

# EUROPE



MAGAZINE OF THE EUROPEAN COMMUNITY

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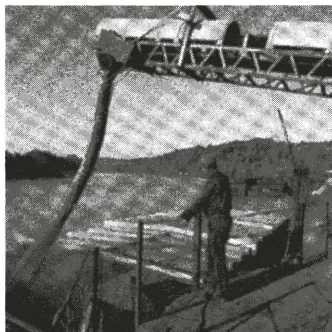
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# EUROPE

MAGAZINE OF THE EUROPEAN COMMUNITY



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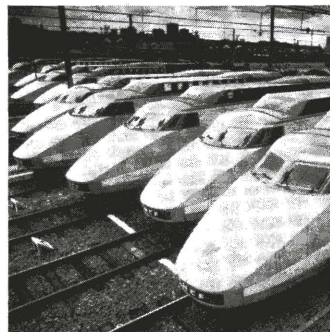
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# PUBLISHER'S LETTER

“**T**he unification of Europe, like all peaceful revolutions, takes time—time to persuade people, time to change men’s minds, time to adjust to the need for major transformations. But sometimes, circumstances hasten the process and new opportunities suddenly arise.” So wrote Jean Monnet, one of the European Community’s founding fathers, in the memoirs he published in 1978 at the age of 90. Recent events have proved Monnet’s words particularly prophetic. E.C. leaders at their summit meeting in Fontainebleau in June finally succeeded in putting to rest a nagging budget dispute that had brought the Community to a standstill and created grave concern about its future. In doing so, they simultaneously opened up new opportunities for the E.C. and set it back again on the road toward European union.

The resolution to the E.C.’s budget problem has, in the words of French President François Mitterrand, “relaunched the European Community.” At issue was the United Kingdom’s contribution to the Community’s coffers. Britain had long argued that it had contributed substantially more to the Community budget than it had received back in the form of regional, social, and agricultural benefits. The impasse over the claim by Britain that she was unfairly taxed, that her contribution to the E.C. budget was too high, had blocked the E.C. from making much-needed financial reforms and embarking full steam on initiatives needed to keep the Community a strong and vital force on the world scene.

In June, however, after 10 years of bickering and frustration, the United Kingdom and her E.C. partners resolved the long-running dispute, thus removing a road block that had prevented the Community from moving ahead to build a truly common market and thus creating new hope for Europe.

In addition to settling the budget dispute, E.C. leaders at Fontainebleau also made a number of decisions that will give the E.C.’s citizens tangible proofs that the European ideal is a reality. These will include an E.C. flag and an official E.C. anthem. A common European passport will be made available to E.C. citizens not later than January 1, 1985. In this issue of *Europe*, Ferdinando Riccardi, editor-in-chief of the Brussels-based *Agence Europe*, takes a special look at the results of the landmark Fontainebleau summit and their implications for the future of the Community.

On the economic side, Joly Dixon, financial affairs specialist at the E.C. Commission’s Delegation to Washington, looks at the Community’s European Monetary System and the contributions it has made toward stabilizing Europe’s economy in its five short years of existence.

The Joint European Torus may not be a household name, but the “JET” facility in Culham, England, is famous to everyone familiar with nuclear fusion research. Scientists Jean-Pierre Poffé and François Sand explain the JET’s role in Europe’s search for a clean, safe and virtually inexhaustible energy source. . . . And if you prefer a more culinary type of research, food writer Nella DeVitto will let you know how you can take a “Cook’s” tour of Europe. DeVitto reports that Europe’s cooking schools are becoming increasingly popular among professional and amateur chefs alike.

Our cover story is on Europe’s new high technology trains built for the 21st century—a message to all those in Europe and the United States who are fated to travel on the traditional trains of yesteryear.



Each week, UPI State Department correspondent Jim Anderson explores major news stories from a European Perspective. Top European journalists on Washington assignment probe new East-West moves . . . visiting world leaders explain their people and politics . . . broadcast lines opened to European capitals bring on-the-scene reports.

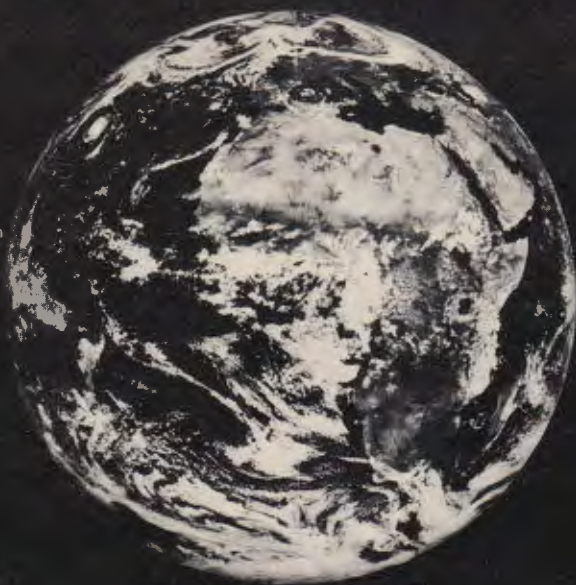
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# AROUND THE CAPITALS

## LONDON

### Politics and Athletics

**A** tiny woman from South Africa has caused consternation in British sporting and political circles. Zola Budd is 17 and runs fast enough to catch a greyhound. She is certainly Olympic class and a potential gold winner. But South Africa is proscribed from international sport so Budd's only hope of competing in Los Angeles is by representing another country. She has chosen to become a British subject.

Her claim is not outrageous; her grandparents are British. But the way in which her citizenship was changed raised hackles in Britain. She got her new British passport in 10 days, while some South Africans have been waiting 10 years. All of Budd's fares, costs, and general patronage have been undertaken by a London newspaper, *The Daily Mail*.

Not everyone shares that paper's enthusiasm for the phenomenal athlete. Questions have been raised in Parliament and some local authorities have tried to ban her from sports grounds. But the newspaper has broadly succeeded in establishing her as a major sports personality. She attracts vast crowds wherever she appears. She almost certainly will become the chief focus of British hopes in the track events at the Olympic games.

In other sporting news, the cricket season has begun in England. The solid click of willow bat against leather ball is the sound of summer to many

Englishmen. (The game is not played seriously in Scotland, Wales, or Northern Ireland.) But English cricket is under a cloud: The national English team toured New Zealand this winter—supposedly one of the weaker cricketing countries—and lost. The English team came home to face accusations in some newspapers that its members had grossly misbehaved.

The English side can regain its prestige if it defeats the West Indies in this summer's test matches. The West Indies have dominated the game over the past 10 years. England's hope is to match their aggression with low-tempered, dutiful, and painstaking batting. It is expected that the new captain of the English side will be David Gower, who is one of those upright, sporting young men that people expect to play decently and win.

But the long hand of South Africa reaches into English cricket just as much as it does into athletics. By common consent, the two best English batsmen today are Graham Gooch of Essex and Geoffrey Boycott of Yorkshire. Both are forbidden to play for England because they accepted an invitation to play in South Africa two years ago. The Indian cricket team which toured England that year said their visit would be cancelled if these and other players were not barred from the England team.

Zola Budd isn't alone in trying to win recognition for her sporting achievements through Britain. Many of the English county cricket teams rely on South Africans for their successes. If the South Africans were allowed to compete in in-



Zola Budd: "fast enough to catch a greyhound."

## ATHENS

### Builders vs. Archeologists

**A**round 2,400 years ago, prominent Athenian families vied to outdo each other in erecting monumental marble tombs overlooking the Iera Odos, or Sacred Way, the ancient highway that led from the city to Eleusis, site of annual religious rites known as the "mysteries." The Iera Odos is still a main approach road to Athens, but is now lined for much of its 22-kilometer length with automobile showrooms and repair shops. Archeologists and public-works officials have argued for months over a controversial new highway widening and

ternational athletics, cricket, and rugby, there is little doubt they would do supremely well.

A growing body of opinion in Britain says "let them." But there is still too much opposition. A South African team would never be allowed to appear in London—nor probably in any other major British city. Britain recognizes the supremacy of South African sportsmen and women, but will only grant accolades if and when they choose to become British. —

ALAN OSBORN



The Parthenon, in Athens.

sewage scheme that could cover priceless grave finds under a thick layer of asphalt.

To make matters worse, the Environment Ministry had already included the area in an ambitious project to create an archeological park linking famous ancient sites across the city which was announced to mark the modern capital's 150th birthday this year. The monuments on the historic route were described by Pausanias, a knowledgeable tourist from Rome who wrote the first guidebook to Greece in the 2nd century A.D. But the Iera Odos has never been fully excavated and these days is a notorious traffic bottleneck in a rundown industrial district at the entrance to downtown Athens.

Classical scholars raised horrified protests when the bulldozers moved in at Easter—before the archeologists had a chance to survey the area. Within a couple of days, workmen had turned up ancient walls, traces of funeral pyres, fragments of fine vases, and a human skeleton. Government archeologists at once began a rescue dig. Now the Ministry of Public Works has reluctantly agreed to a compromise, dropping plans for a major road junction in the area and promising to make sure the Iera Odos remains a secondary route. One area, close to one of the city's most important excavations, the Kerameikos cemetery will definitely become a park.

Ancient Athenians used to bury their dead in cemeteries alongside the roads leading out of the city—for sanitary reasons and to preserve valuable living space within the city walls. A number of modern highways cover the ancient roads and construction workers are used to unearthing classical graves and shrines. The Kerameikos monuments give a glimpse of what may still lie beneath the Iera Odos. Although wealthy Athenians of Pericles' day raised fairly modest monuments to their dead, their 4th century B.C. descendants spared no expense in hiring the best sculptors to carve

tall slabs of marble with poignant scenes of the deceased bidding farewell.

Archeologists are still worried about loopholes in the new ruling that could allow the construction teams to overrule them. They also claim the Iera Odos dispute is a sad illustration of how concern for protecting the city's classical heritage is diminishing. In the city center, the presence of ancient remains just a few feet below ground level has led to postponement of expensive building projects for months on end.

The government archeologists have been under fire from developers for years because of their dilatory approach to rescue digs. Their excuse is the Antiquity Service's chronic lack of funds and personnel. But just as the Iera Odos project was getting under way, a new government decree was approved, transferring much of the archeologists' responsibility for preserving ancient sites to the Environment Ministry. The archeologists protest that architects without specialized knowledge will now have the final say on conserving antiquities and claim their 150-year-old service, founded shortly after Athens became the capital of modern Greece, is in danger of losing its role.—KERIN HOPE

## AMSTERDAM

### A Fondness for Royalty

Last April 30, the Dutch nation rallied once again around its former Queen to celebrate Princess Juliana's 75th birthday. She was Holland's constitutional monarch from 1948 to 1980. When she abdicated in favor of her daughter, Queen Beatrix, Juliana decided to resume her previous title of royal Princess instead of being a Queen mother.

After Queen Beatrix's inauguration in 1980, the new regent declared her mother's birthday a national holiday. The celebrations this year centered on the Hague, at the royal residence where both Juliana and

Beatrix were born. At Juliana's request, her 75th birthday was celebrated "with the people." Juliana wanted the event to be a popular carnival, so the Hague's city center was turned into one great amusement park complete with tents. The former Queen rode a merry-go-round with her youngest grandchild, 2-year-old Juliana.

The many foreigners in that international city watched all this with amazement, wondering how security was handled



Princess Juliana.

as a dozen royal personages, including Queen and former Queen, mingled freely with the population. Most of the nation followed the three-hour show on television.

To the more elderly portion of the Dutch people, a note of nostalgia ran through the event. As much as Juliana's reign differed from that of her mother—Queen Wilhelmina, Holland's last "Victorian Queen"—so is the present Queen Beatrix's reign different. Beatrix is a hard worker and a perfectionist. She knows only too well the limits of a constitutional monarch, but she follows political, social, and economic developments at home and abroad very closely. Since Beatrix took up her duties as Queen, the nation's respect for her has grown.

Queen Juliana was an only child and her domineering mother made her a shy, slightly awkward young girl. Only after her marriage to a poor, but worldly and elegant German Prince, Bernhard von Lippe Biesterfeld, did Juliana begin to

blossom. The marriage produced four daughters.

The youngest now 37-year old Princess Christina, was born virtually blind, probably because Juliana contracted measles during her pregnancy. This had a profound effect on Juliana and accentuated the then 36-year-old Juliana's reluctance to be Queen as well, rather than mother alone. Eventually, then Prime Minister Willem Drees brought the Queen back into the mainstream.

Throughout Juliana's trials and tribulations, the common people sympathized with the Queen. Her difficulties have endeared her to the Dutch people, who see Juliana as "one of ours." In her message of thanks to the people after the April 30th celebrations, Juliana said in a nationwide broadcast: "I would so much like to thank you all personally, for what you have written to me, for your gifts, and for everything which I so value on the completion of my three-quarters of a century. Because of the enormous number of well-wishers, I cannot do this personally except with this very personal message to each of you."

Juliana is said to miss her job, but she still keeps busy with her many grandchildren and frequent visits to homes for handicapped and underprivileged children. Ever since Princess Christina's trouble with poor eyesight, Juliana has been actively engaged in care for handicapped children. Danny Kaye, when visiting the Netherlands on his UNICEF tours, is a frequent guest at the royal palace.—NEL SLIS

## ROME

### A Shortage Of Diplomats

There can hardly be a government building in Rome more imposing, if only in terms of bulk, than the Farnesina, the Italian Foreign Ministry. Built in the best style of the dictator Benito Mussolini, it stands under a background of green hills

just across the Tiber on the northern side of the city. Even allowing for the fact that it was built to reflect and implement the imperial ambitions of the Fascist period—though it was not occupied until well after World War II—the Farnesina has always seemed a little underoccupied, its vast rooms curiously empty of people. Now that emptiness threatens to reach crisis point.

Even though it was Italians—from the republic of Venice—who virtually invented diplomacy as it is now known, and even though Italian diplomats are among the world's sleekest and most discreetly effective, the number of people wishing to join the Italian diplomatic service is declining alarmingly. Each year between 25 and 28 posts as career diplomats with the possibility of reaching ambassadorships are put open to public competition. But in 1981, only 17 people were admitted to the service and by 1983 that number was down to 11. Even allowing for the rejection of unsuitable candidates, the basic problem is a shortage of people applying.

One reason is thought to be the malaise that currently affects many diplomatic services—the realization that much international business nowadays is done minister to minister or specialist official to specialist official. But if this is a justified apprehension in the Italian diplomatic service—and many doubt whether it is—it is not the main reason. The main reason is money.

All Italian public servants are very badly paid by Western standards and Italian diplomats suffer with the rest, at least while they are in Italy. A junior recruit to the service, having passed the difficult examination, takes home less than \$400 a month. Even when he reaches counselor rank, he can expect to earn only about \$900 a month.

Of course, the pay is good for foreign-service officials posted abroad who benefit from allowances that put their earnings onto the level of their opposite numbers from other

countries. But the times abroad are not always enough to compensate for the periods spent in Rome, especially as education and other allowances are poor.

The consequence is that out of an establishment in the foreign service of 938 diplomatic posts, only 760 are filled. Those who might otherwise be diplomats are taking their skills in languages and in getting things done to private industry or to Italian state-sector companies, both of which pay about four times better.

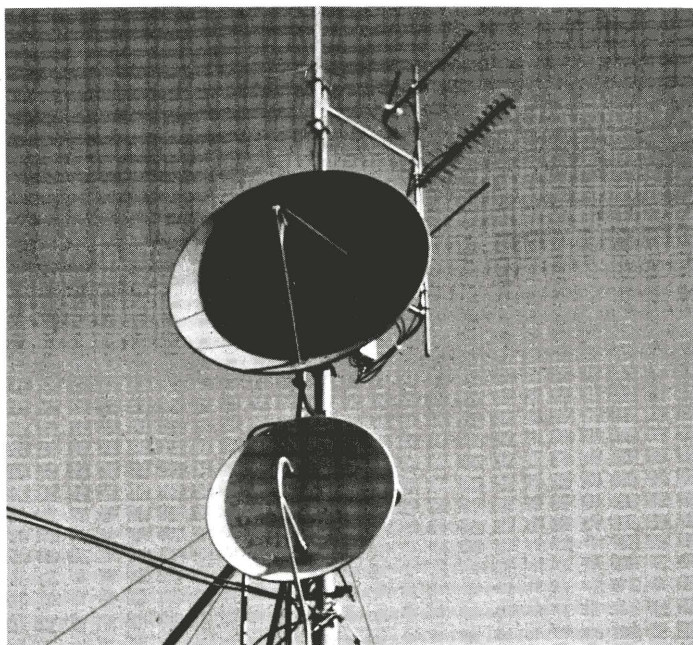
In some ways, the wonder is that the problem has not emerged before. The reason is that until the present recession, the Italian foreign service was largely protected: It was regarded as a prestige job, the only part of the government machine into which a person of good family would normally go and wealthy people were prepared, in effect, to subsidize the state. Now fewer and fewer families are willing to do that.

Help may be on the way, however. Giulio Andreotti, the Foreign Minister, has set up a special committee to assess the problem and, for once, both unions and employers are agreed on what needs to be done—provide better pay and conditions. But that means more money and the Italian Government, desperate to hold down what spending it can, may not want to come up with it. In the meantime, all diplomats can do is stay abroad as long as they can.—JAMES BUXTON

## LUXEMBOURG

### Locking Up Satellite TV

**P**ierre Werner, who resigned as Luxembourg's Prime Minister in June, has left his country a spectacular parting gift. It is nothing less than a major government-backed, but privately-financed, satellite television company aimed at securing Luxembourg domination of broadcasting in Europe



for the remainder of the century. It was characteristic of the deeply patriotic Werner that he should end his long term as Luxembourg's leader on a nationalistic note, but less predictable that this cautious, conservative statesman should do so in a way that has upset telecommunications authorities throughout Europe and caused heated controversy within the Grand Duchy itself.

Werner had long nursed dreams that Luxembourg should command satellite television broadcasting in much the way it did commercial radio 50 years ago. His achievement was to win the backing of his coalition Government for the new project and to force it through over the wishes of the Socialist opposition, a large part of public opinion, and, most remarkably of all, the flat hostility of Radio Television Luxembourg (RTL) itself—the country's highly successful international broadcaster.

RTL decided some time ago that the risks involved in operating a commercial satellite television station alone were too large to contemplate and decided instead to buy shares in the French satellite program. But the new private enterprise service, named Coronet, will compete directly with the state-owned French service and vie for business with the official transmissions of authorities throughout Europe.

The head of EUTELSAT, the 20-nation organization owned by the main European public broadcasting authorities, has called Coronet an "anti-Europe" initiative that could lead to "ruinous competition" while the French Telecommunications Minister says "France will not allow Luxembourg's 'Coca-Cola' satellite to attack our artistic and cultural integrity."

Coronet will be, in effect, a partnership between Luxembourg financial interests and the U.S. firm Whitehead. The formal agreement to launch the enterprise was signed by Werner and Clay Whitehead, former director of the U.S. Office of Telecommunications Policy in May. But financing will be sought in the Federal Republic of Germany, the United Kingdom, Sweden, and presumably anywhere else where the prospects of a seven-year wait for a profitable return are not thought discouraging.

The aim of the \$200-million Coronet project is to purchase and launch two medium-power U.S. satellites in order to beam 16 commercial channels throughout Europe from 1986. The programs would go to cable stations, but the company claims that technical advances mean they could also be picked up by homes with small dish antennae. The technical and financial claims for the service



have been widely disputed by telecommunications experts outside Luxembourg, though there is, of course, a strong element of self-interest in this. Only a relatively small part of the necessary launch funds have been raised so far and it is doubtful the backers will go ahead without much firmer commitments.

A greater obstacle, however, may be the political one. The alarm felt in France and the Federal Republic of Germany at the thought of their viewers being saturated by pop broadcasts from Luxembourg could well lead to some kind of diplomatic pressure on their tiny neighbor. The spectacle of little Luxembourg battling with the giants is a romantic one, but the test will be the amount of hard investment that Coronet attracts in the next few months.

It is nevertheless fitting that this audacious move should occur on the 50th anniversary of the launch of commercial radio broadcasting in Europe by, ironically, RTL. And skeptics could well ponder the remarkable success of the RTL enterprise which today, in spite of the ads, (or because of them) provides much of the worthwhile television viewing in central Western Europe and whose radio station still commands a faithful following in the United Kingdom, the Federal Republic of Germany, Belgium, and France. Werner is no innocent in financial matters and his critics may well come to regret the hasty denunciations of the past few months.—  
ALAN OSBORN

## BRUSSELS

### Fascinated by Jacques Brel

Five years after his death, the strange life and haunting songs of Jacques Brel continue to obsess the Belgians. I doubt if there is a single record shop window in Brussels that does not contain at least one Brel album from which his intense, sardonic face, seldom

without pipe or cigarette, stares out at you. Acclaimed in his day as the greatest writer and singer of songs in the French language, Brel never seemed to command the affection from his own countrymen as he did from others throughout the world, from Moscow to New York. But of the fascination that this complex, inspired poet and musician still holds for Belgians, and in particular those of his own native city Brussels, there can be no doubt.

Born in 1930 to a Flemish father, Brel lived for 23 years in Brussels as a member of the very bourgeoisie he was later to despise and mock. He joined the family packaging firm, married at 21, and quickly had three daughters. The Jacques Brel foundation in Brussels contains a wealth of photographs, letters, and mementos of that period, including scripts of the early songs written in his spare time in a cramped apartment and performed, mostly by others, without conspicuous success in local bars and cabarets.

In 1953, Brel startled family and friends by abruptly leaving his job, abandoning wife and family, and moving to Paris. From that year date the

contradictions in his personality that still puzzle both admirers and detractors. A devout Catholic, Brel refused to consider divorce from his wife and retained from Paris and further afield an obsessive interest in his daughters' education and upbringing. Born into a Flemish musical tradition, Brel refused to learn Dutch, which he once described as "the barking of dogs."

But in Paris began the success and acclaim that were to propel Brel to the heights of his profession. Originally an acquired taste in the United States, his following grew so rapidly that a musical—"Jacques Brel is Alive and Well and Living in Paris"—became a long-running hit in New York. But 14 years later, in 1967, Brel launched the second major surprise of his life on unsuspecting friends and musical colleagues. After world tours, star parts in Broadway musicals, and huge public acclaim for his recordings Brel abruptly pulled up his roots, repudiated his fame, and abandoned the stage, finally fleeing to a Pacific island where he was to remain for most of his life. He died in Paris of cancer at the age of 49.

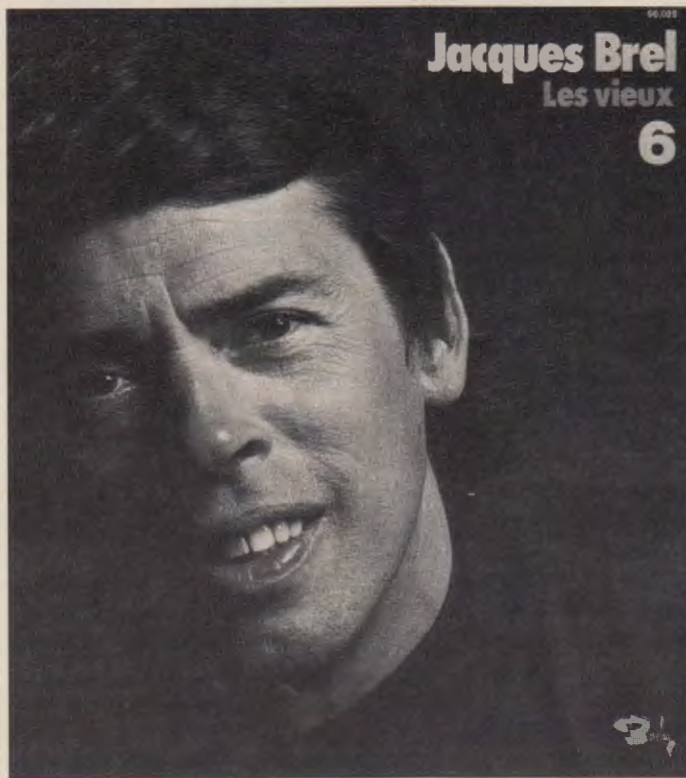
The Brel story has now been

told in full for the first time by the French journalist and author Olivier Todd, former editor of the French newsweekly *l'Express*. Drawing on lengthy interviews with Brel's widow and three daughters, plus a wealth of previously unpublished letters, Todd gives a detailed and presumably faithful account of an inconsistent genius who in his life, his opinions, and his work shocked and divided his compatriots.

Todd devotes much space to Brel's curious love-hate relationship with Belgium and in particular the Flemish, from whose roots he sprung and which he later seemed to repudiate in extreme terms. One song "Les Flamingants" caused uproar accusing the Flemish of being "Nazis during the war and Catholics in between the wars." But Brel's daughter, France, challenged the obvious interpretation, saying that her father "was deeply proud of being Belgian and his satire sprang from care and not dismissal." The producer of a Brussels show about Brel, Albert-André Lheureux, has described the singer as "halfway between the grey and the north and the more extravagant latin temperament of the south—a symbol of Belgium."

Whatever their views about Brel's life and philosophy, Belgians have made Todd's book into an instant best-seller and the author himself has been widely interviewed. There has been inevitable criticism that a biography of such a spectacular and controversial figure should have been written by a Frenchman. Todd, in fact, has an English mother and has written for British and American publications. The author has indeed been frank about the difficulties of writing about so divisive a personality for a Frenchman. "One of the problems in writing the book was to avoid the usual French condescension, the patronizing tone, that so many authors adopt when they write of Belgium," he said.

He nevertheless has written a fascinating account of a man filled with massive contradictions—a man dependent on a



string of mistresses yet claiming to hate women, a self-styled left-winger who voiced near reactionary intolerance. But few Belgians disputed his purely musical abilities and many were proud that for all his faults, he put the name of their country on the world's stages—ALAN OSBORN

## PARIS

### Impressionists' New Museum

**T**he French love art, and they love no art more than their beloved Impressionism. This is a country where the most visited site is the Georges Pompidou art center and the all-time record art show was a 1974 exhibit celebrating the centennial of Impressionism. So the much-anticipated event of the summer was the opening of a new permanent exhibit of the Impressionism in the Orangerie Gallery at the bottom of the Tuileries Gardens.

The collection of 144 impressionist works was donated in 1977 by Domenica Walter-Guillaume, a wealthy patron of the arts. She left the priceless collection of Cézannes, Picassos, Matisses, and Renoirs to the government on the condition that it be housed in the Orangerie, once the greenhouse of the royal Louvre Palace.

To comply with the stringent conditions, the state set about an enormous renovation of the Orangerie that took seven years and an amount of money the government will not discuss. It gave a permanent home to 24 rosy-hued Renoirs, 14 angular still lives by Cézanne, 12 Picassos, and 22 Soutines, among other works. Many had been collected by the art patron's first husband, Paul Guillaume, who was a prosperous businessman and contemporary of the turn-of-the-century artists.

"What was exemplary about Paul Guillaume was his taste, his flair, and especially his eclecticism," wrote one Paris daily in a rave review of the collection. Guillaume liked the adventurous new artists who became the Impressionist school and bought their work long before the painters became accepted. Guillaume died in a car accident in 1934 at the age of 44. Seven years later, his widow married another man wealthy enough to support her love of art. In 1952, she and her second husband, industrialist and architect Jean Walter, built on the collection with works including a Cézanne of cubic apples and biscuits. It went for a sensational sum of 35 million francs, a record amount at the time. The combination of taste and money resulted in a treasure-trove collection.

In the characteristically French way, the opening in June of the Orangerie exhibit sparked debate on whether it was proper to leave the collection intact with a hodge-podge of artists hung side-by-side. The works should have been earmarked, perhaps, for the more specialized galleries planned in the new Orsay center, across the Seine river. The Orsay Museum will replace the cramped Jeu de Paume that is the present home of Impressionism alongside the Orangerie.

The Orsay museum, formerly a train station, is to be the home of art that spans classical art and the mecca of modernism in the refinery-like Georges Pompidou center. The Impressionists will be front and center when it opens in 1986. But with this summer's opening of the Orangerie, critics have apparently managed to agree that the Walter-Guillaume collection has taken its rightful place: "A success by its richness and by its diversity."—BRIGID JANSSEN

## BONN

### Re-reforming Divorce Laws

**W**hen the Christian Democrats recaptured the Federal Republic of Germany's Government in 1982 after spending 13 years in parliamentary opposition, they promised to "correct" Social Democratic and liberal reforms of the previous decade that had "gone too far." When members of Parliament return from their summer recess in mid-September, they will be confronted with one of these proposed "corrections." A bill to amend the reformed law on divorce that took effect on July 1, 1977.

That law, based on the constitutional promise that "men and women shall have equal rights," abandoned the traditional rule that either the husband or the wife had to be guilty of violating the marriage

promise before a court could divorce them. The new law permitted divorce to be granted immediately in case of mutual request or on the request of only one partner if the couple had lived apart for three years. The elimination of the old rule that someone had to be at fault put a lot of detectives out of business. But it also made divorce a much less painful operation.

For one thing, the new rule meant that in determining alimony and support payments, a judge no longer had to assess blame, but simply divided the income and assets of the breadwinner in half. But the law is like a new medicine—the detrimental side effects usually become known only after mass application. So, while most of the 600,000 divorces granted under the 1977 law have been neatly concluded, there have inevitably been some horror stories.

Some involved a wife who demanded her half of the couple's assets in cash, immediately, forcing her former husband to sell a family-owned and -managed firm in order to raise the money. Here and there, a husband complained that, although his wife had abandoned him and the children in order to move in with a lover, she still received half of his income. And, once in a while, a woman who had worked while her mate studied, discovered that she was continuing to pay half of her income to a former husband who refused to get a job.

The governing coalition of Christian Democrats, led by Chancellor Helmut Kohl, and the liberal Free Democrats, led by Foreign Minister Hans-Dietrich Genscher, have not found it easy to prepare the proposed amendments to the divorce law.

For one thing, Genscher's liberals had been responsible together with the Social Democrats, for the 1977 law and now find it difficult to admit they made some mistakes. For another, many women are outraged because they assume the reform actually is meant to cancel some of the advantages



Auguste Renoir.

Shark/Art Resource

they gained seven years ago.

The governing parties counter that they do not wish to abandon the no-fault rule in divorce, but intend only to make alimony and support payments more dependent on the recipient's conduct. Thus, payments could be reduced to a woman who took a lover while still living with her former husband or who has since entered into a common-law marriage with another man, or equally to a man who refuses to take a job for which he is qualified and which is offered to him. Some of those detectives thrown out of work in 1977 see better times ahead.

In any event, the reformed reform probably will make the length of time alimony must be paid depend to a degree on how long the marriage lasted, this to prevent a person married for only one or two years having to support the former spouse for another 30 years. In the case of community property, the 1977 law would be amended to permit a judge to order payments spread over a period of years if immediate payment would cause economic hardship to others, such as company employees, or would wipe out an inheritance the couple's children otherwise could have expected to receive.—WELLINGTON LONG

## DUBLIN

# United on Neutrality

Irish neutrality, which every political party here favors, at least in their election manifestos, surfaced unexpectedly as an issue in the recent European election. It was, in fact, the only European issue to figure in an election which for most people was seen as a test of the economic policies of the Fine Gael-Labor coalition Government after 18 months in power.

Why neutrality should keep bobbing up in Irish politics is, on the face of it, a puzzle. Fine Gael says unequivocally it is opposed to Ireland joining any

military alliance and its credentials are impressive since it was the senior partner in the coalition Government back in 1948 which refused an "unofficial" invitation to join the North Atlantic Treaty Organization (NATO). The junior partner in the present coalition, Labor, is so opposed to ending Irish neutrality that it wants a referendum to enshrine neutral status in the constitution.

Finally, Fianna Fail, the country's largest political party and now in one of its rare spells in opposition (since first coming to power 52 years ago, it has had only 11 years out of it) has become a self-appointed guardian of Irish neutrality. The party solemnly warned during the election campaign that Fine Gael, because of its links with the other Christian Democratic parties in the E.C. was moving inexorably toward some kind of military commitment in a future European framework.

Puzzled voters who went to the trouble to look closer at the record of the different parties during the life of the last European parliament found that Fianna Fail members had supported a motion in favor of basing cruise and Pershing II missiles in Western Europe. A Labor member voted for the plan for a European union in spite of its implications for cooperation in defense matters. And Fine Gael incorporated the European union blueprint in its electoral platform, favored some cooperation in arms procurement, and shared benches with German colleagues such as Egon Klepsch who pushed through a resolution urging closer contacts between the European parliament and NATO.

Irish neutrality was accepted by our E.C. partners when Ireland joined the Community in 1973, but the then Fianna Fail Government played down this aspect and indeed went on record as accepting that "a community worth joining was a Community worth defending." However, the political cooperation process was then in its infancy

and its evolution over the past decade to where it now includes discussions on "the political aspects of security" requires some clarification of what precisely is meant by Irish neutrality.

The minimalist position as articulated by Irish diplomats and accepted by Fine Gael is "non-membership of a military alliance." The Labor Party represents the maximalist position with its demand for constitutional protection for neutrality and an active role for Ireland in the nonaligned group of nations.

Fianna Fail under its present leader, Charles Haughey, has hardened its position on neu-

trality beginning with his government's withdrawal from the E.C. economic sanctions against Argentina during the Falklands/Malvinas conflict. Observers see, however, a direct relationship between the deterioration in Anglo-Irish relations which took place during Haughey's Government in 1980-81 and a more vigorous defense of neutrality.

Fianna Fail efforts to raise neutrality as an issue in the election did no apparent damage to Fine Gael, its main target. But the party which is the most vigorous defender of neutral status, Labor, had a disastrous election, losing all its seats.—JOE CARROLL

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# ECONOMIC SUMMIT: SUCCESS OR FAILURE?

## LONDON MEETING OF WESTERN LEADERS, AT VERY LEAST, KEEPS THINGS FROM GETTING WORSE.

H. PETER DREYER

**W**as it a success? Was it a failure? Or would it be altogether erroneous to evaluate the Western industrial summit, held in London from June 7 to 9, in such terms? The immediate reactions voiced disappointment rather than satisfaction. "Upbeat, but hardly spectacular" was one comment; "a bone with but little meat on it" was another. Many observers judged the event to have been first and foremost a grandiose political "show," serving the needs of participants to achieve maximum publicity for themselves.

Still other critics objected to the bland statements contained in the final communiqué, which deliberately reduced to a universally acceptable minimum such quite deep-seated controversies as had been widely known to exist. Some went further still and expressed their unhappiness that the leaders of the seven most powerful nations of the West, together with the President of the E.C. Commission, came up with nothing more concrete at a moment when the world is in so acute a turmoil and certain specific crisis situations cry out for attention.

Understandable as such criticism naturally may be, is it entirely fair? Does it not ignore, first, the experience of former summits (this being the tenth) which had rarely been more rewarding and once or twice distinctly less so, and, second, the vocal and ubiquitous warnings in the weeks preceding London that nothing very much was to be expected this time?

Against the background of low-key anticipations from many quarters of the Western world, British Prime Minister Margaret Thatcher warned at the very eve of the meeting that, as regards international debt problems, considered to be one of the principal topics, it would not produce any "magical solutions." The major purpose of the gathering, she said,

was to reinforce one another in carrying out policies that would nurture economic recovery without a rebirth of inflation. Yet "no dramatic new initiatives would emerge." That, according to her, was not the aim of these annual get-togethers.

Summing up the situation confronting the leaders, British Foreign Secretary Sir Geoffrey Howe made the following points:

- The summit countries are pursuing more similar anti-inflation policies than in years past, but greater fiscal and budgetary discipline needs to be observed in some cases.
- Problems of Third World debts should be dealt with by existing institutions and on a case-by-case basis, as favored by the U.S. Administration.
- The summit should consider means of using the economic recovery to create more jobs, particularly in the E.C., which in this respect has lagged behind the United States.
- The summit should begin to actually cut protectionist trade barriers, rather than simply hold the line against new measures, as past summits have done.

It must be added, however, that although the Foreign Secretary's formulations were unobjectionable in themselves, they also adroitly covered up the principal

controversies which were due to surface at the summit. Above all, while the U.S. Administration kept denying that there exists a causal link between its huge budget deficit and the prevailing high interest rates, other participants insisted that the size of the (structural component of the) deficit was a major factor in pushing up those rates. The Europeans, and for that matter also the Canadians, in turn consider this both a threat to the pace of their own economic recovery and an element sharply aggravating the problem of the indebted developing countries.

Reverting to Sir Geoffrey's pre-summit outline, there also were considerable differences of opinion regarding the handling of the international debt situation (Should there be a global solution or would it be preferable to proceed strictly on a case by case basis?) and efforts to cut protectionist trade barriers. Was it time to initiate a new round of GATT negotiations, as favored by the United States and Japan, or would it be better—as opted for by France, Italy, and the E.C. Commission—to complete thorough preparations and rally the developing countries to such an endeavor, prior to reaching a definitive decision and setting a firm date for such an exercise?

With all this as a backdrop, what then did the summit actually achieve? What lies behind the declaration of a common strategy toward the debtor countries, the restatement of the need for tight financial discipline in Western economies, the renewed commitment to fight trade protectionism, and the undertaking to pursue studies (but not necessarily to take action) on the reform of the international monetary system and related issues.

No one could or would doubt for a single moment that the call for tighter financial discipline is addressed principally to Washington, for all that it has not been specifically cited. Much has since been made of this omission. Some have said that it reflects greater credence now being given to President Ronald Reagan's assurances that action on the budget deficit will be taken even before the November elections and that something thus might happen soon about U.S. interest rates—a European demand, by the way, since the Ottawa summit in 1981.

Others have seen the omission as merely a confirmation of the unwritten rule that any member of this august group involved in an election campaign ought not to be embarrassed. In actual fact, this thought process may well be faulty: It is quite conceivable that U.S. voters might rally much more powerfully



**British Prime Minister Margaret Thatcher and E.C. Commission President Gaston Thorn during a break in the working sessions.**

© STUART FRANKLIN/STIGMA



When Western leaders meet once a year at the summit, the rest of the world expects them to discuss, in addition to economic topics, other current crises and problems as well.

around their President were they to perceive him as being criticized and assailed by foreign countries. Not naming the United States as the chief sinner against the budget discipline commandment also has emerged as part of a "deal" whereby the Americans dropped their plea for setting a firm date now for the start of a new GATT round.

What all this clearly amounted to—and the same applies with equal force to the formulas elaborated for handling the debt crisis as well as all other controversial matters—was that the accords were reached at the level of the lowest common denominator, achieving an atmosphere of outward overall harmony among the Western leaders, but at the same time keeping the latter fully conscious that things in reality are much more discordant than they were made to appear on the surface.

Along those lines, it might also be argued that even the high sounding platitudes expressed in the declaration serve some purpose. They offer a kind of parameter within which participants—and quite likely other nations as well—may stroll with relative safety, but beyond which they would stray at their own risk. On top of this, the degree of harmony they display points up the startling differ-

ence between current conditions and those of half a century ago. Because of this, *The Times* of London emphasized on the eve of this year's summit, such events may perhaps seem to be a trivial exercise, but in effect are anything but a waste of time.

Yet while the situation now is without doubt superior to that of the 1930s, is it also better than it was in the 1950s and 1960s? And if it were found not to be that, if one thought that the combination of the breakdown of Bretton Woods, of two successive oil shocks, and the worst recession in 50 years and their companion developments all marked a sharp deterioration, would it not be rational to suggest that it was precisely to counter this that the Western industrial summits were instituted in 1975?

Have they in their entirety met this objective? Again there can be no easy answers. For it is probably correct that, on balance, these summits have merely held the line (and not necessarily always that), keeping things from turning even worse than they did. They plainly have not made it possible for the world economy to shake off its shackles and to resume the vigorous advance which had been the hallmark of the first two full post-war decades.

In part, however, their less-than-buoyant performance must be attributed to the transformation of these events: They long since left behind them the phase where they dealt with economic topics only and they are not likely to ever revert to it again, however desirable this may seem to many. For when the national leaders of the most important nations of the West meet once a year, the remainder of the world expects them to discuss all other current crises and problem areas as well. With its companion declarations on East-West relations, the embattled Gulf region, and terrorism, London was no exception.

Inevitably, there are also situations where economic and political aspects fuse. In that respect London also stood out. It is almost certainly correct to assume that, when in the months and, indeed, the years ahead the recent summit will be remembered for something, it will be for the fact that here—for the first time and yet conclusively—the developing countries managed to engage the full attention of the industrial world. Whether this will also be followed by matching action remains of course to be seen. €

H. Peter Dreyer reports from Brussels for the *Journal of Commerce*.

# POINT-COUL

CORN GLUTEN FEED IS THE LATEST TRANSLATLANTIC ISSUE

## U.S. VIEW:

E.C. PROPOSAL FOR IMPORT RESTRICTIONS IS UNFAIR UNDER COMPETITION RULES.

DALE SHERWIN

American agriculture's current major trade issue involves a little known commodity: corn gluten feed. This coproduct of the corn wet-milling industry has been propelled to the forefront of a confrontation between the United States and the European Community. Corn gluten feed may be the proverbial straw which breaks the back of our strained international trade. This issue

Dale Sherwin is a member of the Reagan Administration's Agricultural Policy Advisory Committee.

demands a closer look from policymakers on both continents.

Corn refining (wet-milling process) is basically a procedure for the extraction of such products as starch, oil, syrups, and ethanol from the corn kernel. The substance remaining after these are removed—consisting of protein (22 percent) and fiber—is called corn gluten feed. A bushel of corn (56 lbs.) yields about 9.2 lbs. of this secondary product.

The development of high-fructose corn syrup has significantly increased the availability of corn gluten feed. Since

1972, exports of this protein-rich feedstuff have increased from virtually zero to approximately 3 million tons. These exports go exclusively to the E.C. where the market price is favorable and where the large dairy industry has a need for the protein and fiber which corn gluten feed provides.

In recent years, some Europeans have speculated that United States production of both high-fructose corn syrup and ethanol would increase dramatically. They foresaw U.S. exports of corn gluten feed to the E.C. rising as high as 10 million tons by 1985.

However, such a level has not been and will not be reached, due to the fact that high-fructose corn syrup already has penetrated the U.S. sweetener market to the point where further expansion depends on a future technological breakthrough in the economical production of a crystallized corn sweetener. Maximum market penetration remains to be achieved in

*Continued on page 14*



# INTERPOINT

## E.C. VIEW:

A BREATHING SPACE IS NEEDED TO AVOID DAMAGE TO PLANNED AGRICULTURAL REFORMS.

DERWENT RENSHAW

One can appreciate that the subject of wine, or better still, its consumption, might inflame the passions—or even the subject of wheat with its connotations as the “staff of life”—but corn gluten feed! “What is it?” most readers will ask—as well they might—and “What is all the fuss about?” So, in an attempt to shed a little *lumière* and turn down the *son*, there follows a

Derwent Renshaw is first secretary for agriculture at the E.C. Commission's Delegation in Washington.

short description of the product and its attendant problems.

Corn gluten feed is, quite simply, a by-product of the cornstarch industry. When corn is converted by the wet milling process into liquid starch and then subsequently into a wide range of products such as glucose, high fructose corn syrup, ethanol and modified starches, gluten feed is produced as a residue—just as bran will result when wheat is milled to produce flour. Corn millers do not go into business solely to produce corn gluten feed—although the idea is put around in

Washington that there are some flat-earthers at E.C. Commission headquarters in Brussels who bravely cling to this myth.

It is a medium-protein, medium-energy product used, as far as the writer knows and hopes, entirely for animal feed, particularly in dairy rations and is made up of the bran and fibrous portions of the corn kernel combined with any starch and protein fractions not recovered in the initial separation process of cornstarch production. Every 100 kilograms of corn processed into starch will normally result in about 20 kilograms of corn gluten feed.

In 1983-84 the U.S. starch industry is expected to mill about 20 million metric tons of corn, which should result in around 4 million tons of corn gluten feed. Figures circulated by the industry confirm this with an estimated production figure of 4.06 million tons of corn gluten feed in 1984—an increase of about two and a half times in 10 years. Development

*Continued on page 15*



Continued from page 12.

### U.S. view on corn gluten feed

only one sector, the soft-drink industry, and usage there is already substantial. With petroleum prices moderating and supplies adequate, production of ethanol from corn has not increased dramatically.

Because the United States is the only nation with a significant corn-refining industry, it supplies "virtually all" of the corn gluten feed imported by the E.C. Europe itself produces some corn gluten feed, but in every limited amounts because E.C. quotas on high-fructose corn syrup restrict production of both the sweetener and its coproduct. "Virtually all," therefore, amounts to about 3 million tons. By this one may logically question the intense concern of the Europeans about such a minor facet of agricultural trade.

The United States' concern lies partially in the E.C. proposal to restrict imports of corn gluten feed. European arguments for this change in policy fall into six categories, each of which is presented here with refutation.

**1. Corn gluten feed is a cereal substitute and replaces E.C. grain in livestock rations.** On the contrary, corn gluten feed is a protein source, and studies have shown that limiting imports of corn gluten feed would shift demand to other protein feed ingredients such as copra, palm kernel meal, and soybean meal—rather than to corn.

**2. Corn gluten feed imports have become "distorted" since the duty-free bindings were originally negotiated under the General Agreement on Tariffs and Trade (GATT).** But a much greater "distortion" exists in U.S. corn exports to the E.C., which have fallen (by border device manipulation) from 17 million metric tons in 1976 to less than 5 million metric tons last year.

**3. Corn gluten feed production in the United States is subsidized and is likely to increase dramatically.** The U.S. sugar-support program does not subsidize production of high-fructose corn syrup, which actually sells at a large discount from the sucrose price. The extent of that discount is determined by market demand and the extent of underutilization of existing corn-refining capacity. In fact, the U.S. sugar support price is much less than that of the E.C., which has been subsidizing its exports by as much as 19 cents per pound. It is the E.C.'s export subsidy which has depressed world sugar prices to approximately 6 cents per pound—a level well below the cost of production anywhere in the world. Indeed, if it were not for the E.C.'s sugar export subsidies and subsidies used by

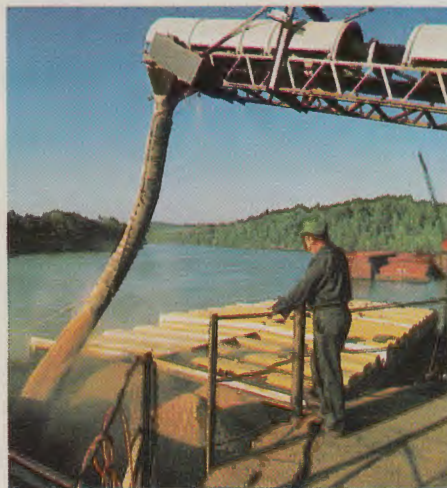
other exporting countries to meet the E.C.'s subsidized competition, the United States would need no limitations on sugar imports. The E.C. has expressed some concern over U.S. government incentives for the production of alternate fuels as a stimulant to the production of ethanol from corn. The fact is that this has not come to pass—and there are no new subsidies or other government programs which would further stimulate ethanol production.

**4. The E.C.'s intent is not to restrict but simply to stabilize corn gluten feed imports.** Since the amount

## The amount of trade involved in corn gluten feed is relatively insignificant, but the issue involved is basic. Are other commodities next?

of the proposed duty-free quota is less than current imports, this argument is without merit. "To stabilize" must not be defined as "to reduce."

**5. European farmers are being asked to make sacrifices; foreign suppliers should, too.** But the United States submits that there is no justification for shifting the costs of the E.C.'s internal farm programs to U.S. corn producers. It is alarming that the high costs of the E.C.'s Common Agricultural Policy (CAP) and the surpluses which the CAP has brought about can bankrupt the E.C.'s treasury. However, the E.C. cannot expect the rest of the world willingly to pay for this folly. The modification of this



Corn gluten feed, shown above, being loaded into river barges for transport.

costly scheme of high farm prices, high food prices, and high export subsidies must be borne internally. The CAP is not the business of the U.S. farmer until its effects transcend E.C. borders and impact on world markets.

There is a duty-free binding in the GATT which guarantees other nations free access to the E.C. feed-ingredient market. Why should the United States allow erosion of this opportunity for fair competition? As efficient producers, U.S. farmers encounter their greatest export problems in the area of access to markets. Restrictions such as the proposed 3 million ton corn gluten feed quota and government subsidized exports block market access. U.S. farmers should not be expected to compete against foreign treasuries. While U.S. farm programs are also costly, this is primarily because of efforts to reduce excessive supplies, *not* to increase production or to subsidize exports.

**6. Raising dairy production costs through restrictions on low-cost feed will reduce milk production.**

The CAP is a farm-income support policy. Consequently, the more inefficient the production, the higher the price support level must be in order to allow a farmer to make a living. Past experience indicates that increased support prices are an incentive to increased, not decreased, production.

The actual issue is not corn gluten feed. It is political: an effort to blame external forces for the E.C.'s internal problems. This political position taken by the E.C. is being met by a united political resolve on the part of U.S. farm interests fighting for fair trade. Resolutions adopted by the U.S. Congress condemning proposed corn gluten feed restrictions should be taken seriously in Europe. They demonstrate both the unity of the American farm community and the determination of Congress not to acquiesce on this issue. The Reagan Administration has formally objected to the proposed restriction. U.S. Secretary of Agriculture John Block has stated repeatedly that no compensation for the proposed limitation would be acceptable to U.S. corn growers. Retaliatory measures are being assessed, should proposed restrictions be imposed.

The amount of trade involved in corn gluten feed is relatively insignificant, but the issue involved is basic. The same kind of GATT duty-free binding which applies to corn gluten feed also applies to soybeans and to soybean meal. Are these commodities to be next? How much of the world market will the United States allow others to close because of their internal political problems? €



*Continued from page 13.*

### **E.C. view on corn gluten feed**

of this magnitude would have been impossible without considerable growth in the industry's capacity, either through expansion by existing firms or through the entry of newcomers.

Further examination of the industry's figures shows that while production increased two and a half times in 10 years, exports to the European Community increased six times over the same period from 0.6 million tons in 1974—when, incidentally, 70 percent of the corn gluten feed produced in the United States was able to find outlets on the U.S. domestic market—to an estimated 3.8 million tons in 1984 when only 5 percent remained in the United States.

What has led to these two increases—in production by two and a half times and in exports to the European Community by six times? As was noted earlier, the production of corn gluten feed is in direct relationship to corn refining. And corn refining has expanded largely to take account of the increased demand for corn sweeteners. A brief examination of the shelves in any U.S. supermarket soon gives the impression to the inquisitive trolley pusher that more products contain corn syrup than do not. These products range from bread—yes, bread—to soup, breakfast cereals, and soft drinks.

Corn sweeteners have been able to take advantage of the high priced protective arrangements enjoyed by U.S. sugar producers, to the extent that refined sugar's share of the U.S. caloric sweetener market fell between 1975 and 1983 from 76 percent to 57 percent while the corn sweetener share almost doubled from 23 percent to 42 percent. Or, as the U.S. Cane Sugar Refiners Association explained to the House of Representatives Agriculture Committee: "At home, high sugar price supports are pricing sugar out of the sweetener market. The demand for sugar has dropped as high fructose corn syrup (HFCS) continues to eat into sugar's traditional markets".

Perhaps the most pronounced fall in sugar usage has been in the soft-drink sector where it was halved between 1979 and 1983—from 2.4 million tons to 1.2 million tons—to the considerable advantage of HFCS. One of the major factors contributing to this switch has been the decision by Coca Cola and Pepsi Cola to increase the inclusion rates of HFCS in their products. Coca Cola, for instance, recently decided to permit 75 percent HFCS in its sweetener mix for its bottled and canned drinks and 100 percent in its fountain version. The corn starch industry would be unusual to say the least if it

was to press for changes in U.S. sugar policy which would result in cheaper refined sugar and thus reduce the price advantage of its syrups.

Increases in the availability of corn gluten feed have also resulted from the growth in the production of fuel and industrial alcohol by the corn-refining industry which has benefited from government funds and tax advantages—perhaps not to the extent originally envisaged, but sufficient for there to have been a three- to four-fold increase in corn gluten feed resulting from this process between 1981 and 1983.

## The E.C. is trying to find a negotiated settlement with the U.S. aimed at stabilizing—not banning or reducing—its imports of corn gluten feed.

It is also striking to note how the industry's production pattern has changed over the last ten years or so, a change not unconnected with shifts in government policy as regards sugar and ethanol. In 1973, 5 percent of the corn processed by the industry finished up as HFCS. By 1983, the proportion had risen to 33 percent. Similarly, the percentage of the corn used by the industry for the production of alcohol rose from 3 percent to 21 percent. The proportion of corn used for more traditional products such as starch in its varied forms, glucose, and dextrose has declined considerably.

This change in end-product mix and a 250 percent increase in capacity has been accompanied by a fundamental change in the shape of the industry. In the early 1970s, CPC International, probably the world's biggest corn starch producer, A.E. Staley, and Clinton Corn were the dominant firms in the industry, with about 50 percent of U.S. corn-refining capacity. Since then, the picture has altered dramatically with three agriprocessors and/or traders (ADM, Cargill, the world's largest grain trader, and Staley)—as opposed to conventional starch producers—now accounting for something like 60 percent. ADM alone now has about 30 percent of total U.S. corn-refining capacity and is the largest producer of the burgeoning sugar substitute HFCS, of ethanol and, as a by-product, of corn gluten feed. The general increase in HFCS production and the

steep rise in exports of corn gluten feed would appear to have coincided with the arrival of these two newcomers and the expansion of Staley's activities, which are now linked with those of Continental Grain—one of the world's major grain traders.

The very striking increase in imports of corn gluten feed since the early 1970s—free of any levy or duty into the E.C.—has been a subject of serious concern to E.C. authorities. And the reason is quite simple. Corn gluten feed has been attracted into the E.C. where it can command an enhanced price, by the Community's relatively high grain prices to the extent that the strong expansion that has taken place over the last decade in the production of animal feeding stuffs was based very largely on a much greater use of grain substitutes, of which corn gluten feed is one of the most important, rather than on an expansion of grain usage.

This has led to the situation where not only has the proportion of grain used in animal feed declined but the actual quantity itself has dropped. The most seriously affected grain so far has been imported U.S. corn, but indigenous grain has also been displaced with the result that the E.C. has been obliged to find outlets on the world market for its own grain at considerable cost to the E.C.'s budget. This inspires the piquant reflection that increased exports of E.C. grain brought about by imports of U.S. corn gluten feed and other substitutes have not always met with shrieks of delight from U.S. grain producers.

It is perhaps worthwhile emphasizing that the E.C. is frequently criticized by the United States for becoming an exporter of grain (and other farm products) rather than an importer, but if the imports of substitutes are taken into account (about 14 million tons), the E.C. remains a net importer of grain. Thus, we have the situation where E.C. imports and utilization of grain for animal feed have declined, but where imports of substitutes and exports of E.C. grain have increased.

This is all very well some readers may reflect, but what about the frequently voiced claim that corn gluten feed is not in fact a grain substitute? There will never be agreement as to the precise extent to which corn gluten feed replaces grain in animal feed, but in spite of what has already been said the reader remains unconvinced, let him consider three expert opinions:

- First, a senior representative of A.E. Staley (the 2nd largest U.S. producer of corn gluten feed): "We gain more by

*Continued on page 51.*

# E.C. FARM POLICY AIMS FOR STABILITY

BASIC PROBLEM FACING EUROPE AND U.S. IS THAT MARKETS NO LONGER CAN ABSORB ALL THAT IS PRODUCED.



© CHARLTON PHOTO

CLAUDE VILLAIN

**A**griculture is one of Europe's few natural resources, and as a result constitutes the main source of income for a large proportion of its working population. Equally, its 270 million consumers expect good, wholesome food, supplied to them on a regular basis and at stable prices. The European Community has met these requirements by implementing its Common Agricultural Policy (CAP). Domestic market prices for most products have shown greater stability in recent years than world market prices.

The somewhat fragile nature of world markets—for example, the 1973 soybean embargo, during which European market

prices more than doubled, and which was followed by a shortfall in feed-grain supplies—provides an even greater incentive for attempting to ensure the independence of Europe's agricultural markets. Moreover, the memory, for many Europeans, of undernourishment during the two wars which ravaged Europe this century accounts for the constant desire to ensure regular supplies. In this respect, although Europe has substantially increased its agricultural output, it is still the world's largest importer, and has a price policy which benefits the consumer. A European consumer, for instance, pays less for certain agricultural products than his or her American counterpart.

The CAP owes its success to the E.C.'s

internal market regulation arrangements, which also provide for compensatory mechanisms to safeguard the competitiveness of European products on world markets. The support given by the E.C. to its exports complies with the rules under the General Agreement on Tariffs and Trade (GATT) which govern international trade and which have been recognized and accepted by the United States.

Since it is obviously in Europe's interest to have the highest possible world market prices, it is absurd to blame the refunds it grants for the drop in world prices. As far as Europe is concerned, higher world prices mean lower expenditure, since the cost of all the refunds is born by the E.C. budget.

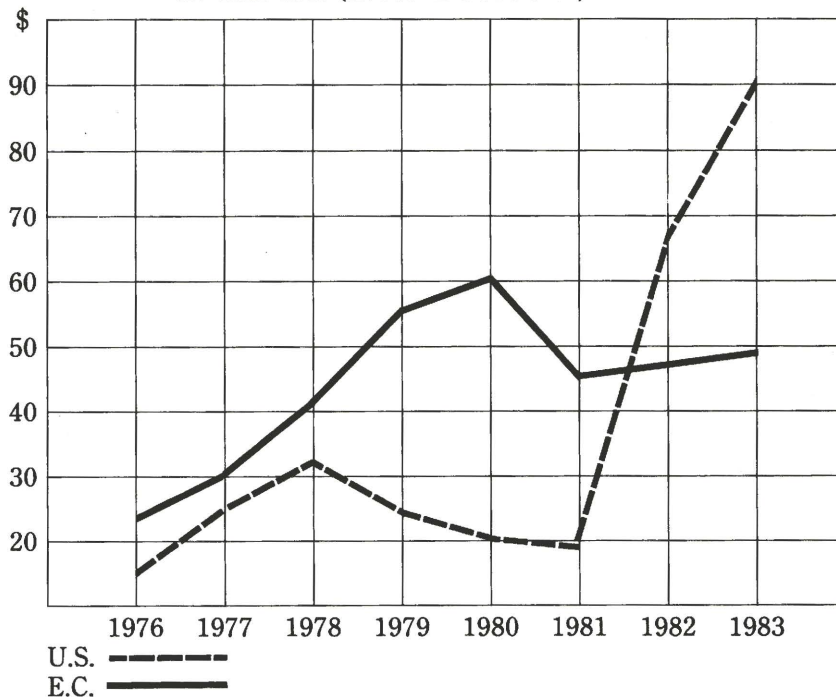
In fact, in the context of the GATT negotiations, the E.C. has had to compensate for the acceptance of its agricultural policy mechanisms. Accordingly, for milk products, beef, sugar, and other products, the E.C.'s access to the American market is subject to very strict limits. The United States on the other hand, has far fewer problems as regards its cereal exports to Europe, and let us not forget soybeans and corn gluten feed, which enjoy unlimited access and which are subject to very low or zero customs duty.

While it is true that the E.C. spends heavily to ensure that its farmers enjoy a fair standard of living, as laid down in the Treaty of Rome establishing the E.C., the United States cannot deny that it too is attempting to ensure a high level of income for its farmers via a system of direct aids. The figures show that over the years, the cost of Europe's agriculture has been very similar to that of the United States. From 1981 onward, U.S. budget outlays in this respect have far exceeded spending by the E.C.'s European Agricultural Guidance and Guarantee Fund.

In the past three years, U.S. spending on agriculture, contrary to expectations, has shown a steady increase. This is because the dollar's high value has meant a loss of competitiveness for U.S. products on world markets and because high interest rates increase the size of loan repayments and lead to cash-flow problems for farmers. There is, however, another factor: the large increase in cereal production, which has forced the U.S. Administration to introduce the payment-in-kind (PIK) program.

Basically, the problems faced by U.S. and European agriculture are very similar: Markets no longer can fully absorb what is produced. For its part, Europe has opted for a binding system of guarantee thresholds and price restraints. We are applying production quotas in the milk sector. In the case of cereals, the aim is gradually to reduce the margin between domestic prices and the prices which our main competitors, in particular the United States, pay to their farmers. This means that Europe has to restrict imports of cereal substitutes such as corn gluten feed, which displaces E.C. cereals to markets outside the E.C. Since the substitutes in question are sent to Europe from all over the world, the exporting countries must all contribute to this attempt at achieving stability and balance on the markets. This E.C. measure should not be seen therefore as being directed in particular at the United States. In the case of sugar, producers fully bear the cost of disposal.

### THE COSTS OF AGRICULTURE PER CONSUMER IN THE U.S. AND IN THE E.C. (INCOME SUPPORT)

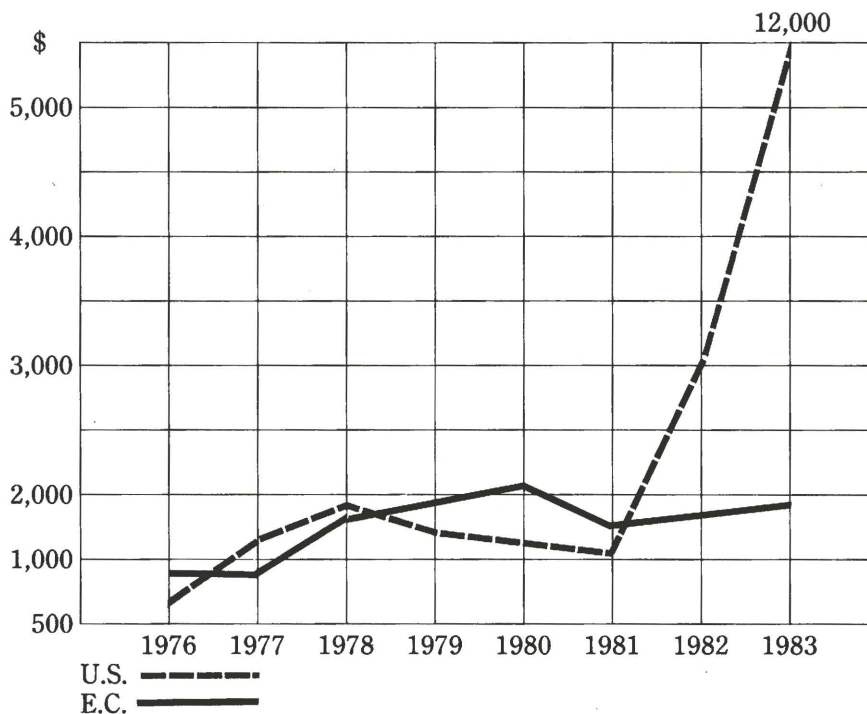


Given their respective position on world markets, the United States and the Community should combine their efforts to improve the conditions under which trading takes place. "Battling it out" with refunds and subsidies will not benefit either side. Attempts must be made to resolve problems through dialogue and negotiation and to search for ways to

complement each other, since it will become increasingly difficult, if not impossible, to ignore the laws of the market. As was recently stated by U.S. Secretary of Agriculture John Block: "No nation wins in subsidized competition." €

Claude Villain is director-general of the E.C. Commission's agriculture division.

### INCOME SUPPORT PER HEAD OF THE WORKING POPULATION IN AGRICULTURE IN THE U.S. AND IN THE E.C.



# EUROPEAN MARKETS: A BUSINESS OVERVIEW

## WHICH SECTORS PROVIDE BEST EXPORT AND INVESTMENT OPPORTUNITIES?

**JOHN DREW**

**W**hat is happening in Europe? What differentiates it as a market from other parts of the world? Which business sectors in Europe provide the best export and investment opportunities? How should companies review their current or planned European activities? This business brief provides an update on these questions when Europe is facing some key decisions concerning investment, incentives, and the establishment of a Europe-wide industrial base.

Western Europe consists of 18 democratic states, 350 million people, and a common industrial market where goods circulate without tariffs between the E.C. countries and those of the European Free Trade Area (EFTA). The major trading partner of the United States, Europe has a gross domestic product similar in size to North America's. In 1982, the United States exported over \$50 billion worth of goods and services to Europe and imported over \$40 billion. U.S. net investment in the 10 countries of the E.C. increased fourfold during the 1970s. U.S. business has invested twice as much in Europe as in Canada, and Europe provides half of all foreign investment in the United States.

After two or three years of heavier European investment in North America,



By 1980, U.S. investment in the E.C. had quadrupled to nearly \$80 billion. Pictured above are steel rock bits manufactured at a Hughes Tool plant in Belfast.

the pendulum is swinging back again. In 1970, 30 percent of U.S. investment abroad was in the E.C. and 30 percent in Canada. By 1980, U.S. investment in Canada had doubled, but in the E.C. it had quadrupled to nearly \$80 billion. By 1980, E.C. investments in the United States amounted to nearly two-thirds of all foreign investment in the United States, about \$40 billion.

The current upsurge of North American investment activity in Europe is spearheaded by such actions as the AT&T

purchase of 25 percent of Olivetti to develop a European base and the major move of Northern Telecom into the European arena. Joint ventures between North American and European companies are proliferating, and the smaller companies are being encouraged to establish themselves in Europe at this time. From April 1983 to April 1984, at least 250 agreements were signed between United States and European firms.

High technology industries are moving increasingly into Europe. In Scotland, "Silicon Glen" is becoming one of Europe's new centers of high-technology activity. U.S. companies that have invested there during the last four years include National Semiconductor, IBM, Hewlett Packard, Wang, Honeywell, Motorola, and General Instruments. Representing the biggest concentration of high technology in the United Kingdom outside the London to Bristol corridor, 270 high-technology companies are now located in "Silicon Glen."

Europe offers high investment incentives. Both at the E.C. level and at the individual state levels, there is considerable encouragement of inward investment in the form of capital grants, subsidies toward training, loan guarantees or access to specialist sources of finance, subsidized interest rates, accelerated tax depreciation allowances and other deductions, and even tax reductions or deferrals. State and regional authorities are prepared to offer favorable fiscal and financial packages which can make investment particularly attractive. For example, the Scottish Development Agency recently invested \$1 million in the shares of International Microelectronic Products of San José, California, partly as an investment and partly to show its support for foreign companies setting up in Scotland.

Over the past 20 years, investment in Europe has paid off. The signs are that this will continue. Europe needs to trade in free world markets. The Continent includes the great majority of the free world's most prominent democracies, which means that concepts such as free trade, fair competition, reward for initiative, and redressment of grievances through the courts are all practiced and encouraged. The U.S. is concerned about protectionism in Europe, and Europeans are concerned about U.S. protectionist measures. But over 95 percent of goods flow freely between Europe and the United States. A constant war is waged by the Administrations on both sides of the Atlantic to ensure that protectionism does not grow.

### U.S. OUTWARD AND INWARD INVESTMENT 1970 AND 1980.

	U.S. Investment Abroad (\$bn)		Foreign Investment in U.S. (\$bn)	
	1970	1980	1970	1980
European Community	20.3	76.6	7.4	37.9
Canada	21.0	44.6		9.8
EFTA and Spain	10.5	18.2	5.9	5.6
Rest of the World		60.4		12.2
	51.8	208.8	13.3	65.5

Source: Survey of Current Business, 1981

## Investment Opportunities

Companies across Europe, particularly in the high-technology sectors, are looking for partners from outside the E.C. There is no shortage of finance, but there is a shortage of marketable ideas and of the technologies to back these up. European companies are looking to use the numerous financial and fiscal incentives that are available in Europe at national and E.C. levels to take licenses from, buy from, or act as agents for companies in North America and Japan. The current investment climate strongly supports such initiatives.

Under the Lomé Convention, the E.C. has close working relationships with 64 developing countries. Government and E.C. funds are available to support activities in these countries. Project teams must come from an E.C. base, but joint ventures and joint investment activities involving companies from North America and elsewhere are encouraged, provided those companies operate in Europe and in conjunction with European companies.

Considerable investment is taking place in all forms of energy conservation and research into new forms of energy. An increasing number of firms that are developing activities in this sector are looking to buy new ideas and technology. National and Europe-wide energy-saving programs are being given high priority.

The reform of the E.C.'s Common Agricultural Policy will encourage innovative activities and entrepreneurs in all aspects of agriculture from production through distribution and marketing, as the present heavy subsidies are reduced and producers need to achieve increased productivity to remain competitive.

All political parties across Europe are keen to support the development of small and medium-sized businesses. There are opportunities for start-ups, joint ventures, and the purchasing of existing small and medium-sized firms. Considerable venture capital is available from private and public sources, and the amount is increasing, particularly for innovative and entrepreneurial activities at the E.C. as well as the national level.

Europe has always laid stress on its strong banking and financial services. This emphasis continues, and there are considerable efforts now being made to open up the provision of financial services across Europe. By 1984, 56 percent of Europeans were in service industries, only 37 percent in manufacturing, and 7 percent in farming. The E.C. Commission recently put forward a package of proposals for setting up a more unified European network of financial services. Financial intermediaries of all kinds are likely to find growing markets as Europe moves increasingly from manufacturing into service industries.

## Considerations for Investors

Corporations need to adapt rapidly to changed conditions and seize opportunities for profitable business as they occur. In Europe, it is necessary to monitor not only the business and economic policies of individual countries, but also the draft legislation of the E.C. and the commercial relationships of the E.C. with the rest of the world. Apart from general questions, which apply to foreign investment anywhere in the world, points specific to Europe include:

- Is an E.C. location necessary or will one in an EFTA country be equally good?
- Will E.C. competition policy affect distribution agreements, licensing agreements, and pricing policies?
- Have European and E.C. legislation affecting patent and trademark laws created new business opportunities?
- What are the best ways of dealing with cultural and language problems in Europe?
- What effect might E.C. product liability laws have in the future?
- What might the effect be of E.C. proposals on the provision of information to employees and employees' participation in management?
- What are the respective income tax and value-added tax rates in the target countries? €

John Drew is director of European affairs for Touche Ross International.

## FOR INFORMATION ON E.C. REGULATIONS...

In addition to its main Washington office (see *EUROPE Magazine* of January-February 1984), the Commission of the European Communities also operates an information office in New York City. Established in 1964, the public-inquiries section answers both written and telephone questions on all aspects of the European Community—especially on such subjects as company law, competition policy, customs legislation, statistics on E.C. member state economies and trade, and others—items of particular interest to U.S. corporations, law firms, universities, and other organizations in the New York area.

The Office of Press and Information in New York maintains a reference library which is open to the public Monday through Friday (from 12:00 to 4:00 or by appointment). The library is composed primarily of E.C. documentation (including Court of Justice, European Parliament, and European Investment Bank publications). Books and publications from non-E.C. sources number some 13,000 titles and are catalogued by author, title, and subject. Like the Washington office, the New York office has over 1,000 vertical files which are up-dated daily and which may be consulted by the public.

The New York office of the E.C. Commission provides an abundance of free information on E.C. activities in all areas. Sales items and subscriptions to official E.C. publications, however, are handled exclusively by the Washington office. For further information, write to the following address: Office of Press and Information, Delegation of the Commission of the European Communities, 1 Dag Hammarskjöld Plaza, 245 East 47th Street, New York, NY 10017. (212) 371-3804.

## NORTH AMERICA-EUROPE BUSINESS COOPERATION—OCTOBER 1, 1983, to APRIL 1, 1984

	Licensing Agreements	Joint Ventures	Cooperative Agreements With Capital Investment	Cooperative Agreements Without Capital Investment	Purchase of an Existing Company	Additional Investment in Existing Company	Set up of New Operation	Total
U.S.-E.C.	1	17	8	12	59	22	45	164
U.S.-Europe	—	1	1	1	6	3	3	15
Canada-E.C.	—	5	2	1	19	2	27	56
Canada-Europe	—	1	—	—	5	—	1	7
<b>Total</b>	<b>1</b>	<b>24</b>	<b>11</b>	<b>14</b>	<b>89</b>	<b>27</b>	<b>76</b>	<b>242</b>

# EUROPEAN MONETARY SYSTEM CELEBRATES

## PROGRESS ON POLICY CONVERGENCE HIGHLIGHTS FIFTH BIRTHDAY.

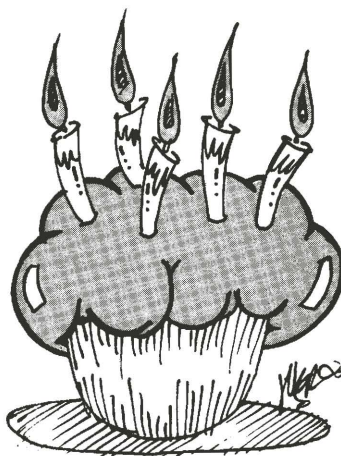
JOLY DIXON

**T**he European Monetary System (EMS) recently had its fifth birthday and there is cause for quiet celebration. The ultimate goal of establishing a zone of monetary stability within Europe is still a long way off, but significant progress has been made in three areas: convergence of economic policies, monetary stability, and development of the European Currency Unit (ECU).

### Convergence

Economic policy coordination in the European Community, as in larger groups of countries, such as those represented in the Organization for Economic Cooperation and Development (OECD) or the International Monetary Fund (IMF) is essentially an attempt to reconcile the freedom of sovereign states to choose their own economic policies with the constraints imposed on such policies by the growing interdependence of their economies. The E.C., both because of its high level of economic interdependence and its overall aims, has a very strong need for convergence. Although the institutional infrastructure has evolved, the results until recently have been somewhat disappointing, but the EMS has added an extra dimension to the process with encouraging results.

According to the Treaty of Rome



establishing the European Community, economic coordination within the Community should aim to ensure that E.C. member countries' economic policies are mutually compatible. Member countries are required to consult each other in formulating and executing their economic policies, and to consider the effects on others of their domestic economic policies. Over the years, the E.C. has built up a set of procedures to allow the implementation of these general provisions.

Economic policymakers are in frequent contact. The Finance Ministers and the central bank governors meet nearly every month, and their meetings are prepared in advance by various advisory

groups like the Monetary Committee, the Economic Policy Committee, the Coordinating Group. The E.C. Commission continually reviews economic conditions within the Community and has a statutory duty to propose policies for improvement. Once a year, the Commission produces an exhaustive examination, on the basis of which the Council of Ministers approves the "Annual Report" which contains explicit policy guidelines for each member state. Performance in relation to these guidelines is reviewed at regular intervals within the year.

The EMS has added a new ingredient to this policy coordination process. On a day-to-day basis, the exchange-rate system necessitates an increased amount of cooperation and consultation. Because exchange-rate fluctuations have to remain within prescribed margins, the central banks have to be prepared to intervene on the exchange markets by buying or selling the currency of one of the other participants in exchange for their own. Also, they may take actions before any intervention limit is reached. The divergence indicator was devised to facilitate this continual monitoring.

Realignments of central rates within the EMS are also proving to be an important new element in the process of policy coordination. There are no rules about the size or frequency of central rate adjustments, but there has to be common agreement. So far there have been seven realignments since the EMS was established and the extent to which these occasions have been used for a thorough review of economic policies within the E.C. has become more and more evident.

The devaluation of the Belgian franc in February 1982 marked a milestone for the implications of the EMS for economic-policy coordination, in that general agreement by all the participants to the adjustment was made on the basis of governmental declarations of major policy changes. Subsequent realignments were associated with an equally fundamental reorientation of a French economic policy aimed at reducing the rate of inflation and eliminating the external deficit.

### Monetary Stability

The EMS has exerted a stabilizing influence on the exchange rates of participating currencies both in the short and in the medium term. More recently, it has also helped in the movement toward greater price stability. The EMS has sharply reduced short-term volatility among participating countries. The average monthly

**Real Exchange Rate Variability**  
(average and maximum deviations from trend)

	Average		Maximum	
	1974-78	1979-83	1974-78	1979-83
DM	2.6	2.4	16.8	8.5
FF	4.0	2.5	15.1	8.8
Lit	2.3	1.4	16.9	7.0
HfI	1.4	1.5	6.7	6.5
FB	1.7	1.8	6.0	8.1
DKr	1.7	1.8	7.5	10.2
IR£	2.0	1.7	14.3	8.4

exchange rate change within the system is nearly three times less than the monthly fluctuations between the dollar and the Deutsche mark and nearly four times less than the dollar/yen fluctuation.

Medium-term volatility unrelated to underlying economic conditions probably does more harm in terms of misallocation of resources than short-term volatility. A measure of this can be obtained by looking at the deviation of exchange rates adjusted for inflation differentials from trend. The table shows that there has been a significant improvement since the start of EMS, especially for those currencies which were not part of the "snake" arrangement.

Monetary stability means first and foremost price stability, both in terms of a low overall rate of inflation and in terms of a small differential between the inflation rates in the E.C. member states. It was not expected that the establishment of the EMS would create price stability instantaneously. Initial progress, however, was disappointing, partly because of difficult external circumstances and partly because the constraints imposed by the exchange-rate mechanism have taken time to develop their potential and

were especially soft in the first years of the system as a number of high inflation countries entered the system with relatively undervalued exchange rates. More recently, there has been improvement and it is now expected that the average inflation rate in the E.C. will drop to under 5 percent in 1984.

### The ECU

Central rates are expressed in terms of ECU and the divergence indicator is based on the ECU. Also, the central banks of the E.C. have each transferred 20 percent of their gold and dollar reserves to establish an ECU pool, which can be used to settle debts between the central banks. In fact, the total use of these ECUs has been limited and the monetary authorities have shown a tendency to try to restore status quo positions, i.e., not to build up creditor or debtor positions in ECUs. This is probably related to two factors. First, the ECU does not bear a very attractive interest rate. Second, its existence is precarious in the sense that it is based on a system of three-month renewable swaps which was originally due to be unwound after two years, but which has subsequently been renewed for further two year periods.

In contrast, the increased use of the ECU by the private sector has been very encouraging. The short-term ECU market (interbank market and short-term transactions) is estimated to be worth more than 10 billion ECU (currently around \$8.2 billion) and the volume of long-term issues has grown rapidly. In 1981, there were only five ECU-denominated bond issues with a total value of under 200 million ECU. In 1983, there were 45 issues with a total value of more than 2.5 billion ECU. There are currently about 75 outstanding issues with a total value of over 5.5 billion ECU.

This may be a promising development both for European monetary cohesion and for the resistance of the EMS to external shocks. Freer use of the ECU in commercial and financial operations in Europe would require increased coordination of policies and thus contribute to convergence. More extensive international use of the ECU for invoicing, settlement, borrowing, and investment would also help to reduce the impact of external shocks, and spread it over the entire set of E.C. currencies. €

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



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EUJL84

# EUROPEAN SUMMIT REACHES AGREEMENT

E.C. BURIES THE BUDGET CRISIS AND STARTS TO MOVE FORWARD AGAIN.

FERDINANDO RICCARDI

**“W**hile possibilities are boundless, nothing is guaranteed,” said E.C. Commission President Gaston Thorn, putting in a nutshell the significance and implications of the results of the European Council summit meeting June 25 and 26 at Fontainebleau. “Possibilities are boundless,” because the settlement by E.C. heads of Government of the dispute over the E.C. budget, which has been holding the Community back for so long, has now left the E.C. free to take fresh strides in common policies, as well as undertake more ambitious projects. “Nothing is guaranteed,” because the budget compromise does not in itself constitute the relaunch so ardently sought.

It is now up to the national Governments and to the E.C. Commission, added Thorn, to restore the confidence in the Community that should never have deteriorated at all. If, in the second half of 1984, the budget situation is brought back to a completely even keel; if the negotiations on a new trade-and-aid treaty with 64 African, Caribbean, and Pacific states are concluded; if the talks

on the accession of Spain and Portugal to the Community are brought to a close; and if proposals for a “second-generation Europe” are worked out, then, and only then, will there be reason for satisfaction.

This somewhat cautious tone seems to contradict the enthusiasm of the statements made immediately after the conclusion of the talks at Fontainebleau when French President François Mitterrand declared that “new horizons have opened up to Europe” and Thorn himself declared that the scene had been set for the relaunch of Europe. In fact, what could so easily be taken as caution is really an appeal to the E.C. member states to make an effort: It is all well and good to have shaken off the yoke of past quarrels, but the Community must now move into a constructive phase. These exhortations are in no way intended to deprecate the importance of the extraordinary—and, for some, un hoped-for—results achieved at Fontainebleau.

The results of the summit are, first and foremost, of psychological consequence. The rather sordid or, to say the least, petty bargaining over the United Kingdom’s budget rebate, which was the downfall of the preceding European

Councils in Athens and Brussels and the focus of the media’s attention, gave the public a somewhat tarnished and largely distorted view of the Community and its actual significance for the countries and peoples it encompasses. Indeed, the mid-June elections for the European Parliament fell foul of this view. In reality, the Community has reached, since the Brussels summit in March, several important and often difficult decisions—not least on the reform of the E.C.’s Common Agricultural Policy—which proved that it had not lost its ability to act or decide. Nonetheless, the idea of a Community embroiled in crisis and lacking impetus crept into the European mind, sullyng the election campaign and undermining the European ideal. This view of Europe can now be corrected.

The Fontainebleau accords were, secondly, of political consequence, signifying the restoration of confidence among the 10 member states and their willingness to work together once more. Third, the summit put the house in order from an operational point of view. Most of the decisions taken or guidelines adopted at Fontainebleau will translate into concrete measures. The E.C. now will have the funds it needs to cover this year’s budget shortfall and, at a later date, additional “own resources.” It can go ahead and conclude the accession negotiations and also start work on new initiatives. A brief analysis of the decisions reached at the summit provides an overall picture of the situation, “warts and all.”

- **Correction of budget imbalances by the payment of a rebate to the United Kingdom.** The heads of Government decided to reject solutions that may have been more technically and intellectually satisfying, but were also more complicated. They opted instead for a simple formula whereby the United Kingdom would receive a rebate of 1 billion European Currency Units (ECU)—currently about \$800 million—for the 1984 financial year. Thereafter, 66 percent of its “deficit” with the E.C. budget (taking account only of its value-added tax (VAT) payments) would be paid back by further annual rebates. This system will apply as long as the new ceiling on the E.C.’s “own resources” is maintained. The solution is not without its ambiguities, however, especially as regards the length of time it will actually be valid. Nonetheless, it has the merit of wiping the slate clean of several years’ conflict over the budget.



E.C. heads of Government, meeting in Fontainebleau June 25 and 26, worked out solutions on a number of problems facing the Community.

- **New “own resources.”** The E.C. VAT



ceiling, which currently stands at 1 percent, is to be increased to 1.4 percent once the ratification procedure has been completed in all the member states and by 1986 at the latest. This means that the E.C.'s income could rise by as much as 6 billion ECUS a year. Lastly, the VAT ceiling may be raised to 1.6 percent after 1988—if the Ten agree. Thorn has indicated that this 1.4-percent rate is, as far as the Commission is concerned, the most disappointing result of the summit. He believes it to be inadequate, especially now that the E.C., in fact, has already exceeded its 1-percent ceiling. Indeed, the 1984 and 1985 budgets correspond, more or less, to a rate of 1.12 percent—to which has to be added the cost of disposing of certain agricultural stocks (in order to straighten out the agricultural situation before the reforms start to take effect) and the financial outlay that will follow the accession of Spain and Portugal in 1986. This means that the new 1.4-percent ceiling will already be straining at the seams by 1986 and that the cumbersome procedure for another increase will have to be started all over again.

- **Covering the 1984 budget shortfall.** The heads of Government did not actually sort out the details of how the shortfall was to be covered, but they did ask the E.C. Council of Ministers to take the necessary measures to meet the requirements of the 1984 budget so as “to ensure that the Community would be able to operate normally.”

- **The enlargement of the Community.** The heads of Government confirmed that the accession negotiations should, in theory, be concluded by September 30, 1984. The deadline will probably be met in Portugal's case, although the negotiations with Spain could go on until the end of the year, given that the accession of the two new E.C. member states is still scheduled for the beginning of 1986. The E.C. leaders presented some guidelines for achieving these objectives, notably deciding that the common organization of the market in wine should be reformed in such a way as to ensure the control of the amount of wine produced in the Community—a major decision that the E.C. Council of Agricultural Ministers would have probably required long and difficult negotiations to reach.

- **Special measures for German farmers.** The heads of Government agreed that the Federal Republic of Germany would be given VAT relief of 5 percent (instead of the 3 percent decided at

the end of March) to compensate German farmers for their loss of income resulting from the dismantling of the Monetary Compensatory Amounts (MCAs). The Commission maintained its opposition to any measure that would affect the “common prices/MCA dismantling/related measures” package adopted by the Council. Indeed, if the Commission had conceded to any amendment of the package, it would have been swamped with similar requests from the other member states. Nonetheless, the Commission bowed to the Ten's unanimous decision since it respects E.C. procedures and competence—the Treaty of Rome establishing the E.C. provides that the Council may decide unanimously to authorize state aid, even if it is theoretically illegal.


- **Budgetary discipline, particularly in the agricultural sector.** The guidelines which had been drawn up at the previous summit in March, but put on ice because of the budget dispute, were finally adopted. There are two prescriptions to this “budget discipline.” First, from now on, agricultural spending must increase more slowly than own resources so that the share of agriculture in the overall budget decreases to leave more funds for other common policies. Secondly, the E.C. institutions shall set a “frame of reference” for spending the following year that must be respected.

- **New policies.** Here, too, guidelines on a range of subjects worked out at the previous summit were adopted: the advancement of economic convergence and promotion of investment; the development of the E.C.'s technological and scientific potential; strengthening the internal market to allow European enterprises to use the Continental market to greater advantage; the adoption of outline programs in the field of telecommunications and biotechnologies (by increasing the portion of E.C. funds allocated to finance research activities); the gradual liberalization of services, notably in the transport and insurance sectors; the implementation of a common transport policy and a program of transport infrastructures benefiting the Community as a whole; encouragement of cooperation between enterprises; full use of the E.C.'s financial instruments; and improvement and development of the European Monetary System.

- **Social policy.** Work towards the creation of a “European social continuum” must be pursued by gradually implementing the Community's “medium-term social action plan” which was set out by the

Council on the basis of proposals from the Commission.

- **Promotion of a “People's Europe.”** The heads of Government decided that the E.C. should strengthen and promote its identity and its image both for its citizens and for the rest of the world. They agreed on a series of measures, some of which will be implemented in the near future, such as the European passport. This document will take the form of a uniform national passport bearing the words “European Community” and will be made available to citizens at the beginning of 1985. Other measures will be studied further, with a view to reaching final decisions in the first half of 1985: abolition of border formalities for people crossing intra-Community frontiers, a single document for the movement of goods, and a system for ensuring the equivalence of university diplomas. Other measures to be examined are the minting of a European coin (the ECU), the adoption of an E.C. flag and anthem, measures to combat drug abuse, and the formation of groups of European volunteers wishing to work on development projects in the Third World. An ad hoc committee will be set up to prepare and coordinate this action.

- **Future development of the European Community.** The E.C. leaders' decision to set up an ad hoc committee consisting of the personal representatives of the heads of Government which would make suggestions for the improvement of E.C. and political cooperation, appears at first to be rather meager, but it has to be considered in the light of other factors. The future committee is purposely molded on the “Spaak Committee”—which prepared the Treaty of Rome—and its function, therefore, is similar. One of its main tasks will be to study a new European union treaty on the basis of the Spinelli draft adopted by the European Parliament. The newly elected Parliament will be keeping a close eye on this work, and will, at some point, be involved in it. Raising the issue of the actual goals of this initiative, Mitterrand referred to the solemn declaration to which the Genscher-Colombo act gave rise and to his own speech at Strasbourg, both of which stated that the aim is first to improve what exists already (such as greater use of the majority vote at the E.C. Council of Ministers) and then to take on an additional, new treaty leading to genuine European union to which the Ten would lend their unstinting support. 

F. Riccardi is editor-in-chief of the *Agence Europe* newsletter in Brussels.

# EUROPE'S TRAINS AIM FOR 21ST CENTURY

HIGH-TECHNOLOGY ADVANCES ARE GIVING THEM A NEW LEASE ON LIFE AND ATTRACTING BUYERS.

DAVID DICKSON

Coasting smoothly through the fertile plains between Paris and Lyons on special tracks at speeds approaching two hundred miles an hour, passengers on France's new *train à grande vitesse* (TGV) have often commented that they feel as if they are flying across the landscape.

The impression is one that the TGV's promoters have been keen to maintain. Once considered an outdated technology that would soon be overtaken by the private car and the passenger aircraft, the train has in recent years been given a new lease on life in Europe by advanced technologies that allow it to reach levels of speed and convenience sufficient to remain highly competitive as a form of mass transportation.

Different high-speed trains are currently under development in France, the United Kingdom, and the Federal Republic of Germany. Initially each country is starting by concentrating on its domestic transportation systems. France, whose system is the most advanced, currently has 250 miles of specially constructed track connecting Paris to the southeast of

the country and has recently approved the construction of a similar system linking the capital to Bordeaux and the southwest.

Each country, however, is keenly looking for overseas markets, stressing the advantages that passenger trains now offer over other forms of travel, particularly for connecting cities lying several hundred miles apart. Intense interest, in particular, is now being focused on potential systems that could be built in the United States, such as a link between Los Angeles and Las Vegas, between Orlando and Tampa in Florida, between Dallas and Houston, and perhaps even between New York and Washington, D.C.

European countries have slightly different approaches. In the United Kingdom, for example, British Rail has been working for the past 15 years on the development of an electrically powered, streamlined Advanced Passenger Train (APT), capable of travelling on conventional tracks at speeds up to 160 miles an hour. So far, Britain's efforts have met with mixed success. Early in 1982, an experimental version of the train was introduced into regular service on the London-to-Glasgow line, but was with-

drawn after several weeks due to problems with a hydraulic mechanism designed to provide the tilt needed to take conventional curves at high speeds.

An alternative electrically powered tilt system is now under development, and British Rail engineers remain confident that the APT will eventually prove sufficiently reliable to enter full public service. Furthermore, with one eye firmly placed on the potential export market, they are also continuing to develop Britain's existing diesel-powered High Speed Train (HST), which, although slightly slower (with a maximum speed of about 160 miles an hour), is claimed to be much less complicated, and thus less costly, to install than an electric-powered system such as both the TGV and the APT.

The Federal Republic of Germany already has its own version of the high-speed train operating on some of its internal routes, although at speeds considerably lower than the French and British systems. However most of its development work is currently going into an alternative system, known as magnetic levitation (or mag-lev for short). The principle of the system is that electrically-powered magnets produce a magnetic field which allows both the engine and the passenger carriages to float above a central guide rail, eliminating any contact between the train and the rail, and thus reducing losses due to friction and moving parts to a minimum. The system has the advantage that the single-rail track is considerably cheaper to build than the conventional two-rail track.

Using such technology, the German company Messerschmidt-Bölkow-Blöhm has already been testing two train sections on a 15-mile test track in Lower Saxony, where they have reached speeds of almost 200 miles an hour. When the track has been extended, it is expected that the train, known as the Transrapid, will be able to travel even faster, up to 250 miles an hour. High-speed tests are expected to be completed by 1986, and the company has already identified 50 sites across the world—for example, between European cities or links between cities and airports—where it claims the new system could be profitably introduced. One prime candidate is on the Los Angeles-Las Vegas route, which U.S. consultants have calculated could be covered by mag-lev trains in just over an hour, and at roughly half the cost of conventional airfares.

Undoubtedly the most advanced system, however, is France's TGV. Introduced into passenger service in 1981, the



France currently has 250 miles of specially constructed track for high-speed trains.

TGV has proved to be a technological triumph, having established the world speed records both for experimental trains (230 miles an hour, set in 1979) and, according to *Railway Gazette*, for regular passenger services (covering 75 miles between at Le Creusot and Lyons at *average* of 116 miles an hour). When traveling at such speeds, the momentum of the TGV gives it the advantage of being able to climb steeper inclines than a conventional train without a significant loss of speed, a factor which considerably reduces the costs of the tracks since in many cases it has reduced the need for tunnels or deep cuttings.

The reduced time taken between stations (the Paris to Lyons trip has been cut from three hours and 50 minutes to two hours), as well as the relatively lower ticket costs, have both been major factors in enticing passengers away from airlines. One passenger survey found that 39 percent of first-class passengers would have taken a flight to Lyons rather than used the conventional train, and 12 percent of second-class passengers would have done the same. For the trip to Geneva in Switzerland, inaugurated last year, the proportions were even higher—45 percent for first-class passengers and 26 percent for second class.

These figures are being used as a major selling point for the TGV in its bid for foreign contracts (there are high hopes, for example, that the two companies which developed the TGV, Alsthon Atlantique and Francorail, will be asked to build the Orlando-Tampa connection in Florida, where the terrain is ideally suited to the TGV's capabilities). They are also being watched with concern by airline companies, which are already reporting a significant drop in passengers on domestic routes covered by the new train.

The situation is expected to repeat itself when the new TGV network, linking Paris to the southwest of France, comes into operation in 1989. The construction of both the new track and of the special engines and carriages is likely to result in heavy expenditure by the Société Nationale des Chemins de Fer Français (SNCF) which could require cutbacks in other areas of capital investment. A report published by the Government at the beginning of June estimated that the total cost would be over \$1 billion, 70 percent of which will have to be borrowed on commercial markets.

However, the Government expects that, if demand reaches the anticipated level, the investment will begin to pay for itself soon after the new system comes into operation. In addition, the whole project will create over 4,000 jobs and

will provide an important new showcase for France's technological skills—two factors which have helped persuade the Government to agree to provide 30 percent of the total costs.

If the technical challenges of high-speed trains have been successfully met, the outcome of the social and political challenges of putting the system into operation remains less certain. The French Ministry of Transport, for example, is already facing stiff opposition to its plans for the new TGV from farmers and local politicians on some of the regions through which the line will travel. Responding to such criticisms, the Government has announced that, in one particularly productive wine-growing area close to the Loire Valley, it is prepared to put the TGV in a tunnel to minimize its disruption to the

Channel to London, a project which is currently under close scrutiny on both sides of the Channel, but still remains undecided.

European politicians see national rivalries as a damper, but not necessarily a barrier, to the development of high-speed systems. Some tough diplomatic bargaining may be called for and various initiatives are already underway. France and the Federal Republic of Germany, for example, are the co-leaders of a working group on high-speed trains set up after the 1982 economic summit meeting in Versailles (one of eighteen such groups covering different areas of international collaboration in research and technology).

According to a report prepared for the London summit in June 1984, this working group, whose members include Italy,



British Rail's high-speed train travels at speeds up to 125 mph.

vineyards of the region. Even this, however, continues to raise concerns that the vines could be disturbed by vibrations caused by the train; at the end of May, two policemen and two agricultural workers were injured in fierce confrontations that took place when surveyors arrived to take preliminary measurements.

Internationally, too, there are major problems to resolve. French politicians would like to see the TGV used to link cities in France and the Federal Republic of Germany. The Germans agree to the principle of an upgraded railway system between the two countries but, not surprisingly, would prefer to give preference to their own mag-lev technology, which they hope to have in service next year. Another proposal is to build a high-speed corridor leading northwest from Paris and linking it to Brussels and Amsterdam. The economic viability of this, however, would only be assured if it could include a "branch line" leading under the English

Japan, and the United Kingdom, has set itself three main aims:

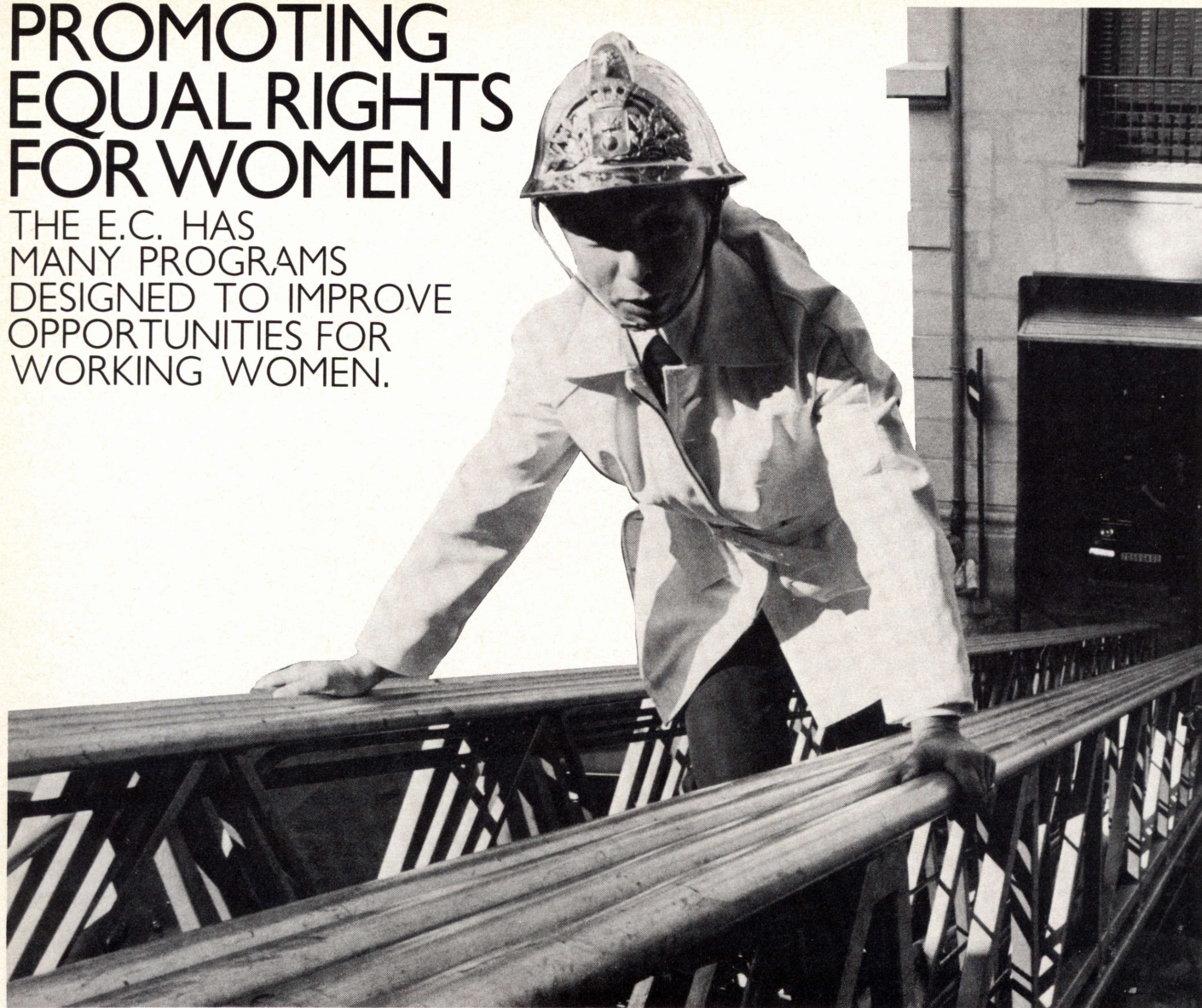
- Intensify the exchange of scientific, technical, and economic data of the development and construction of high-speed systems.
- Elaborate the methodical basis for the socio-economic assessment of high-speed systems.
- Carry out a feasibility study on the high-speed land transport networks.

The short-term goal is two-fold: to develop a European network of high-speed trains and to use this experience as the basis of a European industry well-placed to sell its products worldwide. Both goals are ambitious. But with some substantial successes under their belt and new technological promises shining brightly in front of them, Europe's engineers and politicians feel that both are well within their grasp. ☛

David Dickson is a European correspondent for *Science 84*.

# PROMOTING EQUAL RIGHTS FOR WOMEN

THE E.C. HAS  
MANY PROGRAMS  
DESIGNED TO IMPROVE  
OPPORTUNITIES FOR  
WORKING WOMEN.



In the European Community, 52 percent of women aged between 14 and 59 have a job or are looking for work. The proportion is increasing under the double pressure of women's desire for independence and their need to boost family income. Out of a total working population estimated at 118 million, women account for about 44 million. Of these, 69 percent work in services, 25 percent in industry, and 6 percent in agriculture. There are more women out of work than men, in proportion to their share of the total workforce. Women make up 41 percent of Europe's jobless. They are often the victims of the fact that their training is no longer suited to present-day economic needs. Also, the recession has made women's jobs more vulnerable. Unemployment has had, indirectly, a negative effect on the rights of women.

At the same time, women occupy 90

percent of Europe's part-time jobs. Such jobs frequently carry the same benefits as full-time work, but they rarely lead to promotion or a more responsible job. The employment of women raises other problems, which cannot be illustrated in figures. Equality in education and training, equal pay, and equal social-security rights are objectives set by society. But in many cases there is still a wide gulf between principle and practice.

The E.C. is constantly striving to improve the lot of working women as part of its efforts to better the working and living conditions of all its citizens. Article 119 of the Treaty of Rome, the agreement which created the Community in 1957, states that "each member state shall . . . ensure and . . . maintain the application of the principle that men and women should receive equal pay for equal work." The chief reason for including this article at the time was undoubtedly economic. It

was necessary to avoid a situation where fair competition between member states of the E.C. would be distorted by lower wages for women, compared with men, in some member states. But later events show that social considerations gradually took over.

At the Paris summit in 1972, the E.C. Heads of State or Government agreed to create a European social policy. The E.C. Commission then drew up a social action program, including measures in favor of women. In 1974, the E.C. Council of Ministers agreed to take steps to ensure equality between men and women in access to jobs, training, working conditions, and wages.

As a result of this agreement, the Commission drew up a series of action programs. In 1975, it published a memorandum on equal pay for men and women. In 1981, it tabled a new program dealing with equality of opportunity. This was

approved by the Council of Ministers in July 1982 to cover the period up to the end of 1985. The program created a consultative committee on equality of opportunity, grouping representatives of similar organizations in the member states. The committee acts as a liaison between the work of these national bodies and helps the Commission to implement its action program. The European Parliament has also shown an active concern for the problems of women and set up a special women's committee in 1979. An important debate was held in January 1984 on the problems of women.

### Equal Pay

In February 1975, E.C. ministers agreed upon a European directive which put the principle of equal pay in concrete form. Since 1979, this directive has obliged E.C. member states to adapt their laws to forbid all sex discrimination at work, particularly in the area of job descriptions. Member states also must give workers who believe this right has been transgressed the right and opportunity of redress in the courts. The directive prevents the retaliatory sacking of a worker who exercises this right.

This right of legal redress is crucial. It gives legal protection to workers in an area frequently not covered in previous national legislation. Anyone who believes their rights have been infringed can lodge a complaint in the courts or some other competent national tribunal. If a dispute arises about the interpretation of Community legislation, the case is referred to the European Court of Justice. There have been many such "preliminary rulings." In 1979, the Commission reported to the Council of Ministers that the "equal pay principle had not been fully respected in any Community country." This state of affairs, which still applies, led the Commission to take proceedings in the European Court against the member states.

### Equality at Work

Working conditions for women vary from one country to another. But similar problems arise to different degrees in all countries:

- Inadequacies in career-guidance and training for girls and women, who often opt for shorter education and training periods, offering lower qualifications and poorer job opportunities.
- The impact of family responsibilities—marriage and child-rearing—on women's careers. Often the problem is caused as much by the exaggerated fears of em-

ployers as by the actual effect on a woman's working life.

- The predominance of women—partly for the above reasons—in a narrow range of jobs, needing the least qualifications and offering the lowest pay and promotion chances.

A Community program to promote equal job opportunity for women complements the legislation on equal treatment. It aims to bolster individual rights through concrete efforts to positively promote job opportunities. Against the background of the recession, which worsened discrimination against women, equal opportunity requires sustained efforts to consolidate the gains already made through legislation.

The 1982-85 action program is aimed at consolidating the principle of equal treatment by strengthening individual rights. Specific measures include:

- Better monitoring of the application of the various European directives; streamlining the complaints procedure; the abolition of protectionist measures which bar women from certain jobs and promotion opportunities.
- Improvement of the occupational status of self-employed women and women employed in agriculture, especially in family businesses. The Commission has drawn up a draft directive covering equal treatment in these areas.
- Reforms of provisions of the tax system which have a negative impact on the employment of women.
- A variety of measures concerned with the improvement of living and working conditions: increased parental and family leave; extensions to the network of co-operatives and their facilities; strengthening and harmonizing measures to protect the rights of pregnant women and mothers.

The program also is aimed at achieving equality of opportunity in concrete terms, in particular through measures to promote positive discrimination:

- Attempts to change attitudes to women at work; efforts to promote better relations between men and women at work, in the home, and in society at large.
- An increased range of training opportunities for women and girls, partly through the E.C. programs on vocational training and preparation for working life. A better employment mix in all jobs and industries and at all levels of seniority, taking account of the development of new occupations and technologies and their impact on job-opportunities, qualification requirements, and health and working conditions.
- The application of the principle of equal treatment to immigrant women.

### Equality at School

The range of job opportunities for women—or the lack of them—begins in the classroom. Schoolgirls far too frequently are still the victims of prejudices which close off career opportunities which are increasingly opening to them. The 1982-85 program concentrates on informing girls, their parents and the schools of the full range of available job opportunities and on promoting a wider range of job choices and familiarity with new technologies, through career guidance, training, and retraining.

The E.C. supports a series of pilot programs and experiments in the exchange of information which are to be extended following resolutions adopted by E.C. Education and Social Affairs Ministers in June 1983. One of these resolutions deals with vocational training in the 1980s. It aims to promote equality of opportunity in access to jobs. In particular, it is designed to encourage more women to train for jobs in which they are traditionally seldom found. Two other resolutions were concerned with the introduction of new computer technologies into education and vocational training. They contained specific proposals to encourage more women to enter this new field of employment.

The Commission has also set up a group to encourage the creation in member states of integrated education and training programs to establish a wider job choice for women and entice them into new technology industries.

### Equality in Social Security

Discrimination between men and women by social-security systems is still widespread. This stems from a traditional image of the family, which sees the father as the bread-winner and the mother as the home-maker. The result is unfair treatment of women, especially those with dependants, which must be abolished. The Treaty of Rome states that "equal pay" means not only equal wages or salaries, but also equality for "any other consideration, whether in cash or in kind, which the worker receives, directly or indirectly, in respect of his employment from his employer."

By December 19, 1984, all member states must abolish discrimination in statutory social-security schemes, covering illness, invalidity, old age, accidents at work, occupational diseases, and unemployment, as well as family allowances. The directive applies to all workers, whether employees or self-employed. Part of the 1982-85 action program is a

draft directive which seeks to extend these provisions to in-work social-security schemes. The same risks and categories of beneficiaries were covered. The new proposals would apply to schemes operated by employers, trade-union agreements, and even self-help organizations for self-employed professional people.

### The European Social Fund

Set up by the Treaty of Rome, the European Social Fund is the Community's major weapon against unemployment. It goes without saying that men and women have equal access to schemes financed by the fund. But it also subsidizes training schemes aimed specifically at women. Thus, the fund supports:

- Schemes to train women over 25 years old whose existing qualifications are lacking in some way. They benefit women who have lost their jobs as well as women who wish to return to work after giving up their careers. In 1982 14,000 women took part in programs of this kind with the help of aid from the Social Fund totalling 26.2 million European Currency Units (ECU), about \$25.6 million at the time, compared to the 7.7 million ECU with which the schemes started in 1978. Priority is given to projects which encour-

age a better mix of employment in new industries and areas where women are traditionally under-represented. Second-level priority is given to victims of large-scale redundancies and women who wish to gain a more responsible job in traditionally female professions. To ensure that the schemes make a real contribution to problems of female employment, they must involve some sort of job-experience program or a widening of job choice with financial assistance towards finding employment.

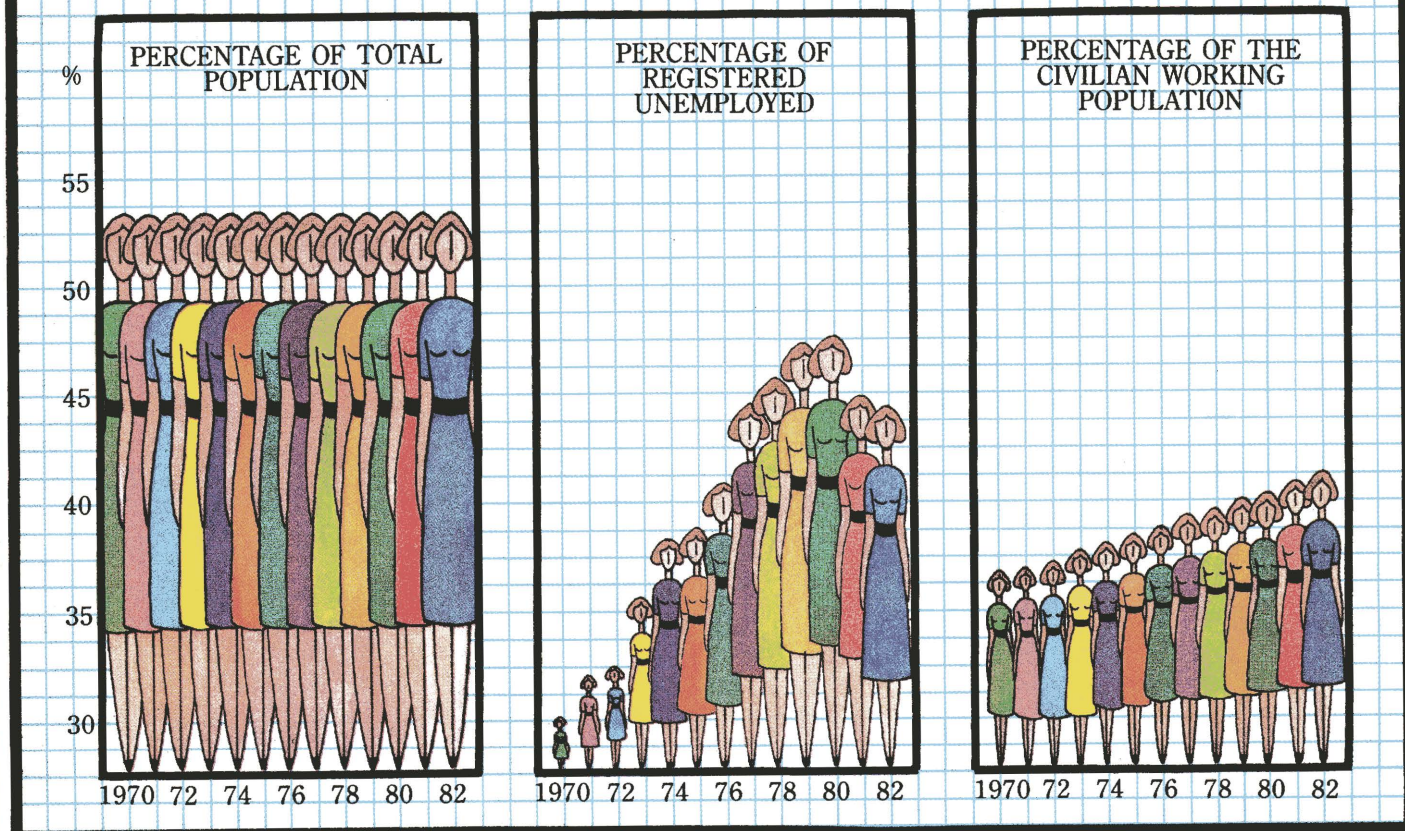
- Projects for women aged less than 25, for the most part unemployed, who wish to learn a new trade or enter a profession where women are seldom found. In 1982, 35,000 young women benefited from schemes of this kind. This was double the number in 1981 and the figure will continue to increase sharply. The Social Fund is to reserve 75 percent of its resources in future for young people because of their special vulnerability to the high levels of unemployment in Europe.

The E.C. Commission itself has set up specialized services to tackle women's problems. The women's employment and equality office coordinates the activities of various Commission services in the promotion of jobs for women as well as the activities of other E.C. institutions such as the European Center for the

Development of Vocational Training in Berlin. The office plays a central and motivating role in E.C. activity on wages, social security, family policy and Social Fund grants. It runs the E.C. action programs, both in the field of women's rights and concrete assistance. It monitors and promotes the application of European directives on women's rights in the member countries. It ensures that the particular problems of working women are taken into consideration in all Community policies.

The press and women's organizations information unit keeps constant contact with the leaders of women's groups who are able to convey information on Community activities to the 140 million women in the E.C. The unit's activities include the organization of seminars and conferences; providing information for women's magazines; the bi-monthly publication *Women of Europe* and various special studies. *Women of Europe* is published in seven languages and provides information on those aspects of Community institutions and policies which affect women. It also covers women's rights, developments in national institutions, laws and current affairs, and the activities of national and international women's organizations.

## WOMEN IN THE EUROPEAN COMMUNITY



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# EUROPEAN ELECTION PROVIDES SURPRISES

BUT LOW TURNOUT AND NATIONAL ISSUES MAR VOTE FOR PARLIAMENT.

IAN MURRAY

**T**he longer people live in a democracy, the less they are prepared to do to protect it. That is the theory being pressed now by dedicated Europeans to explain the overall poor response to the second direct elections for the European Parliament. On June 14 and 17, there were elections to choose 434 representatives for the 270 million

citizens of the 10 countries in the European Community. Helped by a low turnout—in European terms—of just under 60 percent, the results were bizarre and even worrying. But they were worrying in that they showed up some extreme trends in European democracy, not because the Parliament has sufficient powers to make its handful of new extremist members dangerous.

It is that lack of really obvious tangible

power which has made it difficult for the Parliament to find a real personality and role in the European Community. That, in turn, has led to public disenchantment with what ought to be the most exciting elected assembly in the world. Europeans have tended to regard it increasingly as an expensive irrelevance, made up of over-paid self-promoters or idealists. They have failed to understand that it is, in fact, an essential democratic sounding board, capable of shaping and influencing the future of Europe.

During the first five-year term of the directly elected Parliament, it did try to flex its muscles and can claim to have forced member states to spend money on other things than the E.C.'s crippling expensive Common Agricultural Policy. The tiny E.C. budget is now exhausted, precisely because money is being spent, at Parliament's behest, on projects to further research, tackle unemployment, and help the Third World.

However, Europe's 200 million voters seemed uninterested in that when they



"With us for Europe." A campaign poster from the Federal Republic of Germany's Christian Democratic Union Party.



were called to the polls. In every country, without exception, the election was fought on national issues and was used as a public-opinion poll—rather like a mid-term congressional election. The extremists did well because they were the more motivated; the soft liberal-center parties did badly because they were not. And because Governments in power tend to be unpopular, the vote went against them virtually everywhere. The biggest losers were Thatcher's Conservatives, who had dominated the British membership in the old Parliament by taking 60 of the 81 U.K. seats.

This time, the British once again showed their deep-felt indifference to the European dream by staying away from the polls. Only 32.4 percent bothered to vote, but it was enough for the Labor Party to take 14 seats from the Conservatives and for Neil Kinnock, the Labor leader for just a year, to proclaim this a great victory. Thanks to the first-past-the-post system, the Liberal-SDP alliance won 20 percent of the voters and no seats. But the biggest upset of all came in France, where President François Mitterrand's Socialist programs have been struggling for survival. Since Mitterrand came to power in a surge of near revolutionary feeling three years ago, the realities of the world economy have been forcing him to move further and further to the right, even though he still retains an uncomfortable coalition with the Communists.

The European elections provided a perfect opportunity for the anti-Socialist parties to get together and prove that they were the real majority in France once again. They did so easily, with the Socialists and the Communists picking up only about 39 percent of the poll. The Communists recorded their worst results since the 1930s and appear to be in an accelerating decline as they remain the Western Communist party with the closest links to the Kremlin.

While the Socialists and Communists are now beginning to regret ever forming a coalition in the first place, an alarming new political force has surged to the forefront in France. It is the extreme right, which fought a campaign based on immigration and national-security policies, and which succeeded in coming from nowhere to win as many seats in the new Parliament as the French Communists. It actually won half as many votes as Mitterrand's party, a fact which sends a shiver down the spines of those who remember the war. The French National Front will now be able to form a group in the new Parliament with five Italian and one Greek members of Parliament from



the extreme right. Group status is awarded to any collection of 10 or more members, provided they come from more than one country. Being a group, they have the automatic right to sit on the policy-making committees and to benefit from parliamentary funds for research and administration costs.

Another new group also looks likely to be formed within the Parliament. This will be composed of anti-nuclear ecologists from the Federal Republic of Germany, Holland, and Belgium and it is no coincidence that their success has been in three of the countries chosen by the North Atlantic Treaty Organization (NATO) as sites for cruise and Pershing II missiles.

There has also been some success for regionalists in what is meant to be an election for a pan-European institution. The Flemish now have two members to champion the cause of Flanders. The Scottish nationalists retain control over the far flung Highlands, and a Sardinian nationalist will take his break-away cause to Strasbourg. In Holland, a strict Dutch Calvinist group won a seat to be used as a pulpit for preaching against the devils of Europe. The main finding of the election—apart from the fact that people were not very interested in it—was that Europe remains center right in its political make-up. In Britain, the Conservatives still stayed well in front. Chancellor Helmut Kohl lost only a tiny part of the support which swept him to power. France voted heavily against the left. The Irish Labor Party was hammered. In the three Benelux countries—all ruled by center-right coalitions—there was a swing to the left, but nowhere strong enough to have unseated the Governments.

It was in the hot and poor Mediterranean that the left did best. In Greece, Andreas Papandreou's PASOK Party managed to stay in front of New Democracy, despite a swing away from his particular brand of Socialism. And in Italy, the Communist Party made a great breakthrough just by beating the Christian Democrats to become the largest party in the country. Their success, however, is seen as an emotional tribute to the party's leader, Enrico Berlinguer, founder of Eurocommunism who had died in the week before the elections. The result may not be permanent, but it does put a question mark over the future of the Socialist-led coalition Government.

The other coalition in question is in the Federal Republic of Germany, where the Free Democratic Party (FDP) failed to break through the necessary 5 percent barrier to win any seats at all in the Parliament. FDP, the German liberal party, is led by Hans-Dietrich Genscher, the long-serving Foreign Minister. Only his formidable international reputation would now seem to be protecting him since his political power base has gone.

But the real loser of the elections could be Parliament itself. Pieter Dankert, its President, said at the end of the last session that there might never be a third direct election if the Parliament failed to win more power over the next five years. National Governments have never been anxious to give any extra power to it. With the black of fascism and the red-tinted green of the ecology movement now coloring the assembly, there could be even greater reluctance than before to give anything away. €

Ian Murray writes for *The Times* of London.

# EUROPE LEADS PACK IN FUSION RESEARCH

EURATOM'S  
ACHIEVEMENT  
WITH THE "JET"  
PROJECT IS A  
MAJOR STEP  
TOWARD  
HARNESSING  
THE ATOM.



To date the Joint European Torus (JET) is the most ambitious experiment in the world aimed at harnessing nuclear fusion. Shown above is the JET apparatus, with the massive limbs of the transformer core.

JEAN-PIERRE POFFÉ  
and FRANÇOIS SAND

Last April 9, Queen Elizabeth and French President François Mitterrand met at Culham, near Oxford, in England, to inaugurate one of the most remarkable European achievements in research into the peaceful use of the atom. To date the Joint European Torus (JET) is the most ambitious experiment in the world to attempt to harness nuclear fusion. This project was launched in 1973 by the European Community in association with the various national laboratories involved in this type of research.

The first experiments were started in June 1983. Since Christmas, the Culham researchers have been able to see the realization of their first hopes. At stake is the creation of a tiny piece of sun in the laboratory and to tame it for the benefit of mankind—a prize more than three thousand physicists throughout the world hope to win. Although mankind is capable of liberating the formidable power of the atom in immensely powerful explosions,

the harnessing of the same power to serve mankind is a far more delicate matter.

In this respect, JET is a decisive step toward controlling nuclear fusion. In order to give an idea of what is at stake we may point out that the energy contained in the deuterium in a liter of water is equivalent to eighty liters of gasoline. Thus, harnessing nuclear fusion would create a virtually unlimited source of energy. Ever since the end of the 1940s, the fundamentals of research into atomic fusion have been clearly defined, but achieving and maintaining for several seconds the temperature of several tens of millions of degrees necessary for triggering of the reaction was hardly more than a dream.

### The Beginning

In stars, where fusion reactions are constantly taking place, matter is in the form of plasma. This is also the word used to refer to the state of gases heated to an extremely high temperature in which the atoms dissociate into free ions and electrons. The environment thus achieved is

usually luminous, extremely conductive electrically, and its most common form is the flame. In stars, the force of gravity is enough to maintain the cohesion of this mass of low density gas. In the laboratory,



The heart of the Tokamak: aiming for a temperature of 100 million degrees.

very large magnetic forces must be used to confine a very low mass of hot plasma and to keep it away from the material walls of the confining structure. The technique is extremely complex and difficult to implement.

In 1956 it became apparent that the mastery of the process lay beyond the reach of teams working in isolation. Thus a political decision was taken to suspend the secrecy of research in this field. Since 1958, the year in which the Second Conference on the Peaceful Uses of Atomic Energy was held in Geneva, research into controlled nuclear fusion has been conducted in the same atmosphere of international cooperation found in fundamental research.

Roughly the same period (1957) saw the birth of Euratom, which proved to be an ideal structure for coordinating research efforts in the field of nuclear fusion. Ever since, Professor Donato Palumbo, who was in charge of the European fusion program, has pursued the idea of integrated European research. The Europe of nuclear fusion has come quicker and gone further than the Europe of the politicians.

Between 1959 and 1969, national laboratories carried out experiments exploring different approaches on numerous machines of a modest size. In 1969, as a result of the extremely encouraging results obtained by the Soviet Union the year before on its "Tokamak" machine, Euratom carried out a thorough review of its program and decided to concentrate its attention on this approach. The construction in Europe of three reactors of the "Tokamak" type—Pulsator at Garching in the Federal Republic of Germany, TFR at Fontenay-aux-Roses in France, and FT at Frascati in Italy was approved.

### **A Second-Generation Machine**

As a next step, in 1971 Euratom entrusted the task of determining the broad lines of a second-generation machine to a European working party. This was to be the Joint European Torus: no longer national but European, and a far more ambitious project altogether. In 1973, a team was brought together at Culham to work out the details of the project. This task was completed in 1975.

The team then spent two years in the wilderness. At the physics level, it was a matter of justifying the choices made, a task which became even more difficult when it turned out that the project was more original and ambitious than its American counterpart (TFTR). Furthermore, the construction of the machine demanded a political decision by the E.C.

Council of Ministers, which, apart from the financing, also implied selecting a site.

The political foot-dragging resulted in a two-year delay in the choice of a site and even awoke fears for the future of the project. In October 1977, the Council of Ministers finally decided to build JET at Culham (those two years of useless delay were on everybody's mind when the Americans announced in December 1982 that they had begun operating the TFTR at Princeton, six months before JET), and enthusiasm returned. The project was then endowed with the status of an E.C. undertaking and new research staff came from laboratories all over Europe to join their pioneering colleagues, bringing the total staff to roughly 400 persons.

By June 1983, the machine had been built on time and within budget. The experimental phase could start. Six exciting months followed, and on Christmas Eve the program directors opened the champagne: JET had satisfied its basic specifications for ohmic heating, which results from the passage of an electric current through the plasma. A current of more than two million amperes had been maintained for a period of several seconds, and the threshold of three million amperes had even been reached. The performance of the American Tokamak (one million amperes up till then) had been matched and passed, and observed temperature and confinement conditions corresponded to the theoretical predictions.

### **The Experimental Program**

The program for the years to come has already been determined. In the first phase, the operational behavior of hydrogen plasmas heated by an electric current (ohmic heating) up to temperatures of between 15 and 20 million degrees will be studied. In phases two and three, this temperature will be raised by a factor of five to ten by using auxiliary non-ohmic heating procedures. These are of two types. Heating by launching intense beams of high-energy neutral particles into the plasma ring where they leave their energy, and heating by the absorption of high-power electromagnetic waves. The powers involved reach several tens of megawatts, or several thousand times more powerful than existing radio transmitters. If the project behaves as predicted, the plasmas obtained by the end of 1988 will have reached temperatures of 100 million degrees with confinement periods greater than 1 second.

The experiment will enter its final phase with the injection into the Tokamak of a mixture of deuterium and tritium

instead of the pure hydrogen originally used. A significant number of deuterium-tritium fusion reactions should take place. If the hopes invested in the project are realized, ignition conditions, where the quantity of energy produced in the reaction is such that this suffices to maintain the reaction, will be approached. For the first time in history, the plasma will have become a tiny morsel of sun controlled by physicists, the Prometheans of a new age.

The JET machine has not been designed to operate in burn conditions, nor to collect the released energy for use in any way. The daring approach of the project resides primarily in the extrapolation from the area of application of the known laws of plasma behavior. The first question for which JET must supply the answer is whether this extrapolation of more than an order of magnitude with respect to other machines is justified. The first measurements in the ohmic-heating mode are already well in agreement with the predictions. In a later stage, JET will examine the conditions in which the plasma created can be brought to the edge of ignition. In this respect, JET is an experiment in physics.

Before a Tokamak can function as a reactor, it must be equipped with conventional electricity-generating equipment (powered by the heat generated by slowing down neutrons), with a tritium breeding cycle, with reaction chamber walls which can withstand the considerable radiation generated by this little bit of sun, and, finally, with all the apparatus necessary for obtaining a satisfactory energy balance (which presupposes among other things the use of superconducting windings for generating the required magnetic fields). None of this has been provided on JET, but a new study group (NET) is already hard at work.

We have already mentioned the TFTR (at Princeton, New Jersey) which should be the first machine to introduce appreciable quantities of tritium into the plasma. It is, however, smaller than JET, and this will restrict its performance. The Japanese project will make use of a "diverter" for the purification of the plasma, but the use of tritium is not anticipated. As for the Soviet project, every year brings news of further delays. Nobody really knows whether the USSR intends to remain competitive in large Tokamaks, in which it undeniably led the world for more than a decade. With JET, Europe appears to have the most suitable tool for approaching ignition conditions in a fusion machine by the end of the present decade. €

Jean-Pierre Poffé and François Sand are scientists working on the JET project at Culham, England.

# THE FIGHT AGAINST UNEMPLOYMENT

## NATIONAL EFFORTS COMPLEMENTED BY POLICIES AT EUROPE-WIDE LEVEL

**T**welve million people in the European Community are out of work. The struggle against unemployment is now the number one priority in Europe. The main responsibility remains with national E.C. member Governments, but the Community provides both a framework for a long-term solution and offers a number of short-term remedies. Many specific measures to boost employment have been proposed or adopted at E.C. level.

The E.C. Commission also has stressed the importance of a new wave of productive investment, as a pre-condition for economic recovery without high levels of inflation. It has called for new E.C. policies to promote the modernization and increased international competitiveness of European industry. If the aim is to create jobs at a faster rate than they are being lost in the traditional, declining industries, it is vital that European firms should regain their competitive edge on the world market. To a large extent this could be achieved by E.C. policies, if sufficient funds were available. This argument is central to the debate over the future financing and "re-launch" of the Community.

Faced with the challenge of mass unemployment, the E.C. Commission's response takes the following lines:

- **The strengthening of the internal market:** The abolition of customs duties and quantitative restrictions on trade helped the six founding members of the Community to achieve an average 4.5 percent annual economic growth between 1958 and 1972, before the world recession took hold. This compares with the 2.8 percent annual growth achieved in the same period by the United Kingdom, which had not yet joined the E.C. The completion of a single E.C. market of 273 million consumers is now vital if the European economy is to compete with those of Japan and the United States.

These countries are generating millions of new jobs. The number of jobs in the E.C. continues to fall. In particular the E.C. Commission is determined to create a European market for a number of important activities which are limited to national markets at present. These include a range of industries where the proliferation of national standards and specifications blocks imports; industries where production is largely dependent on public contracts, such as telecommunications, transport, water-supply, and energy; and financial and insurance services controlled by strict national regulations, which make it difficult for foreign firms to compete. Liberalization is needed in all these areas. To allow E.C. business to draw the full advantage from its vast market, the E.C. Commission is pressing member states to "Europeanize" standards and specifications, to open up their public service markets, abolish legal, financial, fiscal, and bureaucratic barriers to trade, and to get rid of remaining border formalities.

- **The stimulation of both public and private investment which will promote the growth, modernization, and competitiveness of the economy:** Joint E.C. measures to encourage productive investment must operate alongside the creation of a single financial market. To generate new jobs despite the recession, the Commission has called on member Governments to create new opportunities for the private sector through priority investment programs in telecommunications and information technology, transport and communications, new forms of energy and energy saving, housing, and urban renewal.

- **The promotion of new technologies by the fostering of industrial and scientific cooperation:** The successful development of the new technologies demands a mass market and a concentration of private, and sometimes,

public investment resources. Only in this way can duplication of effort be avoided and the substantially increased demands made by the technical advances of the last decade be met. The E.C. has launched a number of major projects, such as the Joint European Torus, an attempt to harness a new source of energy from nuclear fusion, and Euronet-Diane, an E.C.-wide network of data banks accessible by telephone. The E.C. has launched ESPRIT, a five-year program designed to help European micro-electronics and computer firms to pool their research efforts and close the technology gap with Japan and the United States. The Commission is calling for similar joint programs in other areas, such as telecommunications and bio-technology. These activities are vital to the modernization, competitiveness and independence of the European economy and of Europe itself. In a sense, they are complementary to the new E.C. framework program for research, which aims to reduce research costs and increase effectiveness by broadening the scope of joint research programs. Considerable research efforts in the energy field have already been undertaken with E.C. aid. The new program will bring together the finest European scientists in fields including industry, agriculture, raw materials, living and working conditions, and the development of the Third World. E.C. spending on research is due to increase from 600 million European Currency Units (ECU), about \$590 million, in 1982 to 3.7 billion ECU between 1984 and 1987.

- **The creation of E.C. policies for industries troubled by technical developments, slumping demand and international competition:** An E.C. approach is necessary to bring together all possible means of restoring the competitiveness of ailing industries. The main effort has been devoted to the steel industry, which is dealt with below. But the E.C. is also active in textiles, shipbuilding, and other areas. The Commission is especially concerned to ensure that attention should be given to the employment problems created by necessary restructuring of these industries. The Commission wishes to see an increase in the level of aid from Community Funds for the retraining and resettlement of workers who lose their jobs.

- **The development of common policies for transport and energy, on whose efficiency industry depends:** In the transport sector, vital to a market of European scale, the Commission is keen to give increased aid to infrastruc-

ture developments which will improve the links between member states, abolish bottle-necks and improve access to the outlying regions. In the energy sector, where the Community is still 47 percent dependent on imports, increased joint efforts are needed to ensure the safety and stability of supplies. This can be achieved through diversification of energy sources, partly by using the new technologies to develop indigenous types of energy and energy saving methods. In 1982, the European Investment Bank (EIB), other E.C. financial instruments, and the E.C. budget itself spent 1.9 billion ECU in this area. Enormous importance attaches to the continuation and development of joint research and investment of this kind.

• **Increased promotion of employment in small and medium-sized businesses and through local employment initiatives:** The E.C. Commission has recommended that the member states should set up new bodies to finance and advise on the developments of this kind and to consider legal changes which would assist small enterprises. At the same time, the EIB, the New Community Instrument (NCI) for borrowing and lending, and the various E.C. funds are devoting an increased percentage of their spending to small businesses. In particular, the E.C. hopes to encourage their innovatory role. The Commission would like to extend the same assistance to local employment initiatives, whether in the form of cooperatives or not. It is hoped that this will create new jobs and give a new impetus to struggling collectives and self-help groups. The Commission is also seeking to encourage the creation of local and regional bodies which will involve public authorities, employers and workers in the establishment of job creation projects, linked to training opportunities.

• **The promotion of youth employment:** The Commission has suggested various ways of encouraging employers to recruit young people, notably through reducing or reorganizing the working week. It has also called for job opportunities for young people, who have spent a long period on the dole, through temporary public works or by creating "job quotas." The Commission has suggested also that young unemployed people should be given opportunities to develop professional skills or pursue their non-professional interests as well as encouragement in setting up their own businesses. The overall aim is to bring the level of youth unemployment down to the average by creating about 2.5 million new jobs in five years. At the end of 1983, the member states agreed to increased ef-

forts in this direction. In June 1983, they had already promised a five-year guarantee to school leavers of either a job or six months relevant training. The E.C. also has launched a number of pilot projects on ways of smoothing the transition from school to the workplace. Common guidelines have been adopted on the streamlining of vocational training.

• **The reduction and reorganization of working time:** The Commission has called for a reduction and reorganization of working hours. The reduction must be sufficient to generate new jobs while preserving competitiveness and protecting workers' rights. At the same time, systematic paid overtime must be rigorously controlled. Overtime, where it is necessary, should be compensated increasingly by extra time off, not extra pay.

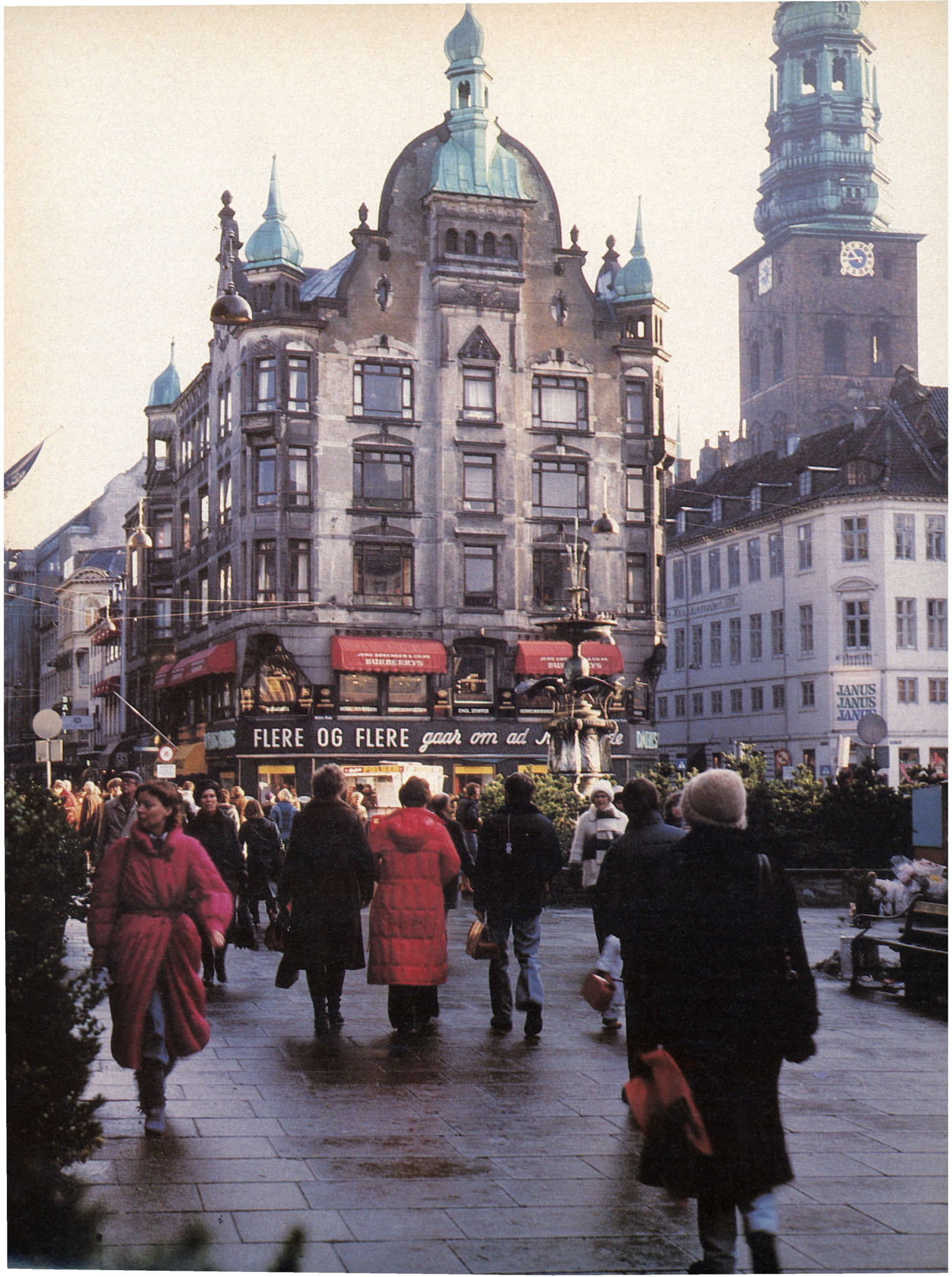
The E.C.'s financial instruments are also active in the battle against unemployment. Efforts are being made to increase their effectiveness. Special attention is to be given to the needs of struggling regions, the least favored sections of the population, and small and medium-sized businesses. The extent of the E.C.'s efforts can be judged by the statistics. By the end of 1982, the EIB and NCI had spent within the E.C. since their creation a total of 22.4 billion ECU, including 4.2 billion ECU in 1982 alone. The cash was earmarked for the development of infrastructure, industry and services, and the diversification of energy supplies. Loans made by the European Coal and Steel Community (ECSC) for industrial modern-

ization, regional retraining and housing (180,000 homes built or improved since 1954) topped 9.6 billion ECU (with 740 million spent in 1982). Grants for industrial and infrastructure development from the European Regional Development Fund (ERDF) reached 7.2 billion ECU (including 1.9 billion in 1982).

It is estimated that between 1975 and 1982 the Community helped to create or maintain nearly one million jobs in industry, trades, and services (more than 500,000 by the ERDF, more than 400,000 by the EIB, and nearly 50,000 by the ECSC). Many other jobs were created or maintained by infrastructure projects. At the same time, the European Social Fund and ECSC have allocated grants for training, retraining and income supplements totalling 6.3 billion ECU since their creation (including 1.8 billion in 1982). Between 1975 and 1982, the training of about 9 million workers has been aided by these funds. A high proportion of people who find themselves at a disadvantage on the job market (women, migrant workers, and the handicapped) as well as workers in industries disrupted by technological changes and mass redundancies (coal, steel, textiles, shipbuilding and agriculture) have been helped. In addition, 740,000 young people (including 290,000 in 1982) have been helped to find a job through recruitment aids since 1978. From now on, 75 percent of the resources of the Social Fund is to be reserved for the fight against youth unemployment.



© David Povilaitis



# DENMARK

## ECONOMIC RECOVERY IS SURPRISINGLY STRONG

UPTURN IS THREATENED, HOWEVER, BY ENORMOUS DEBT SERVICE.

FRANK DAHLGAARD

In spite of a sudden and significant economic upturn, Denmark is still struggling with the enormous and growing interest-payment burden resulting from many years of short-sighted policies which caused inflation and large deficits. Since the summer of 1983, a strong economic upturn has been developing in Denmark—an upturn which has surprised Danish economists and politicians by its size and strength. Consumer spending and the housing sector have taken off suddenly and significantly, after years of stagnation. Capital investment is rising noticeably.

The economic growth rate in Denmark between 1983 and 1984 is expected to reach approximately 3 percent, very unusual by European standards. Employment in the private sector is improving and the rise in unemployment has stopped. Since the spring of 1983, seasonally-adjusted unemployment has remained at the same level, approximately 10.7 percent of the work force.

The economic upturn in Denmark is due primarily to the economic policy of the Conservative-Liberal Government. In the fall of 1982, the new Government headed by Prime Minister Poul Schlüter and Minister of Finance Henning Christophersen initiated a new economic policy which included the following:

- A stringent incomes policy which eliminates the automatic cost-of-living increases formerly given to all salaried persons.
- An active foreign-exchange intervention policy which has stopped further devaluation of the Danish krone.

- A liberalization of restrictions on movement of capital in and out of Denmark.
- A tough new public-spending policy which has halted the increase in public outlays.

The results of this policy and the moderate salary demands from the Danish labor sector for the period 1983-85 have cut by 50 percent the rate of growth of both the salary and cost-of-living indices. Salaries and cost-of-living expenses used to go up between 10 and 11 percent a year. Now the rate of inflation in Denmark has been lowered to 5-6 percent per year. The considerable fall in real income for the Danish blue- and white-collar workers, which has been going on since 1979, ceased in 1983 and the first half of 1984.

Interest rates fell for home mortgages from approximately 21 percent in the fall of 1982 to under 13 percent at the end of 1983. At the same time, the Danish central bank lowered the discount rate from 11 to 7 percent. Since the beginning of 1984, the prime rate has risen slowly and in June 1984 hovered around 14.5 percent. No other Western country has ex-

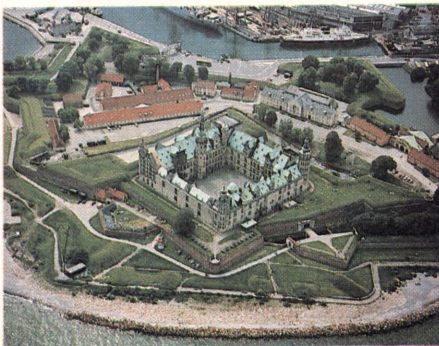
perienced a fall in interest rates of the same magnitude as Denmark.

The balance-of-payments deficit fell from 4.0 percent of GDP in 1982 to 2.1 percent in 1983. In 1984 the balance-of-payments deficit is estimated to be between 2.1 and 2.8 percent of GDP. Meanwhile, the Danish public-spending deficit fell from 9 percent of GDP in 1982 to 7 percent in 1983. It is estimated at 5 percent of GDP in 1984.

The fall in interest rates, together with the anti-inflation policy, has stimulated a strong upturn in consumer spending, housing, and capital investment. The anti-inflation policy and resulting developments have given the Danes an optimistic and hopeful view of the future. The consumer confidence index rose significantly throughout 1983 and at a considerably higher rate than comparable indices in the other nine E.C. countries. One could actually feel a change in the Danish mood from 1982 to 1983.

Due to the significant fall in interest rates and the lower inflation rate, 1983 became the first year since the mid-1970s in which the return on equity investments exceeded the return on high-quality debt investments. As a result, Danish industry in 1984 is experiencing an even larger investment boom than in the early 1960s. Years of high interest rates and unsatisfactory profitability in the private sector caused Denmark to suffer a significant drop in capital expenditure. Denmark has a lot of catching up to do and the investment boom must continue several years to reach a satisfactory level.

The new economic policy has led to a new situation in the job market. Since the



Amagertorv Square in Copenhagen, left, and Kronborg Castle, above.



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Since the summer of 1983, a strong economic upturn has been developing in Denmark, surprising Danish economists and politicians by its size and strength. Shown here, a shipyard in Odense.

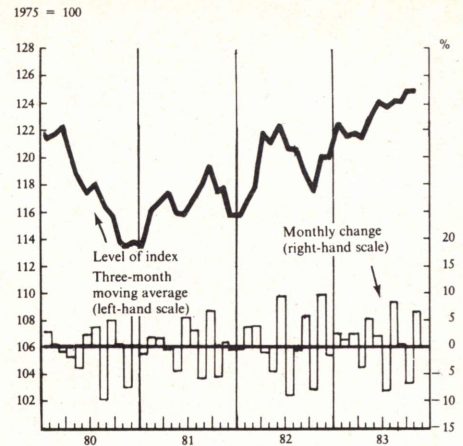
late 1970s, jobs in the private sector have fallen steadily, while the people employed in the public sector have grown significantly. The increase of public employees slowed in 1983 and in 1984 this growth is expected to stop. Instead the increase in

jobs has moved to the private sector. From 1982 to 1984 the number of jobs in the private sector is expected to grow approximately 3 percent. While unemployment in Denmark has not fallen yet, this is due to the continuing growth in the number of employable persons, currently about 0.7 percent a year.

In spite of the surprising positive developments in the Danish economy, the outlook is still very dark for Denmark. This is primarily due to the enormous debt the Danes have accumulated both abroad and internally. In the summer of 1984, Denmark's foreign debt burden is nearly \$20 billion, or more than 35 percent of GDP. This amounts to a foreign debt of nearly \$4,000 per Dane. Excluding Israel, there is probably no other country in the world which has such a large foreign debt per capita.

Since 1963, the Danes have spent more money than they have earned and have had a chronic balance-of-payments deficit. As a result, Denmark has an annual interest expense amounting to 3.7 percent of GDP. Without the interest ex-

Denmark: Industrial production (s.a.)



Source: Eurostat.

pense on the foreign debt, Denmark would have had a surplus of approximately 1 percent of GDP in 1984. Denmark needs to restructure its foreign debt burden. As presently structured, the Danish foreign debt is growing due to capitalized interest.

It goes without saying that Denmark is hard pressed due to the strong dollar, which has increased both the principal and interest burden. At the same time Denmark has become very sensitive to fluctuations in international interest rates. For example, an increase of approximately 2 percent in international interest rates during the last few years has resulted in an increased interest expense for Denmark of \$200 million to \$300 million per year.

Internally the Danish public debt today amounts to more than 50 percent of GDP or more than \$25 billion. This public debt was created in just 8 years. Interest on it this year will be \$5 billion. Without this interest expense, 1984 would show a small profit in the Danish state budget. In order for the public-sector deficit to remain the same, the government needs to find an additional \$500 million each year just to cover interest expenses. Naturally, if Danish interest rates rise, the government's interest burden will grow accordingly. Money for debt service comes either from tax increases or savings in the public sector. Since the tax burden is practically the highest in the world, Denmark will have to concentrate on savings within the public sector.

Both the public-sector deficit and the balance-of-payments deficit are due to the interest expense on debt from the past. Denmark's difficult situation was recently commented on by a top executive in the Danish central bank: "Denmark is in a situation where, realistically,

## UNIONS FACE SERIOUS CHALLENGE

For the first time in 50 years, Danish trade unions face a serious challenge to the very basis of their power: the virtual monopoly of access to jobs in both the private and public sector. Compared to the United States, unions in Denmark have traditionally been very strong, with membership in most important trades approaching 100 percent. Most private companies will only hire union members, and supporters of the system have claimed that this is one reason that Denmark has had only a moderate share of labor unrest over the years.

Public employers, however, are legally prevented from any stipulation of union membership as a prerequisite for getting a job. And when a number of bus drivers in Copenhagen left their union, protesting a subsidy paid by the union to the Social Democratic Party, several thousand bus drivers went on strike, paralyzing a major part of the Copenhagen mass transportation system. The striking bus drivers and their union demanded that the employers fire the dissenting drivers and this demand was met. But it may not be the final word. The liberal-conservative Government of Poul Schlüter has preferred charges against the Copenhagen mass transportation system, saying that the firing of the drivers is illegal. And the bus drivers involved

are suing for the same reason. Some legal experts expect awards of \$40,000-\$50,000 or more to each.

The confrontation in Copenhagen is only the latest of a number of crises in the trade unions. The white-collar union HK is trying to contain an open rebellion, also by members refusing to let part of their dues being passed on to the Social Democratic Party. The Prime Minister has proposed that political parties be forbidden from accepting subsidies from interest groups, whether union or employer. But the Social Democratic Party relies financially on these subsidies, and the coalition Liberal Party has shown little enthusiasm. Some observers also believe that any law of this type will be difficult to administer.

Whatever the outcome, the unions are almost certain to lose influence as a group, although some of the stronger unions, especially the metalworkers, may emerge with more strength. The metalworkers are profiting from the strong growth in the Danish economy as industry may soon be short of unskilled workers. Industry is not short of unskilled labor, and this makes a united stand in the next round of collective bargaining, starting this fall, very difficult for the unions. It may make things easier for the employers.—LEIF BECK FALLESEN



we are in a race against our interest-expense burden and this race can only be won if we continue to set and achieve ambitious goals."

In May, Christophersen released calculations showing that the Danish economy, in spite of the current upturn, can only continue to improve with a very optimistic rate of exchange, reasonable foreign interest rates, and strong economic growth abroad. If Denmark is to avoid "interest-rate death," not only must it have favorable economic developments abroad, but also a stronger domestic economic policy than the one already implemented. This policy must include:

- An additional 50 percent cut in salary increases and a stabilization of these increases at 2 percent.
- Danish interest rates must come down

from 14.5 percent to between 8 and 9 percent.

- Public expenditures must remain unchanged during the next few years.

In an attempt to implement the required economic policy, the Government and a very small majority of the parliament decided to cap social spending and transfers, allowing at most a 2-percent increase in 1985. These actions have led to hope that the upcoming labor-market negotiations during the 1984-1985 winter will result in similar moderate increases. If the Danes do not succeed in winning the race against interest expenses, Danish creditworthiness will fall sooner or later, as it has for several South American countries.

Frank Dahlgaard reports on economics for the *Berlingske Tidende* newspaper in Copenhagen.

The Government is made up of the Conservatives (with 42 seats in Parliament), the Liberals (22), the Center Democrats (8) and the Christian People's Party (5). The Prime Minister, Poul Schlüter, represents the Conservatives. The Minister of Finance, Henning Christophersen, and the Foreign Secretary, Uffe Ellemann-Jensen, represent the Liberals.

At an election in January this year, called because a majority voted against the 1984 finance bill, the Government strengthened its position from 65 to 77 seats. The four-leaf clover may also rise in economic-policy issues upon the classic party in the very middle, the Social Liberals (10 seats), the two Faroe Islands members of parliament, and a defector from the ailing, anti-tax Progress Party. With 90 seats out of the Folketing total of 179, the Government can deal safely with all economic-policy issues.

In foreign policy the situation is different. Traditionally hostile to rearmament, the Social Liberals prefer a low Danish profile in the North Atlantic Treaty Organization (NATO) and they side with the Social Democrats (56), the Socialist Peoples Party (21) and the Left Socialists (5). With their total strength of 92, these parties can call the shots in this field and they do so in a way that annoys the Government as well as the whole NATO organization.

In contrast to its indisputable success in the economic field, the Government is running into defeat after defeat in foreign policy. Since gaining office, the Social Democrats have sharpened their attitudes in a way which also has caught international attention. They have turned critical to the NATO deployment of cruise missiles in Europe and they have blocked some payments of the Danish contribu-

## MEMBER STATE REPORT/OVERVIEW

# OPPOSITION PARTY HOLDS KEY TO FOREIGN POLICY

## RESULTING STANDS SOMETIMES PROVE ANNOYING TO GOVERNMENT.

VICTOR ANDERSEN

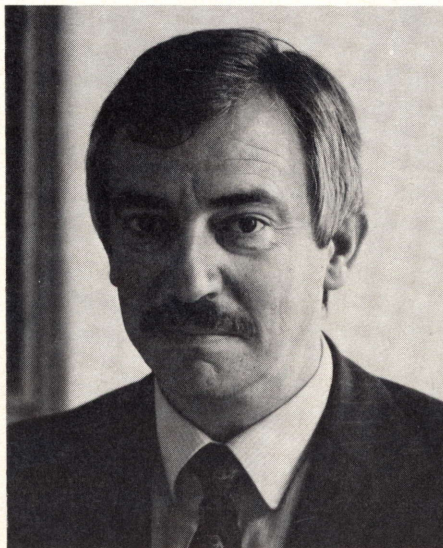
Denmark's parliament, the Folketing, leads a double life. In economic-policy issues, the Government enjoys a majority. In security and defense-policy matters, the majority rests with the biggest opposition party, the Social Democrats. Because of this situation, the Government is forced to carry out a foreign policy not entirely to its own liking.

A generation ago, no Government would have tolerated this and would have

resigned. The present four-party, center-right Administration (nicknamed the four-leaf clover) gives absolute priority, however, to the economic problems and has decided to put up with any humiliations over foreign policy which may result. Decisive steps in the economic field became necessary as Denmark expanded its social-welfare system, eventually turning itself into a kind of international debt champion. Since taking over on September 1, 1982, the center-right Government has been able to change the prospects convincingly.



Danish Prime Minister Poul Schlüter



Foreign Affairs Minister U. Ellemann-Jensen



Finance Minister Henning Christophersen

Photos: courtesy Danish Embassy

tions to NATO. Furthermore they support the Nordic countries turning into a nuclear-free zone. These are stands which win parliament approval and for which the Government must take repeated scoldings from its NATO partners. Against its will, the Government also has been told to cut Danish coal imports from South Africa. It argues, in vain, that this move will have little influence over the apartheid policy, but will harm Danish shipping and increase domestic power costs.

The Social Democrats' foreign policy has as its prime mover party leader and former Prime Minister Anker Jørgensen. Recently, however, he has met some resistance within his own party which would not support him in demanding that Denmark be put off limits for NATO nuclear weapons under conditions of peace (as presently provided for) as well as in times of war.

In Denmark, the constitution allows a Government to sit for four years without calling a general election. The present Administration has announced that it will try to sit the full term. A number of new issues for that period are already in sight:

- A recent labor conflict, which closed the capital's public transportation for days, was over union members' obligation to contribute to the Social Democratic Party through their union dues. The Government will launch a bill making party contributions voluntary.
- The sole Danish television channel, which is state run, will soon get an independent, commercial-free competitor.
- With a total tax burden of about 45

percent, reform is urgent. For most incomes, a flat 50-percent rate is expected to replace the present progressive income tax.

A number of political personalities are vying for the public eye at the moment. Although Social Democratic leader Anker Jørgensen is only 61, there is considerable speculation over who will replace him when he decides to leave the scene.

**In contrast to its success in economic policy, the Government is meeting defeat after defeat in foreign affairs.**

The former Minister of Education and Social Affairs, Ritt Bjerregaard, 43, is a respected reformer of party thinking. But her recent flirtation with the peace movements has triggered heavy criticism from the unions, with which the party, by tradition, is very closely connected.

In the Government camp, there is a great stir over the fact that the inventor of the four-leaf clover's successful economic policy, Finance Minister Henning Christophersen, is planning to leave office. He is campaigning for the E.C. Commission presidency. The appointment of Christophersen would be hailed as a personal and national achievement by the entire political world in Denmark.

Victor Andersen is an editor of *Weekendavisen* in Copenhagen.

inclined toward reading and writing, culture is something very refined, something about paintings, music, books, and so on. But if you follow a prominent Danish historian, culture is a set of habits, a way of living. If you accept that proposition, even the Danish bacon pig may be regarded as a reflection of the Danish way of living, as part of Danish culture.

The Danish pig is a highly refined product having one rib more than many of its colleagues in other countries. It is part—to end the joke—of culture, because today's modern agriculture would never have happened without the big popular revival in Denmark about a century ago. The revival eventually led Denmark to parliamentary democracy and it laid the foundation for the country's modern society. Ordinary people learned to rely on themselves—a very important element in culture. Danish farming changed from backward methods to a highly competitive level, due to better education for everyone and to the cooperative movement, essential parts of Danish popular culture.

About a century ago, a prominent representative of the Danish Government visited imperial China. He was asked to point to his country on a map. Being hesitant to indicate how small Denmark was, the Dane pointed to large Greenland, still part of the Danish realm, and said: "This is part of my country." Denmark proper doesn't look like much on the world map. Flying in from abroad takes just a few minutes from the border to the capital. One of the consequences of belonging to a small language area as the Danes do is that much of what is written abroad does not reach us in translations. "Small is beautiful," a German/British economist has written, but surely you pay a price for being small. Conversely, Denmark does not figure very much on the international literary scene.

I have already mentioned Andersen; he has an associate from the same century: the philosopher-theologian Søren Kierkegaard. Surely he is more famous and more widely read abroad than in Denmark. Years ago I was amazed to meet Japanese people who had taken the immense trouble to learn our difficult language in order to read in the original writings of the Danish grandfather of existentialism. Among other Danish authors known abroad, one may recall Martin Andersen-Nexø, who wrote with so much indignation about the living conditions of the poor around the turn of this century. He has become close to a literary hero in the Socialist countries of Eastern Europe.

As a point of contrast, Baroness Blixen-

## MEMBER STATE REPORT/SOCIETY

# CULTURAL IDENTITY IN A SMALL COUNTRY

## FROM HANS CHRISTIAN ANDERSEN TO DANISH BACON, DEFINING UNITY.

JØRGEN HORNEMANN

In an age of intensive electronic communication, one may be a bit skeptical about the notion of a national culture. Television series like "Dynasty" are shown in countries all over the world. The moods and fashions of popular music seem to be almost too uniform. How does that influence culture, notably of the broader segments of our populations?

A somewhat cynical foreign observer said some years ago that Danish culture consisted of two things: Hans Christian Andersen and bacon. That the great fairy-tale author is part of Danish culture, no one will doubt. However, most serious observers would say that bacon has nothing whatsoever to do with culture. But is that really so? I think it does.

My reason is that culture may be defined in a number of ways. To most people

Isak Dinesen also has achieved some fame in the United States for her short stories. "She walks through Danish literature like a queen among intellectual smallholders," a Danish critic has written. Denmark has a rich literature of its own, but it is almost unknown abroad because of the language barrier.

As in other fields of culture, Danish music has seen considerable influence from abroad. The bulk of Danish composers of the 18th and the 19th centuries had German names: Weyse, Scheibe, Kuhlau, Hartmann, Horneman, and others. During this century, a Danish composer, Carl Nielsen, has really reached the international scene. Abroad he is known for his

orchestral works, while the ordinary Dane knows his popular songs.

If we turn to sculpture, Gutzon Borglum's Mount Rushmore monument will be familiar to most Americans. He was of Danish stock. But in recent years the simplicity of Danish design and architecture have found quite a few admirers abroad. The most impressive result lately is Jørn Utzon's opera house in Sydney, Australia which is as much a sculpture as a building. In a few years visitors to Paris will be able to see a new Arc de Triomphe created by another Danish architect, Johan Otto von Spreckelsen. Can you tell what is Danish about it apart from the simplicity? It is difficult to say. But surely

you can see it, if you keep your eyes open. No visitor to Denmark afterward would put a white-washed Danish village church anywhere else on the world map. It is so distinctively . . . well, Danish!

To return to the main question of culture: Is science culture? I tend to believe so. Within that field a few notable Danes figure: Tycho Brahe made important advances in astronomy at the end of the 16th century, but unfortunately held the old belief that the earth was the center of the universe. His countryman Ole Rømer a century later made us understand the speed of light. In 1820, Hans Christian Ørsted was the first to demonstrate electro-magnetism.

In this century, two generations of the Bohr family have contributed much to a wider understanding of physics. The elder Bohr, Niels, was a good friend of Albert Einstein. Who was most right in their discussions about the construction of our universe is still being debated. Niels Bohr spent his last years living in a special residence at the Carlsberg Brewery, which is not as strange as it may seem because the Carlsberg Brewery is still one of the biggest sponsors of Danish art and science. The chairman of the board is still a university professor. Thus, when having a Carlsberg you are actively supporting Danish art and science!

Little Denmark is geographically situated on the bridge between Continental Europe and Scandinavia. To most foreigners, the Scandinavian countries are all one lot. Our geographical position, of course, has influenced our culture too. Who are we in the end? Are we Scandinavians or Continental Europeans? I think both. We share with the other Scandinavians a solid tradition for parliamentary democracy (which is a part of culture too). On the other hand, we have received many cultural impulses from Europe outside Scandinavia.

And so here we are after more than a decade in the E.C. That has nothing, per se, to do with culture, one may argue. On the surface, no. My only reason to mention it is that prior to the Danish referendum on E.C. membership, there was a vivid debate about the consequences for Danish culture of the membership. Some of those against argued that our culture would more or less disappear, if we entered the E.C. The years of experience have shown that, of course, this did not happen. We are still as confident as ever that nothing can match Danish culture, in the widest sense of that undefinable word! €



Most of Hans Christian Andersen's works are unknown outside Denmark, but his fairy tales are among the most translated works in all literary history.

Jørgen Hornemann is director of information at the National Museum in Copenhagen.

# E.C. PARTICIPATES IN WORLD'S FAIR

## PAVILION BOASTS REVOLUTIONARY "RONDOVISION" PROJECTION SYSTEM FOR AUDIOVISUAL PROGRAM.

BETH EASTMAN

**T**he European Community, still less than 30 years old, has not been around long enough to develop too many traditions. However, this year on the banks of the mighty Mississippi River, the E.C. is honoring a tradition that is nearly as old as the Community itself by participating in the latest in a long parade of world's fairs. The E.C. has taken part in every world's fair since the 1958 Universal Exposition in Brussels and this year's Louisiana World Exhibition in New Orleans is no exception.

The New Orleans fair lies along the waterfront adjacent to the central business district and just a stone's throw from the city's famous French quarter. The fair, the E.C.'s 10th, boasts 12 other foreign exhibitors including E.C. member states France and Italy, as well as Australia, Canada, Egypt, Japan, Liberia, Mexico, China, Korea, the Philippines, and Peru. The pavilions of these nations stand side by side along the "International Riverfront," one of the six "neighborhoods" that occupy the 150-acre fair site.

The E.C.'s blue and gold emblem and

the flags of its member countries fly in front of the E.C. pavilion. The building, which shares a colorful, futuristic facade with the pavilions of France and Italy, is popular with fair-goers because of the sophisticated audiovisual technology it employs to explain what the E.C. is and how it works.

The pavilion capitalizes on the widespread mania for video games by using the same technology to encourage visitors to learn more about the E.C. After they have toured the pavilion's exhibit area, fair-goers have a chance to use two computerized quiz machines to test their knowledge of the E.C. and its member states. The quiz machines randomly select 10 of over 50 pre-programmed, multiple-choice questions about European history, culture, and politics.

Is Luxembourg or Belgium the smallest of the E.C. countries? Is Chianti produced in Italy or Greece? Which E.C. country—the Netherlands or the United Kingdom—has a female Prime Minister? These are the types of questions the quiz machines ask pavilion visitors. With each successive correct answer, the quiz machine automatically illuminates another

E.C. country on a map of Europe that appears on a mirrored panel behind the machine. The objective is to light up all of the E.C. member states in the course of a single game.

A circular auditorium some 52 feet in diameter houses the pavilion's biggest drawing card, an audiovisual program featuring a revolutionary projection system called "rondovision." The program, "The Message of the Rivers of Europe," is shown at 20 minute intervals and was produced as a tribute to the fair's theme—"The World of Rivers: Fresh Water as a Source of Life." The rondovision projection system, invented by J.V. Fric of Prague, is a state-of-the-art technology created especially for the E.C. pavilion. The system combines human creativity, computers, and high-technology electronics to project a continuous image on the walls of the circular theater.

As the pavilion's audiovisual program progresses, the surreal and symbolic images generated by the rondovision system give way to a film that takes its audience on a scenic tour of the rivers of Europe and examines the important role both the rivers and the E.C. have played in the Continent's economic and cultural development.

A VIP tour of the E.C. pavilion and a special showing of the audiovisual program were among the activities that marked June 7 as "European Community Day" at the fair. The observances were kicked off with a short concert by a U.S. Marine band, followed by the raising of the E.C.'s banner and speeches by fair officials and E.C. Commissioner Richard Burke.

"This Louisiana World Exhibition is the latest in a long line of world's fairs that have sought not only to cement commercial links between the nations of the world, but to demystify foreign lands and foreign peoples and thus to serve the cause of peace," Burke told the audience. "For this reason, the European Community is pleased to have a presence here in New Orleans." Burke noted the strong historical and political ties between the United States and Europe and pointed to the especially strong European influences evident in the thriving French and Spanish cultures of New Orleans.

Indeed, the cultural diversity of the city of New Orleans itself provides much of the fair's sparkle. The fair's jazz and gospel tent gives fair-goers a chance to sample the music for which the city is famous. In addition, native Cajun and Creole dishes such as gumbo, jambalaya, red beans and rice, spicy fried chicken, and



The E.C. has participated in every world's fair since 1958. Above, E.C. Commissioner Richard Burke opens the festivities in New Orleans on June 7, European Community Day.



© BETH EASTMAN

Inside the E.C. pavilion at the Louisiana World Exhibition, fair-goers are entertained with an audiovisual presentation that makes the viewer feel as though he is actually immersed in water. The unique technology was developed especially for the fair.



Giant multicolored styrofoam and fiberglass-mesh structures dot the landscape of the fair.

other local specialties like boiled crayfish, hold their own in competition with visitors' palates against traditional fast foods like hot dogs and hamburgers and with dishes from India, Korea, Italy, the Federal Republic of Germany and elsewhere. The fair also has jugglers, singers, and other performers who can often be seen on plying their arts on New Orleans's colorful Bourbon Street.

The fair's depth and scope can also be seen in exhibits and spectacles that run the gamut from the ridiculous to the sublime and from the high technological to the primitive. Serious artworks like "The Source," a water sculpture created by the French husband-and-wife team of Claude and François-Xavier Lalanne, co-exists with pink and lavender alligators and with the huge statues of mermaids that decorate the archway above the fair's main gate. Old-fashioned riverboats dock to take on passengers only a short

walk away from the courtyard where NASA proudly displays the U.S. space-shuttle "Enterprise."

Its diversity makes the fair, which runs through November 11, a feast for the senses and a broadening experience for the mind. The much publicized financial woes that have beset the fair's promoters have thus far left few, if any, visible scars on this whimsical pageant. However, attendance since the May 12 opening date has averaged well below the initially projected 71,000 visitors per day. Although the low attendance figures may be bad news for the fair's organizers, few who do attend the fair are likely to feel short-changed, even in light of the relatively steep \$15 admission price. The fair gives visitors a chance to sample the old and the new, the familiar and the foreign. And a good portion of the fair's foreign flavor is European. ☾

Beth Eastman is a contributing editor of *Europe*.

# A "COOK'S" TOUR THROUGH EUROPE

CULINARY SCHOOLS HAVE SHOWN TREMENDOUS GROWTH IN NUMBER AND SPECIALIZATION RECENTLY.

NELLA DEVITTO

**M**ention Le Cordon Bleu and many people, food professionals and non-professionals alike, will recognize this cooking school in Paris where students of the culinary arts have been learning the fundamentals of classic French cuisine since 1895. Name Lo Scaldavivande and a growing number of food *conoscenti* will know this word means "the covered dish" in Italian and also will be able to tell you it is the name of a cooking school located in a 17th-century palace near the Trevi Fountain in Rome.

According to the International Association of Cooking Schools (IACS) in Washington, D.C., a professional organization founded in 1978 for cooking schools and cooking teachers, a steadily burgeoning interest in good cooking all over the world has prompted a phenomenal growth in the number and kinds of cooking schools. Currently, there are about 800 ICAS members. One hundred and fifty of these members are located outside of the continental United States, as compared to only 10 at the end of 1982.

The IACS also notes that over 1.5 million students attended a cooking school course in 1983. The student roster is comprised of aspiring chefs and lay persons, men and women, young and old, many of whom are now returning to the source to study in cooking schools all over Europe, sharpening their culinary skills and enhancing their knowledge of the diverse regional cuisines that characterize and distinguish the countries in the European Community.

Paralleling this trend are a growing number of young Americans choosing careers in cooking. Food writer Marian Burros says: "Professional cooking schools, which once went looking for students, have long waiting lists even though the number of schools has increased dramatically in the last five years." U.S.

Department of Labor statistics predict that there will be 86,000 jobs for cooks in the next decade, almost double the openings in the last 10 years. In 1969, the federal government severely restricted the admission of foreign chefs, so restaurants were forced to hire Americans. At the same time, more and more Americans were traveling, eating out, buying cookbooks, taking lessons, and cooking seriously."

Cooking has become a socially acceptable, even chic, recreational activity for women and men alike. Gourmet food shops have popped up all over the country, and many new products imported from Europe and from all over the world are no longer foreign to the American market. Food processors and pasta machines are all the rage. Restaurants serving classic French cuisine share the spotlight as people's interests have broadened and their palates have learned to appreciate different foods. Many people interested in good food, but not necessarily in pursuing careers as food professionals, now include cooking schools and cooking tours in their travel plans. These people share a love for culture with one for good food, painstakingly prepared with the finest and most authentic ingredients.

The first step in selecting a cooking school in Europe is to gather as much information as possible and to try to talk to someone who has already attended. In "La Buona Cucina: A Guide to Italy's Cooking Schools," writer Janet Carlson explains that "in equal importance to regionalism, especially in Italian cooking courses, is the teacher himself. Each personality interprets local culinary tradition in his own way. So the neophyte student who usually selects a course for its regional theme soon learns that the choice here involves both geography and personality." Schools differ significantly in style as well as in curriculum and purpose.

Take, for example, those schools with courses designed specifically for aspiring

chefs or food-service professionals pursuing an academic program. These schools do not discourage enrollment by those not professionally oriented, but the curriculum is rigorous, not to mention costly, and the schools often require an entrance interview and some previous food-service experience. Emphasis in instruction is placed on theory and technique as well as preparation and presentation. Guest chefs and resident instructors demonstrate and lecture, then students apply their knowledge and creativity in practice sessions where their work is critiqued by the instructor.

In many full-time programs, students are expected to spend a certain number of hours working in restaurant kitchens as apprentices. Accommodations, transportation, and free time spent outside of class are the responsibility of the student. Graduates go on to work as sous-chefs in restaurants, start their own catering businesses, open gourmet shops, manage banquet facilities, or perhaps establish their own cooking schools. Some of these schools are accessible to tourists as well. For example, La Varenne in Paris conducts its full-time program in the morning and in the afternoon offers individual classes for visitors to the city who want to include a cooking lesson in their travel itinerary.

Other schools, while maintaining a high standard in performance, are conducted in a more informal setting where there is no pressure to make the grade. Amateurs and food professionals gather to learn, experiment, share ideas, and have a good time. Giuliano Bugialli, renowned cookbook author, divides his time between his school in Manhattan and his school on Via dei Pilastrini in the heart of his native Florence. Students who come to Giuliano's Cooking in Florence are chauffeured every morning from hotel to classroom where recipes for the morning are distributed and each student is given a specific task.

While demonstration is a part of every lesson, the school's philosophy stresses participation. While students cook, assistants set the dinner table where the class will later lunch on their successes. Lunch is served with appropriate wines from the school's wine cellar, cooking notes are exchanged, and friendships flourish. Often students are free to spend their afternoons sightseeing or shopping before meeting back at the hotel where the school bus will again arrive to take them to a restaurant or trattoria for the evening meal. Giuliano selects these carefully and discusses in advance the day's

offerings with the restaurant's chef. The next day might bring an early morning guided trip to the market to shop for vegetables for the ingredients that will go into preparing that day's recipes.

Cooking in Florence and schools like it offer special events such as trips that coincide with holidays and focus on traditional foods prepared to celebrate a particular festive occasion, or a week at one of Europe's famous health spas where students swim and play tennis when they are not in class watching a cooking demonstration.

The cost of a cooking tour usually includes hotel accommodations, all class fees and lunch following class, special excursions, a number of dinners at selected restaurants, and sometimes transportation to and from classes. In some cases schools offer reduced prices for spouses who wish to take part in tours and dining, but forego the cooking classes. Following is a listing of some of the European cooking schools located in E.C. countries. For more information, contact the International Association of Cooking Schools, 1001 Connecticut Avenue, N.W., Suite 800, Washington, D.C. 20036. Telephone (202)293-7716. €

Nella DeVitto is a caterer and freelance food writer based in Washington D.C.

## A SAMPLER OF SCHOOLS

### BELGIUM

Lynne Kasper. Square des Latins 41, 1050 Brussels, Belgium.

### FRANCE

Le Cordon Bleu. 24 rue du Champ-de-Mars, Paris 7.

Ecole Lenotre. Hameau des Gatines, 78370 Plaisir.

La Varenne Ecole de Cuisine. 34 rue Saint-Dominique, Paris 7.

Simone Beck. 06740 Chateauneuf de Grasse, Bramafam.

Madeleine Kamman, Inc. P.O. Box 184, Glen, NH 03838.

### GREECE

Koutouloufari—Rosemary Barron. Iraklion, Crete.

### ITALY

The Marcella Hazan School of Classic Italian Cooking in Bologna. P.O. Box 285, Circleville, NY 10919.

Giuliano Bugialli's Cooking in Florence. 2830 Gordon Street, Allentown, PA 18104.

Ada Parasiliti's Angolo della Gastronomia, Piazza della Carmine 6, Milano.

Or contact: Carol Stearns, 222 Rawson Road, Brookline, MA 02146.

Lo Scaldavivande—Jo Bettoja and Anna Marie Cornetto. C/o E&M Associates, 45 West 45th Street, NY, NY 10036.

Cucina della Campania in Sorrento—Lorenzo Fluss. Hotel Bellevue Syrene, Sorrento. Or Contact: Mrs. Irene Montague, 2185 Radio Road, Mystic Island, NJ 08087.

Hotel Cipriani, Isola della Giudecca 10, Venice. Or contact: Marcella Hazan, P.O. Box 285, Circleville, NY 10919.

Hotel Gritti Palace. Campo Santa Maria del Giglio 2467, 30124 Venice. Or contact: CIGA Hotels, 745 Fifth Avenue, New York, NY 10151.

### THE NETHERLANDS

Kokkerie—Ria van Eindhoven, Buitenwatersloot 40, Delft.

### UNITED KINGDOM

Tante Marie School of Cookery—John C. Childs. Woodham House, Carlton Road, Wokins Surrey, England.

Cookery At The Grange—Ann Norris. The Grange, Beckinston, Bath, Avon, England.

Le Cordon Bleu Cookery School—Susan M. Shenkman. 114 Marylebone Lane, London, England.



# EUROLINGO

FROM EUROPESSIMISM  
TO EUROPHORIA.

WILLIAM SAFIRE

“**T**here is no way out.” That lugubrious conviction, supposedly rampant among many important European businessmen and politicians, was described by Washington Post columnist Hobart Rowen on April 8 of this year as *Europessimism*. “The first person to use *Europessimism* to my knowledge,” reports Rowen, “was Anthony Solomon, president of the Federal Reserve Bank of New York, in a speech given in Geneva last year. To the best of his recollection, he was the first to use it.”

The Solomonlike gnomenculture caught on in Switzerland and spread throughout meetings of undercollateralized bankers. Not surprisingly, when time came for preparation for this year’s economic summit conference, it was seized upon by the sherpa-watching community. (A *sherpa* is a bureaucrat who works on the preparations for a summit meeting, the name taken from the Tibetan tribesmen who assist mountain climbers. *Watcher* has replaced *observer* in jargonic description of an outsider who is an authority; it is derived from *China-watcher*, which has been replaced by *Pekingologist* now that observations of China by Westerners can take place from inside the capital. *Community* is a warmhearted way of saying *in-group*, which can also be derogated by being called an *establishment*. Thus, the *sherpa-watching community* is a phrase embracing the set of journalistic insiders who look over the shoulders of the advance men as they pave the way for agreement-signing sessions at summits.)

The preceding paragraph went off on what is known as a *tangent* (from the Latin *tangere*, “to touch,” and used in geometry to describe a line that touches but does not intersect a curve; from the same root we derive *tact*, the lightness of touch of diplomats as they get ready for



summitteers. Where are we?)

*Europessimism* [was] the inescapable vogue word for the first week of June. Take an intangible mood (just touched old *tangere* again), slap on a new label that raises it to the level of a mini-*Welt-schmerz*, and you have the headiness of longheadedness—especially if the new word is the product of a familiar and popular combining form.

*Euro-* rivals *mini-* and *mega-* as the favorite combining form of our time. In some ways, they are interchangeable—we may soon see *mini-Communists* wearing *Euroskirts* and suffering from *megapessimism*—but of the three, *Euro-* has become too much of an *idée préfixe*.

It all began with *Euro-Asian*, says Fred Mish of Merriam-Webster, who has the first citation in the Smithsonian Institution Annual Report published in 1898. Then the New International Encyclopedia of 1903 described the word *nabob* this way: “In the United Kingdom it is applied derisively to Euro-Indians who, having amassed fortunes in India, returned to make an ostentatious display of their wealth.” (Not until much later did the nabobs natter negatively.)

In the early 1950s, *European* began

being used in the title of West European defense and economic organizations, and the *Euro-* prefix exploded as the Common market idea advanced. “It is the Euro-businessmen who . . . are helping to create ‘Europeanism,’” wrote The Saturday Evening Post in 1963, in a citation supplied by Ruth Kent at Webster’s New World. “The prefix *Euro-* appears on every conceivable commodity—from Euro-raincoats and Eurobeer to Euro-Union (a mutual fund) and Eurovision (the television link-up between a dozen European nations).” (O.K., the Satevepost writer used *between* when he meant *among*, but he was sensitive to prefixes.)

*Eurocommunism* blossomed in the 1970s to describe a tendency of some European Communists to act independently of Moscow. This coinage was often attributed to Arrigo Levi of Italy’s La Stampa, but he credited the word to Franj Barberi in Milan’s *Il Giornale*. It has faded, but we still have *Eurodollars*, also called *Euromoney* and *Eurocurrency*; *Eurocrats*, who sit on piles of paper as other bureaucrats do; and the adjective *Eurocentric*, which has taken over from *Europocentric* as a variation of *ethnocentric*.

In the spring 1984 issue of American Speech magazine, the invaluable “Among the New Words” section includes *Euro-mark* and *Euroyen* (sorry, no *Euro-rubles*), *Euromissile*, and a city planned to be permanent headquarters of the European Economic Community, *Euroville*, where presumably every pre-teenage girl will be leered at as a potential *Euro-nymphet*.

With *Euro-* turned into a prefixure, it was only a matter of time until someone looked at the gloomy Gustavs and labeled the general down-in-the-mouth demeanor as *Europessimism*. At this point, the prefix deserves a megarest. Here, however, is the opportunity for the reader of this column to coin a word that is sure to be seized upon next fall or winter as the perfect description of the mood of what we used to call the Continent:

Assume that Maggie Thatcher will patch up her quarrel with the Common Market over payments due, the Germans and French regain their creative fire, and the economic recession lifts. What word will then burst upon the scene as descriptive of the new, buoyant, smiling ebullience of the Europeans? You got it. Now, quick, rush into print with the antithesis of *Europessimism*. That’s how neologicians make it into word history. €

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# NEWS OF THE E.C.

## CHINESE PREMIER SEEKS INVESTMENT FROM E.C.

Chinese Premier Zhao Ziyang called at the E.C. Commission in Brussels last month as part of a six-nation European tour to woo potential investors and promote closer trade ties between China and Western Europe. Zhao's tour marked the first visit to the Commission by a Chinese Premier. It followed a visit to China last November by E.C. Commission President Gaston Thorn in which Thorn met with Chinese leader Deng Xiaoping, as well as other high-ranking officials.

A Commission spokesman told journalists that Zhao stressed to Commission officials that China presents substantial sales opportunities for European exporters provided they can compete with Japanese and American exporters of high-technology goods and equipment. Zhao emphasized China's interest in purchasing "truly advanced technologies."

Zhao told Commission officials that China was engaged in an ambitious five-year plan calling for modernization and development projects in such sectors as nuclear and hydroelectric power, transportation, telecommunications, and the development of China's domestic coal and oil resources. He said China would continue to encourage foreign investments in these development efforts by setting up additional quasi-autonomous economic zones where foreign and joint venture firms are permitted to operate. At present there are four such zones. In exchange for foreign capital, Zhao said



E.C. Commission President Gaston Thorn meets with Chinese Premier Zhao Ziyang.

China is willing to offer foreign firms privileged access to Chinese markets. He also said that China stands ready to sign accords to protect its foreign investors from double taxation and political risks. He welcomed a recent Commission proposal to replace the E.C.'s 1978 trade accord with China with a broader economic cooperation agreement covering such sectors as industry, mining, agriculture, energy, transportation, and communications.

Zhao also told Commission officials that China was eager to increase its own exports to the E.C. He asked the E.C. to consider China a developing country and thus continue its preferential access to the E.C.'s markets under the generalized system of preferences (GSP). The GSP is a system of trade concessions under which industrialized countries waive or substantially reduce the customs duties developing countries would otherwise have to pay on their exports to the industrialized world. The E.C. has one of the world's most extensive GSP systems.

Trade between the E.C. and China has increased substan-

tially over the past few years despite a worldwide recession. In 1983, China's total imports grew 20 percent worldwide, while its imports from the E.C. grew 37 percent. Zhao said that West European exporters presently held about 7 percent of the Chinese market and he told E.C. Commissioners that Chinese officials would like to see that market share undergo a gradual increase.

E.C. officials cited several important areas in which the E.C. could aid China with its research and development efforts or where cooperation between the two countries could benefit both. These included biotechnology, technologies designed to trim industrial energy use, and the definition of norms and standards for industrial products.

## E.C. PLEDGES SUPPORT FOR CHANNEL TUNNEL

The E.C. Commission has pledged its good offices to private efforts to build a railway tunnel beneath the English Channel as a permanent trans-

port link between E.C. member states France and the United Kingdom. In May, the Commission welcomed the findings of a report by French and U.K. banking interests that the construction of a double-bore railway tunnel would be a profitable venture.

The Commission also hinted that it might be willing to provide more than moral support for the project. E.C. financing or guarantees for the project could be arranged using various E.C. funding mechanisms alone or in combination, the report said. It said bank loans could provide most of the financing needed for planning and building the tunnel, but concluded that the project would require some form of backing from the British and French Governments or from the E.C. to reduce the risk to private investors.

The banker's report determined that boring a twin-track rail tunnel was the only option among various proposals for a permanent channel link that was both economically and technically feasible. Earlier options had included a 23-mile suspension bridge and a combination bridge and tunnel. Each of the proposed twin tunnels would be seven meters wide and would carry trains capable of transporting cars, trucks, and buses. The report said several billion dollars would be required to plan, design, and build the twin tunnels. It estimated construction time at seven years.

The report was commissioned jointly by Midland Bank and National Westminster Bank of the United Kingdom and by France's Crédit Lyonnais, BNP, and Indosuez. It

concluded that the E.C. could use its European Regional Development fund to provide some financing for the project in both construction and planning stages. It also mentioned the European Investment Bank, the E.C.'s bank for long-term finances, and the New Community Instrument, an E.C. fund-raising mechanism, as possible sources of E.C. backing for the project.

However, the banking group concluded that an extremely important, if not vital, role in any E.C. backing for the project would have to be played by a proposed new E.C. lending mechanism that would focus exclusively on transportation and infrastructure projects. E.C. Transportation Ministers have repeatedly recognized the proposed channel tunnel, or "chunnel," as a project that would be in the Community's interests and, thus, a good candidate for receiving E.C. funds.

In reaction to the bankers' report, the Commission said the report's analysis demonstrated both the value of the E.C.'s present loan-raising mechanisms and the need to extend their application to the transportation field. "The Commission is ready to take

any action within its power to assist discussions" on the chunnel project, a Commission spokesman said. The report's release is likely to give the channel link project a more prominent place on the E.C.'s agenda in the months to come. However, if the project's history is any guide, the cross-channel tunnel may still be many years from realization. History has it that the idea for a permanent transport link between France and Great Britain was first proposed by Napoleon in 1802.

## **E.C. PREPARED IF GULF WAR CLOSES SHIPPING**

When E.C. Energy Ministers met on May 22, among the most important topics on their agenda were the recent attacks on oil tankers in the Persian Gulf and the implications of those attacks for Europe's energy supplies. At the end of their meeting, the Energy Ministers emerged with a verdict that effectively vindicated the high priority E.C. policymakers have given to diversifying Europe's energy sources. They



The E.C. currently buys about one-third of its imported oil from the Persian Gulf states.

concluded that the E.C. could weather a shut-off of oil from the countries of the Persian Gulf should hostilities between Iran and Iraq succeed in closing that key waterway to international shipping.

The E.C.'s Energy Ministers agreed that the situation in the gulf merited careful monitoring. However, they concluded that the steps the E.C. has taken over the past decade to diversify its energy supplies would keep the Community from facing an energy crisis should its oil supplies from the Persian Gulf states be interrupted. Energy-supply diversification has been one of the E.C.'s major policy goals since the first oil price shock in 1973.

The quadrupling of oil prices that occurred between 1973 and 1974 caused a dramatic reversal of the industrialized countries' balance-of-payments situations and caused serious economic problems for both consumers and industrial power users. The E.C., with few domestic energy sources of its own, suffered substantially from the oil-price shock. However, E.C. policymakers learned from the experience. They realized that Europe needed an energy policy aimed at reducing its dependence on foreign oil.

Over the past decade, Eu-

rope has halved its dependence on foreign oil by introducing energy-saving technologies and developing its own domestic energy resources. In 1973, imported oil accounted for 62 percent of the Community's energy supplies. By 1983, imported petroleum accounted for only 32 percent of the Community's energy needs. The Community presently buys about one-third of its imported oil from the Gulf states. However, that figure overstates the impact on the E.C.'s oil supplies should Iran make good on its threat to close the strategic Strait of Hormuz to shipping.

The strait is a narrow waterway through which most of the gulf states' oil shipments must pass. In fact, E.C. energy policymakers believe that significant quantities of Gulf oil would continue to flow to the West via pipeline even if the Hormuz Strait were choked off to shipping. The impact on Europe would be further muted by the world oil glut, which has continued despite uncertainty in the Gulf, and by E.C. oil stocking regulations. As part of the E.C.'s energy policy, member states are required to keep a 90-day supply of oil on hand as a buffer against supply disruptions. The policy has also promoted increased use of natural gas and nuclear power as commercial energy sources.

## **TECHNOLOGY NEWS**

### **The largest nuclear plants in operation are in Europe.**

It may not be of common knowledge, but the most powerful nuclear plants in operation today cannot be found in the United States, or Japan, or the Soviet Union, but actually in Europe. The biggest plant operating today is Paluel 1, on France's Normandy coast, with an output of 1,344 MWe gross/1,290 MWe net. The next three are in the Federal Republic of Germany: Biblis B (1,300/1,240), Unterweser (1,300/1,225) and Grafenrheinfeld (1,300/1,225). The largest American "nukes" in operation are McGuire 1 & 2, with 1,220/1,180 MWe, to be joined in the future by Grand Gulf 1 (1,302/1,250), and the biggest to be found in Japan are Ohi 1 & 2, capable of 1,175/1,120 MWe.

### **The largest nuclear plants to be ordered . . . in Europe too.**

After two years of discussions, the French and Belgian Governments have agreed to jointly order two nuclear plants, to be situated on the French side of the common border, near Chooz. The two units, Chooz B1 and B2 will be of the new "N4" French model, capable of 1,450 MWe, and designed for increased flexibility in load following.

## NETWORK WILL PROVIDE E.C.-WIDE STOCK PRICES

A planned communications network linking various stock exchanges in the E.C. will provide valuable price information to European investors and may help breathe new life into the E.C.'s push to integrate Europe's capital markets. Plans to launch the new network, called the Interbourse Data Information System (IDIS), were announced in late May by a securities-industry group representing all 10 of the E.C.'s member countries, plus Spain, which is expected to become an E.C. member in 1986.

The IDIS system will permit each E.C. stock exchange to quote the prices at which a given corporation's shares are being traded in other E.C. financial centers. Initially it will transmit the share prices of about 150 companies, the number presently on the official list of two or more E.C.-based stock exchanges. These quotes would include, for example, Petrofina, the Belgian oil firm which is now listed in Brussels, Paris, and Amsterdam.

The system's goal is to reduce the compartmentalization of securities exchanges in the

E.C. into relatively small national markets. The network would provide the stock-price information needed to enable a broker to trade shares for his clients on whatever stock market offered the most advantageous terms at any given moment.

E.C. Commissioner Christopher Tugendhat, who is responsible for financial institutions, told reporters in Brussels that IDIS would serve as an important step in integrating the Community's financial markets and eventually establishing a common market for capital. He said it would also help put the E.C.'s national stock exchanges into a better position to compete for business with stock markets in the United States and the Pacific. Since 1980, the Commission has collaborated with the E.C.'s stock markets to study ways of strengthening links between E.C.-based exchanges.

Tugendhat called on the E.C.'s member states to make changes in their tax and trade policies that would remove obstacles standing in the way of cross-border securities trading within the Community. Since it came into being the E.C. has made great progress in liberalizing trade in goods, but has had little success in promoting free trade in financial services.



The annual divorce rate in the E.C. averaged 1.6 per 1,000 people in 1981, up from 0.5 per 1,000 in 1960.

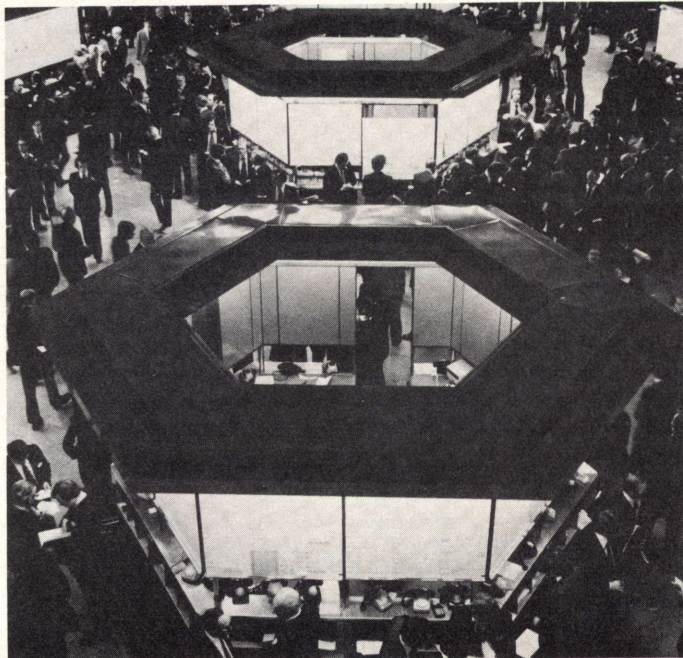
## DIVORCE RATE TRIPLES DURING PAST 20 YEARS

Divorces and illegitimate births have been on the rise in the E.C. over the past 20 years, according to Eurostat, the European Community's Luxembourg-based Statistical Office. The office, which routinely collects statistics needed to guide E.C. policies, said that divorce rates have increased three-fold and illegitimate birth rates have doubled over the past two decades. Eurostat reported that the annual divorce rate in the E.C. averaged 1.6 per 1,000 people in 1981, up from 0.5 per 1,000 in 1960. Meanwhile, the number of illegitimate births in the Community rose from 45.5 per 1,000 births in 1960 to 92.1 per 1,000 in 1981.

Despite the increase in the rate of illegitimate births,

Eurostat said the overall birth rate in the E.C. has been on the decline, falling from 18 per 1,000 people in 1960 to 12.2 per 1,000 in 1982. Those statistics have led experts to project that the E.C.'s population will grow by only 2.7 percent between now and the year 2000. The populations of two E.C. member states—the Federal Republic of Germany and Denmark—are actually expected to fall between now and the end of the century, by 4.0 percent and 3.5 percent respectively.

Forecasts show that the E.C.'s total population would reach about 279 million people by the year 2000, up from about 272 million in 1982. If Spain and Portugal are taken into the equation, the E.C.'s population would be about 333 million by the year 2000. Spain and Portugal are expected to become E.C. members in 1986.



The new financial network would serve as an important step in integrating the E.C.'s stock markets.

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## E.C. PROPOSES BAN ON LEADED GASOLINE

The E.C. Commission recently proposed stricter automobile emissions standards that would require all new cars sold in the E.C. from 1991 on to burn unleaded gasoline and that would reduce the permissible levels of other pollutants in automobile exhaust. The proposal was designed to combat the growing health and environmental problems facing Europe as a result of air pollution. Environmentalists have cited automobile exhaust as one of the sources of the "acid rain" that has destroyed vast tracts of Europe's forest lands. Scientists also have labeled automobile emissions as a potential source of lead poisoning.

Lead is added to gasoline because it is the cheapest method of increasing the fuel's octane. It also helps reduce wear and tear on engine parts. However, the lead left behind in exhaust fumes when leaded gasoline is burned is thought to pose a serious health risk, especially to pregnant women and young children. Lead, the most widely used of all toxic metals, is a neurotoxin, or brain poison, a fact that has prompted concern that lead in the environment could reduce the intelligence of children exposed to it.

The Commission's proposals would require lead-free gasoline to be available at all gas stations and garages in the E.C. beginning in 1989. All new car models of that year would have to have engines designed to run on unleaded fuel only. Automobile manufacturers would have until the 1991 model year to modify the engine designs of existing car makes to the unleaded-fuel-only formula.

The proposal would not affect cars already on the road; they could continue to burn leaded gasoline. However, the proposal calls for the maximum amount of lead in gasoline to be reduced to 0.15 grams per liter as of 1989. Present E.C. standards require gasoline to have

at least 0.15 grams per liter of lead up to a maximum 0.4 grams per liter. The Commission's proposal would also reduce the permissible levels of carbon monoxide, unburnt hydrocarbons, and nitrous oxides present in auto exhausts for all new vehicles as of the 1991 model year.

The Commission's proposals were the subject of months of discussions between the Commission, environmentalists, petroleum refiners, and car makers. The new standards may substantially increase the production costs for European cars. New automobiles in the United States now run on unleaded gasoline using devices called catalytic converters. Critics of the E.C. proposals charge that equipping European cars with converters would increase their cost by an average of \$600 each at a time when the European automobile industry has just begun to emerge from a prolonged recession. Environmentalists, however, say that the anti-lead initiative is a major step forward in protecting the health of the E.C.'s citizens and wildlife.

## E.C.-WIDE PROGRAM URGED ON TRAFFIC SAFETY

The European Parliament has called on E.C. leaders to establish a Community-wide traffic safety program to reduce the enormous economic and social cost of traffic accidents. In an average year, 50,000 people die and 1.5 million more are injured in road accidents in the E.C.'s 10 member states. The Parliament's report recommended that the E.C. Commission draw up a long-term action program on various aspects of traffic safety ranging from road signs to technical standards for vehicles. The report, adopted by the Parliament earlier this year, said the E.C.'s member states should undertake a concerted effort to improve roadway lighting, end roadside advertising, and remove trees

and other obstacles to visibility from motor routes.

The report concluded that the E.C. should not try to usurp the jurisdiction of national, regional, or local authorities in road safety matters, but rather should concentrate on coordinating safety initiatives taken by national or local authorities. It said that vehicles should be required to incorporate standard safety features and to meet safety minimums. Recommended standard safety fea-

tures included laminated glass, head rests, front and rear seat belts, rubber bumpers, and fog lights. Tough speed limits should also be imposed, particularly on vehicles carrying heavy loads, the report said. The Parliament recommended that the wearing of seat belts be made compulsory both in town and country throughout the E.C. member states and that a single realistic set of speed limits be applied throughout Europe.

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## E.C. SEEKS COMMON MARKET IN BROADCASTING

The E.C. Commission has urged its member states to make way for the coming telecommunications boom in Europe by creating a common market for broadcasting inspired by the one that presently exists for farm and industrial goods. In recent months, the E.C. also has sought to encourage member states to harmonize their technical standards for telecommunications equipment as a means of making E.C. telecommunications

equipment manufacturers more efficient competitors in their own home markets.

A recent Commission "green paper" concluded that the proliferation of cable and satellite broadcasting operations would make it increasingly common for television and radio programming to cut across national boundaries. E.C. Commissioner Karl-Heinz Narjes, who is responsible for the internal market, said that the E.C. could encourage telecommunications entrepreneurs to invest as much as \$40 billion to \$85 billion in the E.C. over the next few years if the E.C. countries moved to adopt common rules governing ad-

vertising and other broadcasting practices.

The Commission said that broadcasting is considered a service under the terms of the European Community's founding Treaty of Rome. In legal terms, that means the treaty provides for the free dissemination of radio and television broadcasts within the E.C. the Commission said. The treaty thus guarantees radio and television networks operating within the E.C. the right to broadcast their programs to other member states and bars members from taking steps to hamper reception of foreign programs.

Member states generally

have been left free to regulate most aspects of television and radio programs such as content and broadcasting hours, as a reflection of their own cultures and national traditions. However, the proliferation of cable and satellite will bring more foreign programs into the European home and could pose a headache for the E.C.'s national regulators unless some common E.C.-wide standards are adopted, the green paper said.

It suggested that national rules be aligned in areas such as advertising, the protection of minors from objectionable programming, copyright protection, and the right of reply.

*Continued from page 15.*

**E.C. view on corn gluten feed.** selling it there [the E.C.] where it competes with corn and other feed grains."

- Second, the Congressional Research Service: "Corn gluten feed is price competitive with other feed grains [in the E.C.] as an energy supply source in animal feed and is not used just as a protein source."
- Third, the North American Export Grain Association commenting on E.C. proposals to stabilize corn gluten feed imports: "These non-grain ingredients have been the obvious answer to the Community's high pricing on imports of grains, and they replace feed-grains in the feed rations, creating surpluses of domestically produced grains and less need for imported grains." The writer would not presume to contradict these eminent sources.

It is against this background that the E.C. has decided to try to find a negotiated settlement with the United States aimed at stabilizing—not banning or reducing, it should be emphasized—its imports of corn gluten feed. The E.C. and the United States met on this subject in Geneva on June 12 and a further meeting is scheduled for mid-September. The E.C. is making use of its rights under Article XVIII of the General Agreement on Tariffs and Trade (GATT), a far from unusual step, and is proposing that stabilization be achieved

through temporary and partial suspension of the tariff concession (i.e. levy and duty-free entry) by establishing tariff-free quotas and with appropriate compensation.

The measure has to be seen as temporary since it accompanies recent decisions by the E.C.'s Council of Ministers to bring its own grain prices closer to those of its competitors, a move which will significantly reduce the attraction of grain substitutes. While grain producers escaped fairly lightly in this year's price decisions with only a 1 percent cut, as opposed to the awful fate which befell E.C. milk producers, they have been warned that they are next in the firing line. In other words, the E.C. is looking for a temporary breathing space so as to avoid the risk of damage being done to its efforts to get its grain prices lower and to limit production.

The measure is also partial in that the stabilized quantity would continue to enjoy its current considerable advantages of levy and duty-free entry. The quantity proposed for stabilization is 3 million tons which, following GATT custom is the average for the last 3 years for which data is available (i.e. 1981 to 1983).

As to what compensation would be appropriate, this is something better left to the negotiators from both sides. But it will not have escaped the

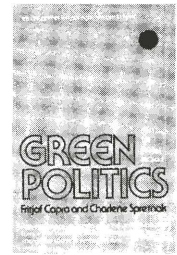
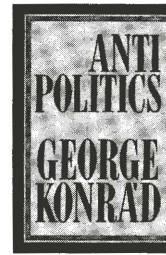
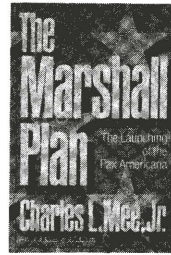
notice of non-negotiators that compensation need only relate to any affected quantities over and above the stabilized level and that recent E.C. decisions to cut back sharply on milk (dairy rations are the major outlet for corn gluten feed) and on other farm production should have a stifling effect on future demand for corn gluten feed. In addition, most who follow developments in this particular area will not have failed to notice statements by corn starch representatives to the effect that the sweetener industry was very close to maturity, and that efforts were under way to market corn gluten feed in the United States. Nor will the penetration being made by artificial sweeteners, particularly in trendy "diet" soft drinks, have gone unremarked. Finally, Agriculture Secretary John Block's assertion that limitations on corn gluten feed would merely result in increased imports of soybean meal questions the need for any compensation at all.

Thus, while the increase in U.S. corn gluten feed exports to the E.C. has been indisputably dramatic, the negotiations proposed by the E.C. and accepted by the United States and which are aimed at stabilization, are anything but dramatic and should not be characterized as such. The corn gluten feed market in the E.C., worth around \$500 million a year, will not be lost, as a result

of stabilization, as is sometimes alleged. Nor should these measures be seen as something aimed specifically against the United States, since arrangements have already been concluded as regards other important substitutes, such as manioc and bran coming from southeast Asia and elsewhere. Furthermore, they have to be seen against the general background of the tough and wide-ranging decisions taken by the E.C.'s Council of Ministers at the end of March regarding the reshaping of the E.C.'s Common Agricultural Policy.

These have been described in greater detail elsewhere, but, briefly, they included the decision that agricultural guarantees could no longer be unlimited, that there would be severe limitations on financial support for E.C. farmers, that milk production would be effectively and strictly controlled by quotas with harsh penalties if exceeded, and that for the first time ever, price cuts for several products were fixed with more to follow, particularly for grains, which will bring E.C. prices closer to those of the United States and other competitors. In other words, the E.C.'s 8 million farmers and not the United States' 2 million will have to bear the cost of moving toward a better balance of supply and demand on world markets which should be of considerable benefit to all farmers in all trading nations. ☐

# BOOKS IN REVIEW



**The Marshall Plan**, by Charles L. Mee Jr., Simon & Schuster, 301 pages, \$16.95.

**Antipolitics**, by George Konrad (translated by Richard E. Allen), Harcourt Brace Jovanovich, 243 pages, \$12.95.

**Green Politics**, by Fritjof Capra and Charlene Spretnak, E.P. Dutton, 225 pages, \$11.95.

MICHAEL D. MOSETTIG

For all that has been written about and hoped for in the unification of Western Europe, the major fact of post-war Europe is, of course, its division. Little, other than atmospherics, has changed since Winston Churchill proclaimed the existence of an Iron Curtain across Europe nearly 40 years ago.

Charles L. Mee Jr., an American writer with a knack of weaving compact historical tales, argues that the division of Europe was sealed, almost fated, in the introduction and implementation of the Marshall Plan in 1947 and 1948. George Konrad, the Hungarian novelist turning out his first work of non-fiction, moves the date two years earlier to the Yalta agreements of 1945. And now, in the 1980s, we see some of the political and psychological consequences of a divided Germany within a divided Europe reflected in the sudden prominence of the pacifist Green Party, described in sympathetic terms by a trans-Atlantic writing team.

In two earlier books, **Meeting at Potsdam** and **Versailles**, Mee demonstrated a gift of bringing together the tangled threads of peace conference diplomacy into a brisk, but cogent, narrative. He has done so again in his latest work, but this one starts with a more provocative premise and follows a more revisionist course. Admittedly influenced by Daniel Yergin's **Shattered Peace**, a ground-breaking work of post-war revisionist history, Mee tells the story of the creation of the Truman Doctrine and the Marshall Plan as a parable of strong-willed American leaders determined to set a course for Western Europe, regardless of whether the Soviet threat truly

required a program or rhetoric of such direction or scale.

In particular, Mee focuses on efforts to keep the Soviets out of the post-war reconstruction program even while giving the appearance of wanting them to participate. From the available documentary evidence, he makes a good case. Yet, he is so anxious to emphasize the disingenuous Western offer to the Soviets that he glides by their diplomatic ineptitude in refusing it and leaves them with almost no onus for removing themselves and their Eastern satellites from the program.

Where Mee excels is in his description of the characters at the center of these great post-war dramas, not only President Harry Truman and Secretary of State George Marshall, but of such vital second-tier players as Dean Acheson, Will Clayton, and George Kennan. As Mee artfully describes, their vigorous diplomatic and political and analytical skills brought to life the declarations enunciated by the President and Secretary of State. Like every historian of the period, Mee tries to explain how Kennan's original ideas became the basis for a still-continuing, if somewhat battered, policy of containing the Soviets globally and militarily. Mee is kinder than was Yergin, who wrote that Kennan was misunderstood because he never made himself very clear.

Having made a revisionist critique, Mee finds himself at the conclusion in something of a dilemma. As he points out, the \$13 billion (that was real money then) in American aid did provide far more than money and goods. It gave Western Europe "the crucial element of confidence" to rebuild its economies and societies. It also strengthened immeasurably the non-Communist parties of the West and gave an important impetus to integration. Yet, the other results of the plan, argues Mee, were to launch the United States as a world power, to put it in the center of Europe, and to make it a successor to the world's reviled empires.

Clearly, there is sufficient evidence for Mee and other historians to make such a case or they wouldn't have been doing so

with such enthusiasm for the past decade or so. Where revisionism falters is in failing to discuss the alternatives that genuinely were available to the policy-makers of the time. It's one thing to argue that they viewed Soviet intentions too cataclysmically; it's quite another to think of the unpalatable alternatives of a post-war Europe without the Marshall Plan. By indirection, Mee makes this point even while lamenting the course of American empire.

Both Konrad and the Capra-Spretnak team deal with the consequences 40 years later of a divided Europe whose very survival could be threatened in a conflict between its superpower patrons and masters. From Konrad's East to the Green Party's West, the psychological response is the wish to remove themselves from the conflict, to set Europe on a neutral or independent course. Konrad's work is an exposition of East European logic, all the sadder for its inherent message of futility. The sympathetic exposition of the Green Party platform is a mixture of some practical solutions with romantic muddle, enough of a siren song to worried or disillusioned Europeans, especially the young, to rouse ministerial jitters from Bonn to Paris and beyond.

Konrad laments the division of Europe into armed blocs, each controlled or guided by extra-European powers. He is a brave man to remain in an Eastern bloc nation, albeit the most liberal of them, and to try to criticize in equal measure the United States and the Soviet Union. As he writes, this book will not be published in his native Hungary.

Konrad's wish is for both European camps to detach themselves from their sponsors. There is no reason, he argues, for Europe to be incinerated in a superpower conflict; their fight is not our fight. A superpower conflict over Europe can be avoided only by the Europeans having a policy of their own. The best thing the West Europeans could do to bolster the confidence of East Europeans would be to strengthen their integration, to revive a European identity.

Both the literary strength and political

weakness of this book is in its Hungarian frame of reference. It's fascinating to follow the subtleties in the intellectual formulations and to read this description of how Hungarian citizens and intellectuals cope within the relative restraints and relative freedoms of a society that has struck a delicate balance with its colonial masters.

Yet, the weakness, in political terms, is that all of Eastern Europe is not Hungary, neither in the pragmatism of the Hungarian *modus vivendi* with the Soviets nor in its lesser strategic significance within the Warsaw Pact. From a Hungarian perspective it is possible to create scenarios for a mutual withdrawal of the superpowers from Europe proper. From a Polish context and most certainly from a German one, it seems well nigh impossible. The goal of the Soviet occupation of Eastern Europe is not to assume the legacy of the Hapsburgs (though they have done that), but to control the legates of the Hohenzollerns and Hitler. Not once does Konrad contemplate what would become of Germany in his schemes, a rather glaring omission.

The other flaw is that Konrad often deals in asymmetrical analogies, for example, equating the Soviet role in Europe with the American role in Latin America. This line of reasoning obscures a critical distinction between a puppet (Czechoslovakia) and a client (South Vietnam, El Salvador). Even the Soviets have let clients such as Egypt out of their grasp, but never their puppets. Similarly, a comparison between Vietnam and Afghanistan grows more flawed by the day, militarily and politically, as the Soviets strengthen their control with overwhelming force but at a tolerably low cost.

Closer to home, the rise of the Green Party in the Federal Republic of Germany has prompted considerable coverage but less analysis. They came to prominence initially because they provided a focus on neglected environmental concerns, but they have achieved considerable staying power for reasons more numerous and

complex—their pacifism at a time of rising U.S.-Soviet tensions, their appeal to sublimated German romanticism, their expression of a German identity separate from that of American-style consumerism, and as one vehicle for offering German youth a way of dealing with and shedding the legacy of guilt of their parents and grandparents. Given the complexity of their appeal, it is hardly surprising that foreign observers have trouble grasping it, or its roots in Germany's division.

The authors, with their backgrounds in science, psychology, and feminism, are well equipped to approach the Green leadership, to get beyond the barrier of suspicion that has built up between the party leaders and many Western and American journalists. With all their talk and jargon about holistic, innerconnected, and self-actualized entities, the authors clearly are on the same wave length as many of their Green subjects, even if those formulations may leave other readers often groping.

The result is a sympathetic rendition of the Green program, though one largely devoid of skepticism or historical perspective. For example, the authors accept the Green position, ostensibly against German reunification, but in favor of "dissolving" of borders. This kind of verbal sleight of hand has allowed the Greens to benefit politically from the rekindled desire for a unified, but neutralized, Germany without appearing nationalistic.

And because the authors implicitly accept it, there is no attempt to explore the tendency of the Greens to equate the Soviet Union and the United States, a tendency that for some foreigners raises the question of how deeply they have absorbed democracy. The book was in publication after several top Greens, including former general Gert Bastian, resigned their leadership to protest party declarations that dropped even a pretense of criticism of Soviet policies.

The book is on more solid ground when it deals with such matters as the party's

feminist influences, especially since the latest round of leadership rotations has put women in nearly all the top posts. Similarly, it is forthright in warning the party against adopting some of the educational "reforms" that have turned so many American schools into shambles.

Its most glaring weakness is in the treatment of the Green economic program. Any book that describes the United States as a shrinking job pool, when the economy is creating thousands of new jobs every day, forsakes credibility. Neither the party, top heavy with schoolteachers and sociologists, nor the authors seem to have many ideas about job creation or of how the less fortunate can achieve, in a deliberate no-growth economy, the level of comfort already reached by these middle class wards of the state.

In a concluding chapter, the authors discuss the prospects of the Green program spreading to this country and, not surprisingly, see many opportunities. What they have missed is an opportunity to explore the surprisingly divergent paths being taken by the post-war baby boom generations in this country and in the Federal Republic of Germany, as reflected in the Greens.

The American baby boomers and their German counterparts share a generational focus of protest against the Vietnam war and both worry about the environment. But the Greens are decidedly anti-capitalist while the Americans are on their way to becoming the most entrepreneurial generation since the turn of the century. The American baby boomers, by any polling gauge, are anti-interventionist in foreign policy. The Greens are neutralist and pacifist.

Across such gaps and divisions, it is difficult to see the forging of a common purpose between these generational counterparts, the kind of common purpose, for instance, that bound European and American leaders and officials in enterprises such as the Marshall Plan. €

Michael D. Mosettig is a producer for the MacNeil-Lehrer NewsHour.

## RECENT BOOKS

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

**Ireland: The Challenge of Conflict and Change.** By Richard B. Finnegan. Westview Press, Boulder, 1983. 166 pp. \$18.50

A profile of contemporary Ireland describing major aspects of the country's history, society, culture, politics, and economics, including the special problems of Northern Ireland. Chronicles the process of change initiated by

the advent of industrialization and discusses the changing role of the church and the fate of the Irish language movement, among other issues.

**Non-Tariff Barriers After the Tokyo Round.** Edited by John Quinn and Philip Slayton. Renouf USA Inc., Brookfield, VT, 1982. 272 pp. \$17.95, paper.

Proceedings of a conference sponsored by the Canada-United States Law Institute in 1980. Papers are divided into three categories: the General Agreement on Tariffs and Trade after the Tokyo Round, rationales for non-tariff intervention in international trade, and international regulation of domestic commercial policy.

**Macroeconomic Prospects and Policies for the European Community, Centre for European Policy Studies (CEPS) Papers, No. 1.** By Rudiger Dornbusch et al. CEPS, Brussels, 1983. 32 pp. 5 ECUs.

First in a series focusing on public affairs in the E.C., this paper offers policy options intended to contribute to economic recovery in Europe. Discusses the effects of real wages on unemployment and assesses nominal income targeting as an alternative. Argues for an economic program for the E.C. that includes a coordinated and direct fiscal expansion targeted at investment and employment.

**The Marshall Plan Revisited: The Economic Recovery Program in Economic Perspective.** By Immanuel Wexler. Greenwood Press, Westport, 1983. 327 pp. \$35.00.

A retrospective assessment of the Marshall Plan as an economic program, as opposed to an instrument of U.S. foreign policy. Focuses on the processes by which the European Recovery Program was both formulated and implemented. Evaluates the extent to which four Marshall Plan objectives—increased production, expanded foreign trade, internal financial stability, and European economic cooperation—were attained upon the Plan's official termination in 1951.

**The Common Market and How It Works. 2nd edition.** By Anthony J. C. Kerr. Pergamon Press, New York, 1983. \$17.50, paper.

A detailed introduction to the E.C. Explores the E.C.'s historical background, profiles each of the 10 member states, and describes both the E.C. institutions and the organization's decision-making processes. Also discusses main sectors in which the E.C. is active, for example, agriculture, competition policy, social and regional policy, and industry and technology.

**Why are the British Bad at Manufacturing?** By Karel Williams et al. Routledge & Kegan Paul, Boston, 1983. 288 pp. \$14.95, paper.

Probes the decline of British manufacturing since 1950 and cites the following national conditions as having contributed to poor manufacturing performance: enterprise control over the labor process, market structure and the composition of demand, and the relation of manufacturing enterprise both to financial institutions and to government. Includes case studies of General Electric Company and British Leyland in addition to profiling Britain's shipbuilding industry.

**The Euro-Arab Dialogue: A Study in Associative Diplomacy.** By Saleh A. Al-Mani'. St. Martin's Press, New York, 1983. 156 pp. \$25.00.

Aims to give a general overview of the E.C.'s relations with the Arab World since 1973. Provides a summary of the Euro-Arab Dialogue (EAD) and analyzes the reasons for what the author perceives as its failure. Also studies the EAD from both theoretical and empirical perspectives as an exercise in E.C. regional policy.

**The Mediterranean Policy of the EEC.** Editoriale Scientifica, Naples, 1981. 522 pp. Lit 30,000.

Proceedings of an international congress held in Naples, March 28-29, 1980. Reproducing the original versions (in French, English, or Italian) of more than 65 addresses, reports and communications, examines the historical, political, legal, and socioeconomic aspects of the E.C.'s Mediterranean Policy.

**EEC and the World: A Survey.** Edited by Christopher Stephens. Overseas Development Institute, London, 1983. 242 pp. \$24.50, paper.

Third in an annual series that covers major developments in E.C.-Third World relations. Evaluates implications

for the Third World of both the Law of the Sea Convention and changes in export credits. Surveys conflictual developments in U.S. and E.C. policies in South Africa, the Caribbean Basin, and the Middle East. Assesses the impact of Lomé trade-and-aid pact between the E.C. and 64 developing nations and discusses prospects for E.C. development policy after 1985.

**The Greens of West Germany: Origins, Strategies, and Transatlantic Implications.** By Robert L. Pfaltzgraff, Jr. et al. Institute for Foreign Policy Analysis, Inc., Washington, D.C., 1983. \$7.50, paper.

Investigates the origins, development, and composition of the environmentalist anti-nuclear Green movement in the Federal Republic of Germany. Outlines the party's domestic and international programs, analyzes the Greens within the context of the German party system, and studies the movement's implications for the United States.

**The Oil Decade: Conflict and Cooperation in the West.** By Robert J. Lieber. Praeger Publishers, New York, 1983. 159 pp. \$21.95.

Assesses the impact of a decade of oil crisis and glut on U.S.-European relations. Considers the dilemmas caused by the international context of the energy problem, the limited national means which most countries have for addressing it, and the accompanying tensions in U.S.-European-Middle Eastern relations. Among topics addressed in individual chapters are Western responses to a decade of energy crisis, scenarios of energy crisis, and policy choices.

**International Accounting and Transnational Decisions.** By S. J. Gray. Butterworth & Co. Publishers, 1983. 500 pp. \$59.95.

Divided into five parts, this textbook on international accounting covers topics in comparative international accounting, international accounting standards, transnational financial reporting, and transnational financial decisions and control. E.C.-related issues discussed include consolidated accounts, segment reporting of E.C. multinationals, imputation systems of corporation tax in the E.C., and the Fourth Directive on Company Law.

**The West German Economy.** By Eric Owen Smith. St. Martin's Press, New York, 1983. 331 pp. \$32.50.

In addition to looking at the factors contributing to the dramatic postwar recovery of the Federal Republic of Germany's economy, this book traces the principal economic development and policies from 1950 to 1980. On the macroeconomic level, studies policies and economic trends. Microeconomic topics addressed include the structure of the labor market, business ownership and control, and the banking and industrial sectors.

**Oil and the British Economy.** By Fred Atkinson and Stephen Hall. St. Martin's Press, New York, 1983. 208 pp. \$32.50.

In its examination of the impact of North Sea oil and gas on the British economy, this book explores why the 1980s have been years of recession and unemployment despite high levels of domestic oil production. Investigates the effect of oil exploitation on Britain's industrial sector and compares the experience to that of Norway, the Netherlands, Japan, Venezu-

ela, and Australia. Also analyzes the Government's economic policies and discusses alternative programs intended to make better use of the North Sea endowment.

**The European Economy in the 1980s.** Edited by Hans-Gert Braun et al. Gower Publishing Co., Brookfield, VT, 1983. 257 pp. \$44.95.

Papers and proceedings of an international symposium organized by the IFO Institute for Economic Research and held in Munich, April 8-10, 1981. Among topics addressed are labor market policy in Europe, European deindustrialization and the future of the service sector, the E.C.'s agricultural and regional policies, Europe's long-term energy supply, the European Monetary System, and the prospects for further European economic integration in the 1980s. Tables and figures.

**Defence and Public Opinion. *Chatham House Papers No. 20.*** By David Capitanchik and Richard C. Eichenberg. Routledge & Kegan Paul Ltd., 1983. 98 pp. \$10.00.

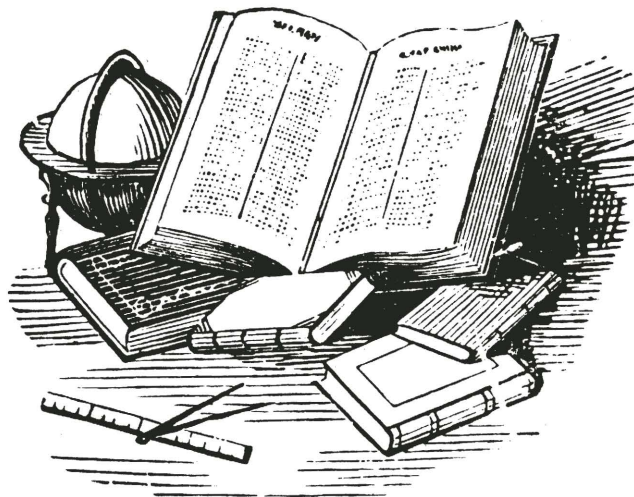
A comparison of public opinion on defense in the United Kingdom, the Netherlands, Norway, Denmark, France, the Federal Republic of Germany, and the United States. Investigates priority given to national defense, attitudes toward defense spending, views on nuclear weapons, and feelings toward the United States and the North Atlantic Treaty Organization.

**Public International Law.** By Branimir M. Janković. Transnational Publishers, Inc., Dobbs Ferry, 1984. 444 pp. \$45.00 hard cover, \$25.00 paper.

An analysis of the international legal system and its regulation of international relations. Examines nations, international organizations, and individuals as subjects of international law. In addition to studying the international treaty as a legal instrument, discusses the role of international law in the peaceful settlement of international disputes, war, and the safeguarding of peace.

**Multinational Enterprises and the OECD Industrial Relations Guidelines.** By Duncan C. Campbell and Richard L. Rowan. University of Pennsylvania, The Wharton School, Industrial Research Unit, Philadelphia, 1983. 289 pp. \$22.00.

Studies the response of multinational enterprises and unions to the employment and industrial relations guidelines issued by the OECD. Assesses cases that have been brought before the OECD Committee on International Investment and Multinational Enterprises by unions alleging violations of the guidelines by multinational firms. Considers the OECD guidelines in the context of national industrial-relations law and practice in member states of the E.C. and in the United States.





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**Regional Development programme (Second Generation) Denmark 1981-85.** *Commission, Brussels, 1983, 134 pages.* Regional development plan of Denmark submitted to the Commission. **\$10.00**

**Programme de développement régional (deuxième génération) pour le Groënland 1981-1984.** *Commission, Brussels, 1983, 78 pages.* Regional development plan for Greenland submitted by the Danish Government to the Commission. Available only in French. **\$7.60**

**ACP Basic Statistics.** *Statistical Office, Luxembourg, 1984, 176 pages.* Selection of macro-economic statistics for 1978-1981 for the African, Caribbean, and Pacific countries, signatories of the Lomé Convention, and comparison with other developing countries. **\$7.50**

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**African Swine Fever.** *EUR 8466, Commission, Luxembourg, 1983, 333 pages.* Papers presented at a symposium held in Sassari (Italy) September 23-25, 1981. **\$19.00**

**Comparative Retail Value of Beef Carcasses.** *EUR 8465, Commission, Luxembourg, 1983, 166 pages.* Papers presented at seminars held in Roskilde, Denmark, July 10-11, 1980 and Langford, June 1-2, 1981. **\$11.00**

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## TOWARD A NEW, INTEGRATED DIALOGUE

Several months ago, in this same column, a distinguished American, George Ball, lamented that the noble concept of European unity, inspired by such visionaries as Jean Monnet and Paul-Henri Spaak, seems to have been reduced in modern times to "little more than a commercial squabble in which the perennially troublesome problem of agriculture plays a central role." In all frankness, I must concede that this has indeed become a popular American perception of the European condition. Ball also suggests that "new ideas" and "new initiatives," are required and they must come from "both sides of the Atlantic."

I agree, but I also believe that the key to unlocking those new ideas and initiatives must be a new dialogue between the United States and Western Europe which is broad enough to include all of the interrelated problems affecting our relationship. We can no longer afford the luxury of "compartmentalization"—which too often characterizes the discussions, at least among parliamentarians from Europe and the United States. Until now, mutual defense matters have been reserved for the North Atlantic Treaty Organization (NATO) forum, while economic themes predominate in our talks with representatives of the E.C.

On the basis of my experience as the current Chairman of the U.S. House delegation to the North Atlantic Assembly and as a past participant in the biannual exchange between members of Congress and of the European Parliament, I have begun to question whether these topics can, or should, be considered separately in the world as it exists in the mid-1980s. An understanding of the impact of defense expenditures on the economies of Western Europe—and vice versa—strikes me as being an essential element in any meaningful discussion of *either* topic.

Consideration of the questions before us must occur in a broad and integrated context if the kind of transatlantic dialogue I have in mind is to make any substantial progress. A real dialogue, I have always believed—one in which we

talk *to*, rather than *at*, one another—is like a commercial transaction: If you want to sell, in the long run, you also have to buy . . . and if you want your views to be heard, you also have to listen. This is a prescription, I hasten to add, for Americans as well as Europeans—and in equal measure.

With that thought in mind, let me now turn to a few specific issues which will inevitably be included on the current U.S.-European agenda:

• **Europessimism.** Behind this fashionable term is a serious problem: a European fear that the United States and Japan will develop closer ties at the expense of Europe's economy, technological development, and security. Some Europeans even question their own intellectual and financial resources, as they examine ways to prevent this change in our relationship. To a postwar generation which watched with admiration Europe's reconstruction, such pessimism seems unfounded. But our dialogue needs to find ways to lessen this concern. Prolonged European economic recovery and expansion is essential. The United States, Japan, and Europe must explore paths which will enable Europe to develop its technological potential and to enjoy a fair share of the world market. There is no inevitability to a gradual separation of the United States from Europe. The American people know their economic and political security is interdependent with Europe's. A growing division between our continents is only inevitable if we fail to form a broad enough framework to address and resolve these problems.

• **Arms Control.** There is a mounting urgency to develop a working agenda on the entire spectrum of arms control issues: strategic and theater nuclear weapons, conventional weapons and military levels, chemical weapons, and the threat of weapons in outer space. To many in Europe, the value of friendship with the United States is measured, not only in terms of a common defense against a Soviet attack, but through a common pursuit of methods to halt the arms race and reduce the chances of war. Many

members of Congress, myself included, support a renewed American commitment to mutual and verifiable arms control measures, as distinct from unilateral disarmament moves (for which there is virtually *no* support within either the House or the Senate). A fruitful dialogue between American and European legislators on this subject could serve to strengthen and revitalize that commitment.

• **East-West Trade.** This has been one of the most divisive issues between us in recent years and it will remain so unless we do a better job of listening to one another and identifying specific areas of potential agreement. No Western country seriously wishes to compromise its security for the sake of a quick profit in East-West trade, but it is clear that the United States and Europe disagree over the political advantages of expanded commerce with the Soviet Union. A resolution of this dispute in a way that satisfies everyone may be extremely difficult, if not impossible. We can be moved to that elusive but attainable goal if we—through honest dialogue—begin to recognize the serious and collective danger we face if we fail to solve this problem. Endless internecine struggles among alliance member states over unilateral sanctions and the extraterritorial application of national laws will only serve to damage our respective interests and Western security in general.

I strongly believe that the United States and Europe have the capability to resolve many of these contemporary problems—if we address them on an equal, mutually cooperative basis. A lasting partnership rests on the ability to discuss *all* issues together—in a broad, integrated context—not just a *few*, selectively. The United States and its European allies have enjoyed a constructive and beneficial post-World War II relationship—a relationship which has brought peace to *all* of their inhabitants. *We all*, I believe, should have the wisdom and determination to maintain it. €

Rep. Dante B. Fascell is chairman of the House of Representatives Committee on Foreign Affairs.

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