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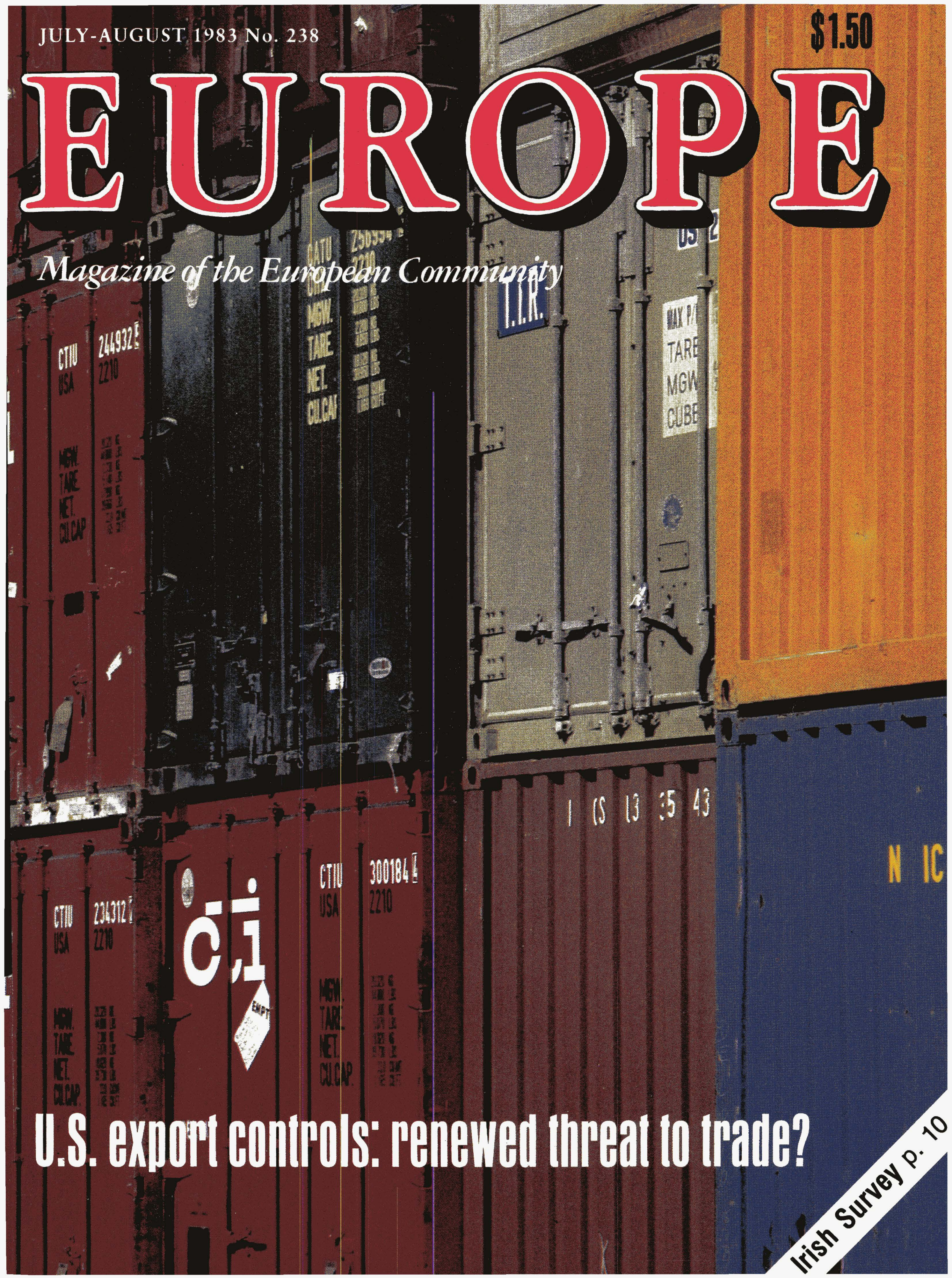

U.S. export controls: renewed threat to trade?

Irish Survey p. 10

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Cover: Containers await shipment from the port of Charleston, South Carolina.
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Publisher's Letter

American laws are for Americans. European laws are for Europeans. That seems simple. Yet the distinction appears to be lost on many U.S. law makers in their crusade to make sure that a beefed-up version of the present U.S. Export Administration Act not only becomes the "law of the land," but the law of everyone else's land as well. The result has been friction between the United States and its European partners. At the heart of the issue is the problem of extraterritoriality.

Certain provisions of the Administration's proposed export legislation are extraterritorial. That is, they allow the United States to exercise control over business concerns and individuals operating outside the United States. In addition the act would give the U.S. authorities power to blacklist foreign companies which, in the opinion of the United States, have violated U.S. national security controls.

The idea that the United States might extend is laws beyond its own borders raises hackles among Europeans, who see it as a potential threat to their sovereignty. The countries of the European Community have maintained a close and long-standing friendship with the United States. Europeans have their own policy views and are fully entitled to make their own foreign-policy decisions based on those views. They understandably resent any American attempt to make such decisions for them.

E.C. President Gaston Thorn at the White House. The world's largest trading partners work toward a greater understanding.

Most European policymakers believe that if the United States feels it is necessary for export controls to be applied outside its own borders for security or foreign-policy reasons, the proper approach would be to seek consensus with its allies on the need for such controls and not apply them unilaterally. The United States does not seem to share that opinion. Imagine what the American reaction would be if the European Community came to introduce similar legislation against the United States.

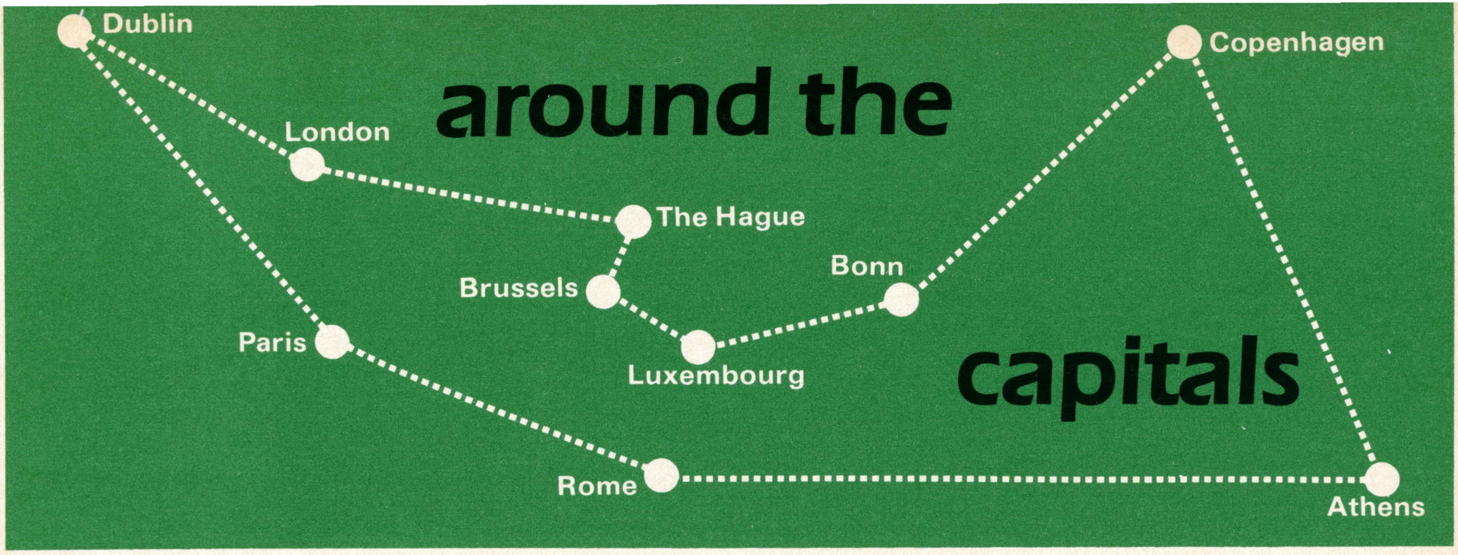
One must understand why Europe is apprehensive when it comes to the extraterritorial application of U.S. trade laws. Last year we were at crisis point when the United States tried to impose penalties against European subsidiaries of U.S. firms and others who chose to honor pre-existing contracts related to the construction of the Soviet natural gas pipeline to Western Europe. The penalties eventually were removed and the United States and the European Community have since made progress toward developing a common approach to East-West trade in an effort to preclude similar disputes.

The experience however, has proved a thorough, if harsh, teacher. As Mark Twain once observed, "The cat, having sat upon a hot stove lid, will not sit upon a hot stove lid again. Nor upon a cold stove lid." Europeans should not be the only ones disposed to learn the lessons of experience. Americans, too, should realize that extraterritoriality risks the reoccurrence of damaging quarrels with major allies and trading partners, thus seriously undermining the Western alliance.

And for what gain? Numerous studies have questioned the utility of trade sanctions and indicated that in many cases they have done more economic harm to the country that imposed them than to the one against which they were directed. In pushing for broad export controls, Washington risks alienating its friends in order to retain a foreign policy tool whose value may be a largely symbolic one. As far as the European Community is concerned, it has already been burned once; now it is wary.

Denis Corboy

around the capitals



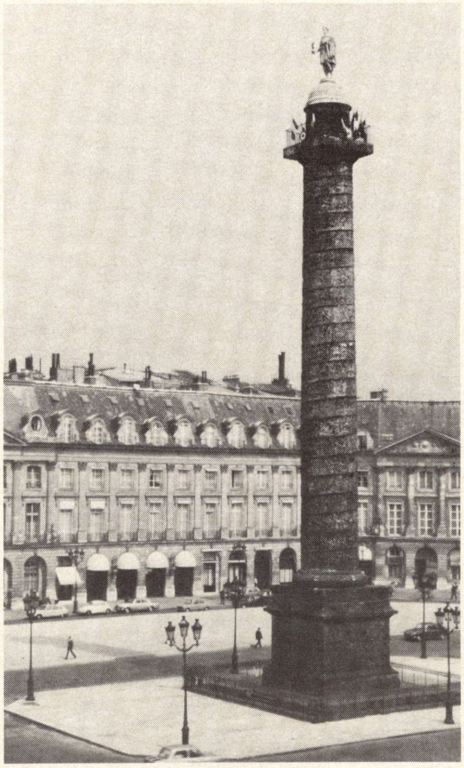
Paris

The Ritz Hotel is getting ritzier. The bastion of French elegance known as "the hotel of kings and the king of hotels" is undergoing its first major face-lift since it was founded 86 years ago by a Swiss goat herder's son. A $50-million, four-year renovation program will be completed at the Ritz in 1984. The massive undertaking is the result of new owners, who purchased the hotel four years ago from the Ritz family.

When it was sold in 1979 the Ritz was suffering from a dwindling guest list and five years of financial losses. There were no television sets in any of its 210 rooms. The telephone system was antiquated. Air conditioning units were in only a handful of rooms and the furniture needed reupholstering. Then along came Egyptian Mohamed Al-Fayed and his two brothers who bought the hotel for $25 million—half the cost of its current renovation. They hired away Frank Klein from the competing George V hotel and installed him as managing director. Since then, the Ritz has come out of the red and its guest list is again on the upswing.

"I was shocked when I saw the rooms at the Ritz after it was sold," said the 39-year-old German-born Klein. "The standards were just not up to the standards of the Ritz. That's why some clients had left." The Ritz clientele is willing and able to pay daily room rates that start at 1,150 francs (currently around $150) and climb as high as 28,000 francs (about $3,600) a night for the five-room imperial suite.

A one-time occupant of that suite was Gestapo founder Hermann Goering. He stayed at the Ritz, along with other high-ranking Nazis, during the German occupation of Paris during World War II. Another frequent guest at the Ritz was American author F. Scott Fitzgerald, who used the hotel's name for his short story, "A Diamond as Big as the Ritz." His friend and fellow author Ernest Hemingway personally "liberated" the hotel's Le



The Ritz Hotel in Paris.

Petit Bar in 1944 when the Nazis were fleeing.

King Edward of England used the Ritz's last name to create the adjective "ritzy." Fashion great Coco Chanel was a permanent resident of the hotel and died there in 1971. Marcel Proust praised the Ritz as a haven where "there is no jostling." The Ritz also has housed such diverse notables as Richard Nixon, Greta Garbo, the Aga Khan, Winston Churchill, Mary Pickford, Henry Kissinger, the Shah of Iran, and almost every European monarch since King Edward VII.

The hotel was opened on Paris's Place Vendôme in 1898 by César Ritz, the man who coined the phrase "the customer is always right." Ironically, Ritz was fired from his first job as a busboy in Brig, Switzerland. He later became the first man to place a bathroom in every hotel room. He also invented indirect lighting, king-size beds, and closets that illuminate when the door is opened. In addition, Ritz hired Escoffier, one of the most renowned chefs of all time, to run the restaurants of the Ritz.

After Ritz's death in 1918, the hotel was run by his family until the 1979 sale. As in its early years, the Ritz staff is still twice as large as the guest list and guests are called by their names rather than room numbers. The hotel still has no lobby. Ritz thought a lobby would only encourage "outsiders" to loiter.

The hotel is being brought up to date to cater to the needs of the biggest patrons of the hotel industry—businessmen. The renovation project has included bringing in direct-dialing telephones, television sets, air conditioning, a sauna, health club, whirlpool baths, and a businessman's center with telex machines, photocopiers, typewriters, and bilingual secretaries.

Le Petit Bar, Hemingway's old haunt which had been closed down in 1973 and transformed into a conference room, also has been reopened. It has been renamed "The Hemingway Bar," in honor of the writer who once said, "When in Paris, the only reason not to stay at the Ritz is if you can't afford it."

CAROLYN LESH

Rome

Rome is full of obelisks, almost all of ancient Egyptian origin. But on the North side of the city, by the Tiber, is a more modern one: The Latin letters on it read: "Mussolini Dux." Visitors to Rox are often amazed that this monument—erected by the dictator who ruled Italy for 21 years until 1943—is still standing, unscathed among a complex of buildings Benito Mussolini put up to glorify Italian youth. They remember the way that the Germans had tried, until quite recently, to obliterate the memory of Hitler almost as if he had never existed.

Just how strong the Italian feeling about Mussolini is will be put to test in a few weeks time. July 29 is the 100th anniversary of his birth in a little village called Predappio in the Romagna area of northern Italy. The Communists and the Socialists who govern Predappio today are reluctantly allowing Italys remaining neo-fascists to celebrate it, provided they do so as an "historical commemoration," rather than a "joyous event."

The anniversary has already stimulated curiosity about Mussolini. Earlier this year, two major films on the Fascist period were shown on the state-run television. There are books and magazines about the period on all the newsstands and cassettes of his speeches have been selling well. Indeed, intellectuals have already expressed their fear that Mussolini could be rehabilitated in people's minds and so threaten the country's democratic government.


Benito Mussolini © Bettman Archive

Most of the interest, however, seems to stem from a desire to know more about a past which has remained rather obscure rather than from any desire to bring back Fascism. Until a few years ago, most books on the Fascist period either examined the Italian resistance—which only became a major force toward the end of World War—or were written by those who had fought in the resistance and took an understandably biased view of the Fascist period.

Only recently has Mussolini been looked at a little more objectively. The conclusion most people have come to, though, is the old one that the Fascist period was a disaster because it brought upon Italy military defeat, civil war, and invasion, leaving it weaker than before. But at the same time, it is accepted that despite the posturing and bungling of Mussolini, very little that happened in Italy during his rule came anywhere near the atrocities carried out by the Nazis in Germany.

Many Italians respect the dictator for having imposed a little order on an unruly country, allegedly "making the trains run on time." Since the order and the governmental stability of the Fascist period have not been seen since, one hears Italians say that the dictator ought to be brought back to sort things out. But though there are still extreme right-wing terrorists who are said to glorify the Fascist period, the Italian Social Movement, the political party which embodies some of the less pernicious ideals of Mussolini, won only 5 percent of the vote at the last election and is excluded from much of Italian life.

The fact is that Italians combine a rational way of looking at things with a strong sense of history. The Mussolini period was ultimately a catastrophe, but it happened and cannot be cast into oblivion. Modern Italy is full of institutions and buildings that are his legacy. Among them is his obelisk.
JAMES BUXTON

Athens

Greece's highest legal authority, the Council of State, has been asked to decide this summer whether Greece should remain a bananaless republic in defiance of European Community rules. A 12-year-old ban on banana imports, perhaps the last surviving statute from the days of the military dictatorship, is still in force despite an E.C. Commission decision last year in favor of 30 Greek wholesale dealers in the yellow fruit.

The banana lobby complains that Greeks are deprived of a nutritious food in order to protect the country's apple growers. They took the Ministry of Commerce to court after being refused a license to import 500 tons of bananas earlier this year. The banana ban was imposed by Stylianos Pattakos, a leading junta member, in 1971, in an effort to promote banana farming on his native island of Crete. But banana growing never really took off on the arid island. Every year now, a handful of Cretan families produce about 800 tons of small green bananas that Greek consumers complain are sour, stringy, and overpriced. But the importers' efforts to bring in full-sized bananas ran into stiff opposition from the apple growers who contend that banana imports would eat into their sales.

Full-sized bananas were last allowed into Greece as a Christmas-to-Easter treat four years ago. The Greeks ate their way through a normal year's supply in just over three months, to the horror of the apple farmers. Fruit stalls in the Greek capital, however, display imported pineapples, mangoes, avocados, coconuts, and other tropical fruit without complaints from local fruit producers.

When Greece joined the Community in 1981, banana lovers anticipated unrestricted imports of large, flavorsome fruit from the French Caribbean islands. But the Government invoked Article 65 of the Treaty of Rome in order to protect the so-called national banana industry. Although the Commission ruled in that Greece was violating Community regulations by refusing to allow banana imports, the Commerce Ministry was not convinced. Even a recommendation by the Economic Coordination Ministry, which has overall responsibility for policy-making, went unheeded. The Coordination Ministry cautiously suggested gradual imports of E.C. bananas, starting late in the summer when local fruit is in short supply.

The banana importers next proposed a special consumer tax on the fruit which could be used to subsidize apple exports to non-Community countries. The Agriculture Ministry, however, was hostile. The importers are hopeful of success in the Council of State hearing. They point out that it is unlikely to set a precedent for defying Community rules in its first case involving E.C. law.

In the meantime, foreign visitors and Greeks returning from abroad are allowed to bring in just five pounds of bananas each, as part of their personal duty-free allowance. Additional bananas, according to customs regulations, must be eaten at the frontier or are confiscated. KERIN HOPE

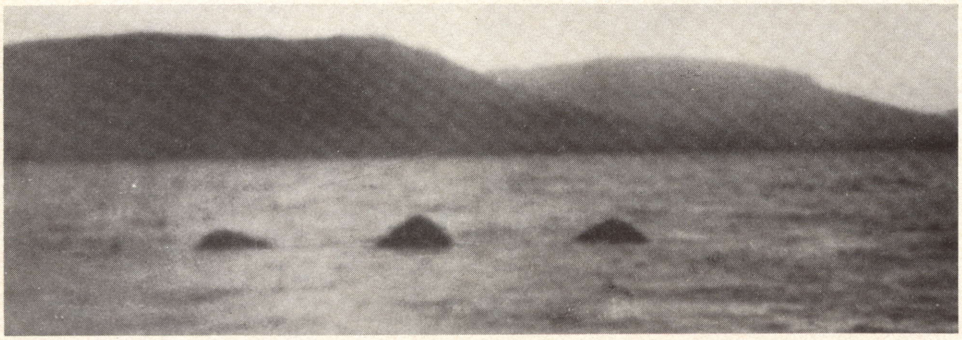
© Meredith Pillon

London

It is 50 years since the outside world heard of a "monster" lurking in Scotland's Loch Ness. The golden anniversary of Nessie's first sighting, by a Scottish hotelkeeper's wife, still finds unresolved one of the world's most absorbing mysteries: Just what might be living in the peat-clouded waters of the second deepest lake in Britain?

That there is quite possibly something more than the illusions associated with the quaffing of Highland malt whisky is supported by the considerable scientific interest in Loch Ness itself. The Loch's physical features and biology are regularly under serious scrutiny.

Results available so far suggest Loch Ness is capable of sustaining a large predator or an entire family of them. Unusual sonar traces on sophisticated equipment have been recorded by the current exploration team, the latest of several which, for two decades, have been applying modern technology in the quest for proof positive of a large and living creature.



Nessie? courtesy British Tourist Authority

In the spring of 1933, the monster hunt was launched by a headline in the *Inverness Courier*, based on an account of a hotelkeeper's wife, "Strange Spectacle on Loch Ness—What Was It?" Since then, Loch Ness has been endlessly stared at, photographed, analysed, and explored by boat, submarine, other submersible craft, and even a glider. It continues to be scanned, dragged, swept, and monitored by some of the most sensitive and sophisticated equipment available. Only a handful of photographs have been viewed with any seriousness. Many have been deliberately faked. There have been about 3,000 reported sightings of Nessie. Most are discounted, although all are faithfully logged by the investigation teams.

Nessie has been lured with sex essences, exorcised, and once declared well and truly dead by a respected scientist. She, or he, has been hunted with harpoons, nets, traps, and forks. The creature has been confused with shadows, tree trunks, motorboats, and swimming deer. Over the years, it has been hypothesized that Nessie is a fresh-water squid, an alligator, a lost seal, a giant eel, or perhaps a Nazi submarine. Ducks, otters, logs, and waves have all spawned cries of "I've seen Nessie."

The Highland mist and the malt whisky are well known to distort the sense of scale and distance on Loch Ness, but what about the trained scientist? A British one has gone so far as to postulate a scientific name for Nessie—*Nessiteras rhombopteryx*, or the Ness monster with a diamond-shaped fin. This assumes Nessie is a Plesiosaur, a marine reptile believed extinct for millions of years.

The ice began its final retreat from Loch Ness 10,000 years ago. Melted waters temporarily raised the sea level, rendering the lake more accessible. And without the weight of the ice, the land rose. Today, the lake surface is 53 feet above sea level. Could a marine creature of those times have been trapped in the lake? Scientists say Loch Ness is biologically unproductive, but also biologically stable. It offers usable and stable living space throughout the year and it has high oxygen levels, which would allow life to extend to its deepest parts.

Loch Ness is 23 miles long, about a mile wide and up to 1,000 feet deep. It has the greatest volume of any British lake: Three times the entire world's population could be immersed in it. Loch Ness also has ample food resources. The lake remains joined to the sea by rivers. Most of its fish originated in the sea and many still migrate there.

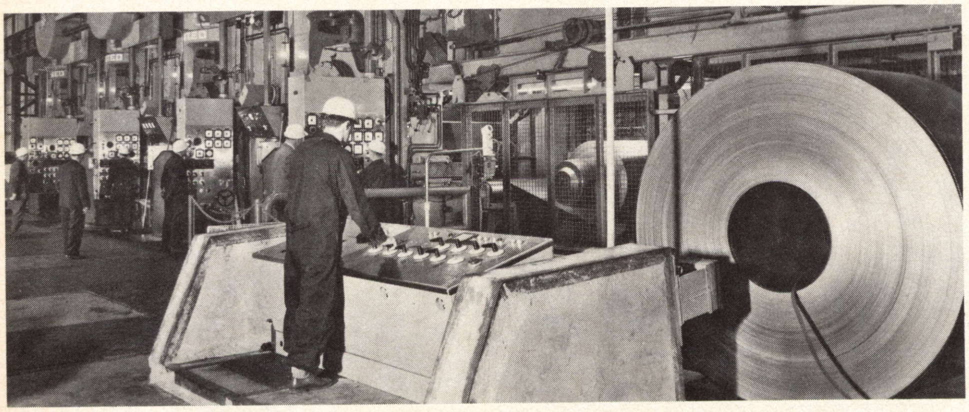
Although the story of Nessie caught the world's imagination only half a century ago, the local population had for decades earlier talked of something in the lake they called, "the water kelpie." And as far back as the 6th Century, Saint Columba reported seeing, "a certain monster in the Loch." A 16th-Century chronicle tells of a "a large animal coming ashore, felling trees with a sweep of its tail and killing three onlookers."

The Nessie of today is not thought to be so agressive. Nonetheless, Scotland has acted to protect one of its most valuable tourist assets. Should you come face-to-face with Nessie, be warned: It is a punishable offense to harm the Loch Ness monster. PETER J. SHAW

Luxembourg

You would never guess it from a short stop here, but the average Luxembourger produces more steel a year than the citizen of any other country in the world. Arrive in Luxembourg by road, rail, or air and the spectacle that greets you is of a clean, compact, businessman's and tourist's city set in a landscape of rolling green hills and meadows.

Travel to the industrial pocket close to the French border, though, and the grime and noise of blast furnaces and strip mills proclaim the real manufacturing sinew of this tiny country. Even last year, Luxembourg was the fourth largest steel producer in the European Community and among the top dozen in the world—and this from a territory smaller than Maryland and a population of less than half a million.



But if this remarkable eminence was once a source of pride to the Luxembourgers, today it is more a matter of regret. With no home market to speak of, Luxembourg's giant steel company Arbed has traditionally been forced to rely heavily on export markets. And this in turn has meant that the world recession in steel has taken an unusually savage toll of the company's sales, profits, and employment. Since 1974 the industry's work force has shrunk from nearly 30,000 to under 18,000 and Arbed's financial problems have forced the Government into solutions that will directly affect the real earning power of every inhabitant in the country.

The total cost of saving Arbed will be roughly $12 billion of which almost half will have to be found over the next two years. The plans involve major restructuring and modernization, scrapping of inefficient plant, and the loss of a further 5,000 jobs by 1987. "Everyone will have to make some sacrifices in this effort," said Prime Minister Pierre Werner.

But clearly not everyone is happy at the prospect and the new taxes and wage constraints proposed by the Social Christian/Democrat coalition to meet the bill threatened at one time earlier this year to bring down the Government. In brief the funding of the immediate Arbed requirements will be achieved partly by sales of shares in Arbed subsidiaries, partly by international borrowing, but mainly by higher indirect taxes on consumers and industry.

The most provocative item in the package is a sharp rise in value-added tax at all levels, coupled with substantial increases in excise duties on alcohol, tobacco, and gasoline. The net effect will be to raise the cost of living by 2 percent or so, but it will also dramatically narrow the gap between prices for such products in Luxembourg and those in neighboring countries.

This has brought loud protest from the commerce federation which fears the drying up of Luxembourg's highly profitable cross-border trade. Every road traveler from Luxembourg to Belgium is aware of the importance of Martelange, a town whose main street marks the frontier and whose eastern, or Luxembourg, side is packed with gas stations, while its Belgian side is without a single pump. You can be reasonably sure, moreover, that most of the cars lining up for cheap Luxembourg gas have their trunks stuffed with cut-rate cigarettes and drink.

The major threat to the Government, however, has come from a separate proposal to end or moderate the country's traditional automatic linking of wages to the cost of living. Last year the Government, employers, and trade unions agreed to make a maximum of three such adjustments each of 2.5 percent in 1983. Bowing to industry arguments that such increases would fuel the inflation rate—already among the highest in the Community at 10 percent—the Government announced earlier this year that total such adjustments for 1983 and 1984 would be kept to 10 percent.

The move provoked union fury and led to threats of a general strike. More important perhaps, many members of Parliament protested the Government going back on its word. After some weeks of tension, a compromise was agreed under which the full 1983 promises would be kept, with the adjustments for next year left until the elections in June.

Cynics say the Government thereby neatly defused the present crisis, at the same time leaving a nasty time bomb for the Socialists who are expected to form the next Administration. But this may be the least of its worries since the Arbed retrenchment plan, painful though it may seem to the Luxembourgers, is still not deemed restrictive enough to satisfy the E.C. Commission. The prospect, in short, is for even deeper cuts, heavier borrowings, more taxes and a greater burden on Luxembourg's strained social security system. ALAN OSBORN

Brussels

He shuffled on stage, stiff and impassive, to the tumultuous cheers of the audience in Brussels' vast Palais des Beaux Arts. His slight, bespectacled frame seemed an improbable focus for such enthusiasm. Yet Pierre Volondat, a 20-year old French student of the Paris Conservatory—unkindly, but perhaps not inaptly, described by a Belgian newspaper as "a musical E.T."—had become an international star overnight. In the early hours of May 29, he was proclaimed the winner of the first prize in the Queen Elisabeth music contest which, for a classical pianist, is the equivalent of a tennis player's Wimbledon or a boxer's world heavyweight title.

Those who listened to Volondat were in no doubt of his supreme musicianship. "He played Brahms with the soul of a German master," said one critic. Yet the sporting analogies are not unfair to the "Elisabeth," as the contest is familiarly known in Belgium. The mass coverage of every heat in the press and on television, the early and partisan identification of favorites, the stop-watch timing of difficult passages, and the huge sell-out crowds for the final rounds all seem to have a "World Series" flavor about them.

Volondat's weird mannerisms and surprising statements—he claimed to be an inheritor of Beethoven's keyboard mastery—apparently endeared him to the Brussels public which gave him a separate prize as their favorite contestant. Often in the past the crowd's acclaim has gone to the kind of "virtuoso thumper" disdained by the serious critics.

Whatever its musical merits, the Queen Elisabeth is nevertheless a test of contestants' stâmina and dedication, as exacting in its way as that demand of an Olympic Athlete. Many of this year's hopefuls claimed to have spent two years or more in specific preparation. But the real demands on physical and nervous resources begin during the month-long string of performances beginning in May when the

Queen Elisabeth courtesy Belgian National Tourist Office

100 or so competitors are whittled down by professional juries to a final 24 competing for the 12 prizes.

By tradition the finalists spend a week in strict seclusion in a seminary outside Brussels which is entirely devoted to learning a brand-new composition by a Belgian composer. This provides a test both of the young (aged 19 to 30) players' capacity to master a work previously unheard and, perhaps more importantly, to apply a personal rendering of music unvarnished by any standard interpretation.

By common consent, Volondat played this year's work, by the Belgian composer Frédéric Devreese, in a way that virtually amounted to its recomposition. But the laureates also depend on the accounts given of the familiar concerto items. It says something, perhaps, about the competitive fever of the Belgian public that the sixth performance of the famous Tchaikovsky concerto in a week was made to a full house in the Beaux Arts while a Janáček opera previously unheard in Brussels played before rows of empty seats elsewhere in the city.

Like the Olympics, the piano contest takes place every four years. there are competitions for violinists and composers in between, but they command neither the same following nor prestige. To each of this year's 12 laureates—including the much-praised American Daniel Blumenthal who came in fourth—a dazzling future of concerts, recordings, and prestige teaching jobs has opened up. Since the competition began in 1938, the winners have included Emil Gilels, Leonid Kogan, Vladimir Ashkenazy, and Leon Fleisher, all of whom have gone on to become internationally acclaimed soloists.

The inspiration for the contest came from Belgium's music-loving Queen Elisabeth, grandmother of the present king and an accomplished amateur violinist. This year's contest, with its even greater show-business atmosphere, would have surprised her perhaps but she may not have felt her original intentions to have been betrayed. As one of the jury said afterwards, "she wanted to create opportunities for young musicians and to spread the joy of listening to music and that is exactly what the contest does better than any of the others." ALAN OSBORN

Copenhagen

Big is not always beautiful. Being small has its advantages when an economy has to adapt rapidly to changing market conditions and new technology. And this ability may be the key to the revival of the Danish economy. Exports of industrial goods are up 20 percent on 1982. Total Danish exports to the United States were up 25 percent in the first quarter, with a lot of help from the strong dollar.

High-technology products explain much of the success. With a home market of only 5 million people and hardly any defense orders to shore up demand and share development costs, the Danish high-technology companies have had to specialize in markets and products that do not invite immediate full-scale efforts from the big multinationals.

An exception is the biotechnology pioneer Novo, a market leader in its own right, quoted on the New York Stock Exchange and using the U.S. capital market to fund its growth. The fastest-growing company in the electronics sector, Christian F. Rovsing—also active in the U.S. and dubbed by some experts as the "Danish Apple"—has successfully sought private venture capital in Europe. But the rest of the firms have to live with relative high capital costs and very limited government support.

There are two basic approaches to industrial policy in the E.C. today. One stresses active government intervention, channeling resources to growth sectors at the expense of others—a policy which in its most pure form is implemented in France where it includes nationalization of private companies. The other approach is to let private companies identify the growth areas and then provide a small amount of public money to help pay for specific research projects, preferably projects that would not otherwise be initiated. Denmark uses this approach, partly as reflection of traditional liberalism, partly because Denmark has very little heavy industry requiring government hand-outs.

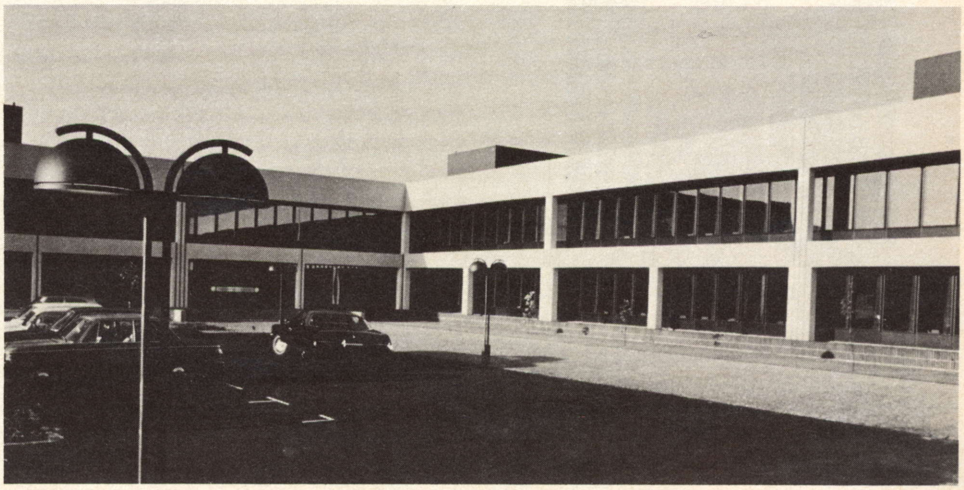
The Government hopes that Denmark is now ready to reap the full benefits of the new information technology. Some even speak of the possibility of a Danish software valley, citing the recent transfer of IBM's European Program Library to Copenhagen as proof that the Danes are competitive in this field.

The Minister of Education, Bertel Haarder, is one of the strongest proponents of this policy, but he is finding it difficult to mobilize the necessary parliamentary support to transfer public funds from arts studies to science. This is a crucial problem as all Danish colleges and universities are totally dependent on public funds to finance teaching.

The government also tries to help Danish industry by investing in a nationwide cable network capable of two-way communication. The network will use the newest optical fibre technology for inter-city communication. If parliament, as expected, says yes in the autumn the telephone companies will find the money and plan to have the system operational in three to four years, giving Danish industry an opportunity to get a lead in this technology.

There will also be a spin-off for the consumer. The wideband cable network will allow everyone in Denmark to see all the neighboring countries' television stations. Many also hope that the present single Danish-language television channel will get local competition. LEIF BECK FALLESEN

IBM headquarters in Copenhagen. courtesy IBM



Bonn

Once more, the citizens of the Federal Republic of Germany are finding it difficult to agree on what ought to be their national day. Officially, they celebrate "the Day of German Unity" each June 17 to commemorate the unsuccessful revolt of workers in the German Democratic Republic against Communist rule in 1953. Twenty five years ago, huge crowds turned out each June 17 to commit themselves anew to restoring German unity peacefully and under democratic rule.

In recent years, however, it seems to have degenerated into little more than another paid day off. This year, "the Day of German Unity" fell on a Friday, giving everyone a long weekend and adding a full day to the vacation of any who started it then. The main official event of the day was a special session of the Bundestag, the lower house of parliament, addressed by President Karl Carstens.

Even though it was the 30th anniversary of the uprising in the German Democratic Republic, many people in the Federal Republic may have been aware of the memorial Bundestag sitting only because the Green alternative party announced well in advance that its members of parliament would boycott the affair.

Others, however, would prefer a national day that commemorates a victory rather than a defeat—something more on the order of America's Independence Day or France's Bastille Day. The Communist regime in the German Democratic Republic celebrates on October 7—the day in 1949 when the German Democratic Republic was proclaimed in the Soviet zone of occupation. The Greens think the republic in the West ought to celebrate each May 8, the anniversary of the Nazi Reich's capitulation.

As Carstens sees it, while three earlier attempts to install democratic regimes in Germany may have failed, the ideas for parliamentary democracy and the protection of human rights developed in 1832, in 1848, and in 1919 all eventually were embodied in the 1949 constitution, which must be deemed a victory for freedom. The President says that Constitution Day should not replace, but rather should complement June 17, particularly as the Basic Law declares in its preamble that "the entire German people are called upon to achieve in free self-determination the unity and freedom of Germany"—a commitment notably missing in the charter drawn for the German Democratic Republic by the Communists, who insist that the nation must remain permanently divided. Unfortunately for Carstens, a poll taken in May revealed that while 80 percent of the Germans in the West know the meaning of June 17, only 19 percent are aware of the significance of May 23.

Carstens is also urging the people to sing the national anthem more often, as a symbol of their commitment to unity. This, of course, is the *Deutschlandlied*, written by Hoffmann von Fallersleben on Helgoland in 1841 and sung to a hymn written by Haydn, more familiar to the world as *Deutschland, Deutschland über alles*.

Because the Nazis had tainted the anthem, Theodor Heuss, the liberal elected first President of the Federal Republic of Germany, tried without success to replace it. But he admitted, in the end, that he had "underrated traditionalism and its perseverance." And he "accepted the fact"—he refused to issue a proclamation—that the *Deutschlandlied* remained the anthem. And he heartily approved the imposition by Konrad Adenauer, the Federal Republic's first Chancellor, that only the third verse—a prayer for "unity and justice and freedom for our German fatherland"—be sung at official functions.

Thirty years later, that third verse remains the official anthem. But probably a majority of Germans still are more familiar with the first verse celebrating a German empire that once extended from the river Mass, now part of Belgium, to the Memel, now inside the Soviet Union, and from the Etsch river flowing down the southern Italian slopes of the Alps, to the Belt in Denmark. Certainly that first verse is what the delirious crowds sing whenever a team from the Federal Republic defeats a foreign side in any athletic event. The German crowds in the West sing it even when one of their clubs defeats a group from the German Democratic Republic.

WELLINGTON LONG

The Hague

Televised information services are taking the Netherlands by storm. Some 700 "information providers" have rented air time from Viditel, a commercial information service run by the state telecommunications agency, since the service was introduced in 1980. Viditel provides some 110,000 television pages of stock quotations, news, sports, games, and normal commercial advertising. Users of the Viditel service also can tune into about 4,000 pages worth of the latest developments in the world of legalized prostitution and sex shops.

A few months ago, the Dutch government made it possible for businessmen to subscribe to the announcement of government orders in the E.C. This means that Dutch businesses can tender for government contracts one week before they are published in the official E.C. Gazette in Luxembourg.

The market for announced government orders totals about $20 billion annually for deliveries and about $70 billion for construction orders. Publication member states' government orders is obligatory under E.C. rules and the General Agreement of Tariffs and Trade code.

Recently, Transpotel, which is owned by the Sijthoff Press publishing firm, started publishing a videotext system in cooperation with the Lloyd of London Press, Deutsche Verkehrs Zeitung, and Bohmann Verlag in Vienna that is aimed especially at transportation. Rotterdam, the world's largest port and the hub of East-West trade, requires fast and efficient services. Transpotel provides information about shipping, bonded storage, road transportation, inland waterways, trade, processing, and so on.

The Netherlands, with its tolerant climate, also allows sex advertisements as long as they don't violate the laws. The ads must avoid all obscenity or any mention of price that might infringe Dutch laws against solicitation. Nevertheless, the intent is clear. NEL SLIS

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MEMBER STATE REPORT

IRELAND: CATCHING UP AS AN INDUSTRIALIZED ECONOMY.

DERMOT McALEESE

Ireland has been described as a very unique country. In support of this bit of blarney, the Irish are happy to regale visitors with details of how different the country is from others. But, while history, culture, and language do identify the country in a special way, it is equally the case that the process of industrialization during the last quarter-century has done much to pare down the sharper degrees of contrast between Ireland and its neighbors.

In rural areas, modern bungalows and tractors have taken the place of thatched cottages and horses. The country has become more urbanized and Dublin city has lost much of its Joycean intimacy to a vast suburban sprawl. Ireland is now by international standards a relatively prosperous, industrialized country, with only some features of underdevelopment still in evidence, enjoying the benefits and suffering the side-effects of economic progress. It comes as no surprise therefore that Ireland's present economic ills bear a strong resemblance to those afflicting many other European countries.

Coming so close on the heels of a period of sustained economic prosperity, when Ireland seemed destined to do better in economic terms than her immediate neighbors, Irish Governments have found it difficult to confront the problems of unemployment, inflation, and public-sector budget deficits and to apply the necessary remedies. Even during the 1970s, when the industrial workforce of most other European Community countries was being reduced, Ireland's was increasing. Between 1970 and 1980, industrial employment increased by 21 percent in contrast with a decline of 8 percent in the Community. Gross-national-product growth rates were also higher than the European average. The general prosperity extended to the agricultural sector, for long the poor relation of the industrial and services sectors. This was helped in the early 1970s by the commodity boom and, from 1973 onward, was underpinned by the comparatively high intervention prices of the E.C.'s Common Agricultural Policy (CAP).

The most distinctive feature of Ireland's growth performance is the dynamic role of foreign investment. Starting in the 1950s, Irish Government policy focused on the idea that the only alternative to emigration was to attract foreign capital and technology to Ireland to manufacture for foreign markets.

The process of industrialization during the last quarter-century has done much to lessen contrasts between Ireland and its neighbors. Pictured here is the NET chemical plant, Ireland's largest, in Cork. © Woodfin-Camp

"Jobs at home, markets in Europe," was the slogan. Cash grants, extensive tax reliefs, aids to labor training, a positive approach to profits and a supportive, competitive economic environment was the policy stance. The Industrial Development Authority (IDA), widely regarded as one of the world's most professional industrial promotion agencies, did the marketing and the administering.

By and large, the package worked. Investors were happy because they earned profits. The Irish were happy because jobs were being created, not only in manufacturing, but also in support activities in the service and other sectors. Industrial exports grew by 12 percent annually in volume terms. Industrial output grew by over 4 percent between 1973 and 1981, twice the European average. At present more than one job in three in Irish manufacturing is located in an overseas subsidiary.

U.S. companies played a special part in spearheading the development of Irish manufacturing. In 1981, 42 percent of employment in foreign-owned subsidiaries was generated by subsidiaries of U.S. transnationals. In recent years, well over half the new projects coming into Ireland have been American-owned. There has been a pronounced upsurge in investment in the electronics industry with names like Wang, DEC, Amdahl, and Computer Automation figuring prominently. For these companies, the advantages of an Irish location are based on the foundaton of assured access to the E.C. market. In the absence of this assurance, the effectiveness of Ireland's incentive package would have been totally negated.

In recent years, things have started to go wrong for a number of reasons, some of them the result of factors outside Ireland's control, others attributable to misguided or inadequate domestic policies. The world recession has exacted its toll. As a result of an aggressive, outward-looking strategy, the Irish economy is now more trade-dependent and more foreign-investment dependent than ever before. Although industrial exports have been holding up remarkably well since 1979, the growth rate has slipped. More significantly the steady stream of new overseas manufacturing projects has fallen to a trickle.

Recession has also spelled problems for young people seeking jobs abroad. Emigration has for so long been a feature of Irish life that the country has been slow to recognize the adverse social and economic impact of an annual population growth rate of 1.5 percent, a figure closer to that of a less developed country than an advanced industrial economy. Now that job markets in the United Kingdom, the United States, and Europe are harder than ever to penetrate, Ireland is having to live with the consequences of large families. It can no longer, as in the past, simply export the problem to the cities of England or the east coast of the United States.

A third effect of recession works through its contractionary effect on the Community budget. Although CAP reform was necessary in any event, the tightness of finance has no doubt hastened the process of adjustment. For the Irish farmer this has meant continued pressure on agriculture prices, which have been falling by 2 percent annually in real terms at Community level since 1979, and much more steeply in Ireland. A tight rein is also being kept on the growth of other sources of Community support (the Regional and Social Funds, for example,) from which Ireland has benefited disproportionately.

Restoring Irish competitiveness would be made easier if the international recovery were to strengthen and be sustained. Shown here is Rustbroke Yard, a ship building and repair yard in Cork. © Woodfin-Camp

IRELAND IN FIGURES

Area	27,136 sq. miles
Population	3.4 million
Gross Domestic Product (1982)	$17.6 billion
Inflation Rate (Feb. 1982-Feb. 1983, CPI)	12.5%
Unemployment Rate (1982)	12.8%
Trade (1982)	
Total non E.C. exports	$2.3 billion
Total non E.C. imports	$2.5 billion
Exports to E.C.	$5.7 billion
Imports from E.C.	$7.1 billion
Exports to U.S.	$0.6 billion
Imports from U.S.	$1.1 billion

Apart from the recession, Ireland has also suffered its share of self-inflicted wounds. The public sector exhibits all the symptoms of the European disease. It is too large—public-sector spending, capital and current, amounts to over 66 percent of GNP. It is inflexible and inefficient. It is enormously expensive to run and it has been financed by large-scale internal and external borrowing.

Although considerable sums are now being spent on infrastructure, the telecommunications and transport systems have been neglected for some time and, though improving, are still below the standards required of an advanced trading economy. Successive Governments have added to the problems by yielding to trade-union pay claims which are quite out of line with the competitive requirements of the economy. No less damaging has been the spate of job-security and social-welfare legislation which has been passed by Parliament with blithe disregard of its implication for employment generation.

The decline in competitiveness in recent years has been particularly marked in relation to the low-inflation countries that are members of the European Monetary System (EMS). Since 1979, the authorities have adhered to a policy of exchange-rate stability within the EMS. This has meant that Ireland's higher inflation rate, fueled by permissive domestic policies and the rise in sterling, has not been fully compensated by corresponding depreciation in the value of the pound relative to the German mark, the Dutch guilder and, to a lesser extent, the French franc. The March alignment eased the problem somewhat.

For Ireland, however, there has been a conflict between its commitment to the control of inflation and a strong currency regime, on the one hand, and the fact of the United Kingdom's abstention from the EMG exchange-rate mechanism on the other. Despite the appreciable diversification of export markets during the past two decades, Ireland continued to conduct about 40 percent of its trade with the United Kingdom. Hence developments in sterling cannot be a matter of indifference to Irish competitiveness. In the absence of United Kingdom participation, the EMS system is far from ideal from Ireland's point of view. Its only virtue is that, like democracy, it may be better than any of the alternatives.

Restoration of economic growth in the Irish economy will require strong domestic policies and an improved international environment. The present Government headed by Garret FitzGerald is a coalition between a conservative Fine Gael and a middle-of-the-road Labor Party. It is making a serious effort at dealing with the country's deep-seated structural problems. Last February's budget contained a set of tax increases designed to cut the borrowing requirement by more than 3 percentage points of GNP.

Because of a large carryover from previous years, government spending is proving highly resistant to cuts, but the Government has announced its intention of applying the knife in earnest next year. In the meantime, a tough line is being presented to public-sector pay claims (a pay pause, followed by a 5 percent increase), but the showdown in this crucial matter has yet to take place. One hopes that the Government will remain firm. This will not be easy, given that fiscal rectitude as a policy target carries little attraction for the average voter on which the Government depends.

Getting the public finances in order is a precondition of renewed economic growth. It does not guarantee that growth will happen. Restoring Irish competitiveness to a level compatible with higher economic growth will be a long, tough battle. All would be made easier if the international recovery were to strengthen and be sustained.

No less important, and perhaps interrelated, is the need for maintenance of a free trading environment, first, and most obviously, within the Community and second between the Community and rest of the world. Since 1973, the main economic benefits to Ireland from E.C. membership have been access to the European market for industrial goods and to CAP prices for beef and dairy products. There has been much analysis of Community grants and loans from its various funds and institutions—and there is no doubt that Ireland has obtained more than a proportionate share of such benefits—but with the pressures of further E.C. enlargement and the resistance to expansion of public expenditure in the Community, the Irish Government cannot expect further assistance from this source.

What can and must be expected is a greater degree of coordination of policy within Europe, directed toward maintaining the process of recovery. A determined effort must also be made to resist and eventually reverse protectionist pressures. Like other E.C. member countries, Ireland is in favor of free trade in principle and would like others to carry out the letter of the law. When it comes to its own narrow interest, such as the preservation of the CAP, exclusion from the Community market of third-country agricultural exporters, protection of proportionately large textile, clothing and footwear interests, a more cautious approach by the Irish Government is evident. Such a stance is understandable, but, if followed by all, will be destructive and counterproductive. The E.C. Commission must keep hammering away at the message that protection for all means protection for none. If it does, and if recovery sets in, there may after all be a glimmer in the gloom. €

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MEMBER STATE REPORT

The Irish Influence

Assessing its impact on US domestic and foreign policies.

There's a little bit of Irish in every American on St. Patrick's Day, especially at the parade in New York City. © Woodfin-Camp

WILLIAM V. SHANNON

About 40 million Americans are wholly or partly of Irish ancestry. According to the U.S. Census, this places Ireland third among the nations of the world in the ancestral sweepstakes, surpassed only by Britain and Germany each with 49 million. But what does Irish power in the United States amount to in real terms? Can Ireland, for example, significantly influence American foreign policy?

Experience suggests that despite the relatively large number of Americans who claim some Irish lineage, Ireland's ability to sway American foreign policy is far behind that of the United Kingdom and the Federal Republic of Germany, or of tiny Israel. Numbers are important, but there is an even more important correlation between a nation's economic and military power and its clout on the American scene.

Even if the Federal Republic of Germany were not the predominant economic power to Europe, its armed forces and strategic position would give it obvious importance in Washington's eyes. Israel benefits from what might be called the passionate intensity factor. Israel's success in money-rasing and its lobbying skills are often contrasted with those of Ireland, particularly by envious and frustrated Irish Americans. But there is no real analogy between the situation of the two countries. Israel holds the political and military initiative in a critical region. If World War III occurs, it is likely to break out in the Middle East; nobody thinks it is going to erupt over Ireland or Northern Ireland.

Moreover, the recent tragic history of the Jewish people and the continuing threats to Israel's existence make for a significant difference between Irish and Israeli power in the United States. Presumably, if 6 million Irish had been murdered in a holocaust during World War II and if Ireland were surrounded by dangerous enemies, the American Irish would be much better organized and would raise far larger sums of money for Ireland. But in the absence of those grim circumstances, the American Irish naturally take a much more relaxed attitude toward their ancestral homeland than do their Jewish fellow citizens.

Britain is the country with which Ireland vies for influence in the United States. Britain is sovereign in Northern Ireland, and the future status of Northern Ireland is Ireland's most visible foreign-policy interest, at least as far as Americans are concerned. Ireland has other important interests, including the Common Agricultural Policy and the Regional Development Fund of the European Community, the peace-keeping activities of the United Nations to which the Irish have contributed

Carroll of Maryland who had the triple distinction of being the wealthiest, the only Catholic, and the longest-lived. (He died in 1832 at age 95.)

There were Irish Catholic United States Senators from California as early as the 1850s and 1860s and by the 1880s, there were Irish political bosses in many big cities from New York to California. Although the Tammany-style Irish political machines have disappeared with the death of the last great chieftain, Mayor Richard Daley of Chicago, the Irish continue to thrive in the different politics of the age of television and the public opinion pollster.

From 1975 to 1983, the Governors of the nation's two most populous states were Edmund G. "Jerry" Brown in California and Hugh Carey in New York, both descendants of Irish immigrants. In Congress, Speaker of the House Thomas P. O'Neill and House Majority Whip Thomas Foley of Washington and Senators Edward Kennedy of Massachusetts, Christopher Dodd of Connecticut, Daniel Patrick Moynihan of New York, and Patrick Leahy of Vermont play major roles in shaping Congressional action and are actively interested in Ireland and the Northern Ireland question. For the last several years, they have followed the practice of issuing a statement on St. Patrick's Day expressing their concern about Northern Ireland and recommending various policy steps.

In 1982, they and others formed "The Friends of Ireland," an organization that exchanges periodic visits with members of the Dail and the Senate in Dublin. The Friends of Ireland's policy parallels that of successive Irish Governments which favor the peaceful unification of Ireland and Northern Ireland by political negotiations. Their influence is partly offset by the Ad Hoc Committee on Northern Ireland, chaired by Representative Mario Biaggi of New York.

In 1961, John F. Kennedy was the First Irish Catholic in the White House, and now, two decades later, the Oval Office is occupied by Ronald Reagan, a Californian also of Irish decent. President Reagan here talks by telephone with Ireland's Prime Minister Garret FitzGerald in the Irish Embassy last St. Patrick's Day.

armed forces in the Congo, Cyprus, and Lebanon, and trade around the world. But these international concerns are virtually invisible to Americans of Irish descent.

The government in Dublin has difficulty making its views on Northern Ireland prevail at the White House and the State Department insofar as its counsels conflict with those of Britain. This has been true ever since Ireland first tried to emerge as a modern independent nation by seeking—unsuccessfully—to present its case at the Versailles Peace Conference in 1919.

Britain is a nuclear power. It is a member of the North Atlantic Treaty Organization. Its economic influence in the Middle East is considerable because it has traditionally been the banker for most Arab countries. It is a power at the United Nations because it has a permanent seat on the Security Council. For all these reasons, Washington policy-makers always have a lot of business to transact with their opposite numbers in London. They naturally do not like to subordinate or complicate their various negotiations by raising with London the awkward subject of Northern Ireland. This is true even when there are presidents in the White House of Irish extractions such as John Kennedy 20 years ago or Ronald Reagan today.

Although Ireland cannot rival certain other nations, that does not mean that it is wholly without influence. As far back as colonial times, the Irish have been active in American politics. Nine of the 55 signers of the Declaration of Independence were of Irish ancestry. One of the signers was John

On Capitol Hill, the Irish influence is ever present, playing a major role in shaping Congressional action and in keeping interest in Ireland's welfare active. President Reagan, Speaker of the House Thomas P. O'Neill, and Senator Edward Kennedy meet with Irish SDLP leader, John Hume and Peter Barry, Minister for Foreign Affairs of Ireland.

This group has relatively little influence because few Irish-American members of the House take any active part in its activities. Jack Lynch, while Irish Prime Minister in 1978, wrote a stinging letter to Biaggi denouncing him for "his public identification," when visiting Ireland, with "supporters of violence," namely the outlawed Irish Republican Army (IRA) which is responsible for the decade-long campaign of terrorism in Northern Ireland.

There are no mass-membership Irish-American organizations. The Ancient Order of Hibernians (AOH) is a fraternal order surviving from the days before World War I when immigration from Ireland was sending tens of thousands of newcomers to the United States every year. But membership in the Ancient Order has dwindled away to approximately 15,000 nationwide. People who are active in the Order tend also to be involved in various "county organizations" that hold a few social occasions each year which bring together people from one or another of the 26 counties in Ireland such as Kerry, Cork, or Mayo.

Leaders of the AOH and of county organizations are often sympathetic to the Irish Republican Army and critical of the peaceful policy of the Dublin Government. It was these groups that succeeded in electing Michael Flannery, an IRA sympathizer, as grand marshal of the St. Patrick's Day Parade in New York this year. Scoring publicity coups of this kind and staging occasional small, but noisy, demonstrations exhaust the capacities of these groups. They are an embarrassment to the Irish Government, but not a major force in shaping U.S. Government policy or American public opinion.

The overwhelming majority of Americans of Irish ancestry are bewildered by the ferocity of feeling between the Protestant and Catholic communities in Northern Ireland, dismayed by the violence there—which, after 14 years, threatens to become endemic—and at a loss to know what they can usefully do to affect the outcome. In these attitudes, the American Irish markedly resemble most people in the Republic of Ireland. A political settlement in Northern Ireland would be of immense benefit to the people in both parts of the island and to Britain itself. But the power to achieve such a settlement lies in the hands of the Government in London. Up to now, it has not proved possible for either the government in Dublin or Ireland's millions of well-wishers in the United States to influence decisively the course of Britain's policy. €

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MEMBER STATE REPORT

THE "greening" OF AMERICA

Irish investments in the US are on the rise.

JOHN O'NEILL

"Farwaway hills are green" is an expression often used in Ireland more as a opinion of doubt than as a categorical statement of positive return on investment. Since the early 1970's a number of Irish corporations have nevertheless set their sights on proving that the expression has a sound basis and, therefore, on disproving the cynics. As a result, hardly a month has gone by this year without a significant announcement of a major Irish investment in the United States.

This trend by Irish investors to set their sights on the other side of the Atlantic is somewhat against the current international trend, which has seen the pace of foreign investment in the United States decrease substantially during the last 18 months. The two main reasons for this slowdown have been the recession on both sides of the ocean and the very strong dollar. According to a recent report, foreign companies sharply reduced their manufacturing investments in the United States last year. The number of actual activities of this kind dropped to 271 in 1982, compared with 348 in the previous year and an all-time high of 434 in 1979.

The Irish investment level in the United States is naturally relatively small when compared with the total inflow from other European countries. Figures show that some $20 billion have come from the Netherlands, $16 billion from the United Kingdom, and $7 billion from the Federal Republic of Germany. Best estimates of the extent of assets in the United States under the control of Irish investors would be in the region of $2 billion, when all the known plans have been finalized.

It is not difficult to understand why Irish entrepreneurs have been attracted to the United States. With a total market at home of no more than 4 million people, the attractiveness of a marketplace the size of the whole of the E.C. is a fairly powerful magnet. Irish settlers since way back in the middle of the 19th Century have played an important role in the development of the United States and, as a result, the 20th-Century investors feel very much at home in their new marketplace.

Even if there has been a solid Irish presence in the United States for more than a century in the form of original Irish settlers and their descendants, the flow of Irish investment to the United States has been, with only minor exceptions, a fairly recent phenomenon. Virtually all of the major Irish investment deals have taken place in the last few years.

The most recent, and by far the most important, Irish investment deal in the United States was announced in March of this year. It involves the $150-million acquisition of a controlling interest in First Maryland Bancorp

Baltimore, Maryland, home of the most recent, and by far the most important, Irish investment deal in the United States—the $150-million controlling interest in the First Maryland Bancorp acquired by Allied Irish Bank. © Uniphoto

Allied Irish Bank (AIB)—which is now Ireland's leading bank, having just announced pretax profits of $90 million. The group, which includes the First National Bank of Maryland, has assets of $3.4 billion, with 145 branches and 3,400 employees. "I see the U.S. dollar as the currency of international banking," commented Patrick O'Keeffe, AIB's group chief executive at the time of the announcement, "and the United States as the first economy to emerge from the world-wide recession." AIB had already "wet its feet" in American banking with offices in New York and Chicago, which it set up some years ago.

An Irish company which has been more active in the United States than any other company is, without doubt, the Jefferson Smurfit Group, which has just reported pretax profits of $18 million on sales of $650 million, primarily from print and packaging. Their penetration of the U.S. market started in the early 1970s and really got underway in 1974, when they acquired Time Industries, in Chicago, made up of several small packaging companies. One hundred percent ownership of this company, representing a total investment of more than $10 million, was obtained in 1977 and the company was renamed Smurfit Industries.

A much larger investment occurred during the time span 1979-1981, when Smurfit acquired in four stages the Alton Box Board Company, in Alton, Illinois. This represented a $52-million acquisition of a major packaging concern—with plants in Illinois and other states—whose annual turnover was some $300 million.

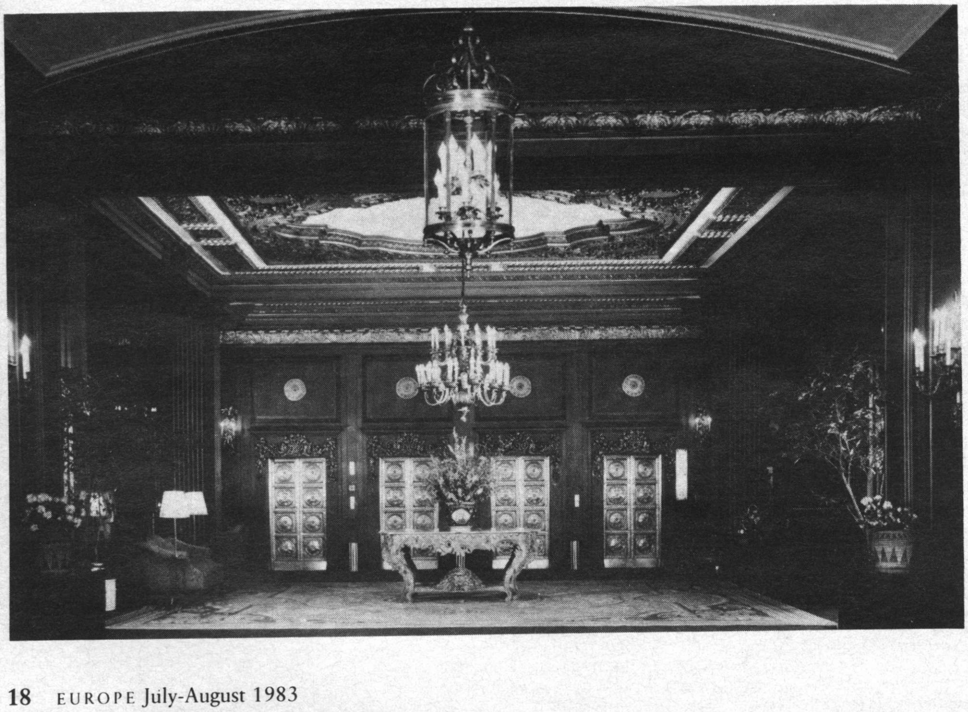
The Jefferson Smurfit Group decided to set up its U.S. headquarters in Alton, Illinois, which also makes sense from a marketing point of view because the U.S. population center is very close to Alton. One of Smurfit's most recent acquisitions is a venture, in conjunction with Clark Holdings in Chicago, involving the takeover of the Packaging Products and Graphics Arts Divisions of Diamond International for $84 million.

Some 60 percent of Smurfit's worldwide turnover is now generated by the subsidiaries in the United States, where they currently operate 70 plants employing 5,000 people. Indeed, while Smurfit's profits graph has been down lately from a high of $30 million, it has been commented that without its earnings in the United States, the group would be going through a rather traumatic period. Investment analysts have now switched their assessment of these shares from trying to project the potential of the operations in Ireland, the United Kingdom, Nigeria, and Australia to evaluating the group's upside or downside on the American market.

Another Irish company to recognize the limitations of its own domestic market place was Cement Roadstone which had a near monopoly on cement production and was therefore subject to the notorious vicissitudes of the construction industry, with its infamous cyclical nature. With a cement-production capacity well in excess of current local demand, it is also fortunate to have set its sights on the American market as far back as 1978, when it took over Amcor Inc, for $12.2 million.

Amcor had sales at that time of $19 million, producing pretax profits of $2.45 million and net assets of $8.5 million. Its profile as market leader in masonry blocks and low-pressure concrete pipes in the states of Utah and Idaho attracted the attention of Cement Roadstone's chief executive Jim Culliton.

Aer Lingus, the Irish national airline, has built up its chain of Dunfey Hotels in the United States to 25 since the airline first got involved in 1976. The lobby of one Dunfey Hotel, Boston's famous Parker House.
courtesy Dunfey Hotels



"There is no easy gold in the streets in these states anymore than is to be found elsewhere in business," he remarked about the Mountain and Pacific states where they are primarily located. "And the U.S. work ethic can be depended on to throw everything into the competitive struggle. However, so far, so good; we are supporting a dynamic management there with the resources for rapid growth." Cement Roadstone is now in nine of the Western states, where they have 17 manufacturing locations. Again, as in the case of Smurfits, the geographical diversification has helped Cement Roadstone to weather a very difficult recession at home.

There have been many other investments not all of which have been instant success stories. Independent Newspapers Group, in which A.J.F. O'Reilly of Heinz fame has a controlling interest, has now developed a commercial radio station in San Diego reaching 1.5 million Californians. After a difficult gestation period, it is reported by Tony O'Reilly to be "outstandingly successful."

Aer Lingus, the national airline, is very proud of its chain of 25 Dunfey hotels. The number has grown from 21 when the airline first got involved in 1976. Vincent Doyle, the most successful of Irish hoteliers, has taken majority equity interests in two hotels in the United States and, according to him, "we are happy with our investment—so much so, that we are looking for further opportunities in Boston, Chicago, New York, and Toronto."

The Government-owned insurance company, Irish Life, has purchased two properties in the United States. A property-development company, Hardwicke Ltd., has become involved in office construction in New York and one-third shareholder Mark Kavanagh spends two weeks in every month in America seeking out further opportunities.

On the exploration side, Atlantic Resources, another Tony O'Reilly vehicle, has been drilling in Oklahoma and West Virginia. Eglinton Oil & Gas, another small Irish exploration company, has been involved in and around Texas.

Nothing breeds more confidence than success and the future flow of Irish investment funds will no doubt depend on the extent to which the entrepreneurial pioneers reap the rewards for their adventurous investment confidence of the past few years. If the projections are achieved, the magnetic attractions of such a vast marketplace will be difficult to spurn. €

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BLUEPRINT FOR A NEW IRELAND

Forum seeks to bring the Irish people together.

PAUL ARTHUR

The Forum for a New Ireland owes much of its genesis to the persuasive ability of John Hume, leader of the Social Democratic and Labor Party (SDLP). His party contested last month's election against a Provisional Sinn Fein Party (PSF) replete with revivalist fervor and intent on using electoral intervention to "erode British propaganda, destabilize the state, and hasten the day of a political breakthrough on withdrawal—which is also the aim of the Irish Republican Army."

Some see the New Ireland Forum as a lifeline to the SDLP, which considers it to be potentially the most significant political initiative since 1920 in Ireland. But, in a very real sense, it is a lifeline thrown to Irish constitutional nationalism itself. By the end of the year, when its deliberations will have been completed, we shall know whether the Forum was no more than a gambler's throw or an amazing act of faith in the positive properties of Irish nationalism.

Seldom can an initiative have been launched so inauspiciously. PSF, married to the ballot box *and* the bullet, was not invited to participate. Unionist parties resent it as an unwarranted interference in the internal affairs of Northern Ireland. The Republic's political parties have been engrossed in their own domestic difficulties and recognize the enormity of the task before them: They are being asked to lead a revolution in attitudes.

Yet there are several reasons why the Forum should be welcomed by democrats. Optimism is thin on the ground in Northern Ireland. Since the imposition of direct rule in 1972, there has been a fateful ambiguity in British policy-making in the province. London has consistently rejected its own model of government and sets its face against drawing Northern Ireland closer to the United Kingdom.

An Irish dimension has been recognized but as little more than symbolic gratification. Exhortation and exasperation have passed as policy for much of the period since the collapse of power-sharing in May 1974. The present phase, managerialism, owes more to the Secretary of State, James Prior, in his former existence at the Department of Employment in London, than to his recognition of the complexities of a value conflict.

Managerialism manifests itself in the Northern Ireland Assembly. To date that has had little more than a cathartic effect. The SDLP and PSF abstained from the outset. The non-sectarian Alliance Party struggled in vain to persuade the "unionist family" that power-sharing offers the only hope of progress in Northern Ireland. The "family" is at war with itself. Official Unionists believe that the Assembly, as presently constituted, is unworkable and they are led by those who want full integration inside the United Kingdom. Ian Paisley's Democratic Unionists see the assembly as "a bulwark for the Union" because it restores a "three-way situation . . . Westminster, Stormont, and Dublin." Both use it to conduct a continuous campaign for dominance over the Protestant community.

The first meeting of the New Ireland Forum at Dublin Castle on May 30, 1983. Left to right: John Hume, leader of the SDLP; Garret FitzGerald; Colm O'hEocha, chairman of the New Ireland Forum; Charles J. Haughey, leader of the opposition; and Dick Spring, leader of the Labor Party.

These, however, are negative reactions. Positively, the Forum should be encouraged because it is the first solely Irish initiative to emerge out of the present troubles. Historically, Dublin's claim on Northern Ireland has been aspirational, rather than operational, and has settled on the passive philosophy of those who believed that a solution would be found "in the larger general play of English interest." In the meantime a limited form of functional cooperation and a surfeit of verbal republicanism would suffice. Consequently, there has been widespread apathy toward Northern Ireland in the Republic of Ireland—no more than 5 percent of the southern electorate have considered the North a salient factor in recent years. Myths about the predestined shape of Ireland have encouraged an intellectual lethargy.

The Forum will serve to coach the democratic leaders in the gentle art of courtship. They will be engaged in a rigorous exercise in self-analysis nothing less than the removal of a Gaelic and Catholic ethos from Ireland's Constitution of 1937. They will be appealing over the heads of the unionist leadership by distinguishing between a political (unionist) minority and a religious (Protestant) minority. They will be asking that Protestant minority to suspend judgment on their intentions until the Forum's work is completed. Their deliberations will concentrate on the shape of a new pluralist Ireland by examining possible new institutional structures, citizenship rights, and economic cooperation.

Like the Prior assembly, the New Ireland Forum is part of a faltering political process. The second stage is to consist in a dialogue, based on the blueprint, with the northern Protestant tradition. And stage three is expected to expand the process on to an Anglo-Irish plain to place the British tradition in Northern Ireland in its proper context. It is a highly ambitious plan firmly based on the doctrine of consent.

Some positive features emerged from the Forum's first formal sitting. All the parties are represented by teams of the highest caliber. All are anxious to get on with the business of reconciliation. John Hume, speaking with the eloquence and experience born of living in the midst of violence this past 14 years, clarified the position: "This Forum must put an end, once and for all, to all this hopelessness. . . . The price that our different parties will have to pay for consensus will be minimal compared to the rewards for the Irish people of a common approach to our deepest and most intractable problem." Nationalist leaders, conscious of a shadow of the gunman, cannot contemplate failure. €

Paul Arthur is a senior lecturer in politics at the Ulster Polytechnic in Northern Ireland.

MEMBER STATE REPORT

GUINNESS *"The foaming ebon*

RONALD GIBSON

Advertisements for Guinness stout are a familiar sight in Ireland. © Magnum

The history of Guinness and the Guinness family is a fascinating one that is not well known at all in the United States. It is a story of more than 200 years of industrial achievement and, moreover, a success linked from the beginning to philanthropy, public service, and encouragement to learning, science, agriculture and the arts.

In 1759, Arthur Guinness, a young Irishman, bought a disused brewery at St. James Gate on the south bank of the River Liffey in the then-outskirts of Dublin. He took it on a 9,000-year lease at an annual rent of 45 pounds. There was a copper boiler, a mash tun, a mill, two malthouses, a hayloft and stabling for 12 hours; that was all.

Within 10 years, Arthur Guinness had attained a modest prosperity and began to export ale to England. His most famous invention and breakthrough, however, had to wait for another 30 years—until 1799 when he made the momentous decision to stop brewing ale and to switch to a new, dark, ruby-colored beer containing roasted barley. This beer, when poured into a glass, had a rich creamy head. Arthur had invented stout.

Stout quickly caught on· and Guinness boldly exploited his rising fortunes. In 1811, he dispatched 200 hogsheads of Guinness stout to Lisbon for Wellington's troops fighting in the Peninsular War. There were even tales of British and Irish soldiers drinking Guinness at the Battle of Waterloo.

In fashionable circles in London, Guinness was much appreciated, Disraeli, after attending a sitting of Queen Victoria's first Parliament, went on "to sup at the Carlton off oysters, Guinness, and broiled bones." After the funeral of Prince Albert, Queen Victoria's Consort, a barman at Brooks Club experimented with a mixture of Guinness and champagne and named the concoction a Black Velvet. This summer the Black Velvet is the official drink at the Britain Salutes New York Festival.

Exactly 100 years ago, the present brewery at St. James's Gate was built. It is now recognized as a masterpiece of 19th-Century industrial architecture, an uncompromising symbol of solid, no-nonsense Victorian assurance and prosperity. Soon to be the biggest brewery in the world, it seemed destined to grow and grow for ever.

It indeed did expand vastly from its original

ale which the noble twin brothers Bungiveagh and Bungardilaun brew"

four acres in a vain attempt to assuage the universal thirst for Guinness, but in the end a new brewery had to be built at Park Royal in North London. Other breweries followed in Nigeria, Ghana, Sierra Leone, Cameroun, Jamaica, and Malaysia with Guinness being brewed under contract in Canada, Australia, and other countries.

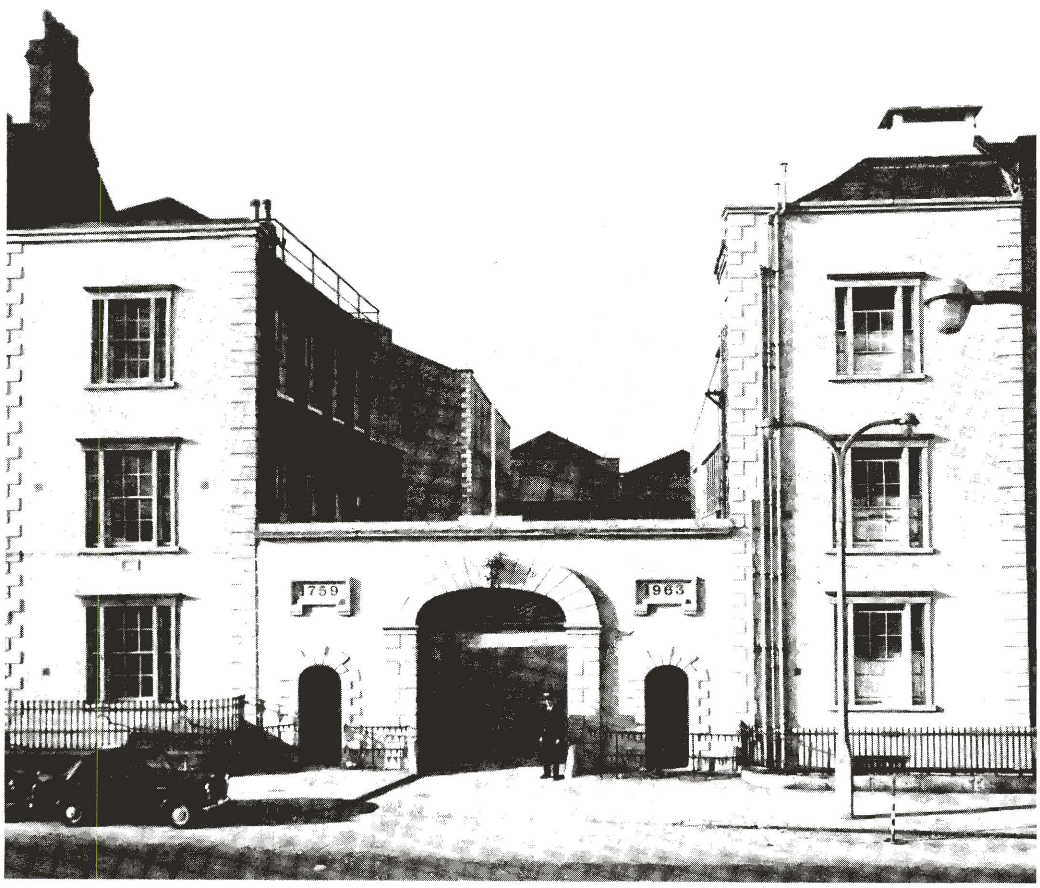
Of all the many high achievers in the Guinness family, the most eminent is Lord Moyne, third son of the first Earl of Iveagh. Much decorated in World War I, Lord Moyne served as Minister of Agriculture and later as Secretary of State for the Colonies in the British Government and was leader of the House of Lords. He chaired the West Indies Royal Commission and was assassinated in Cairo in 1944 when acting there, with Cabinet rank, as Britain's Minister Resident in the Middle East.

His son, the second Lord Moyne, now nearly 80, is a poet and novelist, a connoisseur of painting, sculpture and architecture and a patron of the arts, conspicuously of poetry. He created the Guinness Poetry Award whose winners have included Auden, Lowell, and Robert Graves.

Lord Moyne's son, the Hon. Desmond Guinness, is president of the Irish Georgian Society and a prodigy of activity on its behalf. In 1967, he bought, and has since renovated, Castletown House in County Kildare. It is now the mansion outside Dublin which visitors most wish to see. In Ireland, sleeves rolled up, he clears away the rubble and shores up the walls of neglected country houses. Twice a year he puts down his shovel for an equally arduous U.S. lecture tour for the society, totting up about 30 one-night stands in the course of a visit.

The Guinness company is now transforming a large hop store at St. James's into a cultural center to house the Guinness Museum (which has on display barley from Tutankhamen's Tomb) and to stage national and international festivals beginning in the fall of 1984 with a *Rosc* (poetry of vision) international art exhibition.

The Wexford Opera Festival is handsomely supported by the company, as are the ballet and all kinds of music from chamber to pop. An attempt has even been made, to much public acclaim, to raise the artistic level of, and inject more humor into, print and billboard advertising.



The present Guinness brewery at St. James' Gate is now recognized as a masterpiece of 19th-Century industrial architecture. courtesy Guinness Brewery

The Guinness publishing house, Guinness Superlatives, is a phenomenon. The Guinness Book of Records, now in its 28th edition, sells in 23 languages and has the highest sale of any copyright book, fiction and non-fiction.

Dickens, Trollope, Robert Louis Stevenson and many other writers have lauded the virtues and idiosyncratic qualities of Guinness Stout yet, very properly, it falls to James Joyce who grew up within sniffing distance of the famous brewery to out-rhapsodize them all:

"The foaming ebon ale which the noble twin brothers Bungiveagh and Bungardilaun brew ever in their divine alevats, cunning as the sons of deathless Leda. For they garner the succulent berries of the hop and mass and sift and bruise and brew them and they mix therewith sour juices and bring the must to the sacred fire and cease not night or day from their toil, those cunning brothers, lords of the vat."

O Guinness! Ten thousand blessings on thy creamy head!

Ronald Gibson, a lifelong consumer of Guinness, is a reporter in New York City.

E.T. go home!

US-European crisis threatens over extraterritoriality issue.

BAILEY MORRIS

For the second time in two years, the United States and Europe are embroiled in a serious conflict over an issue with the unlikely code letters of E.T. The name, in this case refers not to "The Extraterrestrial," but rather to the extraterritorial concerns raised by the Reagan Administration's determination to toughen the current Export Administration Act which is due to expire on September 30.

After months of fierce, internal debate over the direction of its East-West trade policy, the Administration asked Congress in April for even broader powers to restrict exports of sensitive goods and technology for both foreign policy and national security reasons. It was President Reagan's decision to exercise similar foreign policy controls after the military takeover in Poland which triggered the dispute between the United States and Europe over the Soviet gas pipeline. Then, as now, European Governments objected strongly to the Administration's insistence on applying U.S. laws not only to American companies, but also to their foreign-based subsidiaries and foreign companies under license to U.S. firms. As one European diplomat remarked recently, it was a little like the Boston Tea Party reversed.

The Administration's proposal to both extend and toughen its export control laws drew a sharp response from European officials, threatening once again to splinter the Western alliance which has only just begun to recover from the pipeline dispute. Prior to the meeting of Western heads of state at the Williamsburg economic summit, the European Community lodged a sharply-worded formal complaint with the State Department urging the Administration to reconsider its proposals. Later, at the summit itself, several European heads of state, including British Prime Minister Margaret Thatcher and Federal Republic of Germany Chancellor Helmut Kohl, personally relayed their concerns to President Reagan.

Artist's conception of the Boston Tea Party in 1773. Bostonians protested the lack of consultation on decisions affecting them that were made on the other side of the Atlantic. © Uniphoto

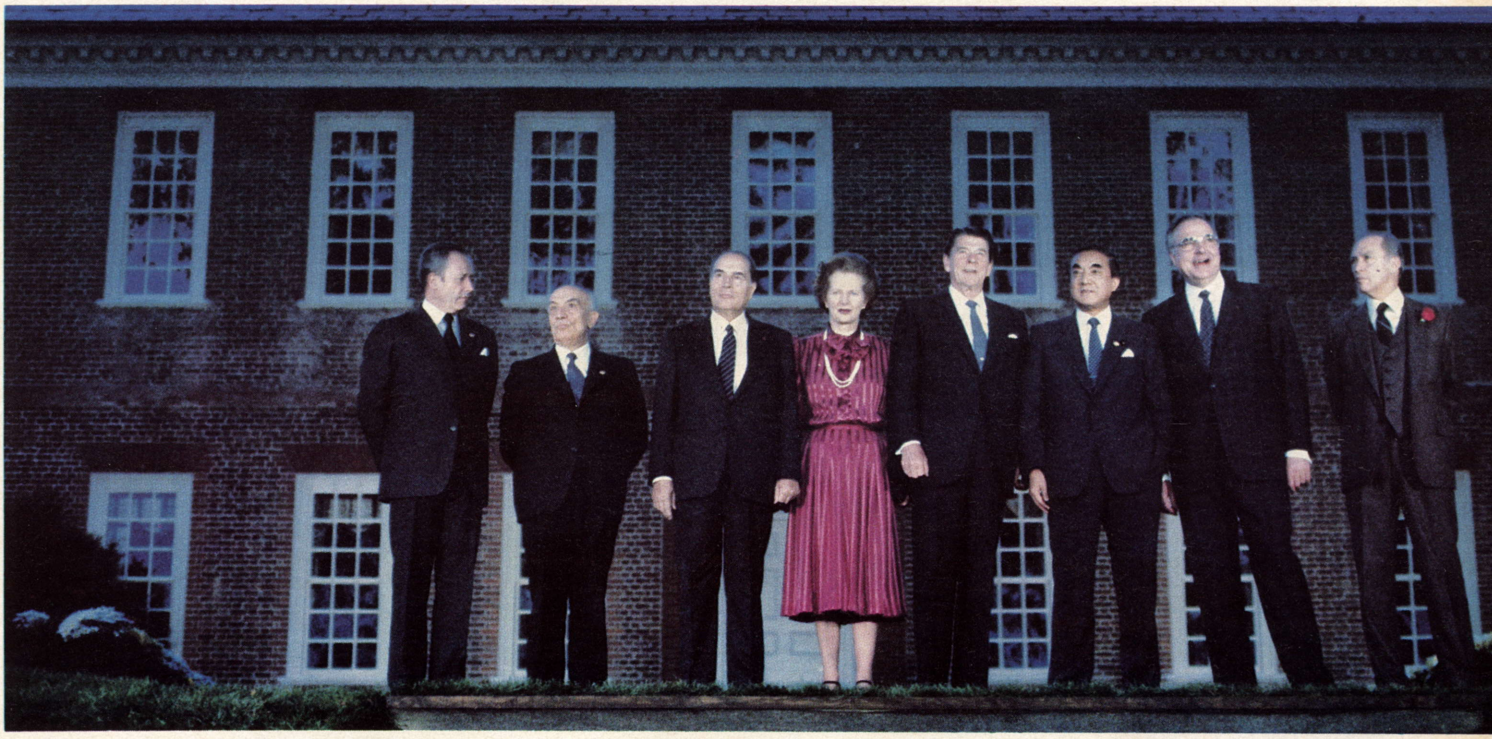
The eight-page E.C. document formally protesting the Administration's bill contained some of the toughest diplomatic language seen in recent years. It was approved at the highest level of government of the European Communities by the Council of Ministers and was delivered personally to the State

Department by Sir Roy Denman, head of the E.C. delegation in Washington, and Peter Hermes, the German Ambassador whose country currently chairs the E.C. Council.

"It is not justifiable nor acceptable that Section 6 of the Export Administration Act be used to impose U.S. law and policy on other friendly countries which will have their own policy views and will wish to take their own decisions on what restrictions, if any, can be imposed on trade with third countries," the E.C. memorandum said. "The correct course to follow in cases where the U.S. Government considers it necessary for controls to be applied outside its territory for reasons of national security or foreign policy, is to seek a consensus with its trading partners on the trade controls to be adopted and not to try to extend controls unilaterally. . . ." and later, in a direct reference to the pipeline controversy, the E.C. document said, ". . . It is in the interest of both parties that dispute over export controls should be avoided. . . . As we have seen on the occasion of the pipeline dispute, considerable political disruption and commercial damage can ensue."

The argument in favor of modifying the law to avoid serious commercial damage similar to that inflicted during the pipeline dispute was been made even more aggressively by large U.S. companies who oppose the Administration's bill. Officials of Caterpillar Tractor Co. said Reagan's decision in 1981 to block export of 200 pipe-laying tractors to the Soviet Union had a double-barreled negative impact on their earnings. Not only did Caterpillar lose $90 million in sales as a result of the sanctions, it also was barred from bidding on a subsequent $200-million Soviet project. "How many times is a country going to be burned by a U.S. company before it finally smartens up and buys from someone else," asked Timothy L. Elder, the Washington-based sales manager for Caterpillar.

The aggressive lobbying campaign mounted by corporate America against the Administration's bill was heeded in the House of Representatives by members of the Foreign Relations Committee who rejected the President's version and approved, instead, a bill which loosens controls and protects the sanctity of existing contracts. Fashioned largely by Rep. Don



During the Williamsburg summit, several European heads of state personally relayed their concern to President Reagan about the Administration's proposal to both extend and toughen its export control laws.

Bonker (D-Washington), the House committee version addressed the concerns of U.S. exporters at the same time it contained key provisions to decontrol exports to U.S. allies and loosen controls on strategic exports. Rep. Bonker's bill would remove altogether the President's authority to impose controls on companies outside U.S. territory without prior authorization by Congress.

In the Senate, however, critics of the Administration's bill are likely to receive a much less sympathetic hearing largely because of efforts by Sen. Jake Garn (R-Utah), and others to go even farther than the President in toughening export controls. Sen. Garn has proposed the most drastic revision of the current law in a bill that would create a new Office of Strategic Trade to prevent the flow of high-technology goods to the Soviet Block. The Senator agrees with hardliners in the Administration, led by Richard N. Perle of the Defense Department, that there has been "a virtual hemorrhage of strategic technology to the Soviet Union in recent years."

It was this argument—also embraced by Lawrence Brady of the Commerce Department and other officials—which generated such fierce internal debate within the Administration and forced the moderates led by Secretary of State George Shultz and undersecretary of Commerce Lionel Olmer to accept a much tougher bill than they wanted. In the name of national security, the Administration hardliners have attempted to make stronger export controls a political priority and election issue.

Perle, who is Assistant Secretary of Defense for International Security Policy, outlined his beliefs in recent congressional testimony in which he criticized sharply the spirit of détente. "During the euphoria that surrounded the détente policies of the late 1960s and 1970s, the administration of export controls was allowed to deteriorate. The resultant leakage of Western technology boosted the Soviet Union's military build-up and saved the Soviets millions of dollars in research and development costs," Perle asserted.

Construction on the Siberian gas pipeline, the center of last-year's dispute between the Americans and the Europeans over the application of U.S. laws to foreign-based subsidiaries and licencees of U.S. firms. © Sygma

Despite their concern over strategic controls and the need to prevent a leakage of key Western technology to the East, a growing number of Congressmen are nonetheless reluctant to put U.S. exporters at a disadvantage by toughening controls. "This is a genuine dilemma for both the executive and legislative branches, said Rep. Bonker. "We have to be more competitive. But we have certain national security and foreign policy objectives." Still, given the threat of another divisive confrontation with Europe and strong opposition from influential U.S., corporations, it appears likely that both houses of Congress and the Administration will in the end compromise in extending the Export Administration Act for another two years. €

Caterpillar says it lost over $90 million in sales of pipe-laying tractors because of the sanctions. Courtesy Caterpillar Co.

Bailey Morris is the U.S. economics correspondent for The Times *of London.*

differing on East-West trade

The EC, unlike the US, seeks new deals with Comecon.

JOHN STARRELS

The May summit of industrialized nations at Williamsburg was wise to keep the touchy subject of East-West trade on the fringes of the agenda. Last year's Versailles meeting, it should be recalled, ended in acrimony over U.S. efforts to halt European Community sales of equipment for the Soviet gas pipeline. "East-West economic relations should be compatible with our security interests," dead panned the Williamsburg participants on the second day of their summit. And there the matter lies.

Nevertheless, the United States and the European Community are still faced with the task of somehow determining the overall importance that East-West trade holds for them. This is hardly an academic question when world trade is not expected to grow by more than 1 percent in 1983. As a portion of that $2 trillion-plus sum, commercial relations between the West and the non-market economies of Eastern Europe and the Soviet Union are a mere drop in the bucket.

As the pipeline controversy demonstrated, however, Europe is willing to do political battle with the United States when it comes to securing desperately needed export orders. In 1982, combined U.S.-E.C. trade with the Soviet Union and its Council For Mutual Economic Aid (Comecon's) partners came to a modest $48 billion. Behind this small sum, however, is a larger consideration—the greater importance which East-West trade holds for the E.C.—which will continue to separate the United States from its Atlantic partners. Let's begin with the Americans.

American trade with the European members of Comecon last year came to about $4.6 billion—a $1 billion decline over 1981. The downward trend in U.S. trade with Comecon's European members began in the late 1970s (in 1979, that trade came to $8 billion). U.S. trade with the Soviet Union has declined and so have America's commercial relations with Poland and Rumania. Noteworthy here is the halving of American trade with both of these East European countries. Congress stripped Poland of its preferential, most-favored-nation status in 1982 and came within a hair of doing the same thing to Rumania this year. There are, of course, some bright spots in an otherwise austere picture. Notable is the amicable relationship between the United States and Hungary, now reflected in Congressional efforts to give the Hungarians (and the Chinese) an unprecedented 5-year most-favored-nation status. But this is a lonely exception.

The European Community hardly comes off as an ideal partner for the Soviet Union and its European allies. Hardly a

Building of the Council For Mutual Economic Assistance in Moscow. © Sovfoto

EAST-WEST TRADE, (1982)

E.C. exports to Eastern Europe*	$ 16.9 billion
E.C. imports from Eastern Europe*	$ 2.4 billion
E.C. exports to U.S.S.R.	$ 8.8 billion
E.C. imports from U.S.S.R.	$ 16.7 billion
U.S. exports to Eastern Europe*	$ 1.01 billion
U.S. imports from Eastern Europe*	$ 839.4 million
U.S. exports to U.S.S.R.	$ 2.6 billion
U.S. imports from U.S.S.R.	$ 229 million

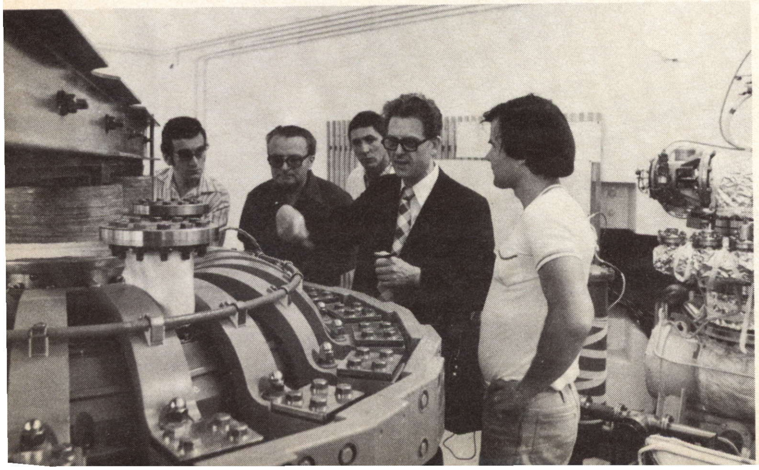
*German Democratic Republic, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania.
Source: CRONOS, Base ERIC - CISI Network; U.S. Department of Commerce.

week passes without a Comecon complaint over E.C. "discriminatory" practices which allegedly prevent Comecon members from selling more of their wares on the Community market. The number of "unfair trade practice" (price-cutting) cases involving the E.C. and Comecon has apparently been increasing as the non-market economies endeavor to export more goods to the West. West European banks, in the meantime have been cutting back on their loans to Comecon countries. Poland alone owes Western—mostly European—banks $25 billion. Exploratory talks on the establishment of formal relations between the E.C. and Comecon began in February, 1975. They've gone nowhere.

In contrast with the United States, however, the E.C. is nevertheless pushing forward in an effort to open new markets for its members in Eastern Europe and the Soviet Union. And those efforts have met with a positive response. Bulgaria, for instance, has demonstrated a pronounced desire for expanded commercial ties with E.C. countries. It's now an active investor in Western countries. Despite its small size (as large as the United Kingdom, but with only 9 million people), Bulgaria transacted a respectable $1.7 billion worth of trade with the Community in 1980.

As with other Camecon countries, Bulgaria lacks the "hard" Western currency which it needs to trade with the market economies. It has attempted to make up for this disadvantage by calling for more "joint ventures." These undertakings permit Western companies to enter a non-market economy country for the purpose of erecting a local enterprise with the help of indigenous labor and materials. "We view joint ventures as another form of cooperation, not as some kind of festish," insists Georgi Pirinski, Bulgaria's deputy minister responsible for West European trade. "We would like to see each deal find its own necessary form of participation" Pirinski continues.

Prospects seem especially promising for new deals in the energy, electronics, and pharmaceutical sectors. Here, Soviet thermo-nuclear experimental equipment installed at the Hungarian Academy of Sciences. © Eastfoto



Up to now there have been few takers, but negotiations have been taking place between the Bulgarians and the British firm Hickson Timber Products, of Yorkshire, for the production of equipment for timber preservatives. If the Comecon countries have their way, joint ventures and other forms of bilateral partnership will increase over the 1980s. Opportunties for such cooperation—by 1980, some 2,000 of these arrangements existed—seem especially promising in the energy, electronics, and pharmaceutical sectors.

Not surprisingly, Hungary also wants to expand its commercial links with individual E.C. members. In 1981, Hungary's trade with the Community reached $3.5 billion, but officials have become displeased about the large trade deficits that the country is running with the West Europeans. Hungary now wants to redress the balance.

In a recent action, for example, Hungarian negotiators approached the European Community with a proposal for better treatment—greater market access—for their beef and other agricultural exports. The Hungarians, in turn, reportedly offered lower tariffs on imports from the E.C. Prospects for such an agreement hardly seem bright. As it is, the E.C. is struggling with large agricultural surpluses that have been produced by its own growers. Nevertheless, the Hungarians, as this writer learned during a recent trip to that country, are passionate advocates of closer economic ties to the West. And, if anything, the Government's new efforts to decentralize the economy while promoting profitability and efficiency are bound to meet with a positive response from the West.

Far and away the most active Community member in the realm of East-West trade, of course, is the Federal Republic of Germany. Its special ties with the German Democratic Republic, for example, boosted trade between the two by a hefty 13 percent in 1982. The volume of trade between the two Germanies reached nearly $6 billion last year. Exports of farm products and iron and steel goods from the Federal Republic to the German Democratic Republic registered a spectacular rise. Meanwhile other E.C. members, notably France, are pushing for expanded ties with the German Democratic Republic as well.

The European Community, of course, can live without trading with European members of Comecon. And this prominently includes the Federal Republic of Germany, whose total volume of commerce with non-market economies came to more a modest 4.7 percent of its overall trade in 1982. But the Europeans—in the East as well as in the West—have a pronounced desire to preserve their fragile economic links. And at the margin, the economic gains to be derived from that trade—in terms of jobs and profits—could make the difference between modest growth or continued stagnation. €

John Starrels is a free lance writer based in Washington.

FINANCE

Toward European

The European Currency Unit, or ECU, is being used more and more i

JOLY DIXON

The European Currency Unit (ECU), which was created in 1979 at the start of the European Monetary System, is rapidly developing into something more than the bookkeeping unit of the Common Market. It is moving toward becoming the monetary identity of Europe. Within the European Monetary System (EMS), the ECU is extensively used for settlements between the participating central banks. Independently from this official use, others are increasingly deciding to use the ECU for the denomination of contracts.

For the most part, this development and the growth of the accompanying banking and financial services has been spontaneous. It has been welcomed, however, by the European Community and, at the end of May, the E.C. Commission requested the E.C. Council of Ministers and the E.C. member states to adopt the following draft resolution regarding the ECU:

"The Council considers that the development of the role of the ECU is an important part of the internal consolidation of the EMS and the affirmation of its external role. It has noted the communication of the Commission in the matter and, particularly, the suggestions made to facilitate the treatment and promotion of the use of the ECU. The relevant authorities have expressed their intention to take all the measures necessary to ensure that ECU operations are treated, in the context of their internal regulations, as foreign currency operations."

The European Monetary System which is now a little over four years old, receives a lot of publicity when there is a realignment of central rates. When in March of this year, the French franc was devalued by 2.5 percent and the German mark was revalued by 5.5 percent—with all the other currencies of the system moving also—there was the predictable outpouring of newspaper articles about the collapse of the system.

When all is going well, little is heard. There has been sparse coverage of the progress made in establishing a degree of exchange-rate stability. Over the same period as other currencies have fluctuated widely against each other, swinging from undervaluation to overvaluation and back again, the EMS currencies have changed relatively little against each other. And their movements have always been in the direction consistent with the economic fundamentals.

The ECU plays an important role in the system. Central rates are expressed in terms of ECUs, and each participating central bank holds 20 percent of its gold and dollar reserves in the form of ECUs, which may then be used for settlements between the banks in the same way as any other reserve asset. When, for example, an exchange rate has reached its fluctuation margin, the central banks concerned are obliged by the rules of the system to intervene on the currency markets, buying one currency with a sale of the other. This creates a debt of one central bank to the other which, after a financing period again specified in the rules of the EMS, may be settled in ECU.

The Williamsburg summit "invited Ministers of Finance, in consultation with the managing director of the International Monetary Fund to define the conditions for improving the international monetary system and to consider the part which might, in due course, be played in this process by a high-level international monetary conference." Whatever form a reformed system takes and whatever the procedure, some tendencies are already clear. Reflecting more equality between the economic weights of the various blocks, the international monetary system is moving toward a multipolar structure. The dollar and yen are the monetary identities of two of the poles. Increased use of the ECU, both within the EMS and by others, will increase its ability to become Europe's monetary identity.

In a non-fixed-rate, multipolar system, there will be swings determined by relative economic trends leading to ebbs and flows from one currency to another. Development of the ECU can both help this whole system work smoothly and prevent it from having disruptive effects within the less firmly integrated European block. At the moment, for example, when the dollar is weak, the strong currencies with the Community, particularly the German mark, become refuge currencies with consequent disruptive capital movements. This results in tension between Community currencies and disturbs the smooth functioning of the EMS. A broader and deeper ECU market could absorb some of the strain by dispersing over all the currencies flows which are now concentrated on one or two currencies.

The main advantage of the ECU for both official and private users is that it provides both investors and operators whose trade or financial flows center on the Community with opportunities for diversification. The ECU is increasingly being used as an invoicing unit for transactions within and between companies, especially multinationals, operating in Europe. Because of its definition in terms of a basket of currencies, the ECU automatically attenuates the effects of currency fluctuations on the accounting results of subsidiaries in different countries. This can result in a better distribution of exchange risk within a group and simplify financial management.

Financial Union

he private sector.

At the Williamsburg summit leaders from seven countries and the President of the E.C. Commission discussed ways of improving the international monetary system.

Firms using the ECU as an accounting and invoicing unit should naturally use it also as a means of settlement. A large number of commercial banks in the Community now provide all the normal services for ECU-denominated accounts. Transfers and settlements in ECU pose no more difficulty than those in any national currency. In most cases, exchange transactions are not even necessary as compensating ECU claims are balanced.

These services will be further improved when the ECU clearing system comes into effect. The banks which have handled the majority of ECU transactions have now found satisfactory solutions to all the technical questions that arise in setting up such a clearing system. The Bank of International Settlements in Basel has been approached and has accepted, subject to certain conditions, to hold the necessary central accounts. The system should therefore start in the near future.

Bond activity in ECUs has continued to grow rapidly. With the dollar and the German mark, the ECU is now the world's third major currency on the Eurobond market. The table on the following page shows the currency breakdown of Eurobond issues in 1982.

The momentum has been kept up in 1983 and the size of the ECU bond market has now reached over 3 billion ECU. The Republic of Ireland issued two ECU bonds, the European Investment bank launched its fifth ECU issue, and a number of semipublic French companies used ECU financing. The Community has recently agreed to grant a 4-billion-ECU loan to France. The funds will be raised on the international capital markets in a number of forms, among them a significant ECU-denominated bond issue.

As a basket containing both the domestic currency of the country concerned and foreign currencies, it can be at a disadvantage through being subject to two sets of regulations. Most member states have decided to treat it as a foreign currency. In the Federal Republic of Germany, however, the ECU faces special problems and a solution will have to be found in this key-currency country if the ECU is to develop fully.

Currency regulations in the Community are varied and often rather pragmatic; the ECU therefore faces different conditions in different member states. In Ireland and Denmark, it is not officially recognized as a foreign currency in the regulations, but is treated by the authorities as a foreign currency for financial transactions. Both countries have issued ECU-denominated bonds. The Central Bank of Ireland calculates and publishes a "noon-rate" for the ECU; Denmark's central bank publishes the rate produced by the Commission. In other member states, with the exception of Italy, the monetary authorities have not themselves carried out transactions in ECU. However, they have explicitly authorized—or at least not erected any obstacles to—its use by their market (banks and

NEW EUROBOND ISSUES 1982

(millions of dollars)

Currency	*Amount*	*Percentage Share*
U.S. $	42,930	86.1
DM	2,487	5.0
ECU •	1,301	2.6
Can. $	1,181	2.4
HFl	645	1.3
Other	1,295	2.6
Total	49,839	100

Source: ECU Newsletter No. 4 February 1983. Istituto Bancario San Paolo di Tavino

residents) to treat the ECU as a foreign currency.

In Italy, the monetary authorities not only recognize the ECU as a foreign currency, they also treat it as such themselves. The Bank of Italy reserves the right to intervene on the ECU market by buying and selling ECUs against its own currency. The ECU is quoted on the Rome and Milan stock exchanges at a rate calculated on the basis of the fixing for its component currencies. ECUs are held among the reserve assets of the Bank of Italy.

Until now the German Bundesbank has interpreted the monetary constitution as forbidding the use of the ECU, on the basis that it is an indexation clause on contracts in marks. Residents are prohibited from using such clauses for their commitments. Arrangements have recently been relaxed somewhat: German banks have now been permitted to deal in ECUs for non-residents provided that the mark is not used as the currency for constituting or withdrawing the deposit.

As ECU use progresses, there could be a more fundamental change. If the ECU were a means of settlement in its own right, it would not come under the indexation clause any more than does another foreign currency. Recognition of this point of view by the German authorities would have a considerable impact on the international status of the ECU. It would remove a psychological barrier and the entry of the German banks would broaden and deepen the market, permitting development of the ECU as an investment instrument and as a buffer between the mark and the dollar.

In the last analysis the wider use of the ECU will depend to a large extent on the future of economic and financial integration within the Community. Currencies only tend to acquire an international role when their economic and financial base has international weight. The wider external role of the ECU is therefore a function of the coherence of the system to which it is central. The success of the EMS in terms of stability of both prices and exchange rates, more than anything else, will encourage the use of the ECU by others outside the system. €

Joly Dixon is responsible for financial affairs at the E.C. Commission's Delegation in Washington.

finding a job

HOW IS EUROPE FIGHTING UNEMPLOYMENT?

IVOR RICHARD

By far the most serious economic and social problem facing the European Community today is unemployment. In April 1983, there were almost 12 million people—nearly 11 percent of the labor force—unemployed in the Community as a whole. Fighting this scourge is now the number one policy priority for the Community, particularly for the E.C. Commission, which has been requested by the European Council of heads of state or of government to come up with policy initiatives aimed at reducing the level of unemployment.

The E.C. response to this summit mandate is now well in hand. At the same time, given the structure of the Community and the limited resources available to it, it is, of course, inevitable that the major responsibility and possibilities for action to fight unemployment lie with the E.C. member states. Nevertheless, the Community has a real function to perform in initiating measures, in providing the necessary stimulus for action, and in ensuring a common framework in which "concerted action" by all member states can take place.

Within the Community, it is the E.C. Council of Ministers which has the political power to decide on policies, while the Commission, for its part, acts on two levels. On the political level, it initiates action by proposing Community legislation to the Council in the form of directives, regulations, or resolutions. It also fuels policy debate by means of what E.C. jargon calls "communications to the Council," whose eventual aim is the adoption of a common policy stance between the member states of the Community. In this way the Commission can help to fashion a framework within which economic and social policies and activities are set.

On the operational level, the Commission has a direct financial impact through the use of its own funds, in particular the European Social Fund, the European Regional Development Fund, the New Community Instrument, and, indeed, the resources channeled into the Community's 10 member states by the European Investment Bank. That said, the resources available to these funds is only a small part of the Community's overall budget, which itself represents less than 3 percent of the combined national budgets of the member states. This being so, and in view of the sheer size of the European unemployment problem, Community initiatives are designed first and foremost to stimulate and complement national initiatives, provided these meet Community criteria and dovetail with Community priorities. Community strategy thus seeks to supply both a framework and an inspiration for national strategies, which are often supported by Community funds.

The basis for E.C. strategy against unemployment is set out in a resolution agreed by the Council of Social Affairs Ministers meeting in May 1982 entitled "Community Action Program to Combat Unemployment." The starting point for the resolution is the need for a two-fold attack on the unemployment problem: appropriate macro-economic policies to revive the European economy, coupled with specific actions in well-defined areas to create and support employment. The Council also agreed it was necessary to undertake concerted action both at Community and national levels, to ensure monetary stability.

This would be accomplished by continuing the fight against inflation and ensuring the competitiveness of European industry, thus creating durable jobs. At the same time, specific employment measures should be adopted—in particular, the promotion of productive investment, industrial restructuring, encouraging the development of small and medium-sized enterprises, special help for young people, and the reorganization of working time.

Since the resolution of May 1982, the Commission has made a number of proposals for action on these specific themes which are currently being discussed by the Council. In December 1982, the Council formally adopted a recommendation on flexible retirement which sets a new common objective of ensuring in due course that retirement takes place on a voluntary and not an obligatory basis. The member states also agreed to study the possibilities for phased retirement. The idea is that older workers should work less, if they wish, thus releasing jobs for young people. The measure on flexible retirement is to be seen as part of a more general Community program on the reorganization of working time, in relation to which the Commission drew up a policy memorandum, also last December.

Meanwhile, this April the Commission also submitted to the Council a proposal to promote employment opportunities for young people—a group whose unemployment rate exceeds one in four. Around 40 percent of all the unemployed people in the Community are under 25 years of age and the Commission's aim is to reduce the unemployment rate for young people (26 percent) to near the average jobless rate in the Community (11 percent) by the creation of 2.5 million additional jobs over a five-year period. Meeting this objective would require a major effort of job creation in both the public and private sectors, through a mix of policies which includes the reduction of working time, employment incentives to aid recruitment of young people, direct job creation in the public sector, and assistance to young people setting up their own businesses. To achieve these goals, it is clear that major national efforts are needed, supplemented and guided by Community resources, particularly those provided by the European Social Fund. However, the resources of the Social Fund—for which about $1.6 billion have been earmarked in 1983, are largely inadequate, so the Commission is also proposing a significant increase in the Fund's ability to help young people.

The Commission has also made several proposals designed to stimulate moves toward a reorganization of working time and work organization. The need for such a revamp is rendered acute by our vastly changed economic situation. Even in the best possible circumstances, economic growth in the years to come is unlikely to be sufficient to return to the rates of employment prevalent before the crisis. So, the Commission's December "Memorandum on the Reduction and Reorganization of Working Time" examines the conditions under which reducing the working time of individual employees can create possibilities for offering employment to a larger number of people, especially when coupled with a reorganization of work which permits fuller plant utilization.

The Commission believes that under present economic and demographic trends, a more positive approach to working time as an instrument of employment policy is urgently required, although it also recognizes that in no circumstances can a reduction in working hours alone resolve the employment crisis. The memorandum sets out the Commission's view that the Community should explicitly support and promote the combined reduction and reorganization of working time as an instrument of economic policy designed to fight unemployment. If properly articulated, the Commission believes that such a policy should not endanger competitiveness nor imperil basic social rights. At the same time, it would have to be flexibly applied, to take account of the different situations in each member state, of the needs of different sectors, and of special requirements of smaller firms.

Waiting in line at the employment office in England © Black Star

By far the most serious economic and social problem facing the European Community today is unemployment © Black Star

The Commission has also put forward two initiatives on work arrangements, one on part-time work and one on temporary work. Both of these (which take the form of Community draft directives) are designed to promote these forms of work in those member states where they are not widespread by removing discrimination against part-time workers and temporary workers.

The Community also plays an important, positive role through the operation of its financial instruments, not only because it grants direct financial assistance to specific actions, but because such funds, being supplementary to national action, can help inflect the direction of national policies. So, in the case of the Social Fund, the bulk of whose resources are spent on job training and job creation projects, we have criteria for the granting of Community assistance. The effect of this is to help keep national policies in areas like vocational training within the ambit of an overall Community strategy. Moreover, the Commission is leading E.C. efforts aimed at enabling the fund to deal more directly with the challenges of mass unemployment.

For the moment, Social Fund assistance is granted on the basis of priority categories: agricultural and textile workers, young people, women, migrants, underdeveloped regions, and handicapped people. Between 1971 and 1981, some 90 percent of the assistance went to schemes to promote occupational mobility via training and income support, with the other 10 percent going to schemes to promote geographical mobility. In 1981 alone, for example, more than 1.3 million people benefited from schemes which received assistance from the

European Social Fund.

The particularly intractable problems faced by the E.C.'s less economically prosperous regions have, in addition, elicited a political and financial response which also contributes directly to the alteration of the jobless crisis. Following the accession of Britain to the Common Market, member states decided that greater emphasis needed to be placed on the problems of the declining regions, particularly those with a preponderance of traditional heavy industries. So in 1975, the European Regional Development Fund was created to help to fight these problems. Assistance from the Regional Fund is principally aimed at infrastructure and investment projects, but these are not without their impact on employment. In 1981, for example, it is estimated that under the quota section of the fund, 59,000 jobs were created or maintained.

The employment factor is also built firmly into the aims of the European Coal and Steel Community (ECSC), the first of the European Communities formed in 1952. The stated aim of the ECSC was "the progressive achievement of conditions leading to the most rational distribution of production and the highest level of productivity, while continuing to safeguard the level of employment." Assistance to employment remains one of the main priorities within the ECSC budget, although the main emphasis now is placed on assistance to readaptation of workers. In the last three years, some 122,000 workers have benefited from ECSC grants following the progressive running down of the European coal and steel industries. The majority of these workers are in the United Kingdom, which has seen massive reductions, particularly in its steel industry.

Finally, the European Investment Bank (EIB) makes funds available, in the main via loans at market interest rates, to projects which are economically sound and technically feasible. In 1982, it is estimated that EIB loans contributed directly to the creation of some 58,000 jobs. €

Ivor Richard is the E.C. Commissioner responsible for employment and social affairs.

EC ADOPTS COMPANY ACCOUNTING RULE

H. PETER DREYER

Within a few years, companies with subsidiaries in the European Community will have to present a clearer picture of their current business conditions than is the case now. Under a directive adopted in mid-May by E.C. Finance Ministers, they will have to submit consolidated accounts for the entire group—the "concern" in European parlance.

Known as the Seventh Directive this measure signifies a further and important step toward the harmonization of company law in the E.C. Seven years were required to get it through the Community's legislative "mill:" It constitutes a logical follow up to the Fourth Directive (dating back to 1978) which established matching rules for individual corporations throughout the E.C. In both cases, of course, the ultimate objective is to create greater transparency as to how those firms are doing—for the benefit of shareholders, workers, and creditors.

While some multinationals publish "world balance sheets" even now, most European countries have not until now insisted on consolidated group accounts. The United Kingdom, Ireland, and the Federal Republic of Germany are the exceptions, but even in their respect the situation is far from identical. In Germany, for instance, subsidiaries need to be included only if located within the country. Considering that some very large German corporations have extended their operations all over the globe, this has been termed an anachronism.

The commitments embodied in the Seventh Directive will not take effect until the beginning of the next decade. E.C. member countries have been requested to adapt their national legislations until 1988; after that the companies are allowed another two years within which to adjust their accounting procedures so as to fall in line with the new rules. These rules, however, will not apply to small companies, defined as those with balance-sheet assets below 4 million European Currency Units (ECU) ($3.8 million), sales of less than 8 million ECU ($7.6 million), and work forces of fewer than 250 persons.

Furthermore, and during a transitory period of 10 years until the year 2,000, member countries have the right to raise each minimum limits to 10 million ECU for the balance-sheet assets; to sales of 20 million ECU and to payrolls of 500 persons. This proviso was introduced at the request of the Federal Republic of Germany.

That the new directive will require considerable legislative changes throughout the E.C. is obvious. But what will it mean to non-European firms operating in the Community, and more especially to U.S. corporations with subsidiaries there? To this question there are clearly several aspects. In the first place, privately owned U.S. firms with subsidiaries in the E.C. will in future have to make their accounts public, whereas in the United States itself only publicly owned companies are required to come up with annual accounts.

As regards the latter, however, E.C. Commission officials believe that, as long as those companies comply with the requirements of the Securities and Exchange Commission their reports will presumably contain all the information on which the E.C. insists and should therefore probably be regarded as quite adequate. These same officials are not so certain when it comes to the subsidiaries of, for instance, Swiss parent companies. It is quite conceivable also that some American companies will welcome the Seventh Directive because it would lay open the financial condition of some of their European competitors which have been closed books so far, thus removing a distinct disadvantage they are currently suffering from.

Going from the particular to the general, and while greater transparency in corporate accounts is assuredly desirable, it remains to be seen, of course, what the practical consequences of the new measure will be. The ideal naturally would be that it would become easier to diagnose at an early stage the problems and difficulties which might develop in an enterprise. But against this there is the fact, too, that some of the more spectacular business failures of recent years have involved companies whose publicity record was first rate. Consequently, although the directive represents a welcome step toward E.C. integration in a key area, it will hardly become a cure-all for corporate ills. €

H. Peter Dreyer is the Brussels correspondent of the Journal of Commerce.

Europe and Latin

As European leaders urge noninterference in the region, improve

HUGH O'SHAUGHNESSY

"Europe cannot hope to survive as a successful experiment in bringing together different systems and a wealth of divergent traditions unless other groups, in other continents, pursue the same path toward collective autonomous development. Although European history has had its dark, as well as its bright, periods, Europe has emerged over the past 40 years or so as one of the pillars of participative democracy and human rights. In its long struggle toward democracy, Latin America would find in the European Community an ally and a supporter of the aspirations of its populations to freedom and dignity."

The political dimension of the relationship between Europe and Latin America has seldom been better expressed than in those words taken from a paper prepared for the Atlantic Institute for International Affairs by Manfredo Macioti who, until very recently, was the head of the E.C. Commission's Delegation to Latin America.

Some skeptics, perhaps especially skeptics in the United States, might see Macioti's words as just another example of oratorical extravagance composed in order to draw a discreet and elegant veil over the unsatisfactory state of affairs obtaining between Europe and Latin America. It might further be argued that the position of the United States in Latin America is so strong economically and, therefore, politically, that European aims and, more particularly, European ability to influence events were little more than an irrelevance. For several generations now Latin America has been seen as Washington's "back yard"—or, latterly since the conflict in Central America, Washington's "front yard."

While the United States unquestionably plays a major role in the region, the European-Latin American axis is by no means a negligible one. Europe and Latin America are interdependent in the economic and financial field. At the present time, when the ability of Third World countries in general, and those of Latin America in particular, is being called into question, the financial aspects clearly take a large place in European minds.

In recent years banks in Western Europe have provided more funds for Latin America than have financial institutions in any other region. Between 1978 and 1980 the net annual flow of funds from all sources in Europe to Latin America more than doubled to exceed $6 billion while transfers from the United States stayed stationary at around $5 billion in each of the three years.

If Europe is now Latin America's principal banker, it is the region's second ranking trade partner. In 1958 the European Community imported goods worth $2.6 billion and sold goods worth $2.2 billion to the region. Last year those figures had mushroomed to $17.8 billion and $12.6 billion respectively, leaving the Latin Americans with a handsome surplus of $5.2 billion. The Community accounts today for roughly a fifth of Latin America's trade in both directions, while the United States accounts for about a third. The traditional pattern has been that Latin America earned a trade surplus with the Community which roughly balanced the trade deficit it ran with the United States.

Though only about 5 percent of the Community's trade is done with the region, in monetary terms this is far from negligible. Europe would have to find vast new quantities of food, drink, tobacco, raw materials, and fuels—items which make up four fifths of Latin America's sales to the Community—if trade between the two partners faltered. At the same time, Europe would have to find new markets for machinery, transport equipment, and a wide range of other manufactured items if, by some unhappy mischance, the markets of Latin America were closed to it.

Not unreasonably, however, the Latin Americans make much of the fact that trade between the two partners has not matched the general growth of the Community's global trade. Between 1958 and 1982, for instance, Latin America's share of the Community's total imports dropped from 11 percent to 5.6 percent. The Latin Americans point, understandably, to the workings of the Community's Common Agricultural Policy and to the special relationships that Europe maintains with its former colonies through successive agreements with the African, Caribbean, and Pacific (ACP) states.

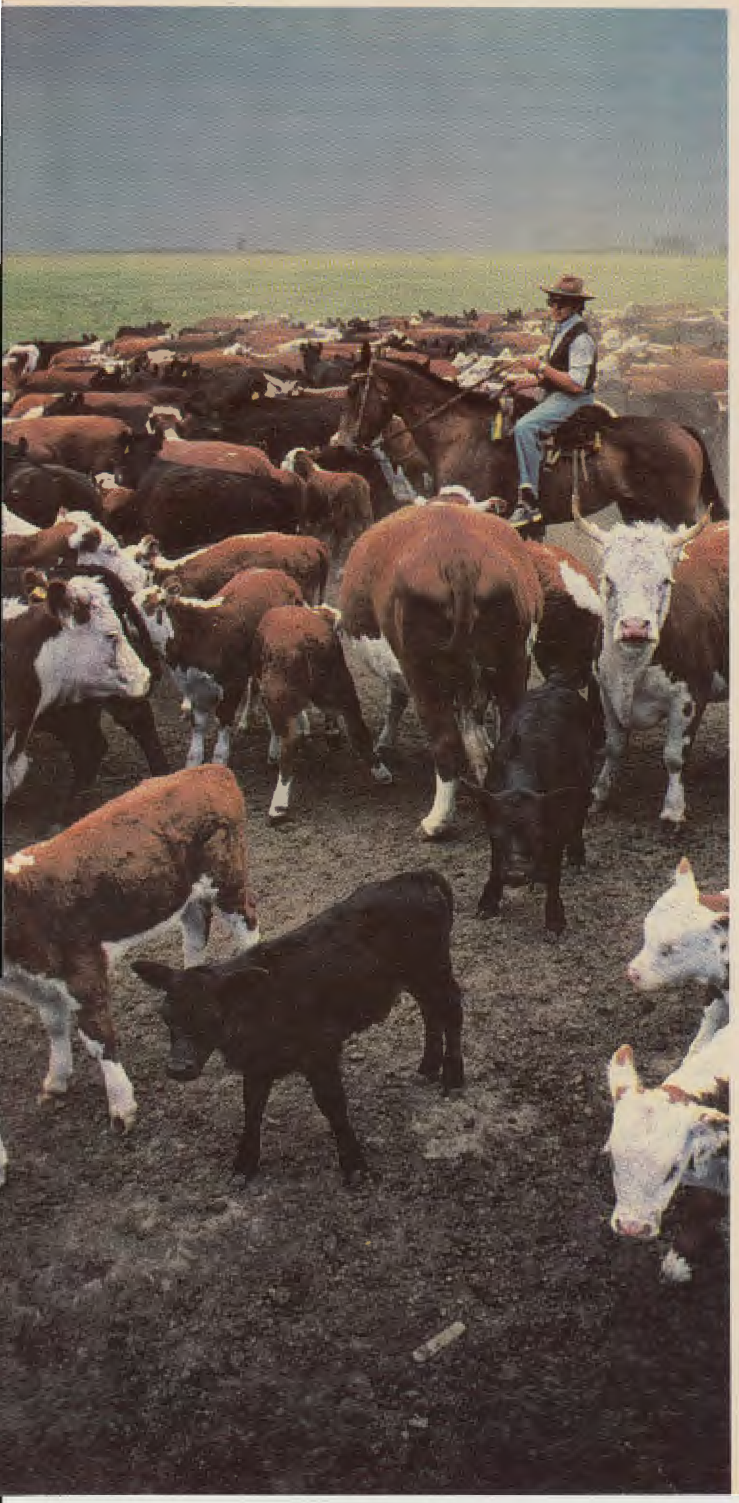
As one who has followed the often difficult relationship between the two partners for more than 20 years, I have come to the conclusion that wrangles about trade and tariffs are caused—or at least exacerbated—by an ill-defined, but nonetheless real, feeling on the part of the Latin Americans that Europe pays them less than their fair share of attention in a number of fields, from the economic to the cultural. This sentiment is made all the stronger by the fact that Latin Americans have much more in common culturally with Europeans than have the inhabitants of any other part of the developing world.

The languages the vast majority of Latin Americans speak are Spanish, Portuguese, and French—European languages. The religion that most Latin Americans who profess a religion adhere to is a religion shared with Europeans. The political ideologies of Christian democracy and social democracy that

America

elations with the EC are sought.

The E.C. is a prime market for Latin American beef.
courtesy Inter-American Development Bank



E.C. leaders, meeting June 17-19 in Stuttgart for the tri-annual European Council session, released the following statement:

The heads of state and Government confirmed their close interest in developments in Central America. They are deeply concerned at the economic and social conditions in many parts of the region, at the tensions which these create, and at the widespread misery and bloodshed. They are convinced that the problems of Central America cannot be solved by military means, but only by a political solution springing from the region itself and respecting the principles of noninterference and inviolability of frontiers. They, therefore, fully support the current initiative of the Contadora Group. They underlined the need for the establishment of democratic conditions and for the strict observance of human rights throughout the region. They are ready to continue contributing to further development in the area, in order to promote progress toward stability.

many Latin Americans embrace were first expounded in Europe. The politics of Latin America are often more comprehensible to a European than they are to a U.S. citizen whose political life is for the most part bereft of conscious ideology.

Though one would not want to draw too close a parallel to the affairs of a family, nor would one want to portray Europe in too patriarchal a role, there is a sense in which some Latin Americans see themselves as the unacknowledged cultural offspring of Europe. This feeling is made all the more acute by the fact that Europe, until recently at least, appears to have abandoned its offspring to the care of a stepmother, the United States, which seems to be insensitive to its feelings and uncaring of its interests.

In 1983 it is clear that the possibility of—or perhaps better, the urgent need for—European-Latin American cooperation on a long list of questions ranging from international debt to protectionism and from cultural collaboration to international politics demand a reassessment and strengthening of the relationship between the two regions.

One contribution to the working out of a better relationship may soon be provided by the establishment of the proposed Institute for European Latin American Relations (IELAR) which a number of us, Latin Americans and Europeans, proposed to the Community recently. E.C. Commission Vice-President Wilhelm Haferkamp and European Parliament President Piet Dankert have both commended the idea. The project has been backed by a large number of distinguished Latin Americans.

The United States will not directly be involved in the work of IELAR, but the institute's work could yield benefits to Washington insofar as it might serve to relieve the often emotionally charged U.S.-Latin American relationship. The proposed institute could make *inter alia* a small contribution to the emergence of a more democratic and stable Latin America, while at the same time helping to make known the best of Latin America in Europe. That process could be of no little benefit to those in the United States who, like Macioti, want to see a free and self-respecting Latin America. €

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fisheries policy finally settled

European catches in US waters have dropped considerably.

KENNETH R. SIMMONDS

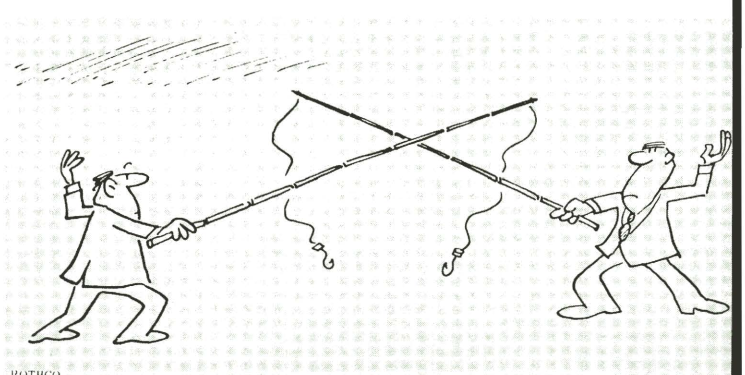
After some seven years of intensive debate and negotiation, the essential elements of a European Community Common Fisheries Policy (CFP) were settled between nine E.C. member states, excluding Denmark, after meetings in Luxembourg in October 1982. The Danish Government found it politically impossible to accept the proposals, but, on January 6, 1983, the Commission agreed to support national measures aimed at excluding Danish fishing vessels from the coastal waters of other member states until January 26 (the day after the next meeting of the E.C. Council of Ministers).

On January 7, however, the adventurous Captain Kent Kirk, a Danish trawler captain and a member of the European Parliament, was fined £30,000 by a British court for trawling within prohibited waters within 12 miles of the British coast. He subsequently gave notice of appeal, stating that his intention was to seek a ruling from the European Court of Justice at Luxembourg on the legality of the British measures under which his prosecution was brought.

Further embarrassment was fortunately spared when, at the end of January, the Danish Government agreed to a revised "package deal," after receiving assurances on future levels of authorized "Community catch" quotas of mackerel and cod which would be reserved for Danish fishermen. So, since January 25, 1983, there has been, at last, a full fledged Community policy, the CFP, for the harvesting and the conservation of a vital natural resource—fish. The main elements of the final form of the CFP comprise:

- A fixed total allowable catch for each species of fish in each area of Community waters, with pre-fixed quotas for each member state.
- Exclusive fisheries rights in six-mile coastal zones, with, for example for Britain, limited reciprocal rights of access between all member states between six- and 12-miles zones and larger restricted "box" areas in certain fishing grounds, where coastal states' rights will be preserved at least on an interim basis.
- The preparation of Community regulations on mesh sizes for nets, permitted equipment, vessel engine sizes, and so on.
- Future Community financial assistance in order to assist member states' fishing fleets adjust their capacity and equipment to the new circumstances which, especially with respect to inshore fleets, have seen a dramatic shrinkage of the industry over the last 20 years.

Now that the bases of the internal CFP have finally been settled, the Community will have to devote renewed attention to its involvement in bilateral fisheries agreements with non-member countries in whose national waters Community fishermen have traditionally fished and where they would like to enjoy continued access. Three areas of particular interest to the Community are off the coasts of the United States, off West Africa, and in the southeast Atlantic. The Community has in recent years completed bilateral agreements which govern conditions of access, the licensing of vessels, and, in some cases, the crewing of vessels and the processing of catch, with such countries as Canada, Norway, the Faroe Islands, Sweden, Spain, Senegal and Guinea Bissau. The Community signed an agreement on fisheries with the United States in Washington on February 15, 1977, which came into force on June 9, 1977.



This agreement will remain in force until July 1, 1984, and may be extended. The terms of the agreement permit Community fishermen to fish under license in the 200-nautical-mile fisheries conservation zone of the United States for a portion of any surplus of the total allowable catch—such portion to be determined by the United States each year during the operation of the agreement. In practice, the portion determined each year has shown a very significant reduction overall on earlier Community catches in these waters.

The agreement, which acknowledges the fisheries management authority of the United States (as set out in the Fishery Conservation and Management Act of 1976), is primarily designed to secure effective conservation, optimum utilization, and rational management of fish stocks. It does offer limited access to waters in which certain distant-water Community vessels have traditionally fished, but it also imposes stringent licensing, data collection, and reporting requirements for the

Since January of this year there has been a full-fledged Community policy for the harvesting and the conservation of the fishing industry. Shown here are tuna fishermen in the Mediterranean. © Black Star

vessels concerned. The Community will obviously watch with great concern the implementation of this agreement since the U.S. Fishery Conservation and Management Act, which essentially limits foreign fishing in the 200-nautical-mile fishery conservation zone to that portion of the optimum yield which will not be harvested by U.S. vessels, may well become a model for action by other coastal States.

The 1977 agreement was negotiated during a critical stage of the discussions at the Third United Nations Conference on the Law of the Sea (UNCLOS III) and reflects some of the objectives expressed in the fisheries provisions of the United Nations Convention on the Law of the Sea, 1982, which emerged from the work of that conference. The convention also establishes a regime for the management by coastal states of their natural resources within a 200-nautical-mile Exclusive Economic Zone (EEZ) and these resources include, it is estimated, some 85 to 95 percent of current fish stocks. As is well known, the United States is extremely unlikely to adhere to that convention because of objections to the proposed new regime for deep sea-bed mining. The possible future adherence of the Community as a whole or of individual Community member states is very uncertain.

Nevertheless, future bilateral or multilateral fisheries agreements between the Community and non-member states will have to be negotiated with a keen eye to the convention guidelines. This has already been apparent in the negotiations which led up to Community participation in the 1978 Convention on Future Multilateral Cooperation in Northwest Atlantic Fisheries, in the 1981 fisheries agreement with Canada, and in the new Convention for the Conservation of Atlantic Salmon. The United States, for its part, in spite of its dedicated opposition to much of the 1982 United Nations convention, will certainly wish to follow in its policies the general lines of the convention's approach to the identification of coastal-state resources management and conservation responsibilities.

Within Europe, Britain is a vivid example of the decline of the fishing industry. Little time or money having been spent recently either on increasing the efficiency of British fleets or on boosting British demand for the product. During the CFP negotiations, the Organization of Petroleum Exporting Countries has driven up the price of oil eightfold; trawlers are fueled by oil and their nets are made from oil-based synthetics. The traditional fishing grounds off Iceland and Newfoundland, and in the Barents Sea, have been lost by the unilateral extension by coastal states of their fisheries zones. Annual landings of fish in Britain are now below 800,000 tons, a decline of some 20 percent from 1972 figures immediately before Britain joined the Community.

Under the CFP settlement, the British fishing fleet, which numbers about 6,900 vessels (mostly smaller middle-water and inshore boats) will have a catch quota of some 36 percent of the fish stocks in the national waters of all Community member states. As about 60 percent of such stocks are to be found in British national waters, the outcome of the negotiations has renewed fears in the industry over a possible acceleration of the present decline. There are, however, more hopeful signs. It is expected that Community financial help toward the modernization and adaptation of the industry will amount to some 250 million European Currency Units (currently about $235 million), divided between all E.C. member states, over the next three years. In Britain, a new five-year marketing campaign has been introduced by the Sea Fish Industry Authority. Perhaps the lesson will be finally learned that an integrated system from net to table is the only way to halt the continuing decline? €

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JEAN REY 1902–1983

J. ROBERT SCHAETZEL

Jean Rey, one of the founding fathers of the European Community, died May 19 at the age of 80. J. Robert Schaetzel, who was the American Ambassador to the Community from 1966 to 1972, remembers him.

1902	Born July 15 in Liège, Belgium. Attended secondary school and university in Liège, graduating with a doctorate in law.
1926	Called to the bar at the appeals court of Liège.
1939	Elected to Belgium House of Representatives as a member for Liège.
1940-1945	Prisoner of war in Germany.
1946, 1949, 1950, & 1954	Reelected to Belgium House of Representatives.
1949	Deputy delegate to the first session of the Consultative Assembly of the Council of Europe.
1949-1950	Minister for Reconstruction.
1953	Deputy delegate to the fifth session of the Consultative Assembly of the Council of Europe.
1954-1958	Minister of Economic Affairs.
1958-1967	Member of the Commission of the European Communities responsible for the E.C. external trade negotiations.
1967-1970	President of the E.C. Commission.
1973	Jean Rey's groundwork for enlarging the Community from six to nine members was completed when the United Kingdom, Ireland, and Denmark joined.
1979	Elected to European Parliament, a post he resigned a year later.

The death of a friend stirs, beyond sadness, so many half-forgotten memories. The shock of realizing how few of that fraternity of great "Europeans" remain. Despair that their depleting ranks are not being filled by leaders of comparable courage and vision, or by contemporary youth with the enthusiasm and commitment of that generation. One recalls how Jean Rey, for five years a German prisoner of war, would only a few years after the end of that conflict be working in constructive harmony with enemies who had then become friends.

There is the reminder of the ease with which this miraculous, healing legacy of the Community has been forgotten. That war among the Western Europeans is no longer conceivable is due in substantial part to the achievement of Europeans such as Jean Rey. How remarkable that this quiet, intensely competent man would make the choice to forego a certain future as one of Belgium's foremost politicians for the uncertainty of a "European" vocation.

I had the good fortune to know Jean Rey first when he was a member of the E.C. Commission presided over by the remarkable Walter Hallstein. I had been nominated by President Lyndon Johnson to the Community post just before the merger of the three E.C. executive bodies. This was also midpoint in French President Charles de Gaulle's assault on the Hallstein Commission. As a result of the French boycott I took my place in line with a dozen or so other putative chiefs of mission awaiting what turned out to be the inglorious Luxembourg compromise and the return of French officials to the institutions of the Community.

This historical coincidence meant that I saw at first hand the Hallstein Commission as well as the Euratom Commission, under Etienne Hirsch, face and surmount an authentic constitutional crisis. No one was sure, including Jean Monnet, if the de Gaulle-induced crisis announced the initial battle of a war against European integration and the Luxembourg resolution was no more than a temporary truce. It turned out to be a continuing test of will and basic policy between those who saw the future as a world of nations and those who dreamed of a different Europe. Had it not been Europe's immense good luck to have had in key positions such men as Rey, Robert Marjolin, Sicco Mansholt, Hallstein and Hirsch, the forces of nationalism released in 1966 would have emasculated the new Community and converted it into yet another international institution with its executive body one more subservient and traditional secretariat. Jean Rey and his colleagues refused to be suppressed or ignored.

The death of my trusted and trusting friend brings to mind the unique relationship that several of us, as American officials, had with the Community. It is easy to recall, but difficult to define, this unconventional relationship. We saw ourselves in two lights: pursuing and safeguarding American interests in the manner of any responsible diplomat and enjoying a supporting role in the history Europe was making. Critics of the

Jean Rey dedicated his life to the European Community.

All of Jean Rey's talents as analyst, advocate, and diplomat and his tenacity were to be tested in the Kennedy Round trade negotiations. An incredible task. He had to insure and preserve the central role of the Commission in the face of energetic, self-interested member state bureaucracies. He was forced to deal with the temptation on the part of some American officials to undercut his role and divide the Community by seeking deals with individual member states. Beyond these special distractions he had to put together a position that represented the overall interests of the European Community and then conduct the negotiation with the United States and others. The universal assessment is that without Jean Rey the Kennedy Round would never have been successfully completed.

". . . without Jean Rey, the Kennedy Round of trade negotiations would never have been successfully completed." Left to right in March 1964: John W. Tuthill, U.S. Ambassador to the E.C.; E.C. Commission Vice President Robert Marjolin; Rey; Governor Christian Herter, the U.S. Special Representative for Trade Negotiations; U.S. Secretary of State Dean Rusk; and E.C. Commission Vice President Sicco Mansholt.

second role, such as Henry Kissinger and Alexander Haig, likened this to inappropriate American involvement in a peculiarly European affair. We saw it differently: a united Europe was of singular importance to America's vital interests, then and now.

The extraordinary intimacy of this trans-Atlantic connection of the late 1950s began to change by the mid-1960s. But I was to enjoy that unique duality, certainly through the Rey presidency. I don't recall ever discussing the subtleties of this American role with him, although I know he understood how those of us who were charged as being the "American Europeans" felt and why we acted as we did. My unspoken assumption, as I believe it was for Jean Rey, was that the nascent Community and the United States had genuinely parallel interests and objectives. In a sense, we were following Jean Monnet's dictum: Let us both get on one side of the table and put the problem on the other. We both wanted a strong, evolving and open Community, able and prepared to act in equal partnership (to recall President John Kennedy's term) with the United States. And we were sufficiently battle-scarred to know that, as in any human endeavor, there would be conflicts to be managed, if they could not be solved.

One final memory, and one much closer to the surface. I recall this with anger and embarrassment, but essentially with admiration for what it tells of Jean Rey. After enormous effort we had been able to schedule a meeting in Washington for President Rey with President Johnson. Never keen on this peripheral burden of the Presidency, Johnson was furthermore sinking deeper in the swamp of Vietnam. His appointments people were at best mystified by why he should be pressed by the State Department to spend time with the head of the European Community, whatever that was.

While Jean Rey was over the Atlantic en route to Washington the appointment was cancelled by the White House. For a Commission President acutely sensitive to the obligation to enhance and strengthen the status of the Community, the personal embarrassment of this mindless act paled before its political implications within Europe. Even now I find it hard to believe that anyone could have had the character and presence to react to this episode as did President Rey: no display of understandable anger, no recrimination, and no blame cast at Americans for an unconscionable act. Jean Rey will be missed by his American friends, but even more by the "Europeans" and the cause to which he dedicated his life. €

selling the candidates

Political advertising hits Europe in a big way.

HOWARD SHARMAN

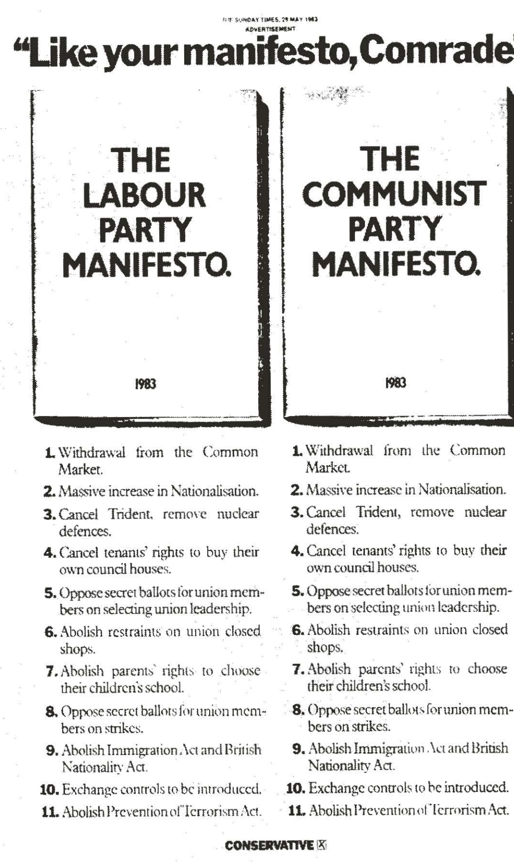
Highly aggressive advertising and sophisticated marketing techniques are playing an increasing role in European elections as political parties plug into modern communications techniques in their bid to get their message over to the electorate. In the recent British general election, all three parties, for the first time ever, appointed advertising agencies to help them—not only with the straight political ads, but also with the party political broadcasts on television. These are the five- or 10-minute slots which the parties are allocated according to the number of votes they received at the last election. Regular television advertising by political parties is not permitted. Even the Labor Party, running on its most left-wing manifesto for many years and traditionally an anti-advertising party, appointed an advertising agency.

And it was not a clean fight. The new trend, transferring the mud slinging from the hustings to paid-for advertising, was first seen clearly in the 1979 general election. For that election the Conservatives, then in opposition, appointed the Saatchi and Saatchi agency for the first time. Saatchi was then the leading British advertising agency. Now it controls one of the biggest international agency networks, having bought control of a big U.S. agency, Compton Advertising.

For the 1979 election, Saatchi produced the now-famous poster which said "Labor isn't working" to dramatize the fact that unemployment had risen to over one million under the Labor Government. It was part of a hard hitting campaign by a party which had lost the two previous elections. Last month, after four years in Government (and with unemployment over three million), the Saatchi ads for the Conservatives were even more aggressively targetted on the opposition Labor and Liberal/SDP alliance parties, while saying nothing about the Conservatives' record in office or about their plans for the future. In the middle of the election, Labor Party leader Michael Foot was moved to say that the Conservatives' advertisements were "so shameless in their peddling of falsehoods that they would be forbidden in the normal advertising world."

The negative aspects of the opposing parties were also heavily stressed in advertising run by the two main German political parties in the run up to that country's recent election. Again, both parties appointed advertising agencies and, again, the mud flew. "Whoever votes for [Helmut] Kohl gets new rockets automatically," proclaimed the Social Democrats in their advertising campaign for the party formerly led by Helmut Schmidt and now fronted by Hans-Jochen Vogel. The implication was that the conservative Christian Democratic

Election poster for the Social Democratic Party depicts Prime Minister Margaret Thatcher as the tin man and opposition Labor leader Michael Foot as the scarecrow from the Wizard of Oz. courtesy Advertising Age



A Conservative Party ad in The Sunday Times *of London.*

Labor Party newspaper ads concentrated more on social issues. courtesy of Advertising Age

Union (CDU) would not stand up to the Americans when it came to the issue of cruise and Pershing II missiles. And the CDU did not hang back either. It ran one ad which summed up the history of Social Democratic Party (SPD) strategies as "lies." Another accused the SPD of creating unemployment, debts, and bankruptcies.

A more positive approach—at least in the widespread poster advertising—was taken by the French parties for the 1981 presidential election. Giscard d'Estaing and Jacques Chirac both ran posters using a variation on the phrase *Il faut un Président à la France* (France needs a President), but the winning advertising, so to speak, came from one of France's leading agencies, Roux Seguela Cayzac Goudard. The copy, over a serene picture of François Mitterrand, read *La force tranquille*. Jacques Seguela, creative head of the agency, was unambivalent about the role U.S. marketing and advertising techniques had played in formulating the advertising strategy for the Mitterrand campaign: "Reagan is the John Wayne of the right and Mitterrand is the John Wayne of the left. They are both Marlboro men. There is no difference between the Marlboro, Mitterrand, and Reagan campaigns; they are all character campaigns."

If this was advertising used as character creation, most of the advertising seen in the British general election was character assassination. Thanks to widespread local elections at the beginning of May—at a time when general-election fever was already in the air—there was an unusually long period of political advertising.

The alliance between the Liberals and the Social Democratic Party (SDP)—a grouping on the center-left of the liberals with some elements of the Labor Party who defected in the protest at its move to the left—started the ball rolling back in April. It ran a poster campaign designed to show the extreme positions which had been taken up by the two major parties. Two figures in gas masks (clearly meant to be Prime Minister Margaret Thatcher and Labor Leader Michael Foot) cried out "more bombs" and "no bombs," respectively, while the line along the bottom proclaimed: "At last there's another choice." Another poster showed Thatcher as the Tin Man and Foot as the scarecrow from the Wizard of Oz, with the lines "If only I had a heart," and "If only I had a brain."

This, however, was kid-glove stuff compared with what the Conservatives had up their sleeves. Two ads the party ran at the time of the local elections were positive about the party's achievements in local Government, but once the general-election campaign proper started the ads went single-mindedly for the Labor Party's jugular. One double-page spread listed all the rights (in quotes) that anyone voting Labor would be signing away. Another picked out the points of similarity between the Labor and Communist Party manifestoes. A third accused every Labor Government in history of increasing unemployment, and asserted that a further 2.5 million jobs would be lost if Labor went through with its commitment to pull Britain out of the Common Market.

Harsh questions of finance meant that ads for the Conservative Party dominated the print and poster media, both in number and in space. The Labor Party's advertising was restricted to some posters plus ads running across the bottom of pages in the national daily newspapers. They also tended to concentrate on fear—in this case fear of what may happen if the Conservatives are reelected—but their tone was less vicious than those for the Conservatives.

This disparity in advertising clout could become (or should become) a major issue now that the election is over. Some estimates have claimed that the Conservatives spent £15 million (about $23 million) on this election—for ads, a highly sophisticated direct-mail operation, and the party broadcasts—against £3 million by Labor and a mere £1.5 million by the alliance. The actual spending on all types of promotion are rarely revealed, but there is little doubt that there is a huge disparity between the levels of funding available to the parties. In the Federal Republic of Germany, the two parties had campaign budgets of around $12 million, largely financed out of federal taxes. In the United Kingdom, rules dating back to the 19th Century limit the amount of money any individual candidate can spend on promoting himself, but there are no controls on party advertising—a gap which many people feel is overdue to be filled.

Media Expenditure Analysis Limited (MEAL), which monitors ad spending on television and in the press and magazines, says that, in the 1979 election, the Conservatives spent £700,000 while their supporters—like Aims for Freedom and Enterprise which is advertising again this time round—spent a further £35,000. The Labor Party spent £290,000, backed by a further £40,000 from the unions, and the Liberals spent a mere £28,000. These figures exclude poster advertising where the Conservatives would have been equally dominant. The Conservative Party says it spent £1.7 million on advertising in 1979 and the same again in real terms in this election. This implies an ad budget of around £2.5 million. Labor and the alliance spent less than a third as much.

The growing influence of television—where the broadcasters are obliged to be balanced in their allocation of time—and the decline of open political meetings have led to an increasing role for advertising. All three parties now have marketing/communications/publicity directors, but even they are not sure what effect advertising has. The SDP sees it as a marginal influence, the Conservatives as an important link in the chain. But the way that it was used in the most recent British election must lead to a reevaluation of its role in the political process and may even lead to legislation on the amount of money parties are allowed to spend. €

Howard Sharmon is a London correspondent for Advertising Age.

dissenting opinions

Americans and Europeans differ fundamentally in their approach to legal matters.

GEORGE H. LESSER

Americans have become terribly verbose. Books are too long. Magazines are too long. Newspapers are too long. *The Los Angeles Times* is proud that it publishes more pages than all French newspapers combined. A comparison of European laws with American laws would seem to indicate that this verbosity has infected the American Government as well. The U.S. Toxic Substances Control Act, for example, is 46 pages long. The French law which for all intents and purposes does exactly the same thing—require chemical companies to notify the government when they have a new product—is two pages long. Why is the American law so much more elephantine, so much more detailed, so much more complex?

American verbosity is only a small part of the story. There are much more important reasons, illustrating that a difference in degree can be a difference in kind. Even though they do the same thing, the French and American statutes are fundamentally different because of fundamental differences in the way Europeans and Americans conduct their affairs.

Here are a few salient examples of those differences. Of course these are generalities, of course there are exceptions.

• In the United States, legislation is written by one independent branch for interpretation by a second independent branch and for implementation by yet a third independent branch. A few months ago, the Reagan Administration sent a bill to Congress which was described as having a "half-life" of about 30 seconds. This would be totally inconceivable in Europe, where the Administration has a majority in Parliament and tight party discipline, and if it is defeated on a major issue, it is out of power. It also would be inconceivable because European parliaments don't have powerful standing committees with huge staffs with expertise to rival that of the government agencies themselves. The independence of the American Congress guarantees it a much larger role in writing legislation than European parliaments have. But other branches are independent too, so Congress has to make sure that the courts understand the legislative intent and that the executive branch, which may be in the hands of a hostile party, cannot find a way to evade the legislators' purpose.

In Europe, laws are written by the people who are going to carry them out. The vast majority of laws in Europe are written by bureaucrats who know what kind of authority they want and know what they plan to do with that authority. They do not have to worry about how anybody else is going to interpret the language. They use language that is broad and general, to provide themselves with maximum flexibility. Many laws are "enabling legislation" which simply provide the government with authority to do whatever it thinks needs to be done to achieve an objective. All the details are left to the civil servants. The language they draft is sent to parliament by the Government of the day, and chances are very good the legislation will be passed word for word as written by the bureaucrats.

• Legislation in America is the product of an ongoing adversary proceeding, and, in turn, legislation forms the basis for a continuing adversary proceeding—in the courts, in the administrative agencies, and, in due course, back in Congress again. Government agencies, congressional committees, local governments, industry, trade unions, environmental groups, consumer groups, and so forth are in a constant state of brouhaha. There is little opportunity for negotiation. Strict rules governing *ex parte* proceedings, public hearings,

European Court of Justice

and formal comment procedures all provide wonderful opportunities for advocacy and virtually no opportunity for negotiation, because negotiation can really be carried out only in secret. Each law, regulation, or court decision is merely a stop-action photograph showing the battle lines at that given instant.

For every group that is not 100 percent satisfied with even the minutest particle of any law, regulation, or court decision, there is a Winston Churchill crying, "We shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields, we shall fight in the hills, and in the streets. We shall never surrender!" American laws are constantly revised, and court decisions are constantly appealed under pressure from all these advocates. Nothing is permanent—except the adversary relationship. The adversary relationship means that everything winds up in the hands of lawyers, who, in turn, have a vested interest in preserving the adversary relationship.

Legislation in Europe is the product of consensus. Government officials who draft the legislation consult to their hearts' content with whomever they feel they have to consult —other government agencies, industry groups, local governments, trade unions, environmentalists, or consumer groups. This is all done quietly, behind the scenes, with technical people rather than lawyers dealing with lawyers. Once a consensus is reached, it is very bad form for anybody to open the subject for discussion again. In fact, those who do frequently find that the next time around they are not consulted at all. What is settled is settled. By comparison with America, European legislation is rarely amended, regulations are rarely revised, courts are rarely asked to give their opinions, and if they are, they are rarely appealed.

• Legislation in the United States reflects the traditional weakness of government. America is barely emerging from hundreds of years of virtual anarchy. "There's no law west of the Pecos," they used to say, and there wasn't a whole lot more in any other direction. Anarchy came easily. There were very few people living very far apart, and they were the kind of rugged individualists who enjoyed living far from one another—at least that is the American myth. Government did play an extraordinarily small role in people's lives in America, and, by comparison with the rest of the world, it still does. There are three important aspects to this:

First: Every time the government decides to regulate something, it has to start more or less from the beginning. One of the reasons environmental laws in the United States are so long is because there is no foundation for them—no industrial permitting process, no land use laws. The Toxic Substances Control

U.S. Supreme Court © Uniphoto

Act was passed in 1976 because there really was nothing to stop somebody from starting up a little chemical plant and dumping Kepone into the James River. It is still something of a revolutionary concept in the United States when somebody like Oliver Wendell Holmes points out that one's freedom to swing his fist ends where the other fellow's nose begins.

Second: Americans have no tradition of obeying their government, much less fearing it. On the contrary, they have a wonderful tradition of challenging everything it tries to do—in the courts, in the streets, or simple disobedience. American laws have to be written in anticipation of resistance at every level and to withstand legal nitpicking over every word.

Third: American civil servants do not have a great deal of prestige. Of course there are many highly talented, dedicated, able people in government services, but by and large the American elite does not regard government as the employer of choice, and for many of the best and the brightest, government is a place to spend a couple of years getting some experience, before taking that experience off to help the other side. This means Americans do not have any fear, and frequently they do not have a whole lot of respect, for the people who are making and enforcing the rules they are supposed to obey.

Europe has a history of thousands of years of absolute, unbridled tyranny covered with the thinnest veneer of democracy. People have good reason to fear their governments. They do not question their governments. They do not challenge their governments in court. They do not have contempt for civil servants. Government service has tremendous prestige and is very well paid. When European governments decide to begin a new form of regulation, they are merely adding a little bit to a vast body of existing law covering all human activities from the cradle to the grave. In Europe, when a government tells somebody to do something, he does not challenge it, he does not ignore it, he does not take it to court. He does what he is told. The brevity and the simplicity of European laws reflect the confidence, even arrogance, that comes from this kind of power.

• In America, every issue is addressed on a case-by-case basis. Chances are every issue is going to wind up in court, with a different judge and a different jury in each case. The government is a revolving door, with people working in government regulating industry one day and for the regulated industry the next or vice-versa. Most issues are handled by lawyers—hired guns working for one client one day and another the next. People change jobs constantly and move from one end of the country to the other. All this means that everybody thinks simply in terms of achieving the maximum possible result on each individual issue. There is no spillover of goodwill or bad will from one issue to another. Institutions do not have corporate memories.

In Europe, relationships are more important than issues. Chances are the same people will be in the same jobs for years on end, dealing with the same people in the same government agencies for years on end. And their children and grandchildren will follow them. People think in terms of long-term trust and respect, not simply of achieving the maximum result on the issue of the day. If somebody handles an issue in such a way as to generate goodwill or ill will, there will be spillover onto other issues. If he changes jobs, the spillover will follow him and it will affect his successor. Institutions have long corporate memories.

This is not intended to be an all-encompassing treatise on the differences between U.S. and European systems of government. It is intended simply as an argument for the need to acquire new tools of analysis when looking at the laws produced by the different systems. €

George H. Lesser is managing editor of the International Environment Reporter *published by the Bureau of National Affairs.*

NEWS OF THE COMMUNITY

Toxic-Waste Loss Sparks Public Outcry

The search may finally be over for the 41 drums of highly toxic waste that had become the object of an intensive and much-publicized hunt by environmental and health authorities all over Europe, but the fall-out from the two-month ordeal has just begun. The case of the missing canisters has helped to mobilize public opinion throughout the E.C. in favor of stricter controls on the transport of hazardous substances by highlighting the legal void that now exists in that area.

The international search for the missing canisters containing dioxin—one of the deadliest of poisons and a by-product of several important industrial processes—began in March when reports surfaced that they had entered France from Italy and then disappeared. The reports sparked rumors that the drums—which contained toxic residues from the 1976 explosion at a Seveso, Italy chemical plant owned by the Swiss pharmaceutical house Hoffman-La Roche—had been transported secretly to the Federal Republic of Germany, the German Democratic Republic, the United Kingdom, or Belgium. In May, French investigators finally found them stored in an abandoned slaughterhouse in the village of Anguilcourt, 70 miles north of Paris.

The affair of the vanishing canisters generated a public outcry in Europe. The Brussels-based European Consumers Union in April implemented a boycott of Hoffman-La Roche products and French policy reported a bomb attempt against the Swiss company's Paris office.

On a broader plain, the scandal prompted a call from the E.C.'s Economic and Social Committee—an advisory panel made up of employers, unions, and other interest groups—to call for stricter controls on the movement of hazardous wastes across the frontiers of the Community's member states. Similar demands were put forth by the European Parliament in a resolution calling for tighter controls and strict enforcement of safety standards for hazardous waste transport.

Under current laws, E.C. member states are required to make sure that industrial wastes are disposed of without posing a threat to human health or to the environment. However, the Community's current role in hazardous waste policy is a limited one, with the implementation and enforcement of current controls left up to the member states themselves. The European Parliament has called for the speedy adoption of new regulations proposed by the E.C. Commission in January, before news of the disappearance of the dangerous Seveso cargo became public. The proposal was designed as a response to the growing volumes of dangerous wastes being transported across Europe.

Statistics show the scope of the toxic waste problem. Each year the E.C. produces about 150 million tons of industrial waste, of which 20 to 30 million tons are poisonous. An estimated 19 of these poisonous products, accounting for about 2 to 3 million tons, are transported across the borders between member states.

Under the new measure proposed by the Commission, member states would continue to bear the responsibility for surveillance and control of toxic wastes. However, the proposal would mandate stricter security measures. For example, it would require the sender to notify the appropriate authorities in a country into or through which he intends to transport hazardous wastes.

The proposal would also require such shipments to be accompanied by proper documentation. The waste shipment would also have to be insured for an amount sufficient to cover any damage it might cause during transport. The Commission contends such security measures would prevent future toxic cargoes from pulling a similar vanishing act.

Vats of dioxin from Seveso finally have a place to go: Switzerland © Sygma

Soviet Human Rights Violations Condemned

The European Parliament has adopted by an overwhelming margin a resolution condemning what it sees as a systematic pattern of human-rights abuses in the Soviet Union. The harshly worded condemnation was based on a report recently published by the Parliament's Political Affairs Committee.

The Parliament approved the report at its May plenary session in Strasbourg and called for an end to human rights violations in the USSR, for the release of political prisoners, and for the restoration of communications between East and West.

The report concludes that Soviet authorities regularly abuse the human rights of Christians, Jews, ethnic Germans, Crimean Tartars, trade unionists, women's-rights activists, and homosexuals.

It says abuses are common against activists engaged in monitoring Soviet compliance with the human-rights provisions of the Helsinki accords. These activists include Nobel Prize laureate Andrei Sakharov and physicist Yuri Orlov, whose persecutions at the hands of Soviet authorities have been widely reported in the Western press.

The report's author, British Conservative Lord Bethell, maintains that the fact that the USSR is a signatory to the final act of the Helsinki accords should be a reason for taking Soviet human rights violations more seriously than those that occur elsewhere.

According to the Parliament's report, the activities of minority Christian sects such as the Baptist, Pentecostalist, and Seventh Day Adventist religions are severely restricted and that their members are often arrested and imprisoned for disseminating "anti-Soviet propaganda." Groups like the Jehovah's Witnesses, whose beliefs include conscientious objection to serving in the military, are banned outright.

The report also cites wide-spread practices of religious, education, and professional discrimination against the USSR's 1.8 million Jews. Anti-Semitism in the state-controlled media has been on the upswing since the 1976 Arab-Israeli war. An estimated 380,000 Jews are waiting for exit visas to leave the Soviet Union, despite the fact that applications to emigrate almost always result in dismissal from work, harassment of families by the KGB—the Soviet intelligence service—and the risk of arrest for the crime of "parasitism," the report says.

It concludes that recent Soviet emigration policy also reflects a hardening of Soviet attitudes toward would-be Jewish emigrants. In the 1970s, over 228,000 exit visas were granted to Soviet Jews—51,000 in 1979 alone. However, by last year the number had dwindled to 2,700.

Similar discrimination is practiced against the USSR's 1.9 million-strong German minority, most of whom also want to emigrate, and against Crimean Tartars, who have not been allowed to buy property in the Crimea since their alleged collaboration with the Nazis during World War II. The report says free-trade-union officials, women's-rights activists, and homosexuals have also been singled out for harsh repressive measures, including deportation,

Red Square in Moscow © Sygma

imprisonment, and confinement to psychiatric hospitals.

The use of non-judicial punishment is also common and can include dismissal from work, expulsion of children from university, disconnection of telephone service, loss of mail service, and harassment of visitors by police. The report also attacks the harsh conditions of imprisonment suffered by the USSR's 4 million prisoners and in particular by dissidents confined to mental hospitals for forced treatment. This practice has recently brought about growing pressures on Soviet psychiatrists to resign from international professional bodies on ethical grounds.

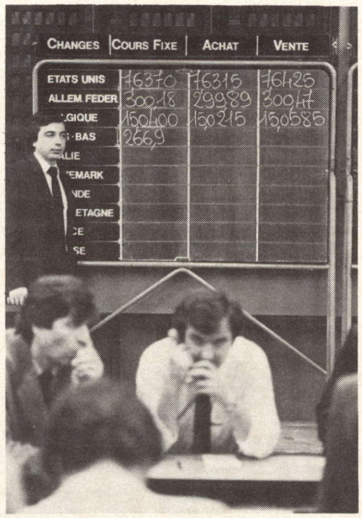
France Gets Special E.C. Loan

The economic austerity program France introduced in late March helped win it approval for a loan of 4 billion European Currency Units (currently about $3.75 billion) from the E.C. during a May 16 meeting of Community Finance Ministers. French Finance Minister Jacques Delors had indicated during the March 21 realignment of the European Monetary System that France would soon seek a major loan from the E.C. to help finance that country's balance of payments deficit.

The realignment included a 2.5 percent devaluation of the French franc, the third devaluation of that currency in the past two years. However, a spokesman for the French Government said that France had waited until May to ask officially for the loan so it could gauge how much its foreign currency reserves would grow as funds flowed back into the franc in the wake of the most recent devaluation.

E.C. Finance Ministers agreed that the loan funds should be made available to France in one lump sum as soon as they could be raised on international capital markets. Analysts expect a high proportion of the loan funds to be denominated in U.S. dollars or Japanese yen.

France could have raised the cash it need on its own, but chose to ask the Community for a loan to show France's commitment to the E.C. Delors told reporters shortly after France had secured the loan's approval. "It's a European question, not a matter of the availability of money. If we have asked for a Community loan, it's because of our attachment to Europe," Delors said.



© Sygma

The loan will be raised out of the Community's so-called "oil facility," a lending instrument created in the 1970s to help to help E.C. members redress balance-of-payment difficulties resulting from sharp increases in energy prices. Delors indicated that France's E.C. partners had imposed no conditions for the loan beyond the austerity measures already taken by the French Government.

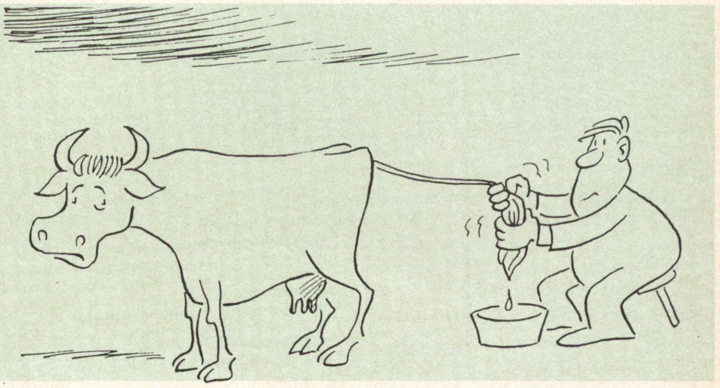
France's balance-of-payments position has deteriorated significantly over the past few years. In recent months, the French Government has been forced to use large amounts of its foreign-currency reserves to defend the franc on foreign exchange markets. France's balance-of-payment deficit in 1982 totaled 78.7 billion French francs (about $10.7 billion). However, E.C. Finance Ministers cited France's recently adopted austerity measures as justifications for the big E.C. loan. Those measures are designed to stabilize the French economy by reducing the rate of money-supply growth, encouraging savings, and trimming budget deficits. "We have been able to make an important contribution to the French Government's stabilization program," said German Finance Minister Gerhard Stoltenberg of the loan. Stoltenberg chaired the meeting of E.C. Finance Ministers that approved the French borrowing.

E.C. Farm Price Supports Increased at Lesser Rates

E.C. Agriculture Ministers in May finally put the finishing touches on a 1983-84 farm-price package that gave European farmers one of the lowest annual price increases for their products in Community history. The final package emerged from long and difficult bargaining sessions that had been deadlocked over proposals to modify the controversial and complicated agri-monetary system that translates the E.C.'s common farm prices from European Currency Units (ECUs) into the national currencies of the 10 member countries.

The negotiations, originally due to be concluded by April 1, took place against a backdrop of protests by French and Italian farmers against "Monetary Compensatory Amounts" (MCAs), a part of the agri-monetary system designed to smooth out the effects on agricultural trade of European currency fluctuations.

MCAs form a complex network of cross border levies and payments that in effect tax farm exports from the Community's weak currency countries and subsidize exports from the countries with strong currencies. In theory, the MCAs offset the competitive advantage in farm-product export markets a farmer from a weak currency country would have in comparison with his counterparts in E.C. nations with stronger currencies. In recent years, the E.C. Commission has sought gradually



© Bas

to dismantle the MCA system on the grounds that the system unduly distorts farm trade within the Community.

In their final compromise, the Agricultural Ministers agreed to a 4.2 percent hike in E.C. farm prices for the 1983-84 season, less than half the 10.4 percent increase European farmers received at the start of 1982-83. Their price formula varied little from proposals made last year by the E.C. Commission geared toward discouraging surplus food production by strictly limiting price increases for surplus farm commodities such as grains and milk.

The 1983-84 farm package would increase the price of most E.C. farm goods by 5.5 percent. However, prices for grains, milk, and sugar would increase by substantially less than that amount. Increases in support prices in 1983-84 would be limited to 2.3 percent for milk, 3.0 percent for grains and 4 percent for rapeseed.

In addition, the package continues the E.C. policy of requiring dairy farmers to contribute to the cost of disposing of surplus milk products by paying a "coresponsibility levy" equal to 2 percent of the milk target price. At the same time, the ministers asked the Commission to submit a report evaluating ways of stemming the Community's constantly growing milk surplus and of disposing of this surplus.

Also included in the 1983-84 farm legislation was a contribution of 60 million to help Italy's livestock producers and a further E.C. payment of 20 million ECU to aid agriculture in areas affected by recent earthquakes. Ireland received 10 million ECU to encourage beef production and Greece is to receive two 6-million ECU payments designed to promote the development of agricultural advisory services and irrigation projects.

The relatively modest price increases provided in the new package—which translate into an average of only 7 percent in national currencies—are expected to help soothe a long-standing U.S.-E.C. dispute over international agricultural trade. The United States has criticized past increases in E.C. farm prices as extravagant, saying that they require the E.C. to maintain objectionably high import levies on foreign foodstuffs and to provide huge farm-export subsidies that drive U.S. farmers out of traditional American markets abroad.

E.C. Commission President Gaston Thorn hailed the ministers' decision, saying it "showed a spirit of conciliation and compromise" and took into account both the present realities of depressed farm product markets and the need to safeguard the incomes of the E.C.'s 8 million farmers.

According to E.C. Agriculture Commissioner Poul Dalsager, the ministers' decision was "good news for the farmer, the consumer, and the taxpayer." The Commission estimates that, at most, the new package will increase food prices in the Community in 1983-84 by 3 percent. It is expected to require additional expenditures from the E.C. budget of some 435 million ECU in 1983 and 745 million ECU in 1984.

Further Energy Diversification Is Urged

Recent declines in energy prices—welcome, but possibly short-lived—will not divert the E.C. from its long-term goal of diversifying its energy sources and cutting dependence on imported oil. The continuing commitment to that goal was reflected in a 5-year energy plan for the Community recently advanced by the E.C. Commission.

The plan follows on the heels of warnings from E.C. leaders that Europe cannot afford to relax its efforts to achieve energy security. "One should be pleased with the prospect of an upturn in economic growth which lower oil prices will help bring about," E.C. Commission Vice President Etienne Davignon who is responsible for industrial affairs told an audience at an energy exhibition in Hamburg this spring.

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However, he said "it would be tragic indeed if Governments and industrialists were to be mesmerized by the short-term signals from the oil markets and were to reverse the real progress which the industrialized countries have made over recent years in reducing their dependence on oil."

The Commission said its proposed $2-billion per year plan would ensure future energy supplies. It said the E.C., the world's largest oil importer, still relied on oil for almost half of its energy requirements. The Commission advanced the idea of an energy consumption tax as a means of paying for the 5-year program, but stopped short of making a formal proposal to that effect or of giving details of how such a tax might be levied.

The new plan would try to further reduce the role oil plays in Europe's energy consumption. Under the plan, the percentage of the E.C. energy consumption derived from oil would be reduced to 41 percent by 1990, while the amount of nuclear fuel used in power stations would more than double by the end of the decade.

The Commission conceded that Europe had made considerable progress in diversifying its sources of energy and in energy conservation, but said it would be foolish to think that the Community had succeeded in eliminating the economic risks of future oil price shocks.

The E.C.'s oil consumption fell 21 percent between 1979 and 1982, a much greater decline than that in global oil consumption over the same period. Oil use as a percentage of overall energy use in the Community fell from 54.5 percent in 1979 to 49 percent in 1982. Meanwhile, oil imports declined 34 percent, reflecting both a reduction in demand and a substantial increase in oil production inside the Community.

According to the Commission, the recent drop in world oil prices will reduce the Community's oil import bill by $10 billion this year and could boost its economic growth by as much as 1 percent in 1984. However, the Commission says E.C. countries and other industrialized nations should use the respite created by these oil price declines to prepare for possible hard times ahead.

In its multiyear plan, the Commission envisions programs to encourage more rational use of energy, as well as stimulate both exploration for new energy sources and development of non-petroleum fuels. As part of the plan the Commission proposed to offer interest-rate subsidies on loans taken out for investment in energy-saving technologies.

It also proposes Community-sponsored initiatives to collect seismic and geological data, thus encouraging natural gas and oil exploration within the Community and uranium exploration both within the E.C. and elsewhere. The E.C. presently imports 80 percent of its uranium needs.

Other programs would aim at increasing the efficiency of the E.C.'s coal industry, cutting the cost of delivering natural gas to consumers and stimulating investment in technologies that would enable man to harness potential new energy sources such as the tides. In addition the program would establish pilot projects to study nuclear safety and the storage of radioactive wastes.

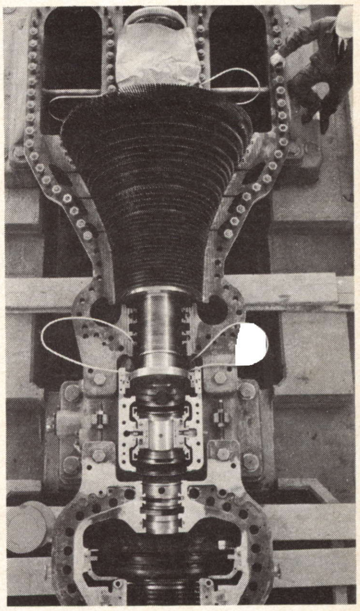
Extension of Steel Output Quotas Sought

The EC Commission is seeking the extension through 1985 of the quota system that now holds the lid on steel production among E.C. members. The quotas were begun in 1980 and have been extended every year since in a bid to encourage E.C. steelmakers to trim surplus production capacity.

The quotas are part of a major E.C. effort to rescue and restructure Europe's steel industry, which has been plunged into crisis by recession and increased competition from foreign producers. The present quotas had been set to expire on June 30, 1983.

The two-and-one-half year extension sought by the Commission means the new expiration date for the production quotas would coincide with the official target date for an end to government subsidies for the E.C.'s steel industry. Community law presently permits these subsidies so long as they are made contingent on industry efforts to cut production capacity. The production-quota extension would require the approval of E.C. Industry Ministers.

The Commission has provisionally set steel production quotas for the third quarter of 1983 at levels which, for most products, are little changed from the second quarter limits. However, for hot-rolled strip steel—the largest product category in terms of tonnage—the Commission set a third-quarter quota of 3.8 million metric tons, up slightly from 3.7 million tons in the second quarter.



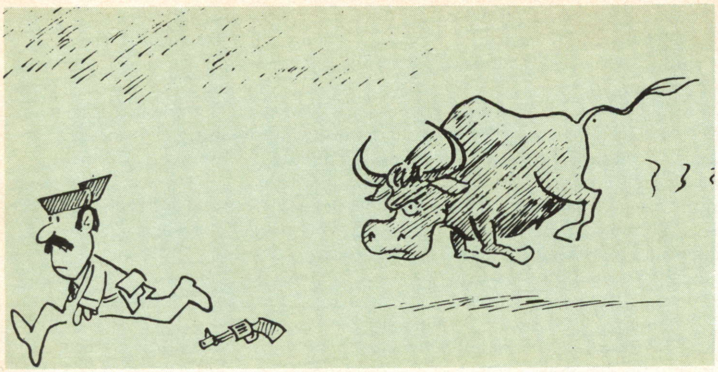
The Commission has often criticized the Community's Member States for not doing enough to curtail excess steel production. The Commission hopes to cut the E.C.'s steelmaking capacity by 30 to 35 million tons by 1985, but cutback plans submitted by the E.C. member countries presently account for only 17 million tons, little more than half that goal. However, additional cutbacks could require many of the Community's members to make hard political choices which could have a bearing on the popularity of their Governments at a time of high employment among European steelworkers.

Spanish Membership Moves Closer

The E.C. and Spain may have closed the book on an important chapter leading to Spain's entry into the European Community. Despite slow going in some aspects of the membership negotiations, plans call for Spain and Portugal to become the Community's newest members sometime in the mid-1980s.

Negotiations on Spain's accession to the Community cleared a major hurdle in late April when Spain and the E.C. put the finishing touches on an agreement setting forth terms for a customs union. The E.C.'s customs union commits a member country to free trade with its E.C. partners. E.C. members must dispense with quotas or customs duties on goods they import from other Common Market nations and must apply uniform E.C. tariffs to imports from outside the Community.

The agreement with Spain provides for an orderly phase-in of Community free-trade rules for certain key, industrial products to and from the E.C. The accord permits Spain to maintain import restrictions for 3 to 4 years af-



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ter joining the Community on such products as tractors, television sets, and cotton apparel to prevent harm to Spanish industries. The quotas would be expanded gradually over that period until they are eliminated altogether.

"It is an equitable solution; most of Spain's demands were accepted," said Lorenzo Natali, the E.C. Commissioner responsible for enlargement of the Community. He said the compromise on textiles and import quotas that led to the virtual conclusion of the customs-union issue was a significant step forward for the Community and for Spain. Spain and the E.C. have not yet agreed, however, on the terms for Spain's accession as it relates to agriculture, fisheries, and E.C. budgetary matters.

Parliament Urges Ban on Leaded Gasoline

The European Parliament, in a move seen as a major victory for European environmentalists, has voted by a wide majority to recommend legislation to require all new cars sold in the Community to use unleaded gasoline. It also urged a general reduction in the amount of lead allowed in leaded gasoline.

The E.C. Commission and the E.C. member countries' Environment Ministers would have to go along with the Parliament's advice before any such lead-reduction measures could become Community law. However, the directly elected Parliament's strong endorsement of anti-lead initiatives is expected to intensify pressure on the E.C. Commission to put forward new rules governing the lead content of motor fuels.

Present E.C. rules, established in 1978, effectively prohibit a member state from banning lead in gasoline by establishing a compulsory, minimum content level of lead. But these rules, in turn, set a 0.4 gram per liter ceiling on lead content.

Lead is added to gasoline because it is the cheapest method of increasing the fuel's "octane," or power level. It also helps to reduce wear and tear on engine parts. However, the lead contained in auto exhaust fumes may pose a serious risk to health, especially among children and pregnant women, according to environmental groups. Lead is the most widely used of all the toxic metals. It is a neurotoxin—a brain poison—a factor that has prompted concern that lead in the environment may affect the intelligence of the young.

Reduction in the lead content of gasoline would have a direct effect on energy consumption, on pollution in general, and on noise levels, according to the E.C. Commission. On that basis, the Commission has demurred on the need for immediate action to promote lead reduction, saying that lead content in motor fuels will be addressed as part of a broad approach to a number of inter-related pollution problems. The Commission says it will give an interim report on this broad approach later this year.

Among the E.C.'s member states, only the Federal Republic of Germany, Denmark, and the United Kingdom have lowered their national limits on lead content to near the EC statutory minimum. The British Government, however, recently announced plans to require all gasoline sold in the United Kingdom to be lead-free by 1990 at the latest.

The announcement followed the Government's acceptance of a report by a Royal Commission on Environmental Pollution which urged the United Kingdom to ban leaded gasoline and negotiate with its E.C. partners for removal of the Community's minimum-lead-content standards for motor fuel. The report, which was sent to all E.C. capitals, drew no firm conclusions about lead's health effects, but expressed serious concern about the relatively high amounts of lead now present in the environment.

Opponents of tighter controls on lead and moves toward unleaded gasoline maintain that further lead restrictions would substantially increase consumer prices for automobiles and gasoline and might not have dramatic effect on environmental lead levels. The United States and Japan, both major carmakers, have already introduced unleaded gasoline in response to health concerns. Unleaded gasoline accounted for over half of U.S. gasoline sales in 1982.

Commission Calls for Overhaul of E.C. Aid programs

The E.C.'s program of food aid to developing countries needs a complete overhaul to adapt it to a changing world and to make it a more coherent part of the Community's overall development-aid strategy, the E.C. Commission reported recently. The Commission told E.C. Development Ministers that the Community's present food-assistance programs are "inflexible and outmoded" and need to be replaced with programs that will back up economic development efforts without making Third World countries more dependent on imported food.

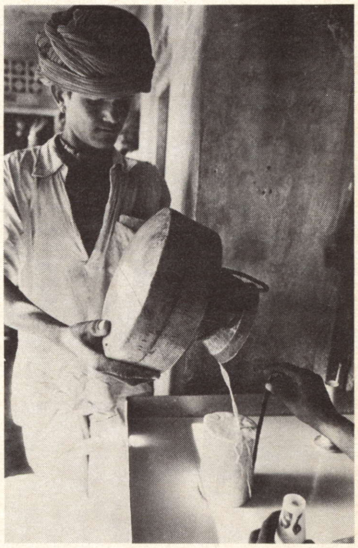
The Commission's report says that the world's real hunger problem is not one of famine, but rather one of endemic malnutrition. Since developing countries have not been able to increase their food production fast enough to keep pace with domestic demand, the number of undernourished children in the world is likely to increase by 400 to 600 million over the next 10 to 20 years, according to the most recent estimates by the United Nation's Children's Fund.

A problem of that magnitude, says the Commission, cannot be solved merely with food handouts, which are difficult to organize and often must reach scattered and poorly organized groups of people. Rather, the solution to the problem lies in promoting local food production while using food aid as a stop-gap measure and as a means of furthering the development process.

At present, the E.C. is one of the world's largest food-aid donors. In 1982, the E.C. doled out 1.1 million tons of grains, 150,000 tons of powdered milk and 45,000 tons of butteroil. The Community spent about 700 million ECU, or 25 percent of its total 1982 development budget, to send food aid to over 60 developing countries and international organizations such as the World Food Program and various Third World aid charities.

The biggest recipients of Community food aid last year were Bangladesh, Egypt, and India. In addition, a 36 per-cent share of the aid went to African, Caribbean, and Pacific countries linked to the E.C. by the Second Lomé Convention, a trade and aid pact that includes 22 of the world's 31 poorest nations.

The Commission's new report concludes that since past food aid has been guilty of depressing farm product



prices in recipient countries and thus discouraging local farmers, future aid should be more carefully planned and managed. It recommended concentrating food-aid programs into four main areas: disaster relief, nutrition for refugees, indirect balance of payments aid, and aid to backstop local food production efforts.

Possible food strategies proposed by the Commission included selling prod-

EC Sponsors Nuclear Reactor Conference

Under the Patronage of the E.C., the Seventh International Conference on Structural Mechanics in Reactor Technology (SMIRT-7) will take place in Chicago Aug. 22-26. The conference brings together engineers and scientists who are either directly engaged in solving structural mechanics problems in the field of nuclear technology or who deal with fundamental aspects of engineering mechanics. Thus, both applied and fundamental papers on structural mechanics problems in reactor technology are presented and discussed for the benefit of both reactor technology and of structural mechanics science.

The number of participants has increased steadily over the years. In the last conference in Paris, 800 papers were presented and more than 1,500 scientists and engineers from 37 nations attended the meeting. The SMIRT Conferences have expanded in scope from their narrower beginnings to cover analysis, design, testing, construction, and performance of components, systems, and plants of nuclear fission reactors. More recently technical coverage was extended to the fusion systems and plants of the future.

Thus, a wide spectrum of subjects is covered, including theoretical developments in structural mechanics, loading conditions, behavior of materials, interaction with soil and fluid mechanics, operating experience, accident sequences, and calculational procedures. As a result, problems of structural mechanics analysis will then be focused within the general context of the design, reliability, and safety of nuclear reactors. For more information, contact Miriam L. Holden, Director, Conference Services, Argonne National Laboratory Argonne, IL 60439.

ucts supplied as food aid on local markets to generate cash to finance the production of native crops. The most successful example of this approach to date has been "Operation Flood" in India, which is using donated E.C. milk products to develop a domestic dairy industry.

Food aid, says the Commission, also should be used to create food security stockpiles, to start up agricultural processing facilities and in "triangular operations" between the Community, developing countries with food surpluses, and developing countries with food shortfalls. This new approach to food aid would also require changes in the distribution system. The E.C. would also have to introduce criteria for determining how the aid would be used and how it would contribute to overall development. The E.C. would thus have to consult with a recipient country and conclude a food aid contract specifying the quantity of aid that would be supplied, how it would be used, and how the money generated from the aid would be spent

The Commission's new guidelines also call for a review of what products should be given as aid. For example, the Commission recommends that grains be sold primarily on urban markets to satisfy demand without discouraging production out in the countryside. The guidelines say the E.C. should make cautious use of milk products in its aid programs because of the hygiene problems associated with them and because of their tendency to create "imported tastes." Milk-product aid should be used either to develop local dairy industries, as is being done in India, or in specific nutrition programs, the study concludes.

year in a letter to EC Industry Commissioner Etienne Davignon.

The proposed Community financial contribution to the program of about $700 million may look almost negligible compared to the $5 billion invested by the private sector in research and development each year in Europe's information technology industry and the $2-billion investment the largest American companies individually plow into R&D annually. However, the Commission says its plans are defined carefully enough to ensure that its investment would coax the industry into "strategic thinking" that would eventually lead to higher employment in the information industry. The information-technology sector is expected to grow by between 8 and 10 percent between now and 1990, by which time it will be one of the world's largest manufacturing sectors.

New E.C. Rules Adopted for Protection from Asbestos

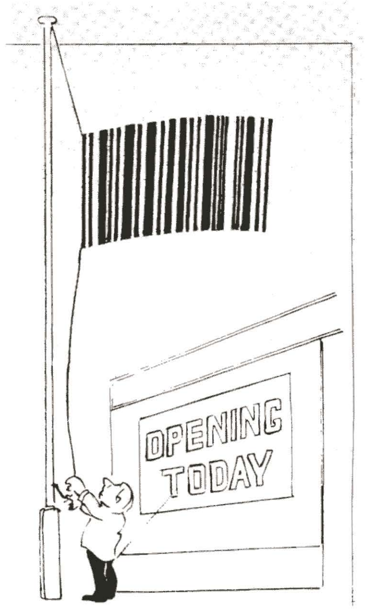
E.C. Employment Ministers, meeting in Luxembourg on June 2, adopted new E.C.-wide rules designed to protect workers from exposure to asbestos, a fire-proof material linked to various forms of cancer and lung disease in humans. Data compiled by individual E.C. member states indicates that asbestos-related lung disease is responsible for about 700 deaths in the Community each year. However, E.C. Commission experts claim that the actual number of asbestos-related deaths may be somewhat higher.

The new standards, first proposed in 1980, would require companies whose workers produce or process asbestos

Program Proposed to Improve European Technology

Europe is so far behind in the field of information technology that only a concerted E.C.-wide effort can help it catch up. That's the premise that underlies the Community's so called ESPRIT program (European Strategic Program for Research and Development in Information Technology), details of which were recently finalized by the EC Commission.

The program, mapped out after extensive consultations with industry, universities, and E.C. member countries, is designed to mount a technological push that will allow Europe to achieve parity with and perhaps surpass U.S. and Japanese competitors over the next 10-year period. The Commission has proposed total funding of about $1.4 billion for the first five-year phase of the program, scheduled to begin in 1984. About half that total would be provided by the EC and the remainder by the industry itself. The Community's Council of Ministers is expected to decide in October whether to go forward with the program.



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The focus of the ESPRIT program would be basic research. This research is not expected to pay off immediately in the form of new products and technology, but the Commission believes that it will generate data and know-how that could lead to the development of a new generation of information-technology products and systems.

The Commission has designated five key areas of research based on its conclusions that more and more people will have to learn to use information technology and that the technology itself will have to become easier to use and better integrated into the daily lives of its users. The five main areas of research would include development of a smaller and more powerful circuit technology, new kinds of communications between man and machine, a new generation of "reusable" computer software, office automation, and factory automation.

The Commission has placed a high priority on halting the decline of the European information-technology industry because of the high stakes involved. In 1981 the E.C. trade deficit in information-technology products reached $5 billion and rose to $10 billion in 1982. The situation is expected to worsen if things remain unchanged.

The European industry presently commands only about 10 percent of the world market and only 40 percent of its home market. "Not only is the situation in itself of great concern, but the low market share means that the volume of sales and profit is inadequate to provide the essential investment needed to safeguard the future," industry representatives said earlier this

Community Aid Roundup

The E.C. Commission recently authorized the following emergency development aid projects (1 European Currency Unit=$0.93):

Emergency aid programs—*Peru and Ecuador*: 100,000 ECU and 200,000 ECU, respectively to provide food, medicines and equipment to assist the estimated 100,000 persons in Peru and 300,000 persons in Ecuador whose homes have been devastated by continued torrential rains and flooding. The aid was channeled through the private relief organization, Deutsche Welthungerhilfe. . . . *Sudan*: 300,000 ECU provided through the office of the United Nations High Commissioner for Refugees to assist its efforts on behalf of refugees who have entered Sudan from neighboring Uganda. . . . *Fiji*: 500,000 ECU to provide food, construction materials, and farming supplies for the estimated 100,000 people left homeless in March by cyclone "Oscar." The cyclone caused extensive property damage. . . . *Bolivia*: 100,000 ECU in contributions to the League of Red Cross Societies' emergency program to provide the victims of the recent floods in that country with basic necessities of life. A number of urban and rural areas have been hit by the flooding, which has affected about 50,000 people. . . . *Columbia*: 200,000 ECU in contributions to an aid program set up by the German Red Cross to help victims of recent earthquakes which have devastated southwestern regions of the country, destroying a number of towns and leaving more than 250 dead and 30,000 homeless. The aid is intended for the purchase and transport of tents, locally produced supplies and for equipment to be used in stocking food centers. . . . *Uganda*: 500,000 ECU to be provided under the Lomé Convention to help settle the thousands of Ugandan refugees that have returned or are expected to return to that country before the end of this year from Sudan and Zaire. Some 20,000 refugees returned from Uganda between January and March 1983 and an additional 50,000 are expected to be repatriated before the end of the year.

Emergency food aid—*Ecuador*: an additional allocation of 1,000 metric tons of sugar and 1,000 tons of soybean oil, together valued at 700,000 ECU, to help replace crops lost as a result of flooding. In December 1982, heavy flooding caused damage affecting about 20 percent of the country's population and destroying thousands of acres of rice, soybeans, sugar cane, corn, and bananas. On December 28, Ecuador's Government declared a state of emergency in the affected regions and launched an international appeal for aid for the disaster victims. The Commission earlier this year authorized food-aid projects for Ecuador involving 5,000 metric tons of grain, worth 1 million ECU.

Grants from the European Development Fund—*Malawi*: 3.8 million ECU to construct and equip a 202-bed district hospital at Karonga and to expand and modernize two health centers at Iponga and Mpata in the extreme northern portion of Malawi. . . . *Barbados, St. Vincent, Dominica, St. Lucia, and Grenada*: a 115,000 ECU grant, plus a special loan of 1.7 million ECU to finance construction of poultry houses and the importation to provide those employees with protective masks and clothing if the amount of asbestos fibers in the air exceeds certain set levels. These precautions are designed to limit worker exposure to the hazardous, but economically important, material that evidence suggests is most dangerous when inhaled.

In addition, the new rules would require employees to undergo annual medical checks to determine if their exposure to asbestos had done any identifiable harm to their health. E.C. member states will have until 1987 to bring their own worker protection laws into line with the asbestos directive.

The new regulations place stiff limits on the maximum airborne concentration of "blue asbestos" fibers permitted in the workplace, but establish a wider tolerance for other varieties. Blue asbestos (crocidolite) is the form of asbestos thought to pose the greatest threat to human health.

Employers would have to provide their workers with a special protective breathing apparatus under the new rules if levels of any form of asbestsos in the air exceed 0.25 fiber per cubic centimeters. However, the rules would forbid worker exposure to asbestos levels exceeding 0.5 fiber per cubic centimeter for blue asbestos and 1 fiber per cubic centimeter for other forms of the substance.

The primary cancer risks from exposure to asbestos stems from its tendency to disintegrate into small carcinogenci fibers that can be carried on the air and easily inhaled. Asbestos, valued for its tensile strength, suitability as an insulator, and for its resistance to heat, chemicals, and abrasion, has important applications in the construction, engineering, shipbuilding, and automotive industries. An estimated 800,000 metric tons of the substance are used in the E.C. each year.

of parent stock for chicken hatcheries. The project is aimed at helping the Windward Islands become self-sufficient in poultry. . . . *Cameroon*: two loans on special terms of 5.7 million ECU and 4.6 million ECU, respectively, to build a bridge over the river Dibamba to provide a highway link between the port of Douala and the capital, Yaounde. . . . *Mali*: 3.0 million ECU for renovation of the Badalabougou school complex in Bamaka. . . . *Madagascar*: 13.7 million ECU to fund construction of 15 bridges to provide a permanent link between the northeastern part of the country and the rest of Madagascar's road system. At present, the northeastern part of Madagascar is normally cut off from the rest of the country during the rainy season (November to April) because the highway connecting the region is impassable. . . . *Congo*: grants totaling 19.2 million ECU and a special loan of 9.3 million ECU to improve important stretches of road. . . . *Ethiopia*: 4.39 million ECU for geothermal exploration and a separate package of 21 million ECU in grants and 16 million ECU in special loans for construction to increase the firm energy output of the Finchaa hydropower plant. . . . *Senegal*: 2.3 million ECU to drill boreholes to feed wells in the regions of Thies, Louga, and Diourbel. . . . *Togo*: 2.01 million ECU to train support personnel for ongoing development projects. . . . *Djibouti*: 660,000 ECU for the purchase of equipment for Peltier Hospital. . . . *Mauritius*: a special loan of 850,000 ECU to construct and equip two corn-processing plants. . . . *St. Lucia*: 225,000 ECU for teacher-training programs and for diploma and degree courses in administration, management, tourism, agriculture, finance, engineering, economics, and banking. . . . *Jamaica*: 1.1 million ECU to provide Jamaica with veterinary services to reduce the loss of livestock caused by disease. . . . *Fiji*: 350,000 ECU for trade-promotion activities. . . . *Vanutu*: 750,000 ECU in assistance to the Vanutu Development Bank to broaden its resource base for small loans and for staff training. . . . *Zaire*: 4.96 million ECU for rehabilitating and maintaining rural roads in the south Ubangui region. . . . *Central African Republic*: 3.3 million ECU to develop stock farming in Ouaka and Basse Kotto. . . . *Chad*: 5.5 million ECU for a pilot health project to provide both curative and preventative health treatment in several areas of the country. . . . *Togo*: 2.5 million ECU for a credit line to enable the country's agricultural and agro-industrial development organization to meet the demand for agricultural credit. . . . *Burundi*: 1.65 million ECU in a loan at special terms to extend an electricity network to the Ijienda-Tora-Mwaro area, now served primarily by diesel-driven electricity generators. . . . *Rwanda*: 6.6 million ECU, plus 11.3 million ECU in special loans, for improving the Butare-Cyangugu road, which links eastern Zaire with central Rwanda and the Indian Ocean. . . . *Caribbean Region*: 850,000 ECU, plus special loans of 1.45 million ECU, for a project aimed at increasing the efficiency of the farm marketing and distribution systems in the Windward and Leeward Islands. . . . *Senegal*: 600,000 ECU for experimental work to test a proposed extraction method for peat, to control the behavior of ground water, and to determine ways of rehabilitating land.

WHEELS of

European style bicycle racing gains ground with Americans.

MICHAEL MALEKOFF

What sport is second in world popularity only to soccer? What sport had the highest paid athlete for most of the early 1970s? What sport has an audience of over 60 million for its premier event?

Your first guess may be football; the second is probably baseball. After that, maybe basketball or car racing—how about swimming? Unfortunately they are all wrong. Try bicycle racing. Suprised? You shouldn't be. As a matter of fact, 70 years ago, bicycle racing was the most popular sport in the United States. Today bicycle racing is a young and growing sport in the United States, boasting over 50 million participating recreational cyclists.

Bicycle racing first caught America's eye in the late 1860s when the first recorded race took place in Boston's Beacon Park in 1868. The racing machines were the high-wheelers—or penny farthings, as they were known in those days. The pedals were connected directly to the front wheel and had a saddle six feet off the ground. Although they were hazardous, they could reach speeds of 20 miles-per-hour during races. In these early races speed was the primary factor. How fast could a bicycle go? Could it ever equal the speed of a horse—then the fastest animal on earth? Competitions between bicycle and horse arose, and it was apparent that horse was no match as the bicycle became more advanced.

To accommodate the ever-increasing speeds, cycling tracks were constructed with a smooth surface ideal for racing. As the speeds continued to increase, banking was added to keep the racers from flying off the top of the track. And as the speeds increased, so the crowds grew. Prompted by tremendous public interest, a racing structure developed in the United States. Similar to today's football and baseball structure: an entire "feeder system" for its professional class, as hungry amateur bike racers dreamed of the chance to make big money in the sport of cycling. The success of the support bred champions and heroes.

By the early 1900s there were over 100 racing tracks or velodromes in the United States. Tickets for racing events were sold as quickly as the races were announced, and, had standing-room-only capacity. Professional baseball teams avoided scheduling games on the same day as the popular bike races. And the League of American Wheelman, the primary cycling organization, swelled to over 100,000 in membership. With so many velodromes, many racers traveled a circuit and raced seven days a week. Successful racers were commanding as much as $1,000 a day to race, a handsome sum even in today's inflationary world. At the very top of the class emerged a man named Frank Kramer—no other person contributed as much to stimulating bicycle racing in the early 1900s. For 16 consecutive years he was the U.S. Professional Sprint Champion and won the World Professional Sprint title in 1912.

By the 1920s America had discovered the combustion engine, and the automobile and motorcycle soon became the rage. The sport of cycling adapted and incorporated the motorcycle to attain even greater speeds. Racing behind a motorcycle would shield the cyclist from wind resistance that normally slows him down. But along with the speeds danger also increased. Motor-paced racing became the top billing at bicycle races, but even with this new attraction, cycling's popularity was beginning to wane. By the late 1930s the huge crowds at bicycle races were just a fond memory. World War II cast the final stone, and the heyday of cycling in the United States came to an end.

In Europe meanwhile, the sport of cycling took off in a different direction. Bicycle racing was able to endure the hardships and develop into the second most popular sport in the world today. The roots of the sport can be traced to France and, not surprisingly, much of the cycling terminology is from the French language. As Americans were becoming engrossed with the speed angle of the sport, the Europeans focused on endurance and stamina. Europe turned its attention to road racing, testing the racers' racing abilities and perseverance.

The most popular form of road race, and

The Tour de France—a grueling, month-long bicycle

ortune

iring similar races in the United States. © Sygma

one that still continues in Europe today, is the "Classic"—a one-day race that begins in one town, travels through the countryside, and finishes in another town far away. Established in the early 1900s, the "Classics" have a history steeped in tradition; their challenge has been their ever-increasing distances. The earliest races, Paris-Brest-Paris and Bordeaux-Paris, have since been turned over to the recreational cyclists as sort-of an ultra-marathon event; their great one-day distances, 800 and 500 miles respectively, are frowned upon by the professionals. Other "Classics" that have endured over the years include: Paris-Roubaix (1896), Milan-San Remo (1907) and the Tour of Lombardy (1905). Each of these races has its own personality—distances, road conditions, weather and location all play a part in making these races successful and a part of cycling history.

What about the granddaddy of all European races—the Tour de France—which is running this year from July 1-24? It is the ultimate test of man's endurance and stamina—a race so demanding only one American has ever started and finished the entire race. Lasting an entire month, the Tour travels throughout the French countryside, sometimes crossing neighboring borders. Although the route changes from year to year, it is always a challenge. From 90-degree heat in the valleys to blizzards in mountain passes, it is a tough course.

The Tour de France began as a whim of an ambitious promoter looking for the race to end all races. Henry Desgrange, representing the publication *L'Auto*, wanted to organize a race that would be the ultimate test for the athlete. Equally important, he anticipated that it would relegate a competitor publication and its great race, Bordeaux-Paris, to second-class status forever. And so it has. At the traditional finish of the race in Paris over 500,000 spectators line the streets to cheer their heroes to victory. Over 60 million people watch the Tour on television. Winning the Tour de France carries great prestige and opens up many opportunities for the victor.

Where does the sport of cycling stand today in the United States? During the post-war years, racing was alive in the United States, but a far cry from the glory years of the early 1900s when Americans regularly won world medals. International racing circles tended to look down upon the Americans because of their low level of competitiveness. But the sport is now seeing a resurgence in this country.

A number of factors have contributed to cycling's rebirth in America: the 1971-74 bike boom, when bicycles outsold cars almost two-to-one; the energy crisis, which opened the door to other forms of transportation; and American's concern about fitness. All of these factors fueled the growth of bicycle racing in this country, and today the United States is considered the next racing frontier by the European stronghold. In the past seven years, four world-class racing velodromes have been constructed in this country, three of them in the past two years. Major road races are springing up once again and gaining national attention.

Leading the way is the Coors Classic, the largest stage race in this country with an international reputation as one of the outstanding events in the world. Begun in the mid-70s as a small local road race sponsored by an herbal tea company (Celestial Seasonings), the Coors Classic has become, through careful planning, a popular spectator activity in the state of Colorado. With major support from Coors Beer, the race attracts some of the top racing teams in the world, both amateur and professional. In 1984 the Coors Classic is scheduled to host a majority of the Olympic team which hope to sharpen their skills on their way to Los Angeles.

The success of the Coors is not alone—U.S. track racing is gaining ground in attracting world-class competitors. The 7-Eleven/Bicycling Magazine Grand Prix is the velodrome counterpart to the Coors Classic. Designed to improve the quality of U.S. amateur track racing, the Grand Prix will be responsible for bringing Olympic and World champions to the United States in 1983 to take part in the very first international competition at the new Olympic Velodrome in Los Angeles. This competition has provided our top amateurs a chance to improve their skills in Olympic-style competition against top European teams.

And the U.S. professionals are not far behind. This year, 1983, was the inaugural year for the Tour of America, a three-day race based on the European racing format. The very best professional teams in the world competed for $100,000 in prizes—the largest prize list ever offered in the United States bike racing history. €

Michael Malekoff writes for Bicycling Magazine.

books in review

MICHAEL D. MOSETTIG

The Europeans, by Luigi Barzini, Simon & Schuster, 267 pages, $14.95

The Changing Anatomy of Britain, by Anthony Sampson, Random House, 476 pages, $17.95

The French, by Theodore Zeldin, Pantheon, 538 pages, $17.95

Thanks to the presumably uncoordinated decisions of three major U.S. publishers, American readers can immerse themselves this spring and summer in provocative and informative books on modern Europe. Thanks to the literary skills of the authors, all three books can be packed along with the beach blankets for good holiday reading.

All three writers are familiar to American readers already—Barzini for **The Italians;** Sampson for his original **Anatomy of Britain** and subsequent works of investigative journalism on ITT, the arms trade, and banking; and Zeldin for his **France, 1848-1945.** They do not disappoint their admirers in these volumes.

Yet, it is testimony to the current politics and economics of Europe and the Western world that only one of the three—Zeldin—is decidedly more optimistic than pessimistic. Sampson expresses more hope than conviction that the British can lift themselves from their current troubles. Barzini tries to demolish any idea that Western Europe has advanced significantly to unification, or stands for much in the world today.

Into his relatively brief book (unfortunately, not indexed), Barzini pours a great deal of both experience and sagacity. His world view combines Italian nationality, American education, and journalistic career that spans pre- and post-World War II Europe, and a classical liberalism manifested first in active anti-Fascism and now in anti-Communism.

Barzini's work gives political, historical, and psychological sketches of the British, French, Germans, Italians, Dutch (whom he lumps together with the Belgians), and, by honorary extension, the Americans. Behind the sketches is a lament that these nations did not have the foresight or courage to create the European union that would make Europe the kind of force it always says it wants to be in world affairs.

He minces few words, as when he commences with a description of Europe's "gentle decline into sweet but vaguely inglorious Sybaritic impotence." His appeal for European unification evokes sentiments and arguments that have fallen generally out of favor in European capitals since the early 1960s. Where he disagrees with the aspirations of Robert Schuman and Jean Monnet is in his disagreement with the concept that economic integration can lead to political unification.

Quite correctly, he points to the fundamental intellectual flaw of Gaullist policies during the decisive building period—that they were both anti-American and anti-European. This critical point is ignored by Bernard Ledwidge's otherwise admirable biography of former French President Charles de Gaulle, just published here. (Barzini's only major factual error is to state that some of de Gaulle's most important actions, such as the 1963 veto of British entry into the E.C., followed Monnet's death. Monnet outlived de Gaulle by almost a decade. Barzini presumably is refering to Schuman).

Working to his conclusion, Barzini says the one thing that might shake Europe from its complacency is the same thing that pushed its post-war efforts at union—fear of the Soviets. In one of his few bursts of optimism, Barzini determines that the Europeans are not quite ready to accept even a nonviolent spread of Soviet hegemony.

Barzini then leaps to a jarring climax, that the obstacle to European unification is the German problem. The future of Europe, he concludes, probably will be determined again by the Federal Republic of Germany, an unpredictable country that is particularly dangerous when unhappy.

Barzini already has an established following here, and his latest work probably will find a receptive audience in this country. The sentiments he evokes on European unification always have been compatible with the American experience and have motivated American statesmen from the Truman through Carter Administrations, with the exception of Henry Kissinger. An interesting barometer of European opinion will be the book's success there.

If Barzini's perspective on Europe is that of the skeptical (but not cynical) sage, Sampson's renewed inquiry into British institutions reflects the disillusionment of a social democrat (in his case, also Social Democratic Party member), whose hopes for reforms have spawned ungainly progeny or, worse yet, been mutated beyond recognition by ruling classes incapable of affecting or absorbing change.

In 1962, Sampson wrote his first **Anatomy of Britain.** Like all the rest of us, he has aged 20 years, but a century seems to separate those times and now in the United Kingdom. Then, the Government of Prime Minister Harold Macmillan was entering its Edwardian twilight, its last major mission to take Britain into Europe. Then would follow a new generation of leaders who would wed technology to economics and spread the fruits of ensuing prosperity all the more equally. The innovative journalism and satire on British television reflected the excitement of imminent change that throbbed through London and the country.

Sampson's work is a thorough appraisal and critique of what went wrong—in government, politics, diplomacy, business, and the media. Being more institutional than personal and psychological, the book explains more about why the changes failed than what happened to the spirit of the people in the intervening years. But about the only institution working more effectively now than before is the royal family.

His chapters on the current state of education and what has happened to educational reforms are as instructive as any—particularly to an American audience for which the British class struggles over educational policy are about as comprehensible as the workings of the Curia are to a convention of Texas Baptists.

According to Sampson, the original idea was to spread the benefits of better and higher education to more people and to end, or at least diminish, the dominance of the public (private) schools in British life. The results have been several, most unintended. Obviously, ending the exams that determined a child's life at age 11 is a positive one. Grammar schools were abolished and so too was the one route to the top available for many middle-class and some poor youth. Their replacement by comprehensive state schools has led, in Sampson's view, to the dilution of standards frighteningly comparable with the American experience and for the same reasons of trying to impose social, political and teacher trade union goals on the educational process. One result has been the willingness of increasing numbers of parents to spend thousands of pounds to send their children to private schools.

The school/class question is so central that Sampson necessarily keeps coming back to it—not just the dominance of Oxford and Cambridge, which far exceedes that of Harvard and Yale—but even of the more pervasive influence of Eton and Winchester. The upshot of 20 years of reforms and of nearly 20 years of Governments headed by grammar-school, rather than public-school, Prime Ministers is the dominance of the Cabinet and major British institutions by Eton and Winchester boys as strong as that of the Macmillan days.

The Labor Party's simple answer to this issue is to abolish public schools entirely. A reader of this book comes away convinced that if Labor were ever to follow its promises, the schools and pupils would move abroad and then somehow run the country by remote control.

Sampson brings his talents of investigation and observation to private as well as public institutions, explaining how, for example, British corporations tangled themselves in mergers and how pension funds are playing an increasingly important role in the economy. His unflattering portrait of management is of almost unmitigated sloth motivated by a dazzling array of tax-free perks. One wishes Sampson had devoted more space to the workings of his own industry, the press, and how the unions have managed to gain such power to resist technological innovation.

Like Barzini, Sampson sees Britain's failure to join the Common Market in its early stages as a major national tragedy. By the time it did join, world recession was setting in and political opportunities were rapidly closing. Now, like the rest of Europe, Britain is confronted with world competition, especially from Asia. Somehow, says Sampson, Britain has to blend its political skills and economic ingenuity, as it did in Victorian days.

Unfortunately, in these nearly 500 pages, there is little evidence that it has found either the way or the will to parlay that magnificent past into an equally promising future.

Where Sampson occasionally looks at individuals through their institutions, Oxford professor Zeldin does the reverse. His scope also is far more cultural and sociological than political. His chapters range from the humor of the French to their attitudes as spouses and lovers and to their cooking and the influence of their intellectuals.

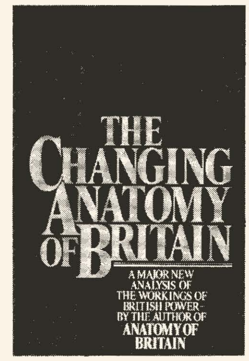
Zeldin's approach is to use one or two individuals, telling their life stories as microcosms of his larger points. It offers an original approach to get around most of the stereotypes generally offered in books about the French. The quarrel is that the sample of individuals is heavily weighted by neurotics. (The author has a maddening habit of misusing the word *over* instead of *more than* when comparing numbers).

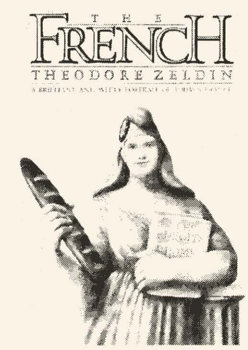
Even in a work dedicated to avoiding stereotypes, some old themes return. One is the centrality of food, especially in terms of explaining the gaps of cultures and perceptions between the French and the Americans. Another is the centrality of language, not so much as a label of class as in Britain, but as a measure of France's place in the world today. The spreading use of classical French not only unified the country, but put France in the center of the world well into the last century. Now, in a world dominated by English, the loyalty of the French to their language threatens to isolate them from the dominant currents of science, commerce, and culture.

Beyond these often discussed attributes of Frenchness, Zeldin explores others, which certainly set the French apart from the Americans if not from other Europeans. For example, even the most "advanced" book on child-rearing rules out any role for fathers of infants.

While Sampson discusses British education as a metaphor for immobility, Zeldin's appraisal of the French system points to another and more alarming problem. It appears to be turning out increasing numbers of graduates whose increasingly specialized diplomas (for example, laundry ironing) are less and less likely to gain them jobs. Variations of this social tragedy are appearing all over Europe as its baby-boom generation leaves school in the midst of the worst recession since the 1930s; in France the problem seems more institutionalized.

Yet, while the French system has its class- and career-determining aspects, Zeldin does show how it is undergoing enormous changes. An emphasis on math and science is surpassing the old curriculum, in effect preparing the students for international competition rather than merely making them French. For all the appearances of centralized im-





mobility, the French system is changing in ways that will be hard to measure until this generation comes to power.

Despite all that he has written showing how the French are different, Zeldin concludes that they are not so different as they like to think. The French could pull themselves out of their own pessimism and encourage the rest of the world to borrow more from them if they would stop believing their own stereotypes and realize they are building a society with considerable vigor and ingenuity and one with great opportunity for its citizens. €

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ELIZABETH HOPKINS

The European Community: Progress or Decline? By Carl Kaiser and others. Royal Institute of International Affairs, Chatham House, London, 1983, 52 pp., $10.00.

An impressive team of five experts from the leading West European think tanks on international affairs has recently published a report on the state and future of the European Community. Proclaimed by the authors as unique—it's the first time the various institutes have collaborated to produce such a study—it is "born out of a sense of urgency and alarm." More than in any previous period, "the position of Western Europe seems to be challenged from all sides," and "if nothing is done, we are faced with the disintegration of the most important European achievement since World War II."

The tone of this foreboding introduction remains true throughout the report, which closes with a terse section titled "Before it is too late." The authors warn that in order to avoid serious trouble, the Community must recapture the spirit and premises on which European integration was founded and must move forward.

While the report, without doubt, defends the existence and desirability of a Community, it leaves readers wondering if even the most energetic of the recommended reforms could pull the Community back on firm ground. Western Europe indeed seems to be mired in an especially inescapable bog, until we realize that this report is hardly unique. In 1975, Leo Tindemans told the European Council that the crisis in Europe was so serious that steps had to be taken immediately to salvage what gains had been made and that "drastic measures to make a significant leap forward" were needed. He mourned the loss of the initial impetus and "guiding light" that motivated founders of the European Communities and he asked that it be restored.

Point by point, the academic experts match Tindemans' concern that E.C. member states act and think more as part of a flexible, but cohesive, union and that they put Europe as an entity before their own understandable, but destructive, inclinations to pursue national aims in monetary and industrial policies. E.C. strength is the best cure for protectionism and coordination of vastly different economic policies is the best weapon against inflation and unemployment. Both Tindemans' and this new report agree that a united Europe, speaking with one voice, becomes a much more effective bargainer and persuader in the world, although the latter does explore, in new detail, the case for a common E.C. policy on defense.

It is in this topic that the report begins to break ground, albeit with difficulty. It offers a spectrum of possibilities, some easily dismissed, which range from an autonomous defense complete with new nuclear-weapons systems to simply ensuring a consensus on peace and security policies. A common security policy would give Europe more influence in the Middle East, and would help protect its supply of oil. The study believes smaller member states would be more inclined to support policies not dictated only by the United States and the larger members of the North Atlantic Treaty Organization (NATO) and that non-military responses, such as economic sanctions, would be more effective. The report also calls for a long overdue standardization of arms and weapons systems within Europe and within NATO. The creation of a European Arms Procurement Agency to pool research, technology, and planning is further urged.

While specific recommendations may differ, however, the similarities between their new report and the Tindemans recommendations—as well as many others that have attempted to diagnose the malaise of the E.C.—are disappointingly evident. What should be even more evident, as yet another study convinces us that the particular economic and political crises of the time demand a frantic new look at familiar problems, is that conflicts between national and European interests in all areas are inherent to the existence of the Community.

Integration proponents nostalgically demand the rekindling of post-World-War II spirit and determination that helped smooth and stabilize early Community foundations, without realizing that restoring a "common vision" of Europe today requires different methods and motivations. The "me-first," protective climate of Europe now is not the same receptive and relatively malleable Europe of the 1940s and 1950s. We've been told the problems and have even been explained the solutions. What is most obviously lacking is a pro-Community incentive strong enough for the 1980s and flexible enough to last. If Europe's best political analysts are going to devote their collective resources to the health of the Community, these would be better used to uncover that incentive. €

Multinational Companies and Economic Concentration in Europe. By Frank Fishwick. Gower Publishing, Brookfield, VT, 1982. 113 pp. $26.95.

An update on the trends in the European economy toward "big business" and multinational companies. Explains the significance of industrial concentration, the association between it and multinational operations, and related policy issues in the European Community. Also points out the effects of multinational firm dominance in industrial sectors on competition, foreign trade, employment, wage levels, and efficiency.

U.S. Monetary Policy and European Responses in the 1980s. Chatham House Papers, No. 16. By Kenneth King. Routledge & Kegan Paul, Boston, MA, 1982. 55 pp. $10.00.

Explains the nature of the changes in U.S. monetary policy and the ways they affect the European economies. Discusses ways Europe can adapt to deflationary pressures brought by restrictive U.S. monetary policy and illustrates how U.S. monetary policy determines world monetary policy.

Who's Who in European Institutions and Organizations. Edited by Karl Strute and Dr. Theodor Doelken. 1982. Available from Marquis Who's Who, Chicago, Ill. 1087 pp. $75.00.

Nearly 4,000 entries of people active in European international organizations, including the Organization for Economic Co-operation and Development; the E.C. Commission, Council of Ministers, Parliament, Court of Justice, and Economic and Social Committee; United Nationals organizations in Europe; and others.

Trade Issues in the Mid 1980s. By Sidney Golt. British North American Committee, London, 1982. Available from National Planning Association, Washington, D.C. 93 pp. $7.00.

An explanation of how the post-war open trading system has been challenged by overt and covert protectionist measures. Describes how national industrial policies have emerged as new methods of protection designed only to save jobs, and suggests that future trade negotiations should adjust to this reality.

Special Symposium Commemorating the 25th Anniversary of the Founding of the European Community. *Northwestern Journal of International Law and Business.* Autumn 1981, Vol. 3, No. 2. Northwestern University School of Law, Chicago, IL, 1981. 704 pp. $10.00.

Includes articles on antitrust, the Court of Justice, the issue of worker participation in industry, patent licensing, and the restriction of free trade within the Community.

The First Year of Socialist Government in France. By Bela Balassa. American Enterprise Institute, Washington, D. C., 1982. 22 pp. $1.95.

Examines structural and short-term economic policies applied by the Socialist government under Mitterrand during the first year after the 1981 election. Analysis includes the nationalization of private banks and part of the manufacturing industry, decentralization of public decision-making, and objectives in employment, modernization, and support of small- and medium-size firms.

The Economic and Social Interest Groups of Greece. Economic and Social Committee of the European Communities, Brusels, 1981. Available from Editions Delta, Brussels. 200 pp.

Describes a number of Greek economic and social interest groups, all represented at the Council of Economic and Social Policy (SKOP). Discusses their structures and principal activities and places them in historical context. Available in English, French, German, and Greek.

The Politics of International Standards: France and the Color TV War. By Rhonda J. Crane. Ablex Publishing Co., Norwood, NJ, 1979. 123 pp. $17.50.

Using the adoption of color television standards in France as a case study, looks at the politics, technology, international trade relations, and bargaining involved in the setting of standards. Questions to what degree technical standards are the result of political and economic factors.

Southern Europe and the Enlargement of the EEC. Edited by José A. Girão. Economia, Lisbon, 1982. 324 pp.

Set of papers presented at a Lisbon conference on enlargement, with experts commenting on problems of new and applicant countries, the affects of enlargement on various economies, and the need for new policies in areas of industry, agriculture, and social issues.

Urban Life in Mediterranean Europe: Anthropological Perspectives. Edited by Michael Kenny and David I. Kertzer. The University of Illinois Press, Champaign, IL, 1983. 338 pp. $32.95 cloth, $9.95 paper.

A study of social structure in Mediterranean Europe that centers on the role of the city and on the argument that there are common characteristics that can be studied in cities, towns, and even small villages. Countries included are Spain, Italy, Portugal, Yugoslavia, and Greece.

Economic Policies in France, 1976-1981: The Barre Program in West European Perspective. Michigan International Business Studies, No. 18. By W. Allen Spivey. University of Michigan, Ann Arbor, 1982. 103 pp. $6.00.

Brief study of the major aspects of the economic policies developed in France under Raymond Barre, during his terms as Prime Minister and Finance Minister from 1976-1981. Evaluates the Barre treatment of demand-management policies, unemployment, currency problems, and international trade in the context of events in other European nations, the United States, and Japan. Includes a comparative chapter on the new Socialist Government.

U.S. Foreign Policy and the Third World, Agenda 1983. Edited by John P. Lewis and Valeriana Kallab. Praeger Publishers, New York, 1983. Available from the Overseas Development Council, Washington, D. C. 293 pp. $9.95.

Annual report from the Overseas Development Council on the state of U.S.-Third World relations. Contrasts in particular the positive period from 1974-79 with the relative downturn of the last few years and the possible effect on the economies of the United States and other industrialized nations. Outlines new policy goals in various regions, and the roles of the private sector and the World Bank in development. Statistical annex.

European Banking Law: An Analysis of Community and Member State Legislation. By Stanley Crossick and Margie Lindsay. Financial Times Business Information, Ltd., London, 1983. 228 pp. $176.00.

Examines the supervisory and legislative roles of the E.C. and its member states in the area of international banking. Details E.C. activities in solving problems in banking, credit, capital movement, and securities. Outlines the principal laws and regulations in each member state, as well as in Portugal, Spain, the Isle of Man, the Channel Islands, and Gibraltar. Includes important Community documentation and Court of Justice cases.

U.S. Economic Policies Affecting Industrial Trade: A Quantitative Assessment. By Peter Morici and Laura L. Megna. National Planning Association, Washington, D. C., 1983. 127 pp. $12.00.

Focuses on the protection given to U. S. manufacturing industries by tariff and non-tariff barriers prior to the Tokyo Round and in the future. Reviews the evolution of the U. S. tariff structure and attempts to assign tariff equivalents to non-tariff barriers; also looks at export credits and production subsidies.

Higher Education and Manpower Planning; A Comparative Study of Planned and Market Economies. By O. Fulton, et al. International Labor Office, Washington, D.C. 1982. 127 pp. $11.40.
Study based on the links between education, the labor market, and employment policy. Appraises the usefulness and limitations of manpower planning in general, and especially in relation to educational planning, and discusses various approaches and techniques of application in seven East and West European countries.

Space in the 1980's and Beyond: 17th European Space Symposium. Edited by Peter Bainum. American Astronautical Society, San Diego, CA. 1981. 292 pp. Cloth $40.00, paper $30.00.
Based on papers presented at a London conference on European space activities. Topics were a long-term space program, space communications and transportation, new technology, and lunar and planetary exploration.

U.S. 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 U.S. policy toward the new international economic order from its beginnings in 1974 to the 11th Special Session of the United Nation General Assembly in 1980; analysis includes general U.S.-Third World relations, the North-South Dialogue, the United Nation Conference on Trade and Development, oil, energy and monetary issues, and an overview of the mechanics of U.S. foreign policy-making.

International Trade Regulation: GATT, the United States, and the European Community. By Edmond McGovern. Globefield Press, Globefield, Exeter, U.K., EX3 OHA 1982. 457 pp. $40.00.
Examines issues in international trade through the rules of international law, and the laws of the United States and the European Community. Among numerous topics covered are: the foundations of the General Agreement on Tariffs and Trade (GATT), customs law, tariffs and non-tariff barriers, subsidies, dumping safeguards, agriculture, and commodity arrangements.

Implementing Development Assistance: European Approaches to Basic Needs. By Steven H. Arnold. Westview Press, Boulder, CO, 1982. 220 pp. $20.00.
Points out the growing commitment of European countries to development assistance to the Third World. Describes and analyzes assistance programs in France, the Federal Republic of Germany, the Netherlands, the United Kingdom, and Sweden, and considers differences from U.S. policies.

Defence, Technology, and International Integration. By Trevor Taylor. St. Martin's Press, New York, 1982. 218 pp. $30.00.
An investigation into the costs, advantages, requirements and implications of North Atlantic Treaty Organization standardization and the integration of the national defense industries of Europe. Uses some standard academic theories about the behavior of states, as well as historical background, to evaluate the feasibility of practical military standardization, and its eventual effect on industry and economies.

Published for the Commission

Acid Deposition. EUR 8307. Edited by S. Beilke and A.J. Elshout. D. Reidel Publishing Co., The Netherlands, 1983. Available from Kluwer Boston, Inc. 235 pp. $32.50.
Proceedings of the CEC Workshop organized as part of the concerted action "Physico-Chemical Behavior of Atmospheric Pollutants," held in Berlin on September 9, 1982.

Wind Energy. Solar Energy R & D in the European Community, Series G, Vol 1. EUR 8475. Edited by W. Palz and W. Schnell. D. Reidel Publishing Co., The Netherlands, 1983. Available from Kluwer Boston, Inc. 220 pp. $32.50.
Proceedings of the E.C. Contractors' Meeting held in Brussels, 23-24 November 1982.

Irradiation Technology. EUR 8429. Edited by Peter von der Hardt and Heinz Röttger. D. Reidel Publishing Co., 1983. Available from Kluwer Boston, Inc. 759 pp. $100.00.
Proceedings of an International Topical Meeting in Grenoble, France on September 28-30, 1982.

Fluidized Bed Systems. Energy R & D and Demonstration Programmes of the Commission of the European Communities. EUR 8562. D. Reidel Publishing Co., The Netherlands, 1983. Available from Kluwer Boston, Inc. 279 pp. $39.50.
Proceedings of the Contractors' Meetings held in Brussels on October 12-13, 1982.

Energy Conservation in Industry—Combustion, Heat Recovery and Rankine Cycle Machines. EUR 8434. Edited by H. Ehringer, G. Hoyaux, and P.A. Pilavachi. D. Reidel Publishing Co., the Netherlands, 1983. Available from Kluwer Boston, Inc. 239 pp. $32.50.
Proceedings of the Contractors' Meeting held in Brussels on June 10 and 18, and on October 29, 1982.

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☐ **The European Community's Industrial Strategy.** *European Documentation No. 5/82,* Commission, Brussels, 1983, 66 pages .... free

☐ **Publications of the European Communities: Catalogue 1982.** Office for Official Publications, Luxembourg, 1983, 77 pages .... free

☐ **Public Opinion in the European Community.** *Euro-barometre No. 18,* Commission, Brussels, December 1982, 241 pages .... free
Results of an opinion poll conducted in the member states in the autumn of 1982. Questions covered the general mood of Europeans, attitudes toward the European Community, and Spanish and Portugese reactions to joining the Community.

☐ **The Agricultural Policy of the European Community.** *European Documentation No. 6/1982,* Commission, Brussels, 1983, 73 pages .... free

☐ **Towards a European Research and Science Strategy.** *European File No. 8/83,* Commission, Brussels, April 1983, 7 pages .... free

☐ **Social Security: A Europe-Wide Debate.** *European File No. 7/83,* Commission, Brussels, April 1983, 11 pages .... free

☐ **Europe's Common Agricultural Policy.** *European File No. 10/83,* Commission, Brussels, May 1983, 7 pages .... free

☐ **The Europe-United States-Japan Trade Controversy.** *European File No. 9/83,* Commission, Brussels, May 1983, 7 pages .... free

☐ **Problems of Enlargement: Taking Stock and Proposals.** *Bulletin of the European Communities, Supplement No. 8/82,* Commission, Brussels, 1983, 20 pages .... free
Commission communication to the European Council, Copenhagen, December 3-4, 1982.

☐ **Consumer Representation in the European Communities.** Commission, Brussels, 1983, 40 pages $4.50
Description of the institutionalized representation of consumers at the Community level, with a list and brief description of the committees which include consumer representatives.

☐ **Multilingual Glossary of Abbreviations.** Council, Brussels, 1982, 622 pages $17.50
3,000 entries giving abbreviations and corresponding full forms used in internal and external policies of the Communities. Covers national and international terms and organizations, technical terms and everyday abbreviations in French, German, English, Italian, Dutch and Danish. Includes an abbreviations index and a subject index.

☐ **Preferential Tariff Treatment Applied by the Community (Position as at 1 January 1983).** *Official Journal of the European Communities, Vol. 26, C 76, 1983,* Office for Official Publications, Luxembourg, March 21, 1983, 305 pages $20.00
Schedule of the reduced rates of duty, by alpha-numeric customs tariff code, applied to countries with whom the Community has preferential trade or cooperation agreements. Also includes temporary tariff suspensions and quotas applied to all countries.

☐ **Generalized Preference Regulations.** Office for Official Publications, Luxembourg, 1982
General rules, *Official Journal of the European Communities, Vol. 25, L 363,* December 23, 1982, 225 pages $12.00
Origin rules, *Official Journal of the European Communities, Vol. 25, L 377,* December 31, 1982, 63 pages $2.40
Regulations affecting the duty free importation of goods from developing countries.

☐ **Twelfth Report on Competition Policy.** Commission, Brussels, 1982, 215 pages $11.50
Review of the main developments in competition policy during 1982 and its application to enterprises, state aids, state monopolies and public enterprises. Survey on the development of concentration.

☐ **European Union: Annual Reports for 1982.** *Bulletin of the European Communities, Supplement No. 7/82,* Commission, Brussels, 1983, 24 pages $2.00
Reports from the Ministers of Foreign Affairs and the Commission on progress made in the development of the Communities.

☐ **Budgetary Systems and Procedures for the Central Government Budget in the Community Member States.** *European Economy No. 15,* Commission, Brussels, March 1983, pages 89-123 .... $9.40
Special article comparing member state budget systems. This issue also includes a survey on each member state's economy, and articles on unit labour costs in manufacturing, and financial markets in Greece.

☐ **Balances of Payments: Global Data 1970-1981.** Statistical Office, Luxembourg, 1983, 89 pages $7.50
1982 yearbook.

☐ **Investment in the Community Coal Mining and Iron and Steel Industries: 1982 Survey.** Commission, Luxembourg, 1983, 107 pages $15.00
Survey of the situation as of January 1, 1982 on the actual and forecast capital expenditure and production potential for the coal and steel industries in the member states.

☐ **Geonomenclature 1983.** Statistical Office, Luxembourg, 1983, 186 pages $15.00
Annotated edition of the country nomenclature for the external trade statistics of the Community. Includes tables showing the development of the geonomenclature since 1968 and cross references to similar codes used by other organizations.

☐ **Basic Statistics of the Community: 1981-1982 Edition.** Statistical Office, Luxembourg, 1983, 283 pages ... $4.50
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☐ **Economic Accounts: Agriculture, Forestry.** Statistical Office, Luxembourg, 1983, 115 pages $7.50
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☐ **The Handicapped and Their Employment: Statistical Study of the Situation in the Member States of the European Communities.** Statistical Office, Luxembourg, 1983, 226 pages ... $6.50
Follow up to the 1981 study. Examines national legislation, figures on the disabled, training measures, and occupational and social integration of the handicapped.

☐ **Balance of Payments: Geographical Breakdown 1976-1980.** Statistical Office, Luxembourg, 1983, 141 pages $15.00
1982 yearbook.

☐ **National Accounts ESA: Detailed Tables by Sector 1970-1980.** Statistical Office, Luxembourg, 1983, 337 pages $21.00
1982 yearbook.

☐ **Soil Erosion.** *EUR 8427,* Commission, Luxembourg, 1983, 64 pages $6.50
Papers discussed during a workshop held in Florence, October 19-21, 1982, as part of the research program on land use and rural development.

☐ **Eighth Symposium on Microdosimetry.** *EUR 8395,* Commission, Luxembourg, 1983, 1213 pages $52.00
Papers and proceedings of the symposium held in Julich (FRG), September 27-October 1, 1982.

☐ **Geothermal Energy: Abstracts of Final Reports—Energy R & D Programme (1975-1979).** *EUR 8321,* Commission, Luxembourg, 1983, 124 pages $8.50
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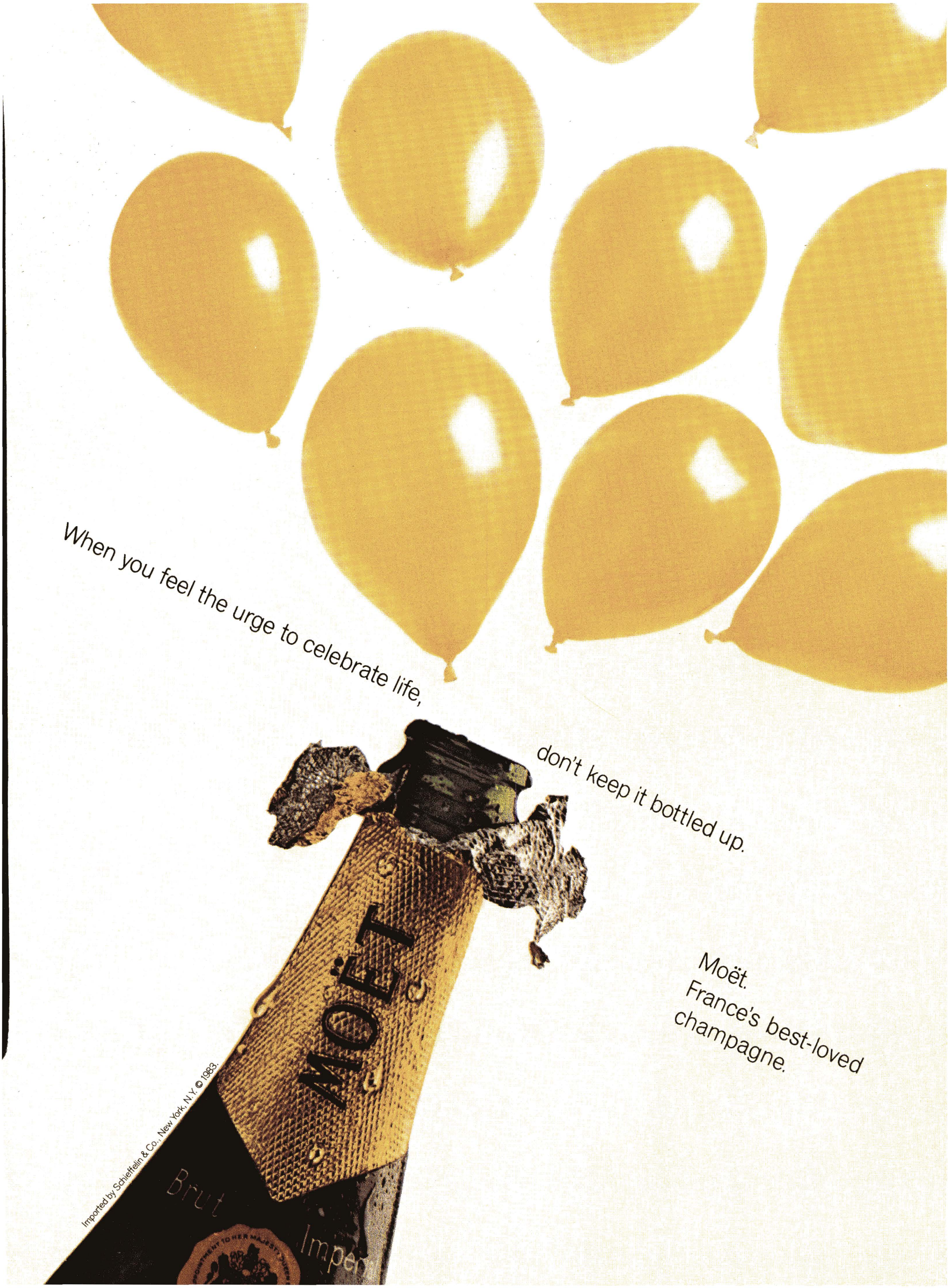
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