisfied with the result. Our Western world can not keep all the profit from its well-being. In extending this well-being throughout the world, we are spreading the privileges of freedom. By guaranteeing its security through a resolution of the economic crisis the West is laying the only foundation on which it can undertake and continue the immense effort of development. Belgium knows that this effort also will take place through the alliances it has joined. €

Leo Tindemans is Belgium's foreign minister.

The Grand' Place in Brussels ©Martin Rogers, Woodfin Camp

OLD FACES, new policies

Sweeping recovery package is most dramatic in years

ALAN OSBORN

On a wet day in March a steel-helmeted demonstrator picked up a stone from a road in the middle of Brussels, fitted it into a sling-shot and fired it at a rank of gendarmes. A photographer snapped the incident. The picture crystalizes the social tensions and anger that have afflicted Belgium with its worst rioting for years this spring. You could find countless other examples, but there is little point in dwelling on them and suggesting the situation is much worse than it is. A firm, strongly principled Goverment applying harsh remedies to an ailing economy does not expect the public to rejoice over them. The violence has been ugly and may become worse but anyone expecting indifference has badly misread the economic condition of Belgium and the Government's determination to correct it.

A quick look at the faces in the new cabinet, formed last December, belies the remarkable changes that have taken place in the country's Government. The Prime Minister is Wilfried Martens—for the fifth time, no less! The familiar frame of Leo Tindemans graces the foreign office. A third Flemish Christian Democrat, Mark Eyskens, is economics minister. Finance and foreign trade are in the hands of Willy de Clercq, and defense is the responsibility of Alfred Vreven, both Flemish liberals. On the surface it looks little different from the unwieldy coalitions that have run Belgium for better or worse for the past five years.

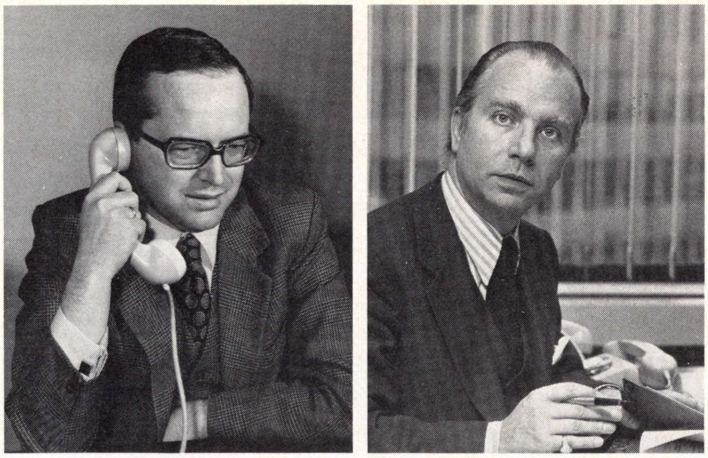
A closer look reveals a striking change however. There are no Socialists in the Government, for the first time since 1977. Although the Socialists actually improved their standing in the elections last November, the most dramatic gains were registered by the Liberals with 52 seats in the Parliament compared to 61 each for the Socialists and the Christian Democrats. Sharing similar economic philosophies, the Christian Democrats and Liberals were able to establish a center-right alliance that marked a sharp break with the basic co-Socialist coalitions forming the previous seven Governments.

The development was greeted with some trepidation by those who feared the absence of the Socialists would inflame divisions between French-speaking Wallonia (which largely favored the Socialists in the election) and Dutch-speaking Flanders. The chronic economic differences between the two halves of Belgium lends further tension to the division. Wallonia is the base for much of Belgium's crisis-hit industries such as steel, heavy engineering, and gas. By contrast most post-war investment has gone into Flanders, enabling the region to withstand the rigors of the recession far more successfully than its provincial neighbor. Without a say in Government, claimed the Socialists, there would be no outlet for union unrest and the frustrations could become intolerable.

The counter-argument was that another co-Socialist coalition that had to keep looking over its shoulder to such widely contrasted constituencies was in no position to take the bold decisions that Belgium's economic condition demanded. A center-right Government commanding broad support among its members on economic policy would avert the prospect of a divided cabinet and lowest-common-denominator politics. It also held the promise of greater durability—no small consideration in a country where Governments often seem to blossom and fade as regularly as spring flowers.

Three months is not long enough to assess the strength of

Belgium's steel industry is facing monumental problems. ©Paul Fusco, Magnum Photos



Prime Minister Wilfried Martens (left) and Minister of Economic Affairs Mark Eyskens. Photos courtesy of the Belgian Embassy

either proposition. The wave of strikes throughout Wallonia this year and the demonstrations and riots in Brussels might seem to confirm the Socialists' fears. But there is some evidence, admittedly tenuous, to suggest that having made their point, the labor unions are now less enthusiastic about following it up to the point of bringing down the Government. The present realities of Belgium's economic situation, with unemployment now the highest in the Community, no less than its grim short-term prospects, are truths which may be commanding widespread acceptance at last.

What can be said with more certainty is that the commotion has not prevented the Government from bringing in the most unrelenting package of economic measures seen in Belgium for years. Even more provocatively it has armed itself with special emergency powers enabling it to push through legislation outside of the usual parliamentary procedures. Lasting for 12 months, the powers effectively give the Government the right to rule by decree, an authority it claims is indispensable if unpalatable austerity measures are not to be thwarted, delayed, or watered down by the Parliament.

Granted the powers in February, the Government has exploited then with a boldness that many Belgians find breathtaking. The Belgian franc has been devalued by 8.5 per cent and the cherished and time-honored automatic linking of pay to the cost of living has been modified in an effort to cut real wages by 3 per cent this year.

Public spending and social security benefits have been ruthlessly cut back to reduce the huge budget deficit. At the same time the Govenment has introduced temporary price controls and has ordered selective tax cuts for industry to boost investment and encourage exports. This sweeping package has landed, moreover, at a time when the all-important steel industry in Wallonia is facing massive retrenchment following the EC Commission's insistence on the phasing out of national aids.

The riots and strikes vividly illustrate the union reaction to this remarkable turn in policy. But for all the street violence—which reached a peak when nearly 200 people were injured in clashes between riot police and steelworkers in Brussels in early March—the demonstrations do not suggest that such protests command universal support among the labor movement. A general strike called in February failed to immobilize much of Flanders and recent demonstrations have been more orderly and peaceful.

This is largely because the unions are split, like the political parties, into different ideological and linguistic factions, with divided loyalties and contrasting views on tactics and strategy. Militancy is greatest in Wallonia and largely concentrated in the Socialist General Federation of Belgian Workers (FGTB/ABVV). The Confederation of Christian Labor Unions (CSC/ACV), particularly its Flemish wing, is more skeptical about the value of direct action and has increasingly shown itself unwilling to back the unremitting strikes called by the Socialist union. Encouraged by signs that union opposition to its policies is not monolithic, the Government has thus far shown

In the Scheldt harbor. ©Leroy H. Mantell, Trier, Germany

itself unprepared to offer more than token modification of its policies, for instance by agreeing to extend the price freeze on a temporary and selective basis.

Even so, Belgium faces local elections later this year and the present austerity drive could take a savage toll on the Government if its policies do not produce some convincing evidence of success before long. Recent opinion polls show, not surprisingly, that the Flemish Christian Democrats and the Liberals have lost some popularity since November, with the French-speaking Socialists making corresponding gains. The French-speaking half of the Christian Democrats, although faithfully supporting the Government's economic policies, is reported to be increasingly uneasy over their impact in Wallonia, though so far its popular support has held firm relative to that of the other coalition partners.

Belgian politics have long been victim of the division of the country into Flemish and French-speaking communities and if the tensions arising from this have become somewhat eclipsed by the economic situation, they nevertheless still provide a disturbing background rumble. What is not yet clear, however, is whether the establishment of separate regional councils for the two halves of the country last December will provide a safety valve for those seeking cultural independence or rather serve as a spur to still greater efforts to achieve separatism.

These new regional "Governments'" will officially have authority for education, housing, the environment and some voice in economic development, but already there are calls for additional responsibilities to be turned over to them, particulary in the key industrial sectors. While such demands command popular support among the Walloon Socialists, it is clear that the depressed region itself is in no position to sustain the rapacious financial demands of heavy industry. Yet any call on central revenues by an industrially "independent" Wallonia would be fiercely resisted by the Flemings who provide much the larger share of the national Government's tax income.

The economic crisis, coupled with the absence of Socialists from the national Government, has fueled speculation that if the social tensions get much worse the Wallonia regional council might provide the framework for a kind of unofficial opposition to the Martens Government. That would certainly polarize Belgium, though it has to be said that as of now the prospect is not taken seriously outside of left-wing separatist circles.

Against this generally uneasy background, the Martens Government is conducting the Presidency of the European Community and all the headaches that this entails. Following the devaluation of the franc and the unsettled condition of the European monetary system, the Government's hopes for a real breakthrough toward monetary union under its stewardship have evaporated. Tindemans has been tireless in his pursuit of a solution to the British EC budget problem bedeviling the Community and in his bid to revive political will for a relaunching of Europe along the lines of his ill-fated plan a few years ago. But Belgium's enthusiasm for the Community is not, alas, shared by all of its larger partners at the moment and the chances of any historic leaps forward this year are frankly not great.

This is a pity since Belgium's devotion and expertise regarding the EC are not likely to be matched by any succeeding Presidents. In a real sense Brussels is the capital of Europe, a fact proclaimed not just by the enthusiasm of its people, but by the EC institutions that are so conspicuously located here. Whatever the internal problems facing Belgium, this is unlikely to change.

Indeed the claims of Brussels are more likely than not to be fortified if the present drift to the Belgian capital of much of the European Parliament's activities continues. The question of making Brussels the official seat of the Parliament is kept somewhat *sotto voce* at the moment but no one doubts that the Government would favor such a development nor that the city offers advantages unmatched by its rivals. But that will be a political decision, if and when it is ever taken, and Belgium has quite enough on its domestic plate for the time being. €

Alan Osborn writes for The Daily Telegraph *from Brussels.*

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WE'RE REALLY GOING PLACES.

BELGIAN ECONOMY

SEARCHING FOR NEW M

ALAN OSBORN

What happened to the Belgian economic miracle? Why have the remarkable achievements of the 1960s and 1970s been eclipsed so suddenly? Some say the country had been living and producing beyond its means and now the bailiffs are at the door. Others blame the grim turn taken by the world economy—wretched news for a country which exports half its output. Both have contributed. But there are other points to be made.

Without any natural resources Belgium worked wonders to sustain its extraordinary export performance throughout the difficult 1970s. Paradoxically this was largely due to maintaining the value of the franc at a level that many outside observers thought too high. A devaluation might have improved the country's price edge in world markets, stimulated exports, and reduced the traditionally high level of unemployment.

But successive Belgian Governments patterned their approach on that of Germany and placed control of inflation uppermost on their list of economic priorities. A strong franc meant the import bill (over half of total gross domestic product) could be controlled, thus sealing off any self-feeding inflationary input. With wages automatically tied to the cost of living, Belgium might soon have found production costs outstripping any once-off gain from a currency adjustment.

As it was, inflation generally was kept down to 4-8 per cent—at a time when most other EC countries were well into double figures as a result of swollen oil bills—and Belgium's industrial productivity almost doubled during the 1970s. The export performance was fortified by earlier shrewd diversification into growth industries largely on the basis of a huge influx of foreign investment lured by the country's useful location and congenial economic atmosphere.

Early 1982 presents a sadder picture with the country facing up to the most austere economic package in recent memory. What went wrong? The simple answer is that the national budget got out of control. Mounting unemployment brought about by productivity gains, high wages, and the recession in basic industries placed increasingly costly strains on the social security budget. Rising interest rates struck cruelly at a country forced to turn to the international money markets for loans. At the same time the succession of Socialist-Christian Democrat Governments over the past five years found it politically impossible to shackle the runaway pace of public spending, much of it devoted to sustaining the crisis-hit steel industry.

The result is that public borrowing now represents 16 per cent of the gross national product—an unprecedented figure for a highly developed Western economy. Squeezed out of the money markets, would-be private borrowers held back on investment, and unemployment soared still further to the highest rate in the EC at 11.5 per cent earlier this year. With inflation rising sharply under the impact of high credit costs, bankruptcies spread and international confidence in the value of the franc dwindled alarmingly.

Inheriting this unappealing situation when it took office in December, the present center-right coalition immediately embarked on a program of sweeping retrenchment. In an effort to cut some $2 billion from the national budget and social security deficits, the Government has reduced unemployment benefits and ordered major economies in health and

Belgium is dependent on imports for 85.7 percent of its energy needs. Shown here is the Esso refinery at Antwerp. ©John Moss, Black Star

RACLES

education spending. The gasoline tax and social security contributions have been raised.

But even more provocative have been the Government's moves to promote industrial investment in an effort to create an estimated 40,000 new jobs this year. Its first step was to lower corporate taxes and introduce a wage freeze by cutting the sacred link between pay and the cost of living. All but the lowest paid workers now have to forfeit their automatic right to pay increases in line with the rise in the cost of living and the result should be a fall in the level of real wages of around 3 per cent this year.

The boldest step of all however has been the February devaluation within the European monetary system of the Belgian franc by 8.5 per cent, the first adjustment in the currency since 1949. With such a move the Government is gambling that the inevitable immediate increase in import costs, and thus inflation, will eventually give way to a surge in exports powerful enough to make a real impression on the present level of 450,000 unemployed.

Early reaction to this daring package has been predictable and, for the most part, inconclusive. Strikes and violent street demonstrations have left little doubt of the labor union's feelings, but there is some slight evidence to suggest that the worst of this may now be over. On the money markets the franc has remained unsettled, with speculation fueled by the disclosure that the Government would ideally have liked a 12 per cent devaluation.

Among the public generally, resentment over the spending cutbacks and wage freeze has been mixed, with some admiration for the Government's determination. Thus far the Government has managed to resist any serious modification of its measures though there is some feeling that continued labor opposition might force it to concede an extension of its temporary and selective price freeze.

If all this weren't enough, Belgium is having to wrestle with the monumental problems facing its steel industry. With a work force of some 25,000 in the depressed region of Wallonia, the giant steel company Cockerill Sambre is on its knees. Massive infusions of Government aid over the past eight years have failed to ensure the firm's future and the prospect of financial starvation has now become a grim reality.

While painfully aware of the implications of mass layoffs in an area where union militancy is already at an alarming pitch, the Government is nevertheless philosophically drawn to the conclusions of an analysis by the U.S. consulting firm McKinsey & Co. to the effect that the five-year restructuring plan for the company will still mean huge losses for it in 1985.

In any case the Brussels EC Commission, which requested the McKinsey report, has refused to sanction the modernization plan under its policy of eliminating all state aids to the industry by 1985. While Cockerill Sambre's problems stem partly from the special nature of the steel crisis throughout Europe, the general condition of the Belgian economy and the new assault on public spending has gravely worsened them.

Too much has still to be determined economically and politically for one to rush into resounding judgements about Belgium and predict an early return of the conditions that made it such a lure for foreign investment a decade ago. The basic assets remain but judgement on the effectiveness of the Government's bold drive against its problems will have to wait some months yet. The sense of determination is impressive, however, and one senses a general feeling that the country is ready to see the business through for the sake of better things later on.

"The Government firmly believes that the whole package of measures brought forward represents a New Deal for Belgium," Finance Minister Willy de Clercq said recently. "This New Deal will bring back the assets that made Belgium so attractive to foreign investors a few years ago." €

FIGHTING THE RECESSION

A number of Flanders-based companies together are trying to conquer a bigger share of Belgium's aeronautical industry and its possible expansion. The Flemish Aerospace Group (FLAG), created in December 1980 by the Flemish Economic Association, with the cooperation of the Flemish regional executive, is bidding for subcontracting work under compensation programs.

In the 1960s and 1970s the totality of economic compensation for purchases like the American-made Starfighter and F-16 and the French Mirage V planes went to metal-working and electronics industries in Wallonia. The Fabrique Nationale d'Armes de Guerre in Herstal makes F-16 jet engines and it is assembled in the SABCA plants in Gosselies.

In Flanders where new industries mushroomed in the 1960s bringing unprecedented prosperity, scant attention was paid at the time to the lopsided flow of such job creating work. But with the economic crisis biting ever deeper, swelling the ranks of unemployed and shrinking employment chances for young entering the labor market, Flemish leaders in industry and trade, began to seek new markets, new technologies and new development chances.

Predictably FLAG's endeavors have caused a storm of protest in Wallonia against the Flemish initiative which is variously labeled "unfair competition" and "crazy duplication."

FLAG now groups over 100 companies, employing more than 50,000 people, which want to penetrate new markets and into new aeronautical and space technologies, electronics, and energy. The initial Walloon reaction to the emergence of FLAG was to cast doubt on the ability of Flemish industries to do such specialized work.

But an international consultancy firm (Bekaert-Stanwick) made an extensive study of the characteristics of the FLAG constituents and found that out of 49 companies examined, 20 already had Allied Quality Assurance Publications (AQAP) homologation while 11 others had started the procedure to obtain it. FLAG members use 3,000 researchers, 400 of whom qualified for aviation and space work.

FLAG wants to increase member companies' aviation and space work from the present 2 per cent of their turnover to 20 per cent in 1985, leading to the creation of 3,500 new jobs.

"Flemish industry is entitled to 56 per cent of economic compensation for Belgian purchases of Airbus passenger planes or of fighters to replace 100 aging Air Force Mirages," a FLAG spokesman said. The percentage is based on a distribution key reflecting regions' contribution to national fiscal revenue. Flanders yields more than 57 per cent.

doing business wi

At the Belgian American Chamber of Commerce a typical telephone might begin: "Could you give us information on the XYZ company? We are not sure how to spell its name, but we think it manufactures widgets, and we're pretty sure it's a Belgian company. We would like to know its exact name, address, telephone, telex number, name of contact, and if possible size and financial status. Can you help us? May we call back this afternoon?" With not much to go on, the chamber's staff sets about its patient detective work, which, as in a good majority of cases, will unearth the requested data or at least a lead to follow.

This is just one small example of requests which come in by phone or letter, from all parts of the United States and Belgium, seeking information on the various aspects of importing, exporting, and distribution; on specific products; on customs and trade regulations; on setting up business or joint ventures; on working conditions; on trade fairs; and so on in a two-way exchange in which the chamber acts as intermediary, catalyst, and general "data bank". For instance, the staff, assisted by the chamber's Brussels office, recently supplied a complete run-down of employment conditions in Belgium for an American company which is thinking of setting up operations in that country. It provided information for a student writing a thesis on Belgium's electronic industry, and it found a source of Belgian chocolates almost overnight for a new candy boutique opening in Boston.

Visitors, both American and Belgian, also stop in on the 10th floor of 50 Rockefeller Plaza in New York City, where the chamber's office is located, to discuss their trade problems in person. And it's not rare for the chamber's staff to schedule appointments or make reservations for their business trips. In addition, the chamber can set up an "office away from home" on request.

The Belgian American Chamber of Commerce has other important functions such as action as liaison between Belgian and American companies. Over 1,500 US corporations

n Belgium

have operations in Belgium and a number of Belgian companies and individuals run successful businesses in the United States. Many of these companies on both sides of the ocean are chamber members.

The chamber keeps its members informed of developments in trade legislation and on Belgian and American customs regulations. It maintains records on producers, distributors, and agents in Belgium and the United States, and offers guidance on commercial, legal, and shipping matters. The Belgian American Trade Review, the chamber's illustrated magazine, features articles by authoritative writers on economic, industrial, and trade matters, as well as "company profiles" or success stories, and serves as a showcase for Belgian products.

The Chamber also publishes a Business Opportunities Bulletin listing buying, selling and other commercial opportunities on both sides of the ocean, and a directory of its members in Belgium and the United States (alphabetical and by sector), which includes a list of Belgian corporate investments in the US among other interesting data. A directory of US firms in Belgium is being updated.

The Belgian American Chamber of Commerce in the United States, Inc. as it is known today, has its roots in the early 1920's but was officially incorporated in New York in April of 1943. As interest in its activities grew outside of the New York area, the chamber decided to set up a midwest chapter in Chicago in 1967, and more recently, in 1978, a southern chapter in Atlanta. The chamber's office in Brussels helps to establish a two-way flow of information over the Atlantic, and its membership in the Federation of Belgian Chambers of Commerce Abroad provides it with contacts throughout the world.

Fifty-one prominent businessmen both Belgian and American sit on the chamber's board of directors. They contribute their time and experience to the chamber and help to make it an effective tool of Belgian-American trade. The Chamber draws its membership from both sides of the ocean, not only from among the large corporations interested in Belgian-American exchanges, but increasingly from small and medium-sized companies who feel that the chamber can help them in their trading. The membership represents a wide range of industries (chemical, pharmaceutical, steel, metals, construction, plastics, textile, food, diamond, consumer goods, and others) and services (accounting, law, banking, insurance, custom brokerage, shipping, freight forwarding, airlines, engineering, real estate, for example). As new areas of interest, such as electronics, energy, bio-technology, agro-industry, medical equipment attract Belgian and American business into exchanges, the chamber hopes to further broaden its membership. €

a day trip away

Where to visit between meetings in Brussels

DIANA SCIMONE

You're on your umpteenth trip to Brussels—the third this year alone. You've visited every museum in town, and could no doubt lead a group through the Grand' Place on your own. Now you're faced with an afternoon between meetings. . . .

Why not explore some of the lovely towns and cities scattered throughout Belgium? Thanks to the country's excellent railway system, Brussels is at most 2½ hours away from any point in Belgium. In fact, the very first railway on the continent went from Brussels to nearby Malines. Today Belgium has the densest railway system in the world, and you can take a day trip to anywhere in Belgium without checking out of your Brussels hotel. Antwerp and Ghent, for example, are only a half-hour away. Bruges and Liège are about an hour outside of the capital, and the coast resorts a little further on. And in just over two hours, you can be hiking through the lovely forests of the Ardennes.

If you've got a Saturday and Sunday to spare, take advantage of the Belgian National Railways' weekend excursion ticket. It gives reduced rates for trips to the coast or to the Ardennes and is valid from Friday evening to Monday morning. Once you arrive at your destination, explore on foot or be adventuresome and rent a bicycle. Twenty train stations throughout Belgium provide this service. Simply show your rail ticket, and for a few francs you'll have a bike and insurance. At the end of your excursion you can return your temporary set of wheels to the same or another participating station. Here are six suggested excursions. Try these or explore on your own.

ANTWERP

There are four trains an hour making the 30-minute run between Brussels' Gare Centrale and this largest city in Belgium. (Be sure to hop on an express—the local trains take twice as long.) A sparkling metropolis of diamonds and petrochemicals, Antwerp also offers reminders of the age of Rubens and the Baroque. You'll find peaceful 14th Century churches, narrow streets, and verdant parks tucked away in odd corners. Don't come on Monday, though, because many of the museums are closed. You'll want to visit the Royal Museum of Fine Arts, the Plantin-Moretus Museum with its 16th Century printing shop, and the house on Rubenstraat where Rubens lived.

The monumental Cathedral of Our Lady has seven naves and 125 pillars—quite a feat for an edifice begun in 1352. In addition to the lovely stained glass windows, you'll find Rubens' masterpieces including "The Elevation of the Cross" and "The Assumption." (Morning sunlight is damaging to the paintings, so the cathedral is open only in the afternoon.) The cathedral faces on the peaceful Grote Markt where you'll also see the Town Hall, built in 1561 in the Italian Renaissance style.

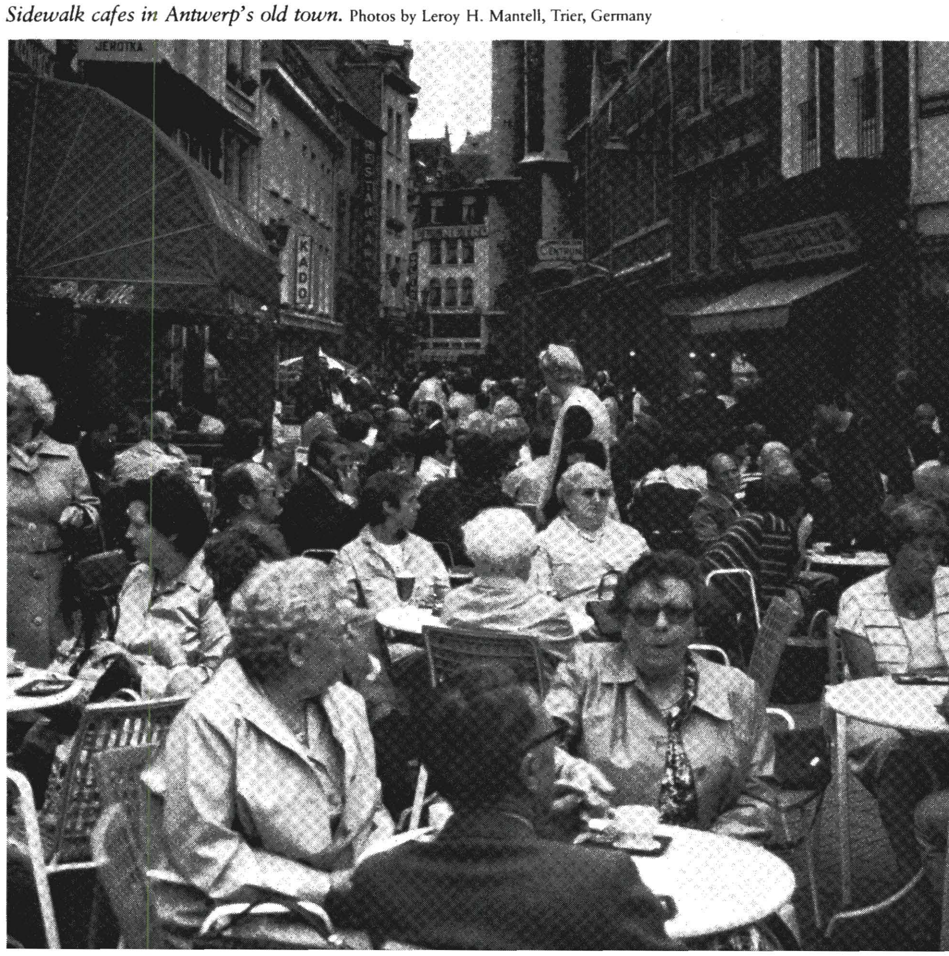
Antwerp boasts the world's third largest port, and you shouldn't miss the opportunity to view it at sea level. Boat excursions of one and three hours leave every Sunday from Dock No. 13. The departure point is near the Steen, the National Marine Museum which was built in the 12th Century as a fortress and later used as a prison.

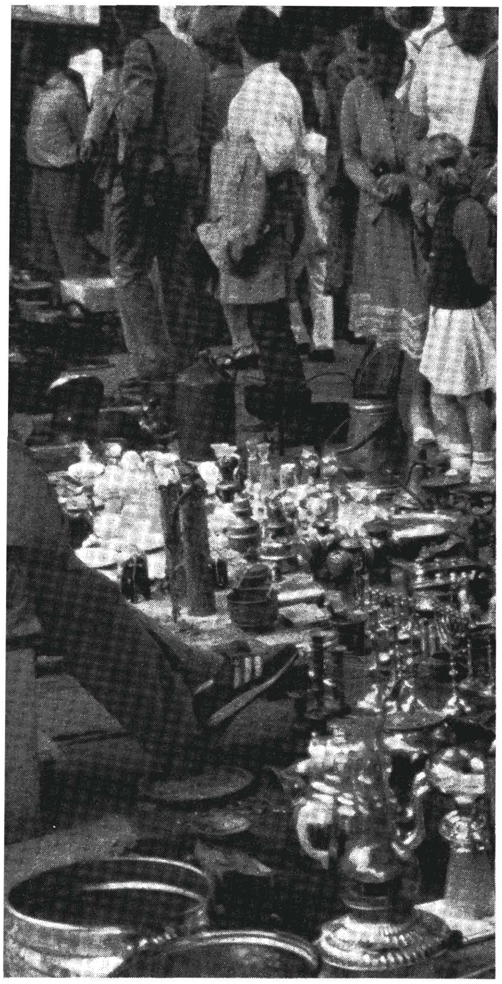
BRUGES

Trains leave Brussels' Gare Centrale for Bruges twice an hour for the 60 minute trip to this lovely medieval city. The best way to explore Bruges is wandering about on foot or taking the 35-minute city boat trip. Though every country boasts a Venice look-alike, Bruges' latticework of canals surely makes it special. The city fathers are in the process of restoring 2,000 buildings, and already visitors get the feeling of stepping back in a time machine to the Middle Ages. In the Grote Markt, for example, you'll find 13th Century guild halls marking the former commercial center of the city. Dominating the marketplace is the octagonal-towered Belfry giving fine views of Bruges and the outlying region. Within the walls of the Chapel of the Holy Blood is the famous Relic of the Holy Blood, which has resided here since 1149 when it was given to Count Thierry d'Alsace during the second Crusade. It's shown to the public every Friday morning.

Don't miss Michaelangelo's "Madonna and Child" in the 13th Century Church of Our Lady. And spend a quiet moment in the local *bêguinage*, one of many "enclosed districts" throughout Belgium where secular nuns have

Sidewalk cafes in Antwerp's old town. Photos by Leroy H. Mantell, Trier, Germany





Bruges flea Market.

lived since the Middle Ages. Bruges' *bêguinage*, still in use, was founded in 1245.

Museums abound throughout the city, but perhaps the most famous are the Groeninge with its masterpieces by Flemish primitives such as Van Eyck, and the Memling, housed in the former Hospital of St. John (where probably the oldest pharmacy in the world still fills prescriptions).

GHENT

If you're pressed for time, you can visit Ghent on the way back from Bruges—if you get an early start. But you'll surely want to linger in this former capital of the Counts of Flanders. If you think of industry when you think of Ghent, fear not; the industrial parts of the city are clustered in the north where the new port area stretches as far as the eye can see to the border with Holland. In old Ghent, you'll find the ancient Abbey of St. Bavo with its lapidary museum; a Town Hall representing a synthesis of Ghent's history and architecture; many interesting museums including the Museum of Fine Arts, the Museum of Archeology and the Maeterlinck House; and in St. Bavo Cathedral, Van Eyck's magnificent altarpiece, "The Adoration of the Lamb."

A charming way to see the city is the 45-minute tour by horse-drawn cart (*paardekoets*, leaving from St. Bavo's Square from mid-April to the end of September). Or, to get a flavor of what Ghent was like in ages past, walk along the quay at Graslei where you'll find guild houses dating from the 12th to 17th Centuries.

SEA RESORTS

You can hop one of the hourly Brussels-Ostend trains and in just over 60 minutes be lying on a 65-kilometer beach listening to the waves of the North Sea lapping on the sand. Ostend has a cosmopolitan character complete with casino, Festival Hall, and a modern art museum. You can spend hours on the pier watching sailing regattas and the coming and going of the Ostend-Dover mail boats. If you're feeling achy, take the "cure" at the Palais des Thermes.

Another popular seaside resort is Blankenberge, about 21 kilometers northeast of Ostend. Here, too, you'll find a casino and, for the children, a motor racing track. Many say the most fashionable sea resort of Belgium is Knokke-Heist. For a place boasting deluxe hotels, a casino, sumptuous villas in the midst of wooded dunes, and a pool filled with heated sea water, it is odd indeed to find Knokke-Heist proud home of *Kartoenale*—the world festival of humor.

SPA

If you, like this author, have gone miles out of your way to visit spots that are famous for certain products (such as a 200-mile sidetrip to Cherbourg simply to buy an umbrella), you will not want to miss Spa, the original that has given its name to health resorts the world over. For many hundreds of years, this chic town has been the meeting place of kings and queens, czars and czarinas, philosophers and politicians alike. The mineral water here has a high iron content and is said to be therapeutic for arthritis sufferers. If you're inclined to do more than soak in red copper tubs filled with carbonated water, you'll also find a casino, cross country skiing, walks through the Haute Fagnes, tennis, and an excellent golf course.

WATERLOO

Waterloo is just 18 kilometers south of Brussels, and makes a fascinating sidetrip when you've only got a few hours to spare. Take bus "W" which leaves every half hour from the Place Rouppe; stay on past the village of Waterloo itself until you reach Mont St. Jean and the Lion's Mound, smack in the center of the battlefield. The large plain has remained virtually untouched (in spite of threats of superhighways within its boundaries) since June 18, 1815, when the forces of Napoleon met the armies of the allies under the Duke of Wellington. You can hike to the top of the 45 meter high Lion's Mound and survey the plain below, then visit the panorama giving a splendid explanation of who clashed with whom and where. On the way back, visit the Caillou farm where Napoleon had his headquarters. In Waterloo itself is the newly built Wellington Museum complete with maps and battle memorabilia.

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The Belgium Government Tourist Office has a number of excellent complimentary publications to give you the specifics on sidetrips from Brussels: *Belgium Weekends and Short Breaks*, *Belgium Historic Cities*, *Belgium—24 itineraries for motorists*, and *See Belgium and Europe by Train.* The office is located at 745 Fifth Avenue, New York, NY 10151, (212) 758-8130.

Diana Scimone is the travel correspondent for Europe.

The Koornlei, Ghent.

The Capitalist Connection

John Starrels examines East Germany's special relationship with the West

With an estimated gross national product of $135.4 billion, and a per capita income of $8,000, the German Democratic Republic (GDR) is the most affluent member of the Soviet-directed Council For Mutual Economic Assistance (Comecon). In contrast with their Western-oriented Socialist partners—Hungary and Romania—the East Germans are more enthusiastic about the future of "Socialist economic integration" within Comecon. In fact, East Germany takes special pride in being the Soviet Union's most important economic partner. Moreover, in light of East Germany's energy and raw material dependency on its larger partner, it will probably need to increase its industrial exports to the Soviet Union to pay for these increasingly expensive commodities.

But the East Germans know that the future of their economy also depends on expanded trade and industrial cooperation with the capitalist West. The 1981-85 five-year plan, approved at the 10th party congress in April 1981, accordingly gives high priority to technology machinery imports from the West. Major items include automation equipment, computers, industrial robots, electronic controls, and chemical and metallurgical plants. Socialist Unity Party leader Erich Honecker is further calling for large purchases of Western technology for the production of high-quality consumer goods (automobiles, clothing, stereos, and televisions). The GDR expects to pay for these imports largely by expanding its "counter trade" with the industrial West: in exchange for Western products, the East Germans intend to supply their capitalist customers with compensating amounts of steel, chemicals, fertilizers, plastics, and limited amounts of high-precision optical equipment.

Most people are aware of East Germany's special ties to the Federal Republic of Germany. Fewer realize the extent of the GDR's relations with other market economies. For example, East Germany now enjoys particularly close ties with France. In 1973, Paris and East Berlin (the GDR capital) signed a 10-year agreement to expand bilateral trade and industrial cooperation. And over the past decade, the East Germans have become a major exporter of locomotive parts and freight cars to France. Trade between the two countries has accordingly doubled between 1975 and 1980, to about $1 billion.

The GDR is also devoting considerable attention to Japan. In May 1981, Honecker led a high-ranking East German delegation to Tokyo. He had been angling for an invitation from the Japanese for several years, and took the occasion to publicize the importance of expanded ties between these two industrial economies. Between 1980 and 1985, the GDR intends to import nearly $1 billion worth of heavy machinery from this Asian nation. And Japanese business leaders have targeted East Germany as a lucrative market for their micro-electronic products. In the meantime, the Japanese have come to play a major part in building up East Germany's commercial centers. Japanese firms recently finished construction of an 800 bed hotel, the Merkur, in the city of Leipzig and the luxurious international trade center in East Berlin.

The GDR's pathway to the industrial West remains the Federal Republic of Germany, however. Despite strains in East-West relations, the Germanies remain committed to their special brand of detente. At the December 1981 German summit, Federal Chancellor Helmut Schmidt and the GDR's Honecker again emphasized their common determination to maintain this special relationship. Meetings between respective delegations during the summit were meticulously prepared and prominently included the top economic spokesmen of the respective Governments: East Germany's Gunter Mittag, who accompanied Honecker to Tokyo, and West German Minister of Economics, Otto Graf von Lambsdorff.

On the subject of bilateral economic cooperation—inter-German trade reached $6 billion in 1981—the Germans agreed to establish a long term cooperative framework to facilitate expanded economic ties. West Berlin, a traditional source of friction between the two Germanies, nevertheless played a major role in these recent negotiations. In exchange for West German financial guarantees, the East Germans agreed to supply West Berlin with 700 million cubic meters of natural gas, which is being shipped in from the Soviet Union as part of the West German-Soviet pipeline deal.

The GDR remains dependent on the West German mark which it uses to pay for some of its imports from capitalist countries. Since the inter-German treaties were signed in 1972, millions of West Germans have been allowed to visit East Germany. But Honecker has exacted a financial price from the Federal Republic for this more liberal visitation policy. Each visitor to the GDR is required to cash in a set amount of West Germany marks for an equivalent amount of GDR marks. In October 1980, the East German authorities doubled that amount from approximately $6 to $12.

(Within the GDR, West German money enjoys the status of being the second most important currency because it can be used to buy sought-after consumer goods from the West in special currency exchange stores, called "intershops." Though many East Germans resent such stores, particularly those who

Chancellor Helmut Schmidt met with East German leader Erich Honecker last December. ©Sipa Press/Black Star

do not have access to the prized West German mark, the Honecker regime needs the "intershops" to generate needed foreign exchange.

East Germany also derives considerable benefit from its relationship with the European Community. When the Federal Republic signed the Treaty of Rome which created the EEC in 1957, it insisted upon the inclusion of a special protocol providing that the system of "inter-German trade" would remain unaffected by the Community's future regulations. As a result, the GDR is able to export its products to West Germany duty free—as if it were a full-fledged member of the ten. Not without justification, the other EC members occasionally complain to the Commission in Brussels that this special exemption makes it easy for the GDR to export its subsidized goods to the other members without having to pay a special duty at the Federal Republic's Western border.

A related, but more significant, concern is the fear that the East Germans could become a veritable funnel through which goods from other Comecon countries could be exported—duty free—to the Federal Republic, and from there to the remaining members of the EC. The West German ministry of economics has been partially successful in calming such fears by establishing procedures to determine the origin of GDR deliveries and to make certain that the goods received by West Germany's partners come from end-users there. But Bonn's partners remain concerned.

If there are good prospects for expanded East German links to the industrial West, there are some obstacles standing in the way. For example, the GDR's commitments to the Comecon prevent it from expanding exports of some technology products to the West. Fully 80 per cent of East Germany's highly reputed photographic and optical goods, for example, must be shipped to the other bloc systems.

A larger obstacle to East German ties with the West is found in the GDR's dependence on Soviet oil. In January of this year, the Soviet Union announced a 10 per cent cut in subsidized deliveries (about one-third below world-market prices) of petroleum to the European members of Comecon. For East Germany, this means a shortfall of 2 million metric tons—from 19 to 17 million metric tons. Honecker has accelerated the drive to develop alternative energy sources in his country. And there is speculation that the GDR's services to the Soviet Union in far-flung reaches of the globe—from Ethiopia to neighboring Poland—will be compensated for by a more generous oil export policy from its number one ally. In the meantime, however, the GDR may soon be forced to cut back on Western imports if it means that doing so will free up precious foreign exchange for the purchase of OPEC oil—when the need arises.

Do such obstacles presage a withdrawal—a turning inward—of the GDR from the West? Probably not. East Germany's special ties with the Federal Republic will largely prevent this from happening. Moreover, Honecker knows that the GDR's continued well-being depends on the regime's ability to supply the 17 million East Germans with a high standard of living, one comparable to that offered by a more affluent capitalist Germany next door. Twists and turns in East Germany's approach to the West can of course be expected during what promises to be the turbulent 1980s. But the GDR's commitment to expanded relations with the industrial West can be expected to remain firm.

John Starrels is a free lance writer based in Washington, DC.

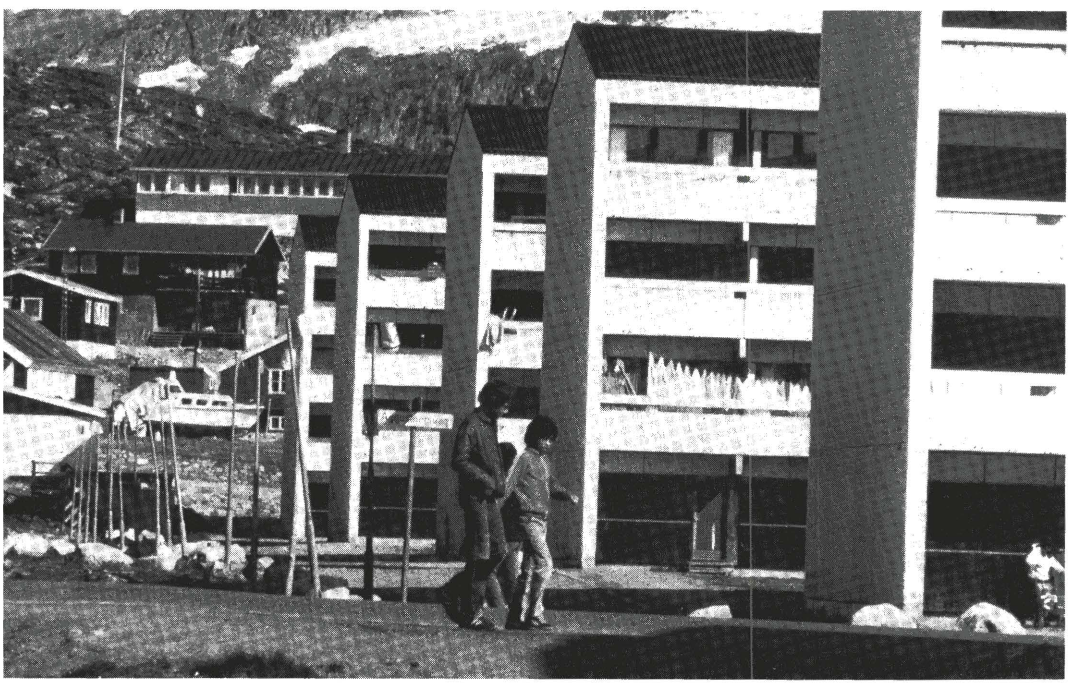
Greenland Votes to Leave EC

ALAN OSBORN

Landing at Søndre Strømfjord on Greenland's west coast you'd never dream you were still in part of Europe. A fearful landscape of vicious rock and unrelenting snow and ice stretches for hundreds of miles in every direction. A reindeer corpse lies headless against a hangar wall, preserved indefinitely in the implacable cold. The language is just as alien and impenetrable, as are the cultural and social traditions of this colossal, remote island. A signpost tells you that Brussels is further away than the North Pole and you believe it.

Europe it is though, if not for very much longer. A colony of Denmark at the time, Greenland was dragged unwillingly into the Community with its mother country in 1973. In the Danish referendum on EC membership the previous year, the 50,000 Greenlanders had delivered a firm but futile *naaga*. It was not until 1979, when the island was granted home rule by Copenhagen, that they had any real say in the matter. On February 23 this year the people were asked to give their views again, and again they gave a thumbs down to Europe. This time the vote was 52 to 46 per cent in favor of withdrawal compared to a 2 to 1 margin in 1972. Hardly a compelling verdict perhaps, but enough.

The machinery for withdrawal has already begun to roll and the process is expected to be completed by the beginning of 1984. In spite of the narrowness of the vote, the left-wing coalition which governs Greenland feels it has got a public mandate for its withdrawal policies and is already calling on Copenhagen to make good its pledge to abide by the decision. The Danes have no taste for the business but they are stuck with a promise to engineer the secession of Greenland in the EC Council in Brussels on the best possible terms for the country.



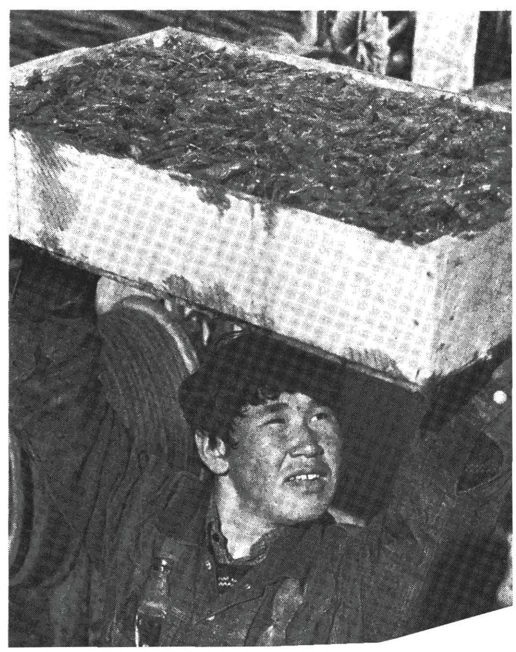
Apartments in Nuuk, the capital of Greenland. ©William W. Bacon III, Photo Researchers

Of course there's a chance that the Government could be toppled in next year's elections and succeeded by the center-right Atassut Party which led the pro-EC campaign during the referendum. But even if this did happen it's far from certain that Atassut would try to reverse the withdrawal process. "A decision is a decision," says Jonathan Motzfeldt, chairman of the home rule Government. What about another referendum? Highly unlikely. The Greenlanders have been saturated with pro- and anti-EC propaganda for years now and are desperately keen to turn their attention to the country's economic and social problems.

On the face of it, Greenland's decision to pull out of the Community makes good theater. Nobody's ever done it before. Virtually overnight the physical size of the Community will be halved. And all this from a winning majority of less than 1,500 votes! It's all very eye-catching, even romantic, but is it anything more than that? Does the Greenland vote flash any message for the rest of the community, or for the Western alliance in that matter? Anti-market forces in Britain and Greece have rejoiced in the decision, eager for evidence that any territory, no matter how tenuous its claim to economic and political importance, can spurn the Community and not become an international outcast. But this is specious.

It's specious because Greenland is unique. You can learn that by looking out of the window as you fly over the country. But there's more to it than appearances of course.

Greenland's economy depends overwhelmingly on its fishing industry. ©René Bonnardel, Photo Researchers.



The Eskimo village of Kulusuk. ©William Bacon III, Photo Researchers

There's no industry and scarcely any agriculture. The land itself is remorselessly uncharitable. The Greenlanders' priceless asset is the sea that rings their 23,000 miles of coast, with its prodigious resources of cod, shrimp, salmon, and seal. And here you have the paramount economic reason for Greenland's disenchantment with the EC.

"In a nation depending overwhelmingly on the fishing industry it is an unacceptable situation to have the fisheries policy decided anywhere else than in the Government of that nation itself," says Finn Lynge, the single Greenland member of the European Parliament. Since EC membership the Greenlanders have seen control of their waters slip away to Community politicians and officials over 1,000 miles away in Brussels. While no one denies that Greenland itself lacks anything like the capacity to exploit its waters to the full, it wants the authority to say who it will share them with and on what terms.

Similar frustrations have arisen in respect of seal skins, the sale of which provides the main source of income for a fifth of the population. But seal hunting "is not accepted as a way of life by European politicians," says Lynge. Efforts to create some sort of EC marketing mechanism or price guarantees for seal hunters are met with indifference in Brussels and Strasbourg—"They are far more concerned with the well-being of the seals than that of the hunters."

There is perhaps as much national self-esteem involved in the question of fishing rights as there is hard economic reality. Rightly or wrongly many anti-EC politicians in Greenland believe that an association agreement with the EC can be negotiated after withdrawal that will give them continued tariff-free access to European markets for fish. Either by that means, or through the international auctioning of fishing rights, they believe that Greenland could make up part of its loss of direct grants from the EC—about $30 million a year. But there is no great conviction that anything like the full amount of EC aid can be made up this way, nor that Denmark will set in to close the gap. The anti-marketeers have never made any secret of the fact that withdrawal will confront Greenland with measurable financial loss.

Why leave then? The truth surrounds you as soon as you set foot in the country. Judged by their language, their culture, their social customs no less than by their geography, the Greenlanders simply have far more in common with the Inuit, or Eskimo, people of the sub-polar regions than they do with continental Europe. The sense of kinship with the Inuits of Alaska and Canada took institutional shape in 1980 when the Inuit Circumpolar Conference was established with a charter calling for the natural resources of the region to be enlisted in the cause of "future development of Inuit economies and cultural identity" and referring to "our right to self-determination." Whatever the reason, there seems little doubt that there has been a powerful rise of Inuit sentiment in Greenland in recent years to the extent that when it came to the crunch in February the islanders were prepared to place national identity above the very real cash benefits that EC membership has afforded them.

Yet the Greenlanders are shrewd enough to know that economic—as opposed to cultural—independence is an impossible dream for the foreseeable future. They may be able to do without the Community, but they certainly cannot do without close ties to Denmark which underwrites well over half the cost of running the country in the form of direct aid. Nor is Denmark, or the rest of the Community, anxious to see Greenland slide into an economic vacuum that could invite the attention of those who do not share the same strategic interests. The frozen terrain of Greenland supports a key North Atlantic Treaty Organization (NATO) early warning station at Thule in the northwest and while the question of political independence from the west and withdrawal from NATO was not even whispered during the campaign, it will be at the back of many people's minds all the same.

In this sense, Greenland's decision to pull out of the EC is hardly a reckless gamble. Economically the effects on the rest of the Community will be so slight as to be invisible and, frankly, one doubts that the Greenlanders themselves will feel much pain even if the rapid development pace of the past few years is slowed. Essentially the withdrawal vote recognized the fact that Greenland's EC membership was an accident of history in the first place and the wonder perhaps is that the real economic benefits of it so very nearly triumphed over the strong cultural pull in the other direction. To see any parallels here with Britain or Greece is to be dangerously misled. €

Alan Osborn writes from Brussels for The Daily Telegraph.

"What's Going On?"

Axel Krause reports on the frustrations of news gathering at summits

The European Council meeting in March prepared the June economic summit of industrialized nations.

The economic summit meeting in June will be held in a decidedly elegant, spacious and grandiose setting—Versailles Palace near Paris. From the host, President François Mitterrand, on down there is Gallic determination to make it a highly successful event, particularly for the world's news media which will be headquartered in the nearby Orangerie. "We want to accommodate the press in an efficient, successful manner," said an Elysée Palace official working on the arrangements, "just as the Italians did at Venice and the Americans at Ottawa."

As one of the nearly 1,000 newspeople who covered Venice and other European summit meetings, that news comes as something of a mixed blessing, for, as a German colleague put it recently, "the news about Versailles made me groan—summits as we all know mean hard, frustrating work, too many newsmen and maybe just maybe a chance to have some fun." Whether on the scene or coming from elsewhere, the journalists covering the June summit will, of course, have a major story. Simply by being there, the leaders of the United States, Canada, Western Europe, and Japan will create news. And it is no secret that the officials we cover do thoroughly enjoy being shown huddling and tackling the world's economic and political problems.

The single, major frustration of covering these grand confabulations, particularly in Europe, is finding out what's going on—behind the glare of the television lights, the color, atmosphere, and pageantry. It also is no secret to those of us who have compared notes on covering summits that in Europe, compared to Washington, it still requires roughly 40 percent more time and energy to develop an equivalent story.

On-the-record briefings, for example, rarely provide enough material to fashion an article; what is passed along must be checked and rechecked many times, often with at least several other European spokesmen. Cornering the spokesmen is like playing tag, however, and it often is just possible to pin one down after a briefing. But these encounters are often very brief, pressurized mini-press conferences and end just as quickly as they are started. Sometimes they reconvene later—Gaston Thorn received a group of us around midnight in his hotel room during the London European Council summit last November, apologized for the dressing gown he was wearing, but provided useful insights into what was going on.

Consider the following, contrasting scene of pure, on-the-record summitry: Roughly 250 newspeople, frustrated and above all hungry for news, were jammed into the overheated, main briefing room of the Old Bath House several hours before the ending of the summit meeting of Common Market leaders. Suddenly, the television lights came on, driving up the temperature, as three British Government spokesmen slid into chairs on a platform overlooking the media people. Shortly they began fielding questions.

A British journalist, baffled by the prospects of failure of the summit, began pressing Bernard Ingham, the key British spokesman. "I don't quite understand what seems to be a gap in communications here," the journalist began. "Every briefing we had yesterday essentially told us that it had been a good, useful meeting... and then they discover that none of them has budged an inch," he said, concluding with the question we all were asking: "Well, do none of them actually listen to what's going on in these meetings?"

Several of us in the room thought immediately of the biting statement of German Chancellor Helmut Schmidt, who arrived in London tired and reportedly distracted after three days of difficult talks with Soviet leader Leonid Brezhnev in Bonn. Although it was our German colleagues who passed it along, the Chancellor's statement as we reported it was a gem: "I don't come to summits to talk about cereals and butter."

Ingham's answer to the question posted during the conference—and others—did little to clarify our perceptions, although he certainly appeared to be trying: "It was a good discussion at which they (Common Market leaders) did react to points made," he said. The press conference ended on roughly the same note on which it began, as Ingham concluded: "I don't think we've made much decisive progress and I think you're right . . . if we don't move it forward from here, then we shan't have decisive progress, yes." The comment helped focus our thinking, but could hardly be classified as one of the most revealing statements made about the complex talks going on next door in Lancaster House.

Summit meetings are but important, and often crucial, extensions of evolving relations between participating Governments. As one of Mitterrand's aides working on the preparations for Versailles put it: "Why do you journalists attach so much importance to these sessions? Do you really think they accomplish much?" The answer is—and I told him so—that we journalists are usually so far and deliberately removed from the scene of the action that it is very difficult to know and judge what is going on. Aside from the occasional after-hours contact—in a hotel room, on the canals or backstreets of Venice, or leaning over a coffee bar in Luxembourg—most of the information during summits is channeled through well-equipped news centers, amply stocked with refreshments and, in most cases, by official spokesmen. But by Washington standards it is thin fare.

Indeed, the heads of state, Government, and their ministers are rarely if ever seen or heard from during the meetings, except at the very end. But each delegation invariably organizes its own news conferences, simultaneously, which poses headaches and confusion for those not covering as a team. "The final sessions are the most trying," says Alain Dauvergne, who directs European coverage for *Le Point*, a leading French newsweekly. "It is all a bit like covering a French comedy, with officials of all kinds dashing in and out of revolving doors . . . without friends in the press corps, one is lost," he said, thus summing up a widely-held opinion among those of us who try our best.

On the final day of the London summit, I was scribbling notes from President Mitterrand's final news conference. Several key points were vague in my mind and the deadline was fast approaching in Paris. I spotted one of his key aides leaning against a wall and since I knew him, I started pressing. "Look, I understand your problem," he whispered as another journalist began listening in. "But given the circumstances, let's do this quietly when we are back in Paris. Besides, we have to catch a plane as soon as this is over. I suggest you continue listening to *Monsieur le Président*."

To be frankly personal, I enjoy covering summits and not just for the stories, although they invariably get front-page play. Summits also provide a welcome opportunity to meet other journalists, to renew old acquaintances, and to find out what is going on in other capitals. Europe is decidedly not like Washington, however, where everybody and everything is handy. English there is the only language one needs to know, whereas even at summits where English is spoken, at least one other language is essential. Summits, a moveable Mecca for European-based journalists, also can prove to be a lot of fun, particularly in colorful cities such as London and Venice.

In all fairness to European organizers, it should be noted that covering summits on this side of the Atlantic is becoming easier. Officials are increasingly making efforts to be available. According to French officials, the trend began at the Ottawa summit meeting last year. "We were amazed to see how top US officials, such as Secretary of State Alexander Haig, were flown by helicopter to an American press center," and Elysée Palace officials recalled, noting "We were blitzed"—a reference to the heavily US-slanted news which the meeting generated in the world press. "It was a clear cut case of you Yanks coming over, taking the summit in hand," added a British newsman, emphasizing that "if you did not have American pals in the press corps you were lost."

The secret to covering summits, or European institutions and for that matter Washington, is having good contacts. It's just that this is more difficult in Europe where the Instant Source does not yet exist. And as I found out during the Mitterrand conference, the good contacts do not always come through on quick notice. "We like talking to you Americans best of all . . . you are tougher on questions," my source said later in Paris. "But it is not always easy, for, don't forget, this is still Europe." €

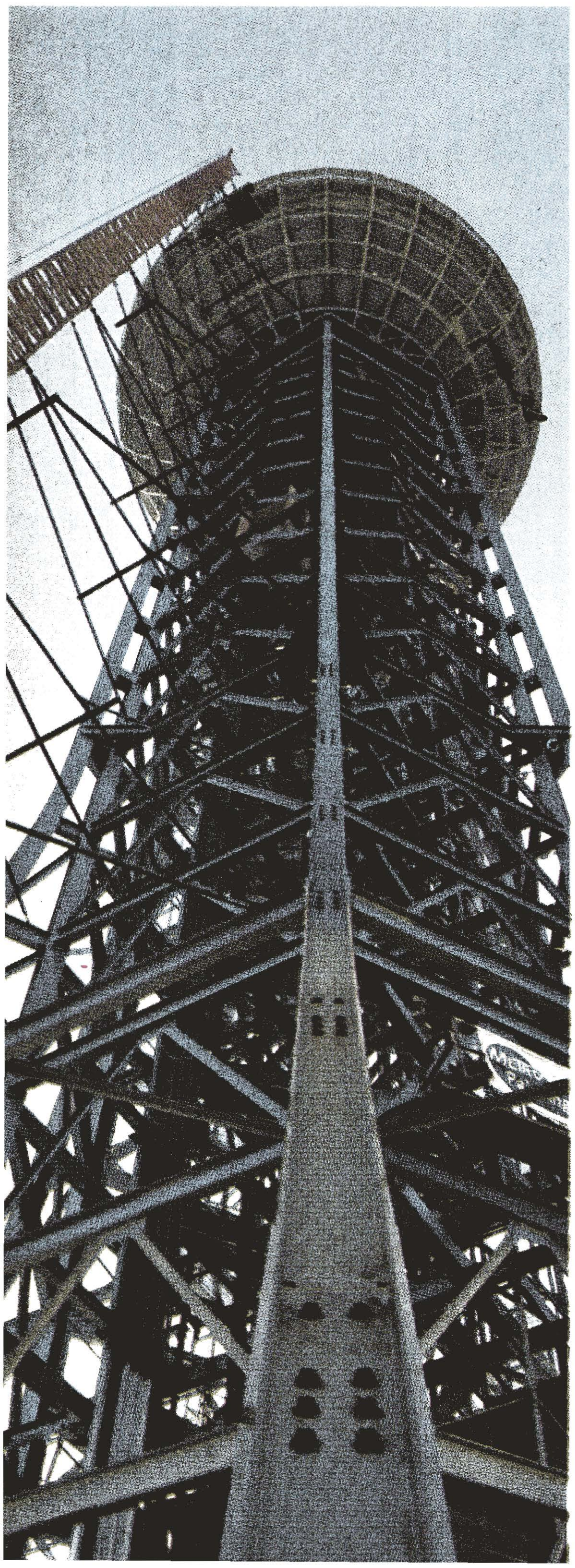
Axel Krause reports on economics for the International Herald Tribune.

The press was well represented at the recent European Council meeting.

Europe Joins World Fair

"Sunburst" pavilion illustrates energy theme

CANDACE DENNING



Aluminum, ice cream sodas, and the department store came out of the Paris World's Fair in 1867. Nine years later at Philadelphia, Alexander Graham Bell introduced the telephone, and that same year the typewriter and the Otis elevator, which ushered in the skyscraper era, were also brought before the public. Subsequent fairs amazed the world with the Statue of Liberty, the Eiffel Tower, ice cream cones, television, and Sputnik. Now we're getting milk that lasts three months and color film processing done in an hour.

This year, at the World's Fair in Knoxville, Tennessee, the theme is "Energy Turns the World," providing a forum for better understanding and cooperation among nations in this vital field. Appropriate to the energy theme, Knoxville is the home of the Tennessee Valley Authority, the country's largest public utility, and has an energy research center at the University of Tennessee. The National Atomic Laboratory is also located nearby in Oak Ridge.

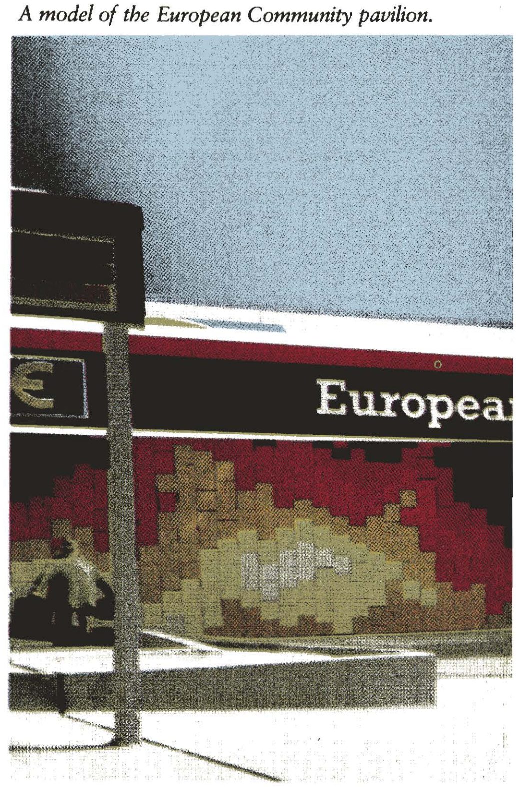
Twenty-three nations have exhibition pavilions, and the Community as an entity is represented. Along with the Community's exhibition in the "international corridor" are the pavilions of four EC member states: Italy, Germany, the United Kingdom, and France. The exterior design of the European group is a sunburst motif, inspired by a photograph of an eruption on the sun, and is a colorful manifestation of the fair's energy theme.

The Community's modular pyramidal display and lively audiovisual presentation shows how energy was an integral concern in the Community's origins in the 1950s and the role energy continues to have in policymaking and research and development programs. Organized into four areas, the exhibition concentrates on the 10 member states, the EC institutions, EC energy policy, and energy research and development. At the end of the walk-through exhibit is a computerized "Euro-quiz;" a good score wins a European prize.

Germany's "Energy in Mind" display features an operating 18th Century waterwheel, solar models, and exhibits on nuclear power. Laid out in a spiral plan representing the shape of a turbine, the three sections cover German history and culture, past technological research as a foundation for today, and the effects of future energy developments.

The United Kingdom highlights conservation and features an exhibit on fluidized bed combustion that makes more efficient use of coal. Its pavilion also contains a presentation on electricity, the cross-channel power link, and the Dinorwic pumped storage system. Concentrating on fossil fuel recovery, the largest area of the pavilion has a major exhibit on deep coal mining. Other areas focus on undersea engineering, deepwater production, and technological achievements in extracting hydrocarbons from the North Sea. Britain's work in developing synthetic fuels from coal, in nuclear energy, and in renewable energy sources, such as geothermal, wind, and wave power, is also illustrated. Fi-

A model of the European Community pavilion.



nally, the exhibit shows the United Kingdom's involvement in a variety of international energy projects. The United Kingdom, incidentally, is the least energy-dependent country in the Community with an import dependence of 6.3 per cent. The overall Community average is 54.3 per cent.

The ceiling of the French pavilion, itself in the hexagonal shape of a solar collector, is covered with solar collectors. Conservation and diversification of energy sources are also illustrated by a model of the electrically powered *train à grande viterse* (TGV), the energy-saving 235-mile-per-hour train that runs between Paris and Lyon, and a new energy efficient car by Renault, the Eve. A huge, angled relief map points out France's energy aspects, and a movie takes visitors on a technological tour of the country.

National celebrations are scheduled for each participating country. On European Day, May 31, the flags of all 10 EC member states will be raised over the fair and a large reception is to be hosted that evening by the 10 ambassadors and the head of the EC Delegation in Washington, Roland de Kergorlay. From Brussels, Franz Froschmaier, head of the EC's directorate-general for information, and EC Commission Vice President Lorenzo Natali, in charge of information, will also be present.

From September 26 to October 2 there will be a week of European films selected from the festival held in Washington in conjunction with the American Film Institute.

The fair's energy theme structure is a 266-foot high Sunsphere with a giant glass globe manufactured with 24-karat gold dust that makes the sphere visible for miles. Inside, a two-level restaurant and three observation decks overlook the 72-acre, mile-long fair. This fair's centerpiece, however, is undoubtedly the $20.8 million US pavilion, a futuristic six-story structure with a 5,000 square-foot solar collector running the length of the building to power its air conditioning and hot water systems. A showcase of technology, the US exhibit features talk-back computers, electronic devices, huge visual displays, and a new film on energy shown on a screen seven stories tall.

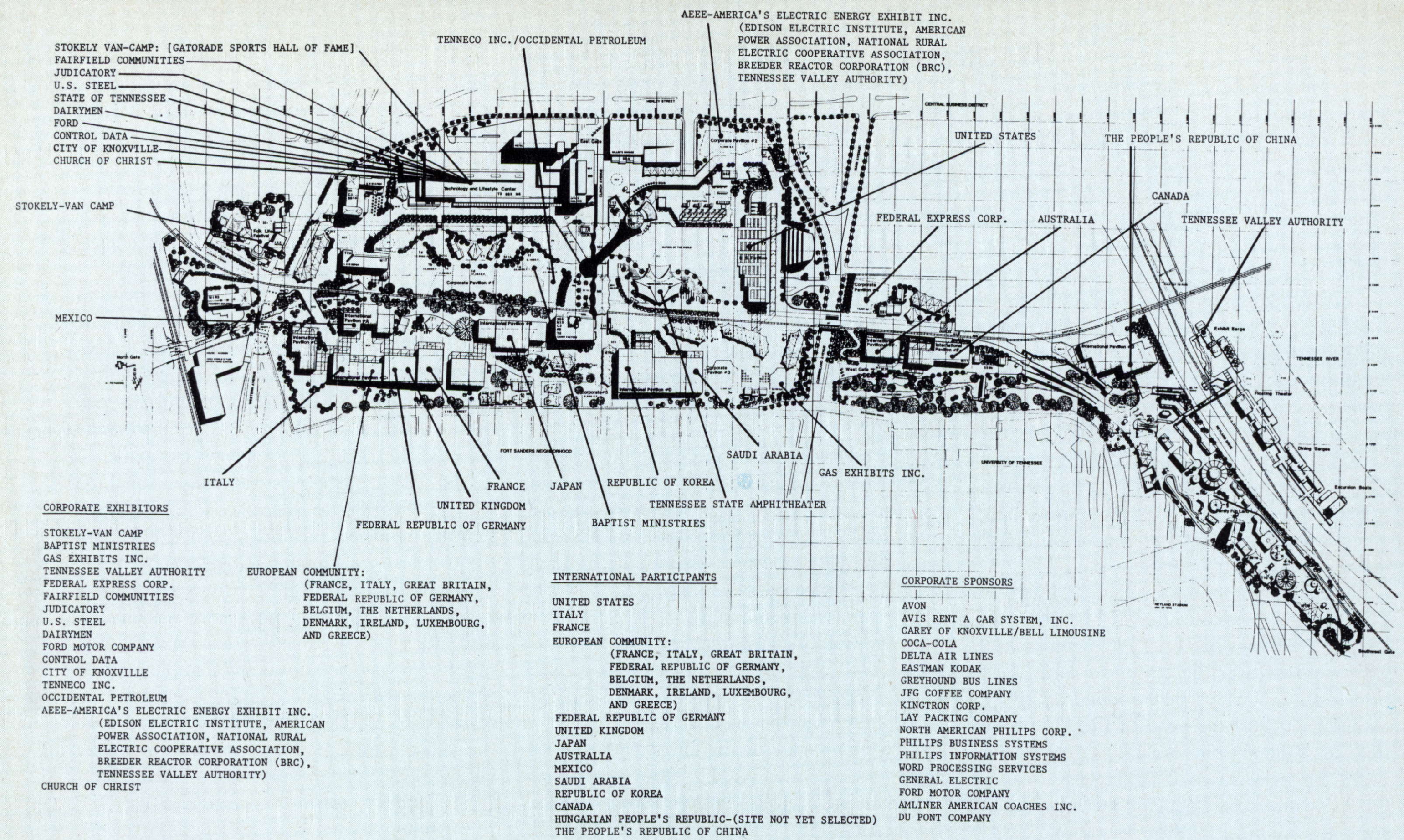
As a complement to the fair, three international energy symposia were planned to bring together energy experts, scientists, government leaders, heads of industry, and academicians for the purpose of developing an international consensus on energy policy. Representatives from more than 30 countries attended the first two meetings held in 1980 and 1981. The third symposium is to take place May 23-27 during the fair and will present the conclusions of these efforts.

Other highlights of the fair include the Korean "ondol," a unique hot floor heating system that has been used down through history for heating and cooking, and Japanese walking, talking robots. Egypt exhibits antiquities never seen before in this country, and China, participating for the first time in a world's fair, has shipped tons of actual stones from the Great Wall that are used with audiovisuals and murals to create the illusion of it at the fair. In addition, the Tennessee Amphitheater, an open-air structure that seats over 1,400 people, presents a musical production on the heritage and people of Tennessee. Over 50 corporations are also participating in the 1982 World's Fair. Federal Express presents a laser sky show and the Anheuser-Busch Clydesdale horses lead the daily parade. Stokely-Van Camp hosts a folklife festival and also sponsors a sports hall of fame.

After the fair, which runs from May 1 to October 31, the European pavilions and the rest of the international corridor will be removed for the construction of residential buildings. Other facilities on the fair site will be retained, and the seven-acre man-made lake will become part of a new city park.

The 72-acre site was originally a blighted area of the city, an abandoned railroad yard that lay between the downtown district and the University of Tennessee campus. With the help of Housing and Urban Development funds granted during the Carter Administration, the 1982 World's Fair has provided vast urban renewal for Knoxville. "I am convinced Knoxville will make a quantum leap into the future through the 1982 World's Fair," said the fair's president, S.H. Roberts, a former vice president of the University of Tennessee.

The project, which has been seven years in the making, started with $30 million for initial financing guaranteed by a consortium of 43 banks, a new concept in the financing of world fairs. This fair is a nonprofit corporation that has benefited from investments amounting to $250 million. Roberts said 37,000 jobs, half of them permanent, will have been created by the fair, the largest put on in the United States in the past 40 years.



About 11 million visitors are expected during the 184-day exposition.

The price of admission ($8.25 per day for children 4-11 and $9.95 for adults with discounts for a two-day ticket and adults over 55) includes daily shows starring celebrities such as Mary Travers, Richie Havens, John Hartford, Tim Weisberg, Peter Nero, and groups including the Four Freshmen and the Warsaw Philharmonic. International entertainment performances are also scheduled for Ghana tribal musicians, a French Creole band, a Mexican harp player, Yugoslavian dancers, a steel band from Trinidad, Polish singers and dancers, and a Ukrainian dance ensemble. More entertainment being staged in nearby facilities and requiring separate admission brings to the fair performances by Rudolf Nureyev, Victor Borge, Johnny Cash, the London Symphony, the Lipizzan stallions, and the Vienna and Prague symphony orchestras. Telephone orders for these nightly shows can be made by calling (615) 971-1600.

Overview of the 1982 World's Fair in Knoxville. Photo by Mike DuBose, Knoxville, Tennessee

Sports events are also planned, such as canoe and kayak races on the Clinch River, outdoor track and field championships, an international basketball tournament, and professional football and golf. The amusement strip has a 17-story tall ferris wheel, one of the world's largest, and a new kind of roller coaster that travels close to 70-miles-per-hour. On-site transportation consists of an aerial gondola skyride, a chairlift, tramway, and riverboat.

There is also a shuttle bus system from parking lots in and around Knoxville and neighboring communities, and a housing bureau has been set up to handle lodging reservations. The numbers to call are (615) 971-1000 for hotel or motel rooms, and (615) 971-4000 for campsites, dormitory, apartment, or private home accommodations. For more information, write: The 1982 World's Fair, PO Box 1982, Knoxville, TN 37982.

Candace Denning is a free-lance writer based in Great Falls, Virginia.

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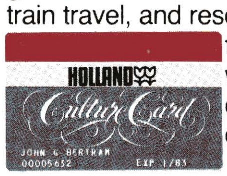

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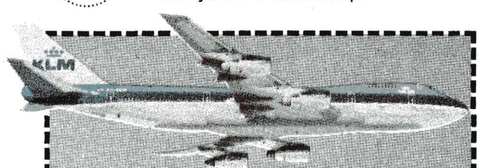

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around THE capitals

Rome

On Good Friday Italians watching the evening TV news were given an unexpected broadcast to the nation by Prime Minister Giovanni Spadolini. His message was a warning about the serious state of the economy, but that was not really the point. What the Prime Minister was really saying was that with the economy in its present state this was no time for a political crisis and early general elections—both of which look very likely.

Broadcasts to the nation are rare in Italy, possibly because the main issues Governments have to face usually come down to matters that can only be settled in smoke-filled rooms between politicians. Politicians frequently give press and TV interviews, but use them mainly to convey coded messages to each other rather than to involve public opinion in the issues.

But Spadolini is different. He is the first Prime Minister since 1945 not to be a Christian Democrat: His own tiny Republican party has only 3 per cent of the vote. He is a skilled political negotiator, but he appears to be far more aware of the world outside the *palazzo* than most of his colleages and is quite prepared to appeal to public opinion over the heads of the politicians, well aware that his own and his Government's popularity is higher than most of his rivals have ever achieved.

The problem is that the uneasy coalition of Christian Democrats and Socialists, along with three other parties, which Spadolini heads is in danger of coming apart. The wonder is that it has not done so before: It was formed in June 1981 as a temporary measure when the Christian Democrats had run out of plausible candidates and the thrusting Socialists were considered too fresh to be given the post of Prime Minister.

Its survival, which has confounded the cynical observers, is due mainly to Spadolini's own success showing that the Government is achieving results. Few Governments in any country achieve much in nine months and the present Italian Administration, apart from a successful blitz on terrorism, is no exception, but the Prime Minister has convinced many people that given a little longer this will be a successful Administration. Already it has lasted longer than any other since the 1979 elections.

But the Socialists, under Bettino Craxi and aware that the Socialist tide may already be ebbing in Italy's neighbor France, are keen for elections which they hope will confirm their rising popular support and guarantee Craxi the job of Prime Minister. They constantly bait the Christian Democrats in the hope of hitting on an issue that will oblige them to accept new elections too—which they do not want at all. Both parties are keen that the other should be seen to be responsible for bringing about Spadolini's fall, since he relentlessly avoids giving anyone any justification for doing so.

The tensions have built up to a feverish level in the past few weeks, partly because of the contentiousness of the issues involved—such as whether to take gas from the new Soviet pipeline and whether the Christian Democrats are involved in a shady and macabre scandal in Naples—and partly because if Spadolini does not fall soon, it will be too late to start the process of having elections before Italians go to the seaside at the end of June.

On any objective grounds elections would be bad for the economy, and they are opposed by well over half the population, according to opinion polls. They would, on the other hand, mean a new deal of the cards for the politicians. Spadolini's point is that that is not a good enough justification and that there is no reason to have elections before the scheduled dale of 1984. JAMES BUXTON

Bonn

"Federal village becoming large city," a local newspaper boasted recently. "At least as far as crime is concerned," the subhead added defensively. The wording reflected the sensitivity with which Bonners still react to suggestions that their town is too provincial, unspoiled, innocent, humdrum—in short, too small to be a major political capital.

The political staffs, bodyguards, and press corps gathering in the West German capital in June for the visit of President Ronald Reagan and the North Atlantic Treaty Organization (NATO) summit meeting certainly will include a number of such scoffers. Some will complain of an apparent lack of hotel rooms and a dearth of nightclubs. Others once more will note that Chancellor Helmut Schmidt's office telephone number has but three digits—561. They will neglect to tell their readers that this number actually is hooked to an ultra-modern switchboard that handles 40 incoming calls at once, able to connect them to any of several hundred extensions.

Baerbel Daehling, a reporter for the daily *Bonner Rundschau*, obviously had these critics in mind when she wrote that "those who falsely describe Bonn as having the character of a village have been pulled back to reality by police statistics." With 287,000 population, Bonn ranks 19th in size among West German cities.

The smallness does cause certain difficulties. For instance, whenever there is an industrial fair downriver in Cologne or Dusseldorf, exhibitors and visitors fill all of the hotels in those cities, while the overflow fills all of Bonn's hotels. And that is precisely the problem in June. Fair visitors already have filled most of Bonn's hotel rooms, forcing the Government to start working out ways of housing reporters, for instance, in most distant cities, flying them into Bonn every morning and home every night.

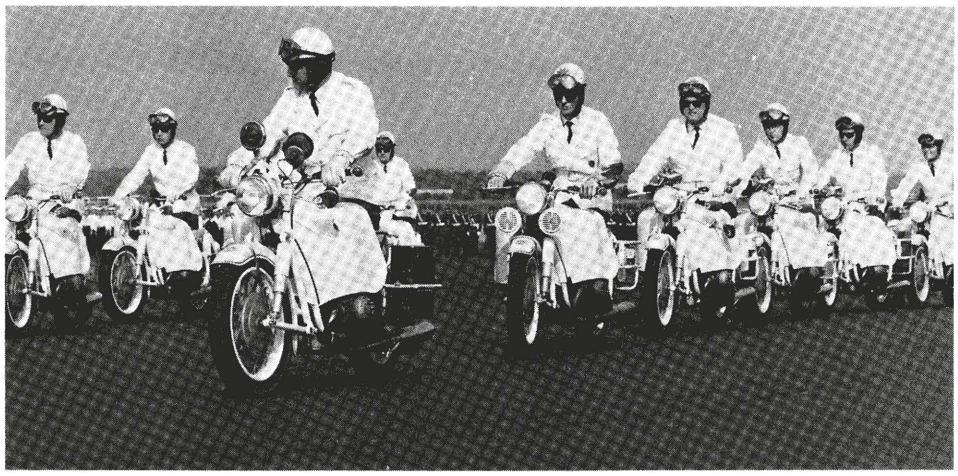
The town's lack of size affects the work of politicians, Government officials, and lobbyists, too, because there's really no place to hide. On the other hand, the long-held believe that Bonn is so small that the Government and Parliament need never fear the kind of street demonstrations that are regularly mounted in larger capital cities has been exploded. Bonn has become just as subject to the pressure of the street as any other capital.

Coal miners, farmers, deep-sea fishermen, all demonstrate regularly in Bonn. And the organizers of the West German and Dutch "peace movements" had no difficulty at all in bringing 300,000 persons to Bonn on October 10, 1981, to demonstrate, mainly against Reagan's nuclear defense policies. Pro- and anti-Reagan groups each have announced demonstrations for Bonn in connection with the President's June visit and his participation in the NATO summit conference. Each rally easily could draw 100,000 participants.

Bonners have become used to these demonstrations, as they have become inured to the constant coming and going of important visitors from the 145 countries that maintain embassies in the city. Because Bonn is so small, these foreign visitors probably are more conspicuous than are visiting dignitaries in larger capital cities.

In any event, almost every Bonner can quickly rank a foreign visitor by the number of "white mice"—policemen in white leather uniforms astride white motorcycles—forming his escort. Three "white mice" aren't worth a second glance because they signify a run-of-the-mill cabinet member. Even an escort of five "white mice" is hardly worth noticing as it denotes just another foreign minister. Bonners actually stop to stare only if the visitor is escorted by seven "white mice." That means he is a Prime Minister or head of Government, while an escort of 15 means a head of State, and rates applause.

Few Bonners, however, are aware of a relatively new protocol wrinkle, one that is causing plenty of headaches just now in the foreign ministry. This is the refined rule that accords a foreign head of State 15 "white mice" if he is making an "official visit," but only seven if he is merely on "a working visit."



Courtesy of German Information Center, New York

Reagan arrives in Bonn June 9, ahead of the other NATO leaders, for an "official," bilateral visit to West Germany. So on that day, the President rates an escort of 15 "white mice" in the standard arrow-head formation. But on the following day, the American President may be considered to be in Bonn on merely "a working visit" to participate with other foreign leaders, also on "working visits," in that NATO summit. Foreign Ministry protocol officials are in a proper dither, trying to decide whether they dare or must reduce the size of Reagan's escort of "white mice" on that second day of his visit.—WELLINGTON LONG

Paris

The Socialist Government of French President François Mitterrand has suffered a setback less than a year after the party's sweeping legislative victories gave it a majority in the National Assembly for the first time in two decades.

In provincial elections throughout France in March, the Government's leftist coalition failed to wrest control of 95 cantonal government councils from conservative opposition forces. It was the first nation-wide test of the Left's popularity since last June's legislative races.

In the past little attention was paid to the provincial elections, which are held every three years, because the rubber stamp councils were limited to carrying out directives from Paris.

But then along came Mitterrand and his decentralization program designed to end the nation's highly federalistic form of government that has existed since the days of Napoleon. Under Mitterrand's all-roads-don't-lead-to-Paris program, the regional government councils will become powerful political bodies. The councils now will have control of how local funds are spent while the council's presidents, elected by their respective groups,

"Mitterrand" ©Bas, Tachydromos, Greece

will be the main administrators for their areas instead of the *prefets* appointed by the central Government.

Before the two-rounds of voting in March, conservatives controlled 51 of the 95 council presidencies and the left 44. The Socialists had hoped the elections would give the left at least half of the council presidencies, but they fell far short of that goal. Not only did the conservatives retain a majority, they increased their margin to 57 of the 95 council presidencies.

Although the Socialists surfaced as the most popular political party with 35 per cent of the vote, it was not enough to offset a bad showing for their junior partners in Government, the Communists, who hold four seats in Mitterrand's 44-member cabinet. They captured only 15 per cent of the vote—a post-war record low in cantonal elections and well below the 22 per cent figure the Communists won in the last cantonal elections in 1979.

The French Communist Party has been hurt by its stubborn position on Poland, an issue which has caused a major ideological split in an uneasy alliance with the Socialists. Mitterrand forcefully condemned the military crackdown in Poland and there has been wide support in France for the Polish independent labor movement Solidarity. The French Communists, however, have followed Moscow's lead and contended the imposition of martial law in Poland was the best possible solution. In addition, the Communist-led General Confederation of Labor union, the largest in France, has refused to participate in demonstrations in support of Solidarity.

The Government also was hurt by an historic drop of the franc against the dollar and West German mark right before the elections, as well as the nation's worsening unemployment situation. Despite Mitterrand's campaign pledge to create more jobs, the unemployment rate has climbed to a post-war record of 9.1 per cent since he ousted Valéry Giscard d'Estaing from the presidential Elysée Palace last May.

The provincial elections marked a political comeback for Giscard d'Estaing. He was elected to the government council from his region in central France with 70 per cent of the vote. The former leader hopes to use this modest base as a testing ground for a possible bid at the presidency in 1988. CAROLYN LESH

London

The white-robed Druids have sprinkled wheat on Tower Hill and passed a horn of plenty, their ritual proclamation that it is spring. For the ancient order it is a time when "that which man calls spirit, and which previously had appeared dormant, becomes increasingly manifest."

After such a miserable winter, spirits in Britain do need some reviving. No royal nuptials are on the calendar but there will be visits by the American President and the Pope. Both occasions have already provoked controversies—one based on centuries of addiction to protocol, the other rooted in centuries of religious schism. One has already been resolved in gentlemanly fashion, the other may produce disruption.

President Ronald Reagan's upcoming visit made the front pages when the White House announced prematurely that he'd been invited to address both houses of Parliament in history-steeped Westminster Hall. That was the first the opposition Laborites had heard of what was supposed to be a signal honor accorded a man much admired by Prime Minister Margaret Thatcher. They were miffed, not only because they don't share Thatcher's enthusiasm for Reagan Administration policies, but also because parliamentary protocol had been abused.

Tradition holds that such invitations should come from all parties represented in Parliament after consultations with the Government. There had been none. It was, said one offended Labor leader, as if Reagan had asked Thatcher to address a joint session of the Congress without first consulting House majority leader Tip O'Neill.

There was something else: 11th Century Westminster Hall with its famous hammerbeam ceiling dating from the 14th Century is a more prestigious venue than Labor leaders felt Reagan deserved. Sir Winston Churchill and the Kings and Queens of England have lain in state there. The last foreign statesman to address both houses of Parliament in Westminster Hall was France's President Charles de Gaulle in 1960. It mattered not that Reagan would be the first head of state to visit Britain as a guest of the reigning monarch since Woodrow Wilson in 1919.

So after apologies and compromises, Reagan in June will speak to the members of the Commons and the Lords in the 19th Century Royal Gallery. It is less cavernous, less drafty than Westminster Hall and is the other *principal* room used on important occasions.

Not so easily overcome is the hostile attitude of some Britons toward the first visit of a Roman Catholic Pope. Militant Protestants recently shouted down the Archbishop of Canterbury as he tried to preach in a Liverpool church. Dr. Robert Runcie had done nothing more than invite John Paul II to participate in an ecumenical service at Canterbury Cathedral. It was enough to make ban-

ner-waving men and women call him a liar, a traitor, a Judas.

The protesters were Church of England members who reject the Anglican commitment to Church unity. They particularly object to Roman Catholics and consider the Pope to be the anti-Christ, the demonic personality of the Book of Revelation. In their view, John Paul is coming to Britain to "seduce the House of Windsor"—Queen Elizabeth is also Defender of the Faith, the temporal head of the Church of England. He will try, they fear, to "destroy" the Protestant nature of the British throne and the Constitution. For them, Britain has always been the bastion of the Protestant faith. They should be loosely compared to the Moral Majority in the United States, for both are rooted in the Scriptures and criticize moral decline.

The militant Protestants' intention to try to disrupt the Papal visit is a reminder that Catholics have a history of being treated badly in Britain. Only since the last century have they been allowed to run for office or study at Oxford and Cambridge.

Amid the mild furor, Britain and the Vatican have resumed full diplomatic relations after a schism that spanned more than four centuries. King Henry VIII broke with Rome in 1534 because the Pope refused to sanction his divorce from Catherine of Aragon.

John Paul will find in Britain a brand of Roman Catholicism that has been shifting quickly from conservative toward avant-garde. It disagrees with the Pope on sex and married life, but is much in harmony with him about human rights and social justice.
PETER J. SHAW

Luxembourg

Nobody here, to the best of my knowledge, turns up his nose at Belgian francs when you offer to pay with them. Unfortunately the reverse isn't always true in Belgium where a Luxembourg note sometimes seems to have about as much appeal as a Confederate bill, to judge by the sniffy attitude of many shopkeepers. That's been the case throughout most of the 60-year old monetary union between the two countries.

Recently things have taken a more serious turn in that Belgium's somewhat patronizing attitude toward its smaller currency partner has spread to the national level. When the Belgians devalued the franc on February 21 the Luxembourg Government was informed only hours before and it was very cross about it. Although reluctantly agreeing to maintain the link, the Luxembourgers let it be known that had the devaluation been much greater than 8.5 per cent (as the Belgians would have liked), they would have refused to go along.

It isn't just their pride that's been hurt however. The unwanted devaluation of the Luxembourg franc spells real economic headaches for a country that imports virtually all its raw materials and a good deal more besides. The truth is that while the Belgian and Luxembourg economies marched to the same rhythm for many years, they are now parting company. The grave budgetary and social problems afflicting Belgium find no echo in its tiny southern neighbour and what is meat for the one may be poison for the other.

In this sense the mishandling of the devaluation is merely the cue for a fresh examination of the monetary union between the two countries that has seemed increasingly necessary for some time now. There is no direct threat at present of a clean break between the two currencies, but at a meeting between government leaders and foreign and finance ministers of the two countries in late March, Luxembourg presented proposals that could seriously change the character of the union.

The first request, understandably enough, was for better consultation in future on any

plans to change the value of the Belgian franc. That should present no problems unless, of course, the Luxembourgers want some kind of veto right. Far more difficult, both politically and technically, are the two other proposals, namely the separate valuation of Luxembourg's gold and foreign exchange reserves held in the Belgian national bank and a guarantee that if the Belgian franc were devalued alone then Luxembourg's Belgian franc assets would be automatically revalued correspondingly.

This isn't the sort of thing you can work out overnight and the finance ministers of the two countries will be looking into it for some months. For Belgium the segregation of the Luxembourg assets would pose awkward technical problems by reducing the reserves available to support the franc in the foreign exchange markets at the same time making any further devaluation of the Belgian currency that much more expensive. But for Luxembourg too, there is a major headache in that any split in the currency link could mean heavy losses for its banks, which hold large Belgian franc deposits that would have to be repaid in Luxembourg money.

Technicalities aside though, the Luxembourg requests have refueled speculation that the country will intensify its plans to establish a "monetary institute" next year to assume some of the functions of a central bank. There may be an element of saber-rattling in this, since Luxembourg lacks any central bank at the moment and is in no position to take on the responsibilities of managing its own currency independently of Belgium. But the idea also makes sense in the context of Luxembourg's drive to establish itself as the monetary headquarters of the EC—especially if, cut adrift from the Belgian franc, the Luxembourg currency is then tied to the European Currency Unit which could prove the forerunner of a genuine EC currency in time.

One thing is certain. If the two francs do ever part company you should have no further problem in getting your Luxembourg notes accepted in Belgium. ALAN OSBORN

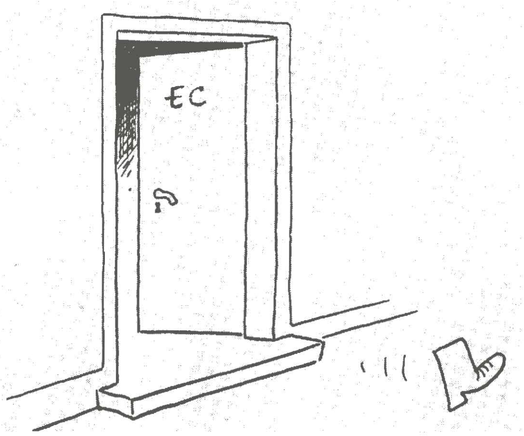
Copenhagen

Riding two horses is not easy, but this is what the Danish Government will have to try to do when the EC has to consider the terms of association to be offered to Greenland after the voters there decided by a narrow margin in the referendum in February to leave the EC by the end of 1983. The Danish Government will, as representative of the people of Greenland, be committed to getting the best deal possible for Greenland, and at the same time, as an EC member government, it will have to respect the common EC interest.

Most observers in Copenhagen and Greenland expect difficult negotiations, and say that Greenlanders may end up with less than they expected outside the EC, especially as regards fisheries. Greenland will be forced to give the EC countries fairly substantial fishing rights in return for trade concessions, and the real problem—illegal fisheries—has not and will not be influenced by the referendum.

The victory of the anti-marketeers was so small that the pro-marketeers have said that it may not be the final word. There are to be new elections to the Greenland local government, the *lanssrtyre*, before Greenland can leave the EC. And the pro-EC party, the Atassut, has not excluded the possibility that it may try to reverse the decision if it gets a majority. The numbers involved are so small that the fact that 1,800 Danes working at the US bases in Greenland are now able to vote—they were not at the time of their referendum—theoretically changes the balance of power if these Danes, as is generally assumed, vote for the EC.

But the best bet is still that Greenland will in fact leave the EC. The Danish Government has publicly regretted the outcome of the referendum, but is now very careful not to fan Greenland nationalism by any kind of intervention in Greenland politics. The Danish Government will review long-term investments plans in Greenland, and has clearly stated that it will not replace EC subsidies. The anti-EC party, Siumut, has maintained since the referendum that it intends to continue the present relationship with Denmark completely unchanged. The question is if that is possible.



"Greenland" ©Bas, Tachydromos, Greece

If the Greenlanders are disappointed by the EC association agreement they are offered, the situation may change. The no to the EC is certainly an assertion of Greenland's nationalism, a continuation of the trend that started with home rule. And it is difficult to see how their present moderate brands of nationalism can survive some kind of lacklustre compromise with the EC.

A fall-out on relations with Denmark is also to be expected, resulting in more, though necessarily not full, independence from Denmark. And as Denmark is responsible for the presence of US bases—and Danes work there, as mentioned—the United States may not escape unscathed.

LEIF BECK FALLESEN

Athens

Classical scholarship rarely reaches the drafting table, but one Greek engineer was sufficiently intrigued by the experts' dismissal of historical accounts of Archimedes' war machines to duplicate the ancient scientist's discoveries.

Ioannis Sakas, a former research director at Greece's public power corporation, has spent his leisure time in recent years reconstructing Archimedes' steam cannon, which, according to Livy, was used to terrifying effect during the Roman siege of Syracuse in Sicily between 215 and 212 BC.

According to Sakas, Archimedes thought little of his practical inventions and never bothered to publish them, preferring to leave his mathematical treatises to posterity. But his steam cannon predated the industrial revolution by two millenia, while a water pump known as the Archimedes screw is still in use for irrigation in North Africa.

To the layman Archimedes was the absent-minded inventor who rushed naked through the streets of Syracuse shouting "Eureka" after he discovered the physical law of bouyancy while taking a bath.

Trapped in his native city by a Roman siege, Archimedes turned his talents to assisting the Syracusan war effort. The ancient historians also record that he set the Roman fleet afire by using shields as burning glasses as the ships lay anchored only a bowshot from the city walls.

Sakas reconstruction of the steam cannon is a one-fifth scale model that stands less than two feet high. It is the result of patient research based on references to Archimedes' use of steam by Petrarch, the 14th Century Italian Renaissance poet, and three drawings left by Leonardo da Vinci. Sakas believes da Vinci reconstructed the cannon, using ancient manuscripts as a guide.

To demonstrate the cannon's firepower, Sakas lit a fire of twigs beneath the copper steam cylinder, heating it to a temperature of 400 degrees centigrade. Then he inserted a cement-filled tennis ball in the mouth of the wooden barrel and laid a thin piece of wood across its mouth.

Several ounces of water were poured into a tube protruding from the cylinder and a valve opened to release the water into the hot chamber. A few seconds later the tennis ball shot out of the cannon mouth, snapped the wooden strip and shot 40 yards into the air.

"The crucial part of the design was that piece of wood. With the ball held back for a moment enough pressure is built up to propel it a considerable distance," Sakas said. He pointed out that steam power was known to the ancients by 250 BC, but first seems to have been put to practical use by Archimedes, some 1,500 year before the first gunpowdered cannon was made in Europe.

The steam cannon, like the burning glass, had as much psychological as destructive effect on the besieging Romans, Sakas believes. In an earlier experiment, he proved that Archimedes could indeed have set the Roman fleet on fire. Eight years ago he lined up 60 sailors equipped with tall, flat copper-sheathed mirrors on the beach overlooking a model Roman galley moored in Skaramanga Bay. The mirrors concentrated the sun's rays with such devastating effect that the model warship caught fire within three seconds.

Archimedes' inventions, however, did not prevent the Romans from capturing Syracuse in 212 B.C. and although Claudius Marcellus, the Roman general ordered the scientist spared, one of his soldiers failed to recognize Archimedes pondering over a geometrical problem scratched in the sand and killed him.—KERIN HOPE

Dublin

Two top jobs were filled in Ireland in March. One was that of Prime Minister, which went to Charles Haughey for the second time in less than a year. The other was that of EC Commissioner, which went to Richard Burke, for the second time in just over a year.

Three Irishmen have served on the Commission since Ireland joined the EC in 1973. Patrick Hillery, who negotiated Irish entry as foreign minister from 1970 onwards, was the first. After serving most of his four-year term, he graduated to the Presidency of Ireland, which was not bad going.

That progression did nothing to diminish the prestige of the post of Commissioner, but it has to be said that before the Presidency became unexpectedly vacant, Hillery had been told by the Government in Dublin that it would not be renominating him for a second term. Instead the then Prime Minister named his own personal choice, the minister for education in his own Government, Richard Burke.

Burke and Hillery belonged to opposing parties in the Irish Parliament, and Burke's nomination in December 1976 seemed to set a pattern. Hillery had been nominated by a Government of which he was a member. Then the Government changed, and the new one nominated one of its own, Burke.

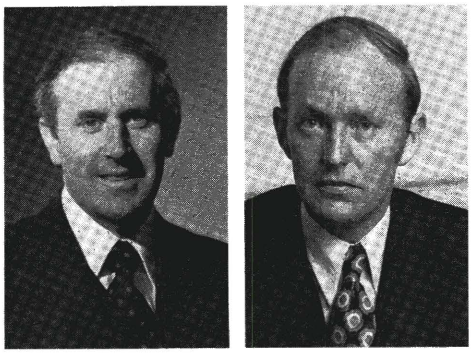
By the end of Burke's four-year term, late 1980, the Government had changed again, and Burke was dropped in favor of Michael O'Kennedy, finance minister in the then Government. The pattern seemed the same as in 1976.

Burke did not get Hillery's instant promotion to Head of State. Indeed for several months he was out of a job. But with the general election of 1981, he was back in the Irish Parliament and apparently on line for a successful career in Irish politics. His party was back in Government, but, surprise, surprise, Burke was not. There was no place for him in the Cabinet. He became a back bencher. It seemed, after all, that a stint on the Commission in Brussels was no guarantee of fame and fortune in Ireland thereafter.

The man who had replaced Burke in Brussels in January 1981, Michael O'Kennedy, had all the relevant experience for the job.

He had been foreign minister from 1977 to 1980, and had served a term as president of the EC's Council of Ministers. He had then been promoted to the senior post in the Irish Government of minister for finance. Like Burke, he saw for himself, and others saw for him, a bright future in Irish politics, not excluding the top awards of party leader and Prime Minister. Like Burke, still in his 40s, he felt four years in Brussels would enhance rather than diminish those prospects.

But things moved quickly in Ireland. An election in 1981 saw O'Kennedy's party out of office; another in early 1982 saw it back in



Richard Burke (left) and Michael O'Kennedy.

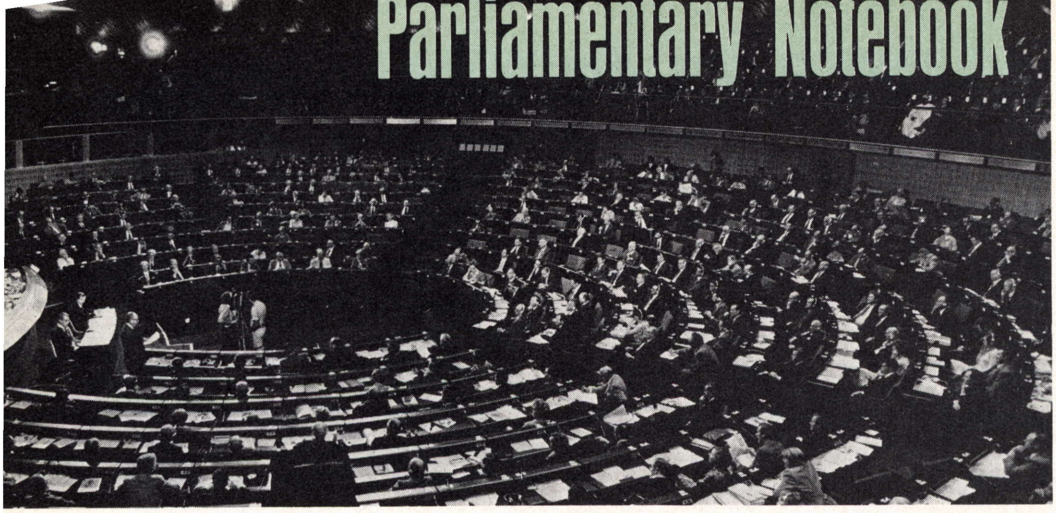
again, with O'Kennedy rushing it back from Brussels to fight the election and win a seat in Parliament. But, as in the case of Burke, and again surprise, there was no seat left for him in Haughey's new Government. He joined Burke on the (opposing) back benches.

All this left a vacancy in Brussels. The new Prime Minister, Haughey, could not do what had become customary—that is, nominate one of his most senior party colleagues—for he had no clear majority in Parliament and needed every vote. So he did the next best thing, he nominated a member of the opposition, thereby reducing the opposition vote by one, and giving himself the chance of gaining a further vote if he could win by-election.

And the opposition man he chose was none other than Richard Burke. Shock, horror, confusion and chaos followed. Burke first accepted, then refused, reconsidered, and finally accepted. His party colleagues denounced him, he himself declared he was placing country above party, and Haughey could claim it was all done in the national interest. He was unable to nominate anyone from his own side, because of the balance in Parliament, so he was opting for the best man available—a former Commissioner who already had four years experience at the EC headquarters in Brussels.

The rights and wrongs will be argued for a long time to come. But for one week the nomination of one EC Commissioner was the only news story in Ireland, dominating front pages, and radio and television bulletins. DENNIS KENNEDY

Parliamentary Notebook



GEORGE CLARK

Half-way through its five-year term, the first directly elected European Parliament is now flexing its muscles, showing its independence and trying hard to exert a more powerful influence on the Council of Ministers—Europe's Cabinet—and on the EC Commission, the bureaucracy which is the main initiating force.

When Parliament was composed of members nominated from their national legislatures, it usually found itself the ally of the Commission, pushing with it at the walls of obstruction placed in the way of closer European unity by the Council.

Now that the assembly is answerable to an electorate, however, it is challenging the other two institutions, both on budgetary and policy issues. As Piet Dankert, Dutch Socialist and the newly-elected President of Parliament put it recently: "We have to show that this is a credible forum. We must prove to the people that it is worth coming out to vote for this Parliament at the next direct elections in 1984."

Preparing for that event, the members of Parliament in March exercized their right to recommend a uniform system of election. In 1979, each EC-member state went ahead with its own method, producing blatant injustices in some countries.

In March the Parliament was actually obligated to the initiative, for it was required under the Treaty of Rome, to come forward with a proposal for a uniform system. This it did, not without some dissension: It approved the regional party list system, which would require multi-member constituencies electing between three and 15 members of Parliament.

Member states—if the Council and national parliaments approve the plan—will decide how their territories are to be divided. There will be some flexibility, allowing countries to choose, if they wish, a system of preferential voting for individual candidates within the party list, and to take account of geographical, ethnic, and historic factors.

Winifred Ewing, the lone Scottish nationalist member of Parliament, welcomed this proviso because she said it would enable Scotland and Wales to be treated as separate areas. If the votes in these countries were to be subsumed in the total United Kingdom figures it would deprive the Scottish nationalists and Plaid Cymru (the Welsh nationalists) of fair representation at Strasbourg, she said.

A lot of detail has still to be sorted out—for instance, the minimum age for candidates (it could be 18 in Denmark) and for voters. One change found no critics. It is that member states must grant their nationals the right to vote irrespective of their place of residence within the Community and must grant the right to stand for election to nationals who have been resident in another member state for at least five years.

Opposition came mainly from the British Conservative and Labor members. They voted together when the Tories sprang an ambush in an almost empty chamber, trying to get the whole issue referred back to the legal affairs committee. It was a procedural trick which members from other countries found odious. Ill-feeling against the "Brits," who are seen as half-hearted Europeans (Prime Minister Margaret Thatcher included) or as outright destroyers of the Community (the majority in the Labor Party), grows stronger with every session of Parliament in Strasbourg.

The two British parties had differing reasons for opposition. Labor wanted nothing to do with proportional representation. The British first-past-the-post system was best. One member, one constituency made for direct accountability and that was democracy!

Tories, on the other hand, were willing to make a compromise. They knew only too well that Thatcher and the British Government are opposed to any form of proportional representation (except in the special conditions of Northern Ireland), but they were prepared to back the additional member system (AMS), which would allow a proportion of members (say 75 per cent in each country) to be elected directly, the rest coming from party lists. This, like the system in West Germany, would provide a kind of "topping up" element at the end of the day to ensure that the number of members of Parliament from each party matched the total

First session of the European Parliament in March 1958.

votes cast.

That system had been favored by the Parliament's political affairs committee, which presented the resolution, until last December. At that point, it emerged, there had been some political bargains struck over the forthcoming election of a new President of Parliament.

According to Adam Fergusson, a spokesman for the Conservatives, the regional list system was adopted at the behest of the Liberals in return for their promise to support Egon Klepsch, the German leader of the Christian Democrats in Parliament, for the Presidency. "The wheeling and dealing has been devious and disgraceful," he said. "This resolution is the result of a base and unworthy 'fix' between certain parties. It does not stand the ghost of a chance of being passed by the Council of Ministers."

We shall see! In the voting, the "Brits" were isolated. There were 138 votes for the resolution, 77 against, and 24 deliberate abstentions. The fact that 195 of the 434 eligible to vote failed to attend did nothing to help Dankert in convincing the people of Europe that Parliament is relevant and credible. After all, here was an occasion when a specific duty had been placed on Parliament. A sad day.

The simmering dispute, between the Commission and Parliament, over food exports to Russia rumbled on, each side apparently taking different figures as the basis. The budget committee, led by its forceful rapporteur, Heinrich Aigner, German Christian Democrat, continued to assert that the Commission failed to restrict exports to Russia during 1980 as part of Western reprisals against the Soviet Union for its invasion of Afghanistan.

He claimed that the Council of Ministers instructed that food exports should be kept down to an average of the previous three years, and that there should be no increase to replace the supplies cut off by the United States. But there had been a big increase, he alleged. Exports of wheat increased from 5,000 tons in 1979 to 500,000 tons in 1980; beef and veal went up from 22,000 tons to 97,000 tons, and sugar from 225,000 tons to 833,000 tons.

In vain, Poul Dalsager, EC Agriculture Commissioner, produced figures covering an 18-month period to back his assurance the restriction had, indeed, been imposed. In assessing the 1980 figures produced by Aigner, he said, it had to be realized that in the first few months existing export licences were still effective and supplies were already in the pipeline. They could not be stopped. Most affected by the embargo were cereals and during the year the Commission issued no licences at all for exports to the Soviet Union, he insisted.

His words had little effect on the parliamentarians. The Aigner report, strongly criticizing the Commission, was approved by 105 votes to 49. There were threats that Parliament may refuse to "discharge" the 1980 EC accounts unless some heads roll.

Overshadowing all recent debates has been the immense lobbying by Greenpeace and other animal protectionist organizations asking Parliament to demand a total EC ban on imports of goods made from the skins of the baby harp and hooded seals slaughtered, allegedly by cruel methods, off Canada, Greenland, and Norway's Jan Mayen Island. It was a pushover for the lobbyists, who presented a petition signed by 3 million people from the United States, Canada, Australia, and the Community countries. As members entered the Parliament building for the debate they had to cross a big sheet of canvas on which was shown a baby seal being clubbed to death. The door was festooned with hundreds of balloons with the message "Ban seal imports" Quietly, on the edge of the crowd, Eskimos from Canada were handing out free lapel badges stating: *Sauvons la morue. Mangeons du phoque.* (Save the cod. Eat seals.)

At fringe meetings, Canadian ministers and representatives of the Eskimos and fishermen tried to convince the parliamentarians that the annual cull was essential for the preservation of the fisheries and that the method of slaughter was not cruel. "The methods of killing are exactly the same as those used in slaughter houses the world over," they said. They were on a loser, however, as the emotional debate proved. A resolution calling for the total ban (Italy and the Netherlands already have one) was passed by 160 votes to 10.

Now the pressure is on the Council of Ministers. Karl Heinz Narjes warned that Europe must reckon with possible trade reprisals by Canada. "We have to consider the issue of compensation to Canada if unilateral action is taken," he said. "We must also take into account the requirements of the General Agreement on Tariffs and Trade. And there is also the question of a change in the EC-Canadian agreement which allows our fishermen to fish in the Canadian 200-mile zone." Obviously the Commission could not let emotions swamp the hard economic facts.

Socialists had doubts on another score, though they all voted for the ban. "Where," they asked, "is the petition demanding action to end the hardships and misery of Europe's 10 million unemployed?" It is a question that the trade unions of Europe may well take up in the coming months. €

George Clark is European political correspondent for The Times *of London.*

FORE!

Europe's lesser known golf treasures

PETER DOBEREINER

For the golfer contemplating a first visit to Europe a few preliminary words of caution may not go amiss. If you believe, for instance, that golf can only be played from an electric cart with an ice bucket and a shaker of martinis then I counsel you to forget the whole idea. Try Florida or Palm Springs.

European golf is strictly pedestrian and the only concession to mechanization on most courses is the pull-cart, or trolley. Caddies are a vanishing breed; most of the ones who remain in service are social misfits who tend to be both dishonest and drunk. The Scottish ones, in addition, specialize in being taciturn, rude, and disdainful of any golfer below the caliber of Jack Nicklaus.

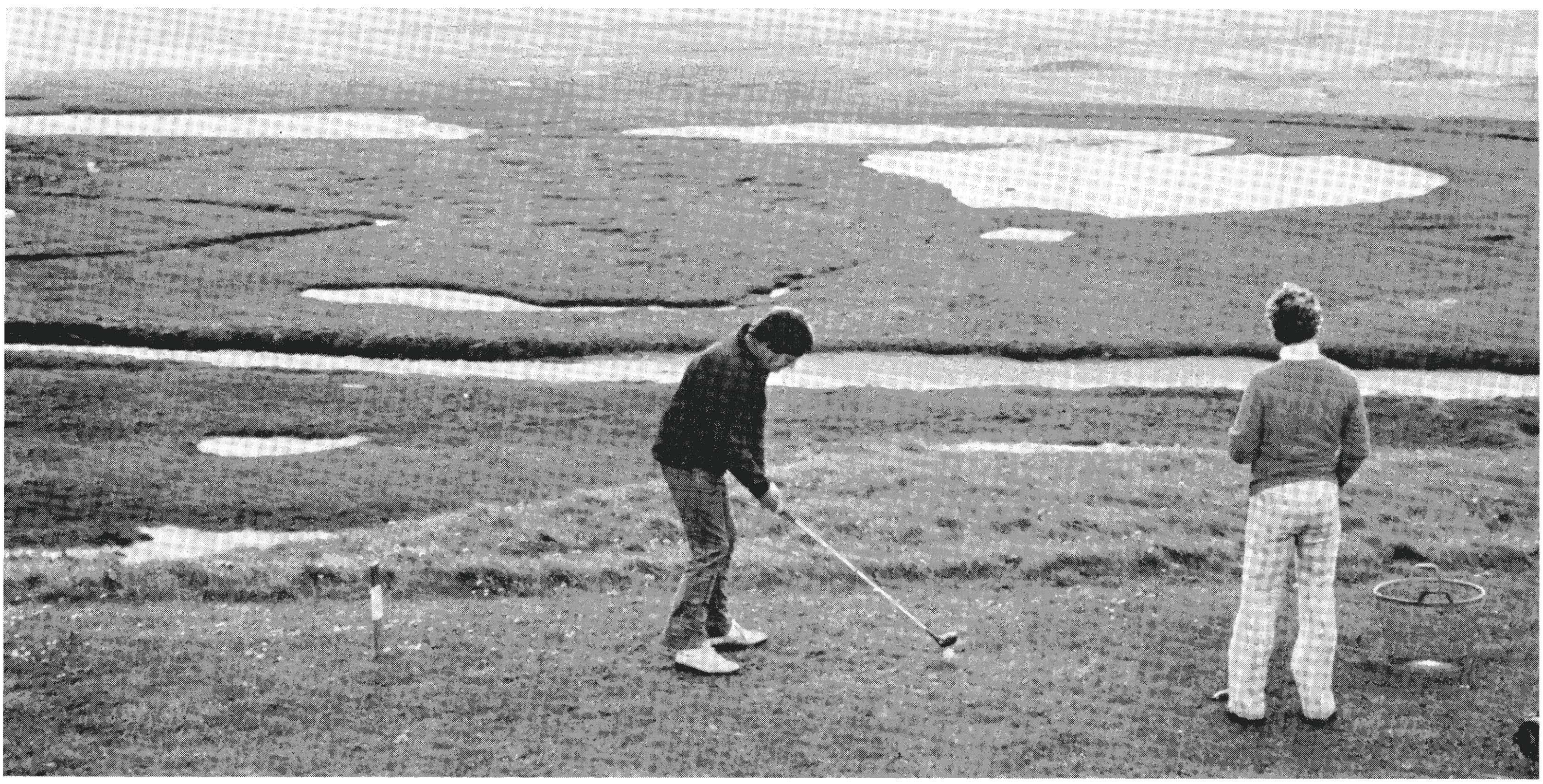
Good caddies are still available in the Basque region of France, elderly women swathed in voluminous black garments and exuding an air of impatience to get this frivolous exercise over as quickly as possible and be away to prepare the bouillabaisse for Gaston's supper. They mostly smell faintly of fish.

So the sensible plan is to acquire a light, pencil-case golf bag and fill it with no more than eight clubs. Only *eight*? You recoil from the notion of playing golf without the full complement of 14 clubs. Believe me, you will enjoy having to make up shots. And remember, Harry Vardon won six Open championships using only seven clubs. Slinging your clubs on your back is the best way to play golf in Europe and, besides, you will save on excess baggage charges.

That economy may enable you to upgrade the quality of your accommodation; hotel standards vary widely from country to country, but as a general rule most of the essential life-support services are available in three-star establishments. One other precautionary preparation is advisable: Break yourself of the habit of taking ice in your drinks. That way you will not be disappointed when ice is unavailable and you will greatly reduce the risk of dysentry in countries such as Spain and Portugal. Even more to the point, your desensitized taste buds will thaw out and you will be able to appreciate the exquisite experience of a single-malt whisky or the subtle aftertaste of modronio, a product of the Algarve region of Portugal which is made to a traditional recipe and resembles nothing so much as battery acid.

Now, with an open mind and a pocket full of credit cards, you are ready for the golfing experience of a lifetime. My purpose is to take you off the well beaten tourist track and direct you toward some of the lesser known golfing treasures.

Playing the course at Lahinch in Ireland. Courtesy of the Irish Tourist Board.



IRELAND

Let us first confront the question of danger and alarmist stories you may have read in your newspapers. Statistically you stand a greater chance of being beaned by a falling coconut than of encountering any manifestation of civil commotion, even in darkest Belfast. You can dismiss all fears from your mind.

That is not to say that Ireland is without perils, not by any means. Beware in particular any smooth tongued stranger who assures you that his cousin down the road makes the finest poteen in all Ireland. It may well be true, but it could change your life. The hills of Kerry and Donegal are full of American bank presidents who have gone native and have become fugitives from real life. They live, like most of the rural population, by stealing salmon and stalking stags and they develop an uncanny sixth sense which can detect an approaching posse of outraged wives and corporate attorneys.

Play **Rosses Point, Lahinch,** and **Ballybunion,** on the west coast and you will savor for the first time the true meaning of the expression "natural golf." Then go to the east coast, to where the Mountains of Mourne sweep down to the sea, and enjoy golf's ultimate experience, **Royal County Down** at Newcastle. It cost only $10 to build this majestic links but then God had done all the heavy work of providing vast sand dunes and carpeting them with turf like velvet.

ENGLAND

The glory of English golf is not the links courses, which are no better than those of Ireland or Scotland, but the heath courses. It would be easy, albeit expensive, to make a base in London, and take in a West End show every evening while making daily excursions to a rich variety of fine courses. **Walton Heath, Addington,** and **The Berkshire** are superb courses and virtually suburban.

It is prudent to write in advance to English clubs, preferably enclosing a note of introduction from your own club secretary, and this is especially true of **Swinley Forest,** a delightful but old-fashioned club where they have only recently instituted a bar. Previously the thirsty member rang a bell-pull to summon the butler.

Of the courses further afield, I would single out **Woodhall Spa** in Lincolnshire and the **Royal West Norfolk,** near the Queen's country home at Sandringham, as well worth a special visit.

SCOTLAND

Avoid **St. Andrews** unless your conscience absolutely insists that you make obeisance at the shrine of golf. Even then, if you want to commune with the pioneering spirits of the game you will get a better idea of early golf at **Old Prestwick.** My suggestion would be to fly to Inverness in the north, at the very edge of civilization as we know it, and then drive toward the North Pole until you reach **Dornoch.** Here is the finest links course in Scotland, so remote that you feel yourself in another world. That feeling may well reassert itself in the evening because this is Glen Morange country and the natives are nothing if not hospitable.

From here you might grope your way down the coast and take in **Royal Aberdeen,** which would be world famous if it were accessible. My third choice would be a magical inland course, **Boat of Garten,** with **Blairgowrie** nearby and hardly less inviting. Larch and spruce and silver birch and heather provide both the hazards and delights of these courses and if you are lucky you might see an esprey snatch a rainbow trout in its talons from the loch.

SPAIN

Spanish golf is mainly a tourist amenity and concentrated along the Costa del Sol. In summer this coast tends to become over-run with visitors and the courses, many of them excellent, are busy.

My preference is to drive further down, almost to Gibraltar, and to play the two Robert Trent Jones courses at **Sotogrande.** The old course is by the sea and faintly tropical in ambiance, with flowering shrubs and trees. The new course is very Spanish in atmosphere, built on rocky hills with cork-oak and olive trees lining the fairways. Both are fiendishly difficult tests of golf, beautifully maintained and, since this is an up-market development, boy caddies are generally available.

PORTUGAL

Portuguese golf is also tourist-oriented but the development of the Algarve has been more discreet than the concrete canyons of the Costa del Sol. The **Penina Golf Hotel** courses, designed by Henry Cotton, stand comparison with courses anywhere in Europe, although there is a school of thought which claims that **Quinta da Lago's** three loops of nine holes are superior. It is a matter for individual preference. There are half a dozen courses along the coast so the visitor can easily sample them all in a week, not to mention the exquisite sea food.

ITALY

The game has taken a foothold in Italy, mostly among the wealthy industrialists, but true to the national character the clubs tend to lavish their resources on the clubhouses, providing superb bars and dining rooms and regarding the course as a secondary amenity, a place to walk off the excesses of lunch.

Pevero on the island of Sardinia is distinctive, however, for on a windy day (and the Mediterranean is a notoriously windy sea) it is probably the most difficult course in Europe. Two architects turned down the commission on the grounds that the rocky foothills covered in dense scrub precluded any possibility of building a course. The problem was solved by dynamiting the tops of the hills and allowing the debris to fill the crevasses and create fairways. The result is mountain-goat golf, with narrow fairways and the cast-iron certainty of losing a ball if you hit one off line. It is a paradise for the golfing masochist, but the living is easy in the superb resort hotels.

FRANCE and HOLLAND

French golf courses tend to be good without being outstanding. **Le Touquet** is a fine links and **Hardelot** just along the road is a pleasant forest course. If you are into frogs' legs and garlic you can have a sensational weekend in this area. I wouldn't insist on it too strongly when you are in Scotland, but golf began in Holland and the present custodians of the game are deeply conscious of their responsibilities in keeping up the standards. The best of Dutch golf is a string of links courses built on the defensive walls of sand which keep the sea at bay. They are a bit stuffy about wearing tee shirts in the dining room, but otherwise very welcoming.

SCANDINAVIA

Sweden is the place where golf has really captured the national imagination. **Falsterbo** is a fine links on the south coast, but for the most part the courses are inland, played through avenues of conifers and providing one excruciating novelty, rocky outcrops from which your ball can ping sideways into the woods. The clubhouses reflect a determination to make golf a game for everyone, modest by American standards. The enthusiasm of the Swedes is infectious and the game threatens to challenge sex as the national sport.

Finally, I would offer one general suggestion for the visitor to European golf. Do not plan a meticulous itinerary, but keep your options flexible. Do not fret over minor inconveniences, such as telephones whose operators seem determined to foil you. Adapt to the pace of life wherever you may go, and accept **mañana** is not so much a word as a philosophy. The Irish have a similar word in Gaelic although, as the old gag has it, it lacks the same sense of urgency. Many Americans are appalled by what they discern as a lack of efficiency in Europe. That may be so in certain areas of life, but we do have something else to offer and if you determine to relax and enjoy it I guarantee that you will appreciate the old-time golfing style.

Peter Dobereiner writes on golf for the British newspaper The Observer.

NEWS...OF THE...EUROPEAN...COM

EXTERNAL

EC Accepts Multifibre Pact

The renewal of the Multifibre Arrangement (MFA) which governs international trade in textile products was accepted by the Community in late February after some weeks of uncertainty. Before coming to agreement about the terms of acceptance, details of national import quotas and overall ceilings for textile and clothing imports had to be worked out by Community ministers. These measures were requested by EC member states that had experienced deep reductions in employment in their textile industries.

The renewed MFA accord will lead to bilateral negotiations between the Community and nearly 30 textile exporting countries on the quotas on shipments EC member states will accept from these countries. Such bilateral agreements were a condition of Community acceptance of the MFA renewal in Geneva.

EC Airs Views at CSCE

EC member states sent high-level representatives to Madrid in early February to represent their views at the review Conference on European Security and Cooperation. These European foreign ministers went to stress the importance they attached to the political repression and violation of human rights in Poland since the imposition of martial law there last December.

It was emphasized that the measures taken by the Polish military authorities were contrary to the human rights provisions in the Final Act of the Helsinki accords that are the basis for European security and cooperation. Belgian Foreign Minister Leo Tindeman, acting as President of the Council of Ministers, spoke on behalf of the Community. In addition, individual ministers addressed the conference.

Haferkamp Visits India

EC Commission Vice President, responsible for external relations, Wilhelm Haferkamp met with top Indian Government officials in late January. The growing Indian trade deficit with Community countries was discussed at some length during meetings with the joint EC-India commission. This deficit has increased from $146 million in 1977-78 to $1.5 billion in 1980-81. European officials dwelt on the obstacle to outside investment represented by Indian capital restrictions. Trade in textiles was specifically discussed, and the Community's plan to open an office in New Delhi later this year.

In an address in Bombay to the Ninth Public Relations World Congress, Haferkamp said the best way to achieve the New International Economic Order was for economies to erase the recent zero growth rate and stimulate new wealth and world trade. Untapped financial resources and regional cooperation must be explored, he added.

EC Position on Sea Law

A joint EC position for the law of the sea conference was recommended by the Commission in early February. The session, to have been resumed in April was to work on the second draft of an international convention on the exploitation of resources on the ocean floor. Work in this area began in 1973, and a first draft was prepared about two years ago, but rejected by the new US Administration.

The Commission proposal aimed to protect the economic interests of both developing and industrialized countries and stated that the eventual international machinery to supervise fair exploitation of the seabed should not be too cumbersome, nor burdened with restrictions that discourage development. The Commission also emphasized that the possible development of seabed resources could be highly important for Europe which is poor in natural resources.

EC-ACP Committee Meets

The joint committee of the EC-African, Caribbean, and Pacific countries Consultative Assembly met in Salisbury, Zimbabwe, in early February to discuss bilateral, regional, and international topics. The dominating issue was the impact of South African policies on the rest of the region.

The committee adopted a resolution noting the economic and political difficulties of so-called "front line" states that have to divert economic resources for defense against South Africa. EC Commissioner Edgard Pisani, in charge of aid and development, commented in a speech that South Africa's destabilizing military activities were probably the main cause for the presence of Cuban troops in Angola rather than the other way around.

Additional subjects discussed were energy, hunger, fisheries, and other economic problems. Participating in the meeting were members of the European Parliament and representatives from the parliaments of some of the 62 ACP countries which are members of the Community's Lomé Convention.

Pisani Tours Southern Africa

EC Commissioner Edgard Pisani, in charge of relations with developing nations, visited several countries in Southern Africa in early February. Most of the countries visited were considered among the "front line" states in regional warfare and had been seeking closer cooperation and increased outside aid to lessen their economic dependence on South Africa.

During his address in Salisbury, Pisani noted that the region seemed capable of giving both the best and worst of itself. The best could be its bountiful natural resources, and the worst was the civil and political strife rampant there. During the trip Pisani also discussed the possibility of closer cooperation between the Community and Angola and Mozambique.

Belgian Foreign Minister, and current President of the EC Council of Ministers, Leo Tindemans (far right) briefs reporters at the EC Commission's Washington office after his meetings with senior US officials. Tindemans went to Washington to express European alarm over high US interest rates © Jean Guyaux, Brussels

Transport Cooperation Seen

The Yugoslavian Minister for Transport Ante Zelic and EC Commissioner Giorgio Contogeorgis, in charge of transportation, met in late February to look at transport provisions of the cooperation agreement between the Community and Yugoslavia which is due to enter into force in mid-1982. Contogeorgis noted the new dimension given to transport matters, particularly road and rail transit traffic through Yugoslavia, as a result of Greek membership in the Community.

Zelic emphasized Yugoslavia's willingness to cooperate with the Community, and he dwelt on the need for cooperation in infrastructure to improve the flow of traffic in his country. He stressed also the importance of improved rail capacity utilization. The talks clarified a number of priorities, including: seeking agreement on rail freight charges for coal and steel products; development of combined road/rail transport; sharing the costs of road transport infrastructure; main trunk routes and their financial implications; and matters relating to border crossings. The Commission and Yugoslav authorities agreed to hold regular exchanges on developments and to appoint experts from both sides to study specific questions with a view to narrowing down issues and considering possible solutions.

Arab League Leader Visits

Arab League Secretary General Chedli Klibi met with Community and Belgian leaders in early March to discuss the Euro-Arab dialogue and other issues connected to the Middle East conflicts. It was generally agreed that the Euro-Arab dialogue had made progress in spite of political differences.

Following the meeting it was reported that Belgian Foreign Minister, and current President of the EC Council, Leo Tindemans had confirmed his interest in a trip to the Middle East to resume the effort toward a European role in the settlement of problems there. Klibi had stressed that the Arab world was anxious for concrete European action after years of hestitation and declarations.

Import Rules Changed

A new set of common rules for imports from non-Community countries other than state-trading countries, China, and Cuba were adopted by the EC Council of Ministers in February. The main changes introduced provide for new procedures for investigations at Community level; more rigorous criteria for assessing the existence of substantial injury or threat of injury; and harmonization of rules for taking protective action.

Corn Gluten Duties Sought

The EC Commission has proposed to the Council of Ministers that a limit be put on the amount of corn gluten imported duty-free into the EC. The cut-off point would be 3 million tons a year; beyond that a tariff would be imposed. The quota is designed to ensure continued duty-free access for American exporters at slightly above current levels. Nineteen hundred and eighty-one EC imports of corn gluten feed were 2.97 million tons, of which the United States supplied 2.85 million tons or 96 percent. The value of these US exports was $500 million in 1981.

The Community has a commitment within the General Agreement on Tariffs and Trade (GATT) to allow duty-free imports of corn meal gluten and other by-products of the starch and ethyl alcohol industry. The Commission's proposal requests the EC Council of Ministers to give the go ahead to negotiate a partial and temporary modification of this GATT duty free status and clearly indicates that the Community would pay compensation for its action as provided for under GATT Article XXVIII.

The EC's zero import duty on corn gluten dates from the 1967 Kennedy Round negotiations. At that time EC imports from the United States of corn gluten feed and other starch by-products averaged about 10,000 tons a year. By 1973, they had reached 37,000 tons. The following year they jumped to 697,000 tons.

Thorn Visits New Zealand

EC Commission President Gaston Thorn undertook an extended visit to New Zealand and Australia in late February for the purpose of improving trade and political relations between them and the EC after some years of problems. In conferring with New Zealand policy makers, Thorn discussed key issues such as the possibility of a long-term trade agreement, butter, and sheepmeat trade. He indicated that any long-term agreements negotiated during this period of economic crisis in the Community would probably not be as advantageous as ones that could be worked out on an annual basis.

Australia has heavily criticized EC agricultural policy, which was one of the issues taken up by Thorn there. He explained the review process currently underway and defended the social and political need for the agricultural policy. He said that EC agricultural export rebates were not contrary to international trade rules and also noted that the Community had suffered from a number of Australia's import restrictions.

AID

Polish Shipments Arranged

Following a recent meeting of about 40 charitable and humanitarian organizations in Brussels, the EC Commission announced in early March the details of its latest aid for Poland. A total of ECU 8 million in food, medicine, and other emergency supplies is to be sent over a period of three months through various aid agencies. This amount was divided among the four types of agencies set up to improve the flow of aid from the Community to the Polish people. During March more than 100 trucks loaded with over 20 tons of supplies were to make deliveries in Poland.

Regional Fund Grants Made

A total of over ECU 78 million was announced in March as the first allocation of grants for 1982 from the quota section of the European Regional Development Fund. The recipient countries are Greece and Ireland, to which over ECU 3 million will go for nine industrial investment projects and more than ECU 75 million for 80 infrastructure investment schemes.

In January the fourth allocation for 1981 of ECU 911.5 million, the largest since the fund was set up in 1975, was approved by the EC Commission. This amount goes for 1,707 investment projects in Denmark, Greece, France, Ireland, Italy, and the United Kingdom. Over ECU 93 million is committed for 470 projects in the industrial and service sectors, including small businesses, and nearly ECU 818 million for 1,237 infrastructure projects. In 1981 the fund financed 2,763 investment projects for a total of nearly ECU 1.7 billion. Total grants since 1975 add up to nearly ECU 5.4 billion for 14,613 projects.

Emergency Aid Granted

Emergency aid granted by the EC Commission during the first part of this year includes the following: ECU 100,000 to Madagascar to aid 50,000 people left homeless after flooding caused by several cyclones; ECU 30,000 to Swaziland to cover medical supplies to combat an outbreak of cholera; ECU 150,000 for Algeria and ECU 300,000 for Morocco to help meet food needs following the severe drought of 1980-81 that severely affected stock-farmers.

Mauritania was granted ECU 60,000 to help victims of flooding; the Seychelles receive ECU 200,000 for repairs to the damaged international airport there; Montserrat was granted ECU 80,000 for urgent repairs to the country's infrastructure damaged by severe rainstorms. To combat a serious epidemic of dysentery, Zaire was granted ECU 50,000; Angola was granted ECU 2.4 million in food aid for displaced Angolans and Namibian refugees in Angola. ECU 400,000 worth of sugar as emergency food aid for the refugees in Somalia was also proposed by the EC Commission, and it granted ECU 633,000 for Afghan refugees in Pakistan.

Development Grants Made

The EC Commission made the following grants recently from the European Development Fund: nearly ECU 10 million to improve and expand railway capacity between Ethiopia and Djibouti; over ECU 19 million to Tanzania for the second phase of a regional agricultural development project; ECU 185,000 as supplementary financing for a power station in Tuvalu; nearly ECU 2 million as supplementary financing for a forestry project in Guyana; ECU 3.5 million to Uganda for a multiannual training program covering the areas of agriculture, industry, public services, public health, and education; and ECU 730,000 to Zaire for retraining of teaching and technical staff attached to the National Vocational Training Institute.

Other financial decisions included a special loan of ECU 6 million for long-term storage at the port of Douala to ease handling of traffic to and from Northern Cameroon and the Central African Republic and Chad; a grant of nearly ECU 2 million to Caricom member states for development of trade promotion regional services in the Caribbean; and a total of almost ECU 7 million to Niger for the introduction of modern rice-growing methods in the Niger river basin.

Chad was granted nearly ECU 8 million for its national reconstruction program to include stock-farming, road infrastructure, and technical assistance; for consolidation of the Marahoué ranch, the Ivory Coast was granted ECU 7.5 million; the Central African Republic received over ECU 9 million for bridge construction; the Sudan receive ECU 12 million for the second phase of a project to establish a tea plantation in the southern part of the country; Sierra Leone received nearly ECU 4 million for its multiannual training program; Dominica was also granted ECU 162,000 for training; Upper Volta received a grant of nearly ECU 2 million for land development; and for bridge construction, Togo was granted over ECU 1 million.

Energy Aid Announced

Plans to provide financial and technical assistance to energy projects in three regions were announced by the EC Commission in mid-March when a large delegation from China was visiting us to discuss energy cooperation. ECU 462,000 will go for projects in China, Brazil, and Southeast Asia through the Association of Southeast Asian Nations (ASEAN) Institute of Technology.

In China, the aid will go for training administrators, technicians, and professors in Peking, Nanking, and Tianjing, as well as in the Community. The ASEAN project has already received support from individual EC member states and will include visits by European energy experts to the Bangkok center. In Brazil, Community aid will cover the costs of 10 scholarships to that country's COPE Energy Institute in Rio de Janeiro. Since 1980, the Community has financed about ECU 2.5 million worth of energy projects worldwide. Many of these have been in the field of training for energy programming and savings.

Lomé Renewal Planned

EC Commissioner Edgard Pisani, in charge of relations with developing countries, began a tour in early March of EC capitals for consultations on the Lomé Convention renewal negotiations expected to begin in May 1983. Considerable attention has been focused recently on problems of the convention and the possible need for a major new approach in the renewal talks.

Among the problems Pisani indicated were the rigidity of the convention, efficiency in development funding, coordination between national and Community development strategies and programs, and the definition of a mining strategy. Community proposals on the negotiations are expected to emerge in the next few months following these consultations. The Lomé Convention governs trade and aid between the Community and more than 60 developing countries in Africa, the Caribbean, and the Pacific. Pisani also planned visits to Geneva for talks with the Group of 77 developing countries at the United Nations and to the Caribbean and Africa.

EIB Lending Keeps Pace

The European Investment Bank (EIB) in Luxembourg lent ECU 3.85 billion in 1981, according to the annual report released in early February. Of that amount ECU 3.36 billion went to support projects in EC countries and ECU 500 million went for investment in projects in developing countries. Most financing was aimed at the least economically developed regions of the Community and at projects for developing infrastructure in those areas or at energy-saving activities. Another large portion went to help reconstruction in parts of southern Italy hit by earthquakes in 1980.

After inflation, spending in 1981 roughly equaled the amount spent in member states the previous year. Nearly three-quarters was concentrated in Italy, Ireland, Greece, and the United Kingdom. It was estimated that the projects financed also involved the direct creation or safeguarding of about 31,000 jobs. On the energy side, new projects, when they become operational, will mean replacement of about 10.6 million tons of imported oil per year.

Non-associated States Aided

The Commission decided last January on the financing of several projects under the 1981 program for non-associated developing countries. These included ECU 7 million to India for regeneration of cultivable land damaged by erosion and for reforestation and conservation measures; ECU 36 million for importing nitrogenous fertilizer into India; ECU 3 million as a contribution to a rural development fund in Ecuador; nearly ECU 4 million for improving rural technology in the Andean subregion, which includes Bolivia, Colombia, Ecuador, Peru, and Venezuela.

ECU 4.3 million was granted for training and agricultural research and development in Southeast Asia through the Association of Southeast Asian Nations that includes Indonesia, Malaysia, the Philippines, Singapore, and Thailand; over ECU 7 million went to the Philippines for agricultural improvements and the upgrading of the transport and health infrastructure; ECU 1.65 million was provided via the Jordan Cooperative Organization for rural Palestinians living in occupied territories to improve agricultural production and marketing, land development, and the rural infrastructure. Several grants were also made to agricultural research institutions that help non-associated developing countries and for studies and technical aid to these nations.

Senegal, EC Sign Accords

Three European Development Fund financing agreements and a new fisheries agreement were signed in late January between the Community and Senegal. A road project, which involves improvement of an existing track, was given a grant of ECU 1.3 million and a special loan of ECU 4.2 million.

For a trade promotion program, a contribution of more than ECU 1 million was also made. The third agreement involved a series of development projects, including roads, water engineering, and social schemes related to supplying food needs, especially of rice and maize, for which a grant of nearly ECU 4.7 million was agreed. The new fisheries agreement also signed was a two-year accord which enables Community vessels to fish in Senegalese waters for a set financial compensation.

Zimbabwe Joins Lomé II

Final steps were taken in late January concluding the procedures required for ratification of Zimbabwe's accession to the second Lomé Convention, making that country the sixty-first member of the convention. The agreement was originally signed in November 1980.

Stabex Payments Decided

For losses on coffee export earnings in 1981, the EC Commission decided to advance Kenya ECU 7.5 million in Stabex payments. Although the volume of exports fell, the main reason for losses was the level of prices, which continues to be inadequate.

Another decision involving Stabex was made recently by the Commission as the result of hurricanes that hit Dominica in 1979 and 1980 destroying 70 percent of its coconut plantations. Although the Stabex system is aimed mainly at stabilizing earnings from exports to the Community from the African, Caribbean, and Pacific (ACP) members of the Lomé Convention, there are provisions for application of the Stabex payments to exports from one ACP country to another. For the first time, in view of the wide destruction of the hurricane and because coconuts and coconut oil are primarily exported to other developing countries, the Community decided coconut exports from Dominica to other ACP nations would also be covered by Stabex.

Bad Weather Brings Aid

Because of the exceptionally bad weather occurring at the end of 1981 and the beginning of this year, the EC Commission decided in late January to grant emergency aid to regions in France, the United Kingdom, and Ireland. France and the United Kingdom were both to receive ECU 1.25 million and Ireland was granted ECU 1 million. The Commission also decided to grant Germany ECU 150,000 to help with damage caused by the hurricane that hit Jutland last November.

Funds for this type of aid are limited to a total of ECU 6 million in the 1982 budget. As a result, the aid is principally intended as a humanitarian and symbolic gesture to demonstrate to the victims of catastrophes the solidarity of the Community's other nations.

INSTITUTIONS

Irish Commissioner Resigns

The Irish Commissioner Michael O'Kennedy, in charge of the administration, statistical, and publication activities of the Commission, resigned in early March following his election to the Irish Parliament. He had joined the Commission in January 1981 and had also been appointed by Commission President Gaston Thorn to be his personal representative in matters involving the reform of the EC budget and agricultural policies.

Commission, Networks Talk

Representatives of major European television networks and the Commission met in February to discuss the possibility of special programming to commemorate the 25th anniversary of the signing of the Community treaties. The group meeting in Brussels included heads of the British Broadcasting Corporation, Italy's RAI, and Radio Television Luxembourg, and for the Commission, President Gaston Thorn and Commission Vice President Lorenzo Natali, in charge of communications and information policy. The discussion turned to other subjects as well, and reports indicated the meeting may have covered the issues of a jointly operated European television channel and harmonization of regulations for the communications industry.

Urban Problems Aired

Representatives from many large European cities met with members of the European Parliament in February to discuss their urban problems and Community assistance for housing, transport, and other areas. In addition, a number of proposals on how the Community might increase its aid to cities through Regional, Social, and other funds were made.

During the discussions, fundamental differences were seen between the way authorities in northern and southern Europe approach urban problems. For instance, southern cities seem more involved in the preservation of their historic city centers than their northern counterparts. The Parliament's interest in the subject was linked to the fact that many parliamentarians are also connected with their local governments.

Parliament Urges Seal Ban

In an early March session, the European Parliament voted to urge a Community ban on the import of products made from baby seal fur from Canada. The Parliament's action followed a massive lobbying and petition campaign in Europe which had produced millions of signatures favoring a ban. Canadian representatives attending the meeting defended the practice and indicated that Canada might refuse European fishermen the right to fish in Canadian waters in the face of such action.

The Parliament also approved a uniform system of proportional representation for the 1984 Parliament elections, which still must be approved by the Council of Ministers and be implemented by member states. It was noted however, that some countries were unlikely to approve the system. The vote also endorsed the concept of large election districts that would vote for as many as 15 representatives to the European Parliament.

The session also received a message from King Hassan of Morocco representing Islamic nations opposed to the decision of the Parliament's political affairs committee to hold a meeting in Jerusalem.

Work Program Presented

The annual work program was presented to the European Parliament in mid-February by EC Commission President Gaston Thorn who warned that if progress were not made toward these objectives, the Community would be in even more serious difficulties. He specifically urged that solutions be found quickly to problems posed by the EC budget and agriculture policies and warned against the tendency of some member Governments to resort to "go-it-alone" trade and economic policies. Both problems, he said, could gravely undermine the foundation of the Community.

On the international front, Thorn said the main concern was deterioration of relations with the United States which could escalate into something more serious than trade disputes. As to internal Community problems, he said, "We will have to ask ourselves, in all honesty, whether the member states have lost interest in a united Europe and whether the present Community has lost the capacity to take decisions."

Study Grants Announced

Short-study visit grants for 289 beneficiaries amounting to over ECU 200,000 were announced by the EC Commission in mid-January. Such grants were set up in the education action program adopted in 1976 and are available to teaching, administrative, and research staff in higher education, as well as local and regional administrators in education for the 11-19 year age range.

In higher education, the aim of the program, now in its sixth year, is to enable the participants to extend their knowledge and experience in other EC member states in order to increase the opportunities for collaboration between institutions. The local and regional administrators' program has been in progress for four years for the purpose of studying general or technical education for the teenage group.

ENERGY

Euratom-US Accord Signed

A cooperation agreement in the field of nuclear materials safeguards research and development was signed between Euratom and the US Department of Energy in late January. The promotion of research and development, as provided by the new agreement, contributes to nonproliferation and is to be considered as support to the aims set by the International Nuclear Fuel Cycle Evaluation. The five-year, renewable pact improves the exchange of scientific information, covers the exchange of equipment, and protects inventions or discoveries by both sides.

Coal Use Drops

Coal consumption in the Community dropped last year, but less than that of oil and gas, according to a report released by the EC Commission in early March. Coal use dropped by about 3.6 per cent, while total energy consumption declined by 6.4 per cent. Demand for oil and gas dropped by 11.6 and 4.4 per cent respectively. The report also noted that imports of coal by EC coal-producing countries dropped by 4 million tons in 1981 and could drop by another 5 million tons this year. Total consumption of coal in member states went from 313 million tons in 1980 to 305 million tons in 1981 and could reach 309 million tons this year.

Fusion Research Continued

EC research and development ministers meeting in early March agreed that ECU 620 million would be made available during 1982-86 for the thermonuclear fusion development program already underway. The Council of Ministers also urged the Commission to explore the possibilities of cooperation with the American and Japanese programs in this field.

Additional studies into raw materials were also agreed. This new program will receive ECU 54 million for the period 1982-85 and will cover the areas of metals and mineral substances, wood, recycling, nonferrous metals, substitution, and technical ceramics. In addition, the Council also examined the outlines of a general Community policy on research and development and asked the Commission to draw up a preliminary draft of a strategy.

Gas Exploration Urged

Proposals urging development of internal production and stimulation of exploration and research were among EC Commission recommendations released in mid-February regarding Europe's future natual gas supplies. Among the approaches suggested were the removal of tax and other regulations that impede development of these supplies.

The Commission's recommendations come at a time when the spotlight is on the construction of the East-West gas pipeline from the Soviet Union to Western Europe. The Commission noted that Europe will be increasingly dependent on supplies from outside, but that it should do its utmost to develop domestic production.

Energy Improvements Sought

New measures designed to improve the energy situation were approved by the full Commission in early February and sent on to the Council of Ministers. Commission Vice President Etienne Davignon, responsible for energy and who introduced the measures, highlighted plans to promote rational energy use through investments, a comprehensive coal policy, the role of nuclear power, and steps intended to reduce the effects of any oil shortages. In addition, a separate proposal on thermonuclear fusion research was to be taken up at a different council meeting.

The measure aimed at investment in energy would use either information or tax incentives. The coal plan would seek to make a larger portion of EC coal production more competitive. The Commission would also seek to highlight the real cost benefits of nuclear energy in comparison to other sources of energy. Davignon told the press as well that the Commission plans to study all factors involved in the proposed Siberian gas pipeline venture.

EC Oil Bulletin

The average increases in CIF prices of crude oil between the end of 1978 and mid-March this year was 159 per cent, as a result of decisions taken by the oil-exporting countries. The pre-tax prices of the principal oil products (crude oil and imported finished products) increased by an average of 86 per cent over the same period.

The Commission publishes weekly bulletins in order to make Community oil markets more transparent, particularly regarding price information.

ECONOMY

Economic Growth Predicted

Economic growth of an average 1.5 per cent was predicted for the Community for 1982 in a report released by the EC Commission in early March. Last year the economy declined by 0.5 per cent.

The study indicated that factors such as the price of oil, interest rates, and the exchange rate of the US dollar created uncertainties for this year. Inflation rates should average 10.6 per cent in comparison with the 11.4 per cent registered in 1981, and the EC balance of payments deficit could decline by about 0.5 per cent as opposed to 0.9 per cent last year, said the Commission report. Further details indicated that the expected growth and inflation rates would allow for only marginal improvement in the fight against unemployment. The study also advised countries with high budget and payments deficits to take measures to stabilize these problems and it called for greater international cooperation in monetary and trade matters.

Steelworkers Storm EC

Hundreds of Belgian steelworkers stormed into the reception area of EC Commission headquarters at the Berlaymont in Brussels in early February to demand approval of plans for modernizing the steel industry in Belgium. The group was prevented from going further and peacefully occupied the ground floor lobby while their delegation was received by EC Commission President Gaston Thorn. The Commission has been studying a number of proposals submitted by the Belgian and other Governments for the restructuring of steel operations in the face of an international crisis in this industry.

Newsprint Venture Amended

Following talks with the Commission, Feldmühle AG (Germany) and Stora Kapparbergs Bergslags AB (Sweden) amended their newsprint agreements to remove restrictions on competition. The two companies had invested in a joint venture, Hylte Bruks AB of Sweden, for the purpose of producing newsprint, and they had entered into long-term commitments for supply and sales between themselves, as well as coordinated sales policy for Hylte paper. Certain member states were also reserved for each of the two firms as marketing areas.

In Germany where they have supplied newsprint for years, both firms operated through a joint marketing organization which set purchase prices based on the average of list prices charged by a number of Finnish, Norwegian, and Swedish manufacturers. This organization, which was originally jointly owned, now belongs to Feldmühle alone, and Stora will assume responsibility for its own newsprint sales in Germany from now on. The amended agreements also provide that future supply and purchasing commitments may be renewed for not more than three years and that the practice of partitioning the common market has been abolished. Prices are now also based on market prices.

Tobacco Taxes Studied

After months of intense debate on the subject, the EC Commission published in late February a detailed study on the need for further harmonization of national taxes on tobacco products. Such a study had been requested by the European Parliament in June last year before it would respond to a Commission proposal in this area.

EC Commissioner for Budget and Fiscal Affairs, Christopher Tugendhat, said the measure had been the subject of heavy lobbying by large multinational and domestic tobacco companies against action by the Parliament. The Parliament plans to give its opinion as soon as it has had time to examine the Commission study.

Customs Union Incomplete

"Lack of political will" was one of the main causes cited by the Commission recently for a slackening of efforts to reach a full customs union. To reach that goal member states must agree to changes in some of their legal and administrative arrangements. To this end, the Commission asked the Council to make greater use of EC treaty provisions to delegate necessary powers to the Commission to implement rules adopted by the Council, thus freeing that body to concentrate on the main aspects of customs policy.

Last June the Commission had sent a communication to the Council on the state of the internal market, calling for a special effort to reinforce and develop the market. This made strengthening of the customs union an issue of immediate importance. Since 1979, said the Commission in its most recent statement, a substantial number of customs proposals have been adopted, but it noted that some of them had been before the Council for years and that several were limited in scope and did no more than implement international provisions already negotiated. Other important proposals have not yet been adopted within the time limits set.

MONETARY

EEC, Euratom Borrowings

A contract was signed in Tokyo in early February between the Community and a syndicate of Japanese underwriting firms for the issue of yen bonds by Euratom in the aggregate amount of 20 billion yen. An EEC bond issue was also announced by the Community in February. This issue of DM 200 million was made through an international banking syndicate managed by Deutsche Bank, and the bonds will be listed on the stock exchanges at Frankfurt, Berlin, Dusseldorf, Hamburg, and Munich. The proceeds will be allocated under the so-called New Community Instrument for the financing of priority investment projects within the member states.

EMS Rates Adjusted

The decision to adjust the exchange rates of the European Monetary System (EMS) in late February resulted from devaluations of the Belgian, Luxembourg, and Danish currencies. The move by EC finance ministers and EC member state central bank governors allowed the Belgian Government to devalue the franc by 8.5 per cent and the Danish krona by 3 per cent. The Luxembourg Government, linked in a monetary union with Belgium, reluctantly went along with an 8.5 per cent devaluation of its currency.

The Belgian Government had requested a 12 per cent devaluation, but the other countries in the EMS were concerned about the impact of such a wide shift on the monetary system and on trade patterns. Belgian hoped that the devaluation would make its exports more competitive on international markets and accompanied the devaluation with other measures to dampen inflation and lower production costs in the country. The EMS adjustment also required changes in the monetary compensatory amounts connected with agricultural prices.

HARMONIZATION

Sulfur Deal Stopped

The EC Commission intervened to prevent the world's biggest sulfur exporter, the Canadian company Cansulex, from transferring sole distribution rights for Western Europe and North Africa to its biggest competitor in the Community, the Société Nationale Elf Aquitaine-Production (SNEAP). Following Commission objections, the two parties abandoned their plan.

Cansulex has been one of the smaller suppliers of crude sulfur in the Community which was marketed by an independent sole distributor in competition with SNEAP. The proposed cooperation agreement would have enabled SNEAP to control the sale of Canadian sulfur in Europe and thus not only restrict existing competition but also prevent the sharper competition expected in the future brought on by uncertainty about supplies of Polish sulfur and increasing demand. SNEAP is expected to further strengthen its market position through its acquisition of the American company Texas Gulf, which has a stake in important sources of sulfur supply in Arab countries. Only by ensuring that Cansulex sulfur was sold in the Community through independent channels could the danger of further deterioration of the EC market structure be averted.

BOOKS

Europe *periodically lists books dealing with Community and Atlantic topics. Prices are also given when known. This presentation does not indicate approval or recommendation of these publications, which can be purchased or ordered from most booksellers.*

Statistics Europe: Sources for Social Economic and Market Research, 4th Edition. By Joan M. Harvey. CBD Research Ltd., UK, 1981. Available from Gale Research Company, Detroit. 508 pp. $150.00.

Provides details on more than 2,500 sources of statistical data for all countries of Europe, including Turkey and the Soviet Union.

Industrial Policy in Western Europe. Edited by John Evans. The European Trade Institute, Brussels, 1981. 251 pp.

The proceedings of a ETUI seminar of February 1981 in Rome on European industrial policy. In five parts, the study covers employment trends and industrial developments, the role of a European industrial policy, case studies of industrial policy in the United Kingdom, Italy, West Germany, France, and others, and the development of European level trade policy, including relations between the European Free Trade Association and the EC.

Collective Bargaining in Western Europe: 1979—1980 and Prospects for 1981. European Trade Union Institute, Brussels, 1981. 355 pp.

A systematic survey of collective bargaining in 1980 and trends for 1981 in EC member states, the Nordic countries, Austria, Switzerland, and Spain. Areas covered include wages, purchasing power and wage systems, paid educational leave, health and safety, violation of trade union rights, industrial disputes. Positions of employers, Governments, and trade unions are treated.

Supranationalism Revisited—Retrospective and Prospective: The European Communities After Thirty Years. EUI Working Paper No. 2. By Joseph H. Weiler. European University Institute, Florence, 1981. 148 pp.

A review of the EC since its establishment and an evaluation of its future direction in light of Greek accession, the directly elected Parliament, and various upheavals within the Community. Discusses the nature of supranationalism in the context of the institutions of the Community, including the diminuition of "decisional" supranationalism within the Commission and the Council.

A Dictionary of the European Communities. By Geoffrey Parker and Brenda Parker. Butterworths, Boston, 1981. 84 pp. $9.95.

Concise definitions of institutions, policies, people, and places relating to the European Communities. Cross-referencing between entries is provided, as well as a guide to further reading.

European Environmental Policy: East and West. By Joseph Füllenbach. Butterworths, Boston, 1981. 255 pp. $49.95.

Explores East-West cooperation in the field of environmental policy. National environmental policy is explained for East Germany, Czechoslovakia, Poland, and the Soviet Union. Cooperation within Comecon and a comparison of socialist and capitalist systems and their pursuit of environmental policies follows; also discusses causes of environmental damage and instruments of policy.

Low Pay, Occupational Mobility, and Minimum Wage Policy in Britain. By David Metcalf. American Enterprise Institute, Washington, D.C., 1981. 83 pp. $4.25.

Evaluates the results of British efforts to establish egalitarian pay policies; examines aspects of low pay and distribution of low paid workers. Discusses the impact wage policy, wage councils, and related legislation have had on establishing a minimum wage.

Handling Chemicals Safely, 1980. Dutch Association of Safety Experts, et al., Amsterdam, 1980. 1,013 pp.

List of more than 800 chemicals, along with chemical and physical properties, for those who handle chemicals. Includes common hazards, treatment in case of accident, labelling of packages; also lists UN numbers and NFPA classifications. Various indexes for cross reference.

The Political, Economic, and Labor Climate in Spain. By Mario Gobbo. The University of Pennsylvania, Philadelphia, 1981. 134 pp. $18.00.

An overview of major aspects of Spain's political, economic, and employment situation; includes historical background, relations with the EC and the North Atlantic Treaty Organization, infrastructure of various industries, inflation, and a summary of Spanish labor law and organized labor in Spain. Numerous tables.

The European Communities in Action. By Dominik Lasok and Panyotis Soldatos. Establissements Emile Bruylant, Brussels, 1981. 604 pp.

A bilingual study reflecting on current problems in the EC; outlines the main theories of European integration, the decision-making process, harmonization, social, commercial, and regional policy, as presented by Community scholars and civil servants.

Grain Export Cartels. By Andrew Schmitz et al. Ballinger Publishing Co., Cambridge, MA, 1981. 256 pp. $35.00.
Examines the objectives a proposed grain cartel would accomplish, evaluating various cartel models (Government and producer); also considers the nature of the grain trade, how a cartel would affect international meat production, and the structure of the international market. Emphasis is on wheat and feedgrain. Includes tables, graphs.

The Role of the Legislature in Western Democracies. Edited by Norman J. Ornstein. American Enterprise Institute, Washington, D.C., 1981. 192 pp. Cloth $15.25, paper $7.25.
Examines change and reform in the US Congress and in the parliaments of the United Kingdom, Canada, and West Germany through a series of essays presented at a 1979 AEI conference in Surrey, England. Contributors are professors, journalists, and members of Government; topics include parties and politics, change in the British Parliament and the German Bundestag, the strength of legislatures, and alternate models.

Workers' Participation in Decisions Within Undertakings. International Labor Organization, Washington, D.C., 1981. 224 pp. Cloth $22.80, Paper $17.10.
An overview of the machinery of participation, from self-management to collective bargaining and trade union actions, including works councils and representation on management bodies. Includes discussion of practices in East and West European countries as well as developing nationa.

The Value-Added Tax: Lessons from Europe. Edited by Henry J. Aaron. The Brookings Institution, Washington, D.C. 1981. 107 pp. Cloth $10.95, paper $4.95.
Considers an American value-added tax in the context of the European experience. A general explanatory introduction is followed by case studies of the tax in six countries: France, Italy, the Netherlands, Sweden, the United Kingdom, and West Germany, written by European economists. Evaluates application in the United States; includes various tables.

European Monetary System and International Monetary Reform. Edited by Jean-Paul Abraham and Michel Vanden Abeele. Editions de l'Université de Bruxelles, Brussels, 1981. 501 pp.
Collection of lectures, articles and reports presented at a June 1981 conference given jointly by l'Institut d'études européennes de Bruxelles and the College of Europe. Published in their original language, the papers cover the general monetary scene in 1981, problems of external adjustment, monetary relations between the United States and Europe, and other topics. Includes index, tables.

La communauté européenne et l'amérique latine. Université Libre de Bruxelles, Brussels, 1981. 234 pp. $15.70.
Proceedings of a 1980 conference in Brussels organized by the Institutes of European and Latin American Studies. Includes papers presented in English and French, with ensuing discussion, on topics such as Latin American integration in relation to European integration, economic relations between the EC and Latin America, the foreign policies of member states toward Latin America.

A History of the British Gas Industry. By Trevor I. Williams. Oxford University Press, New York, 1981. 304 pp. $49.00.
Beginning in 1812 with the formation of the Gas Light and Coke Company and ending with the 1973 creation of the British Gas Corporation, a history of events and trends in the gas industry. Covers difficult period in the 1950s, the gas industry's response to the oil crisis, and general growth and development of the industry's structure. Includes maps, tables, and illustrations.

Industries in Trouble. By Robert Plant, International Labor Organization, Washington, D.C., 1981. 178 pp. Cloth $17.10, paper $11.40.
Looks into the problem of structural unemployment in industries such as textiles, clothing, iron and steel, leather and footwear. Examines responses such as new production methods, international division of labor, and the position of trade unions.

The Superpowers and Regional Tensions: The USSR, the United States, and Europe. By William E. Griffith. D. C. Heath & Co., Lexington, MA, 1982. 135 pp. $18.95.
Studies the reaction of Western Europe to the US-Soviet conflict in light of the decline of detente and recent arms buildup. Discusses new aspects of American and Soviet foreign policies and how they relate to Europe, Conferences on Security and Cooperation in Europe (CSCE) in Belgrade and Madrid, energy, economics, and Eastern Europe, with a special section on Poland and Eurocommunism.

US Foreign Policy and the New International Economic Order. By Robert K. Olson. Westview Press, Boulder, CO, 1981. 167 pp. $22.50.
Account of the development of US policy toward the new order from its beginnings in 1974 to the 11th Special Session of the General Assembly in 1980; analysis includes general US-Third World relations, the North-South Dialogue, the United Nations Conference on Trade and Development, oil, energy, monetary issues, and an overview of the mechanics of US foreign policy-making.

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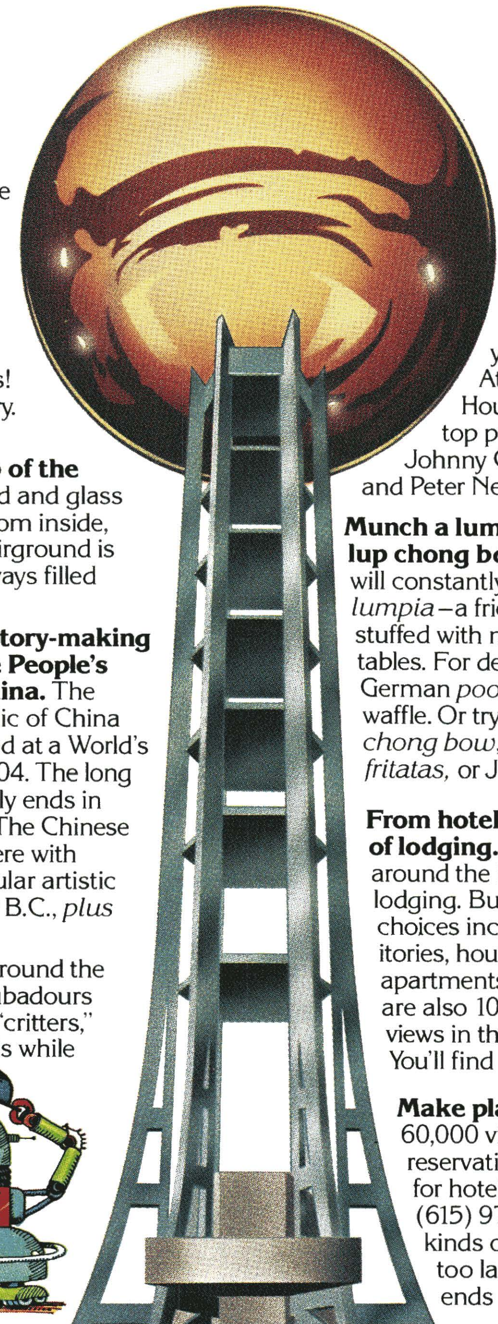

Starting May 1, there will be more to see and do in Knoxville, Tennessee, than anyplace else on earth.

The 1982 World's Fair will have over 40 corporations and 19 nations exhibiting. That's more international participation than in any of the last three World's Fairs in the United States!

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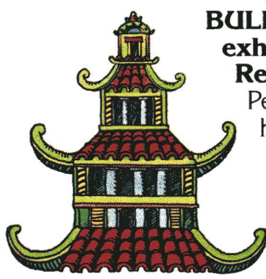
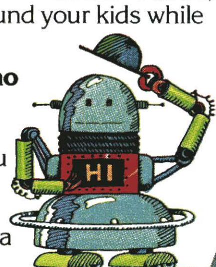


BULLETIN: A history-making exhibit from the People's Republic of China. The People's Republic of China hasn't exhibited at a World's Fair since 1904. The long silence finally ends in Knoxville. The Chinese will be there with spectacular artistic creations dating from the 14th century B.C., *plus* a remarkable piece of the Great Wall!

Parades and photogenic critters. Around the Fairgrounds, marching bands and troubadours will cross your path. So will costumed "critters," who put a friendly paw around your kids while you take pictures.

Meet a friendly robot who takes you to Japan. At the Japanese exhibit, robotic machines greet you and escort you to a theatre in motion. You'll get the sensation of *sailing* down a river in Japan.

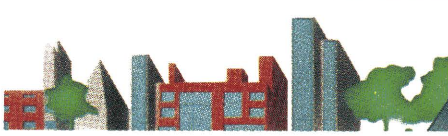
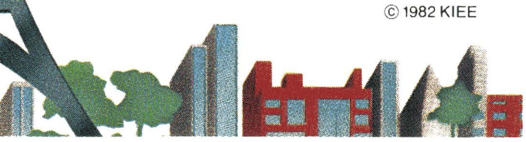


From pickin' and stompin', to symphonies and ballets. An aerial gondola will take you to the Fair's Folk Life section. There will be 15 events daily, from bluegrass and gospel, to fiddle contests! Elsewhere you'll find symphony orchestras from Atlanta and Austria. And ballets from Houston and Japan. There will also be top performers, including Bob Hope, Johnny Cash, Hal Holbrook and Peter Nero!

Munch a lumpia, a poofer, or a lup chong bow. Exotic cuisine will constantly tempt you. Sample *lumpia*—a fried Filipino roll stuffed with meat and vegetables. For dessert, have a German *poofer* or Belgian waffle. Or try Chinese *lup chong bow*, Spanish *fritatas,* or Japanese *shumai*.

From hotels to houseboats, you'll find lots of lodging. Over 30,000 hotel and motel rooms around the Knoxville area will provide traditional lodging. But there are also over 4,000 other choices including cozy private homes, dormitories, houseboats and luxurious condominium apartments, all within 50 miles of the Fair! There are also 10,000 campsites with magnificent views in the nearby Great Smoky Mountains. You'll find accommodations at every price range.

Make plans now! With an anticipated 60,000 visitors every day, the earlier you make reservations, the better. Call (615) 971-1000 for hotel and motel information, or (615) 971-4000 for information on other kinds of housing. Don't wait till it's too late. Because on October 31, the Fair ends forever.

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