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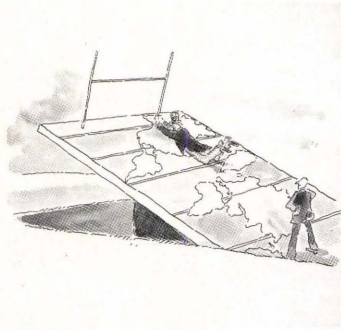
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EUROPE

MAGAZINE OF THE EUROPEAN COMMUNITY



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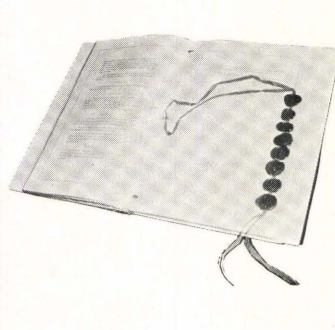
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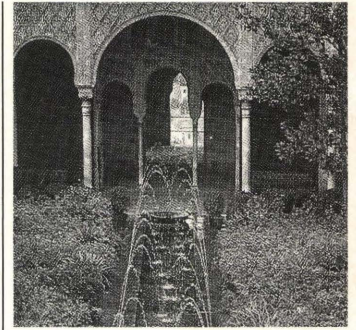
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PUBLISHER'S LETTER

Visitors to Victor Hugo's apartment on the magnificent Place des Vosges in Paris can read the following words inscribed on the wall of the room where the poet died in 1885: "I represent a party that does not yet exist: Civilization. This party will make the 20th century. There will issue from it, first the United States of Europe, and then the United States of the World."

The poet was probably overoptimistic when he thought that the 20th century would be that of Civilization (then again, it is a constant element of human nature to believe that the next century will be better. . . .).

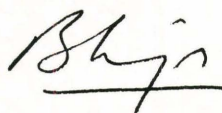
But the European Community, which celebrates its 30th anniversary this year, showed that his prophesy was right as far as Europe is concerned. Even if the words "United States of Europe" now only belong to the vocabulary of the hard-liners of the Federalist current, the fact is that West European countries are now closer to unity than they have ever been before.

There is no lack of criticism to be addressed to the European Community: the Common Market, after 30 years, is still not achieved; nationalistic reactions are still too often the norm and plague decisionmaking; and the European Parliament is still far from the legislative body that its creators believed it would become. . . . to mention only the most blatant failures of the Community. But the E.C., in 30 years, has allowed Western Europe to become the first trading power in the world—and the second richest—and to regain a voice in international affairs, while safeguarding the cultural wealth brought to it by the diversity of its member countries.

The fact that the 30th anniversary of the Treaties of Rome coincides with the 200th anniversary of the U.S. Constitution also reminds us of the tight links between the United States and the Community. Without the help of the United States, it is probable that the E.C. would never have been able to come into being. Yet, relations between the Old World remain fraught with misunderstandings. On the American side of the Atlantic, it appears difficult to understand that 12 countries, with their seemingly irreconcilable differences, can find grounds for agreement on any subject. Indeed, Americans should remember their official motto, *E pluribus unum*, and realize that it applies to what the E.C. is trying to achieve. They should understand that progress toward a united Europe is by essence a slow one.

Europeans, whose main preoccupation, it seems, is to imitate the United States, should never forget that what made America are its dynamism, its capacity to adapt to the economic and political circumstances of the time and its irresistible faith in the individual. The European Community and the United States have reached over the last 30 years a degree of interdependence that does not allow them to waste their energy in petty trade disputes. Both sides still have a great deal to learn from one another.

Despite its shortcomings, the E.C. has nothing to be ashamed of. But the United States, on the other hand, should not disregard the efforts and minimize the undeniable successes of the Community. As Margaret Thatcher, the Prime Minister of a country not so long ago considered as the least "Community-minded" of the E.C. member states, said in her speech to the joint session of Congress in February 1985, "Do not doubt the firmness of our resolve. But do not underestimate what we already do."





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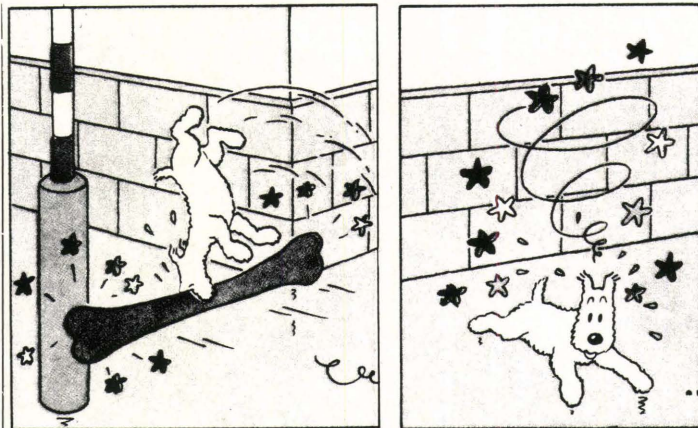
BRUSSELS

Popular Comics

A new Picha feature-length cartoon movie has just had its world premiere in Brussels, and will soon be released in the United States, among some 30 other countries. When viewing the film, one should not be misled by Picha's frequently proclaimed debt to Walt Disney: *The Big Bang*, as his film is called, is emphatically not *Pinocchio*, and any parent thinking that the kids might like to see it as a treat is strongly advised to look elsewhere. The plot involves a war between the sexes, the imagery is almost wholly based on human sexual organs and the tone is remorselessly brutal.

A Picha film leaves no one indifferent. Admirers of the 44-year-old Belgian claim that his work is among the most innovative, technically accomplished and politically significant in the cinema today. And then there are many others who find it repellent. I know of several people who confessed to feeling physically sick after seeing his first feature, *Tarzoan*, a spoof on the Tarzan movies.

The release of *The Big Bang* occurs not long after an event that on the face of it appears to be of a wholly different character—the publication of the last and uncompleted Tintin album by the renowned Belgian cartoonist Hergé who



The adventures of boy-reporter Tintin and his dog Snowy, which have appealed to audiences of all ages for over 50 years, represented a new era in comic-strip art when they were first published in 1929. Above, a scene from the book, *Tintin et le Sceptre d'Ottokar*.

died in 1983. What possible connection could there be, one might be led to wonder, between Picha's grotesque art and that of Hergé, whose hero—the well-mannered, morally upright, gentle boy-reporter, Tintin—counts his worldwide followers by the millions?

A link there is, however, and not just that of Belgian nationality, although that has possibly something to do with it. The point is that Hergé was a pioneer and the first appearance of Tintin in 1929 marked an important change in the direction and character of comic-strip art in Europe. Tintin has always appealed as much to grownups as to children, and his exploits created a taste for adult cartoon serials that still grips readers of all ages today: It often surprises first-time visitors to Brussels to see grown-up people reading comic books in trains and buses! Credit Hergé or blame him if you will, but the fact is that in 1970 it was estimated that half of all

magazines sold in Belgium were in comic-strip form and an examination of any newspaper kiosk in Brussels today is a strong indication that the proportion cannot have fallen much since then.

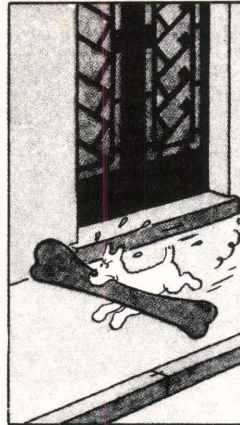
The Belgian taste for comic books and the remarkable talents it has inspired are not solely due to Tintin and his creator. Consider Lucky Luke, the chain-smoking Belgian cowboy, for instance, and the equally improbable hero-figure Ambiorix, tormentor of the Roman Empire. More recently, Suske and Wiske are maintaining the Tintin theme of children solving grownups' problems for them, while on a different level, the Smurfs have captured a worldwide following from their Belgian homeland. But certainly in his technique and meticulous regard for historical and geographical truth among other things, Hergé set the standards, and it is doubtful that Picha would have felt inspired to create what he has, still less

find an audience for it, had Tintin not existed.

Some of the reviews of *The Big Bang* have touched on this point—and it is surely significant in this context that the film has been discussed not just by movie critics, but also by art professors. Hergé has a standing in Belgium (and France) that would astonish the creators of *Peanuts* or *Blondie* in the United States. His last work, *Tintin et l'alph-art* has been subjected to massive scrutiny in the media. How did he mean to end it? How would Tintin's faithful dog Snowy rescue him from the clutches of a gang of art thieves? It sometimes seems as if as much scholarly energy is devoted to such questions in Belgium as is spent in Britain on fathoming the ending of Charles Dickens' *The Mystery of Edwin Drood*.

The truth is that Hergé is seen as part of Belgium's artistic tradition dating back to the great Flemish Masters, and it would surprise few if Picha were one day to join him there. Many of those who find all this spurious would argue that the only common link is that all of them draw.

But this could be the real and important underlying point. Belgium is a bilingual country and possibly because of this never achieved great international acclaim for its poetry or literature. Its artistic genius expresses itself in the visual arts, and, whatever the merits of Hergé, Picha and the like, it can scarcely be denied that they serve the tradition in their own way.—ALAN OSBORN



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LUXEMBOURG

Negligence, Not Sabotage

The worker carrying out a routine inspection of U.S. Army M-60 tanks at Sanem in Luxembourg earlier this year could scarcely have expected the great uproar that was to follow his discovery, one that sent ripples through the Western defense alliance, created near-hysteria among the Luxembourg press and politicians and prompted questions in the U.S. Congress. But the story deserves to be told from the beginning.

What the inspector had found were odd scratches on the lenses of the tanks' optical equipment. Consequently, an urgent examination of all other vehicles was ordered, which apparently showed that about 100 tanks in all bore similar lacerations. The scratches were said to have "blinded" the tanks—thus rendering them incapable of movement.

The newspapers were in no doubt that the vehicles had been deliberately sabotaged and the hunt was on for those responsible. Had the military depot been penetrated by out-

side agents? Or was it the work of someone on the staff of the Warehouse Services Agency (WSA), the privately owned company set up by the United States to manage its army bases?

This started a major scramble on all sides to investigate the case. The Americans were reported to be sending a special detachment of Marines to look into the matter; the Luxembourg Government set up its own inquiry, WSA brought an action in the courts against "person or persons unknown," and right-wing politicians and newspapers talked openly of a Communist plot—a charge that the moderate Luxembourg Communist Party furiously denied.

A few days later, everybody concerned was made to look very foolish indeed. The scratches, far from being the handiwork of saboteurs, were found to have been caused accidentally by lazy or incompetent cleaners. The lenses were normally covered by a protective tape that was regularly changed. Often, however, parts of the old tape would stick to the glass and were then apparently removed, not with solvents, but by being scraped off with a knife. Not only that but,

said the deputy public prosecutor, only 34 tanks had suffered damage and in only 11 cases was it serious. The cost of repairs was put at less than \$15,000 in all.

The newspapers blamed WSA—and each other. "How could it have been the work of saboteurs if the scratches were inside *sealed* tanks?" asked one—a question it might more usefully have asked when the storm broke. No one—except perhaps the Communist Party—emerged with much dignity. But there was more to come.

Clearly the Americans, even if they accepted the explanation of negligence, could hardly feel happy about the incident. It was revealed that the Luxembourg Government was continuing its inquiries, in association with the U.S. Army, but officials declined to say whether this meant there was still some unease about the explanation of the damage or whether it was merely a review of WSA's maintenance procedures.

At the same time, the trade union to which WSA employees belong has called for the company to explain the situation and to say what it intends to do about the 20 workers charged

with carelessness. WSA employs about 200 Luxembourgers and there are growing fears among them that the U.S. Government may order changes in existing practices as a result of the affair. The press has already reported that a number of U.S. Congressmen are demanding that the safety and maintenance of U.S. military equipment in Europe be handed over to the U.S. armed forces.

There have been reassurances from the U.S. Ambassador to Luxembourg, Jean Gerard, that her faith in Luxembourg workers was unshaken and that it was still sensible to employ non-U.S. citizens to carry out routine jobs for the military. But the misgivings felt not just by the Americans but also among the Luxembourg public generally will not be removed until the blame is officially laid at someone's feet. If organized sabotage directed from outside is now presumably discarded as an explanation, it still remains possible that the damage was caused maliciously, in which case WSA will have to tighten its security procedures as well as its working methods.—ALAN OSBORN



Damage done to optical equipment of U.S. Army M-60 tanks due to carelessness has heated debate about whether to continue employing non-U.S. citizens to carry out routine duties for the U.S. military.



AMSTERDAM Amphibious Cyclists

A group of 36 Dutch men and women have prepared the most unique method yet of crossing the Channel between the United Kingdom and France. While more mundane plans to cross the stretch of water between Dover and Calais involved such activities as swimming, surfing, gliding and—let us not forget—the centuries-old designs for a tunnel, the Dutch team has come up with a more original method—that of amphibious cycling over the water. Just how the cyclists will achieve this feat is well worth asking.

The group intends to cycle both on land and across the 19-mile stretch of water that divides the United Kingdom from the rest of the Continent. The amphibious cycle will consist of a modified truck, stripped of its engine and driver's cabin, but not of its wheels. The cyclists, arranged in nine rows of four each, will move the whole contraption by means of a shaft connected to the truck's gearbox. Care has been taken to comply with European road safety regulations, and the truck does not exceed 2.5 meters in width and 11 meters in length.

Once the cyclists reach the water, the frame on which the 36 bicycles are mounted is fitted onto two wooden, catamaran-type floats. With the help of a rudder propeller that can rotate 360 degrees, the two floats, connected by two alumi-

num beams, will be able to cross the water. The total size of this amphibious "monster" is 4.3 meters by 14.4 meters, and cyclists hope to attain an average speed of 5 kilometers per hour on the water.

The idea for this rather unusual method of braving the water came from a group of youngsters in Haarlem who set up a polio foundation, and thought of this as a good fundraising event. They have worked closely with the Haarlem technical design school and various companies that have helped with preparations.

The trip will start in the British town of Canterbury on July 18, and the team hopes to reach its hometown of Haarlem by August 15. Festivities will accompany them throughout their trip, with special fundraising activities scheduled in Canterbury, Dover, Calais, Bruges in Belgium and Heemstede near Haarlem.

The amphibian cyclists have made sure to take proper precautions for their adventure. A Hovercraft with a medical team and supplies, boats of the Dover voluntary rescue brigade and the port authorities, as well as a boat with 70 reserves, will follow them. There will also be permanent radar contact with the Continent, and in case of an emergency, a Hovercraft can reach them within 10 minutes at the most.

The team is confident it will be successful. Coming from a country with a tremendous bicycling tradition, and in which people have braved the elements for centuries, is such confidence surprising?—NEL SLIS

BONN

Pros and Cons Of Abortion

The Federal Republic of Germany's constitutional court may soon be required to determine whether pregnancy is an "illness" in the legal sense or not. The issue has been under debate since 1976, when the then ruling coalition of Social Democrats and Liberals used its parliamentary majority to amend Paragraph 218 of the Criminal Code to permit a woman who "finds herself in serious difficulties" to have a legal abortion.

The stipulation that an abortion may be legally performed under "serious difficulties" is a vague enough description that can apply to a woman whose health might be endangered after several earlier pregnancies, whose income is too low to finance yet another child, or to a woman who argues that for her to have a child would interrupt a budding career. The law further requires that two physicians must attest to such "serious conditions."

Opponents of the measure complain that it is as good as permits abortion on demand, which they say is a violation of the constitutional provision that "everyone shall have the right to life." But there have been other reasons for opposition, too.

Under the law, abortions performed for the above reasons are paid for by the national health insurance scheme, to which all employed persons contribute. In 1984, a working woman in Dortmund

took this to court arguing that her freedom of conscience was being violated by this requirement since she rejected abortions for moral reasons. The constitutional court in Karlsruhe was asked for a decision on the fundamental question, but the case was thrown out on the grounds the plaintiff was not directly affected by the law on abortion.

That caused a few parliamentary deputies of Chancellor Helmut Kohl's Christian Democratic Union and of the Christian Social Union headed by Bavarian Minister President Franz Josef Strauss to introduce a bill in the Bundestag—the lower house of Parliament—declaring that an abortion is not therapeutic treatment and that therefore a physician performing one should not be paid by the national health insurance scheme. That move, however, was pigeonholed, as was an attempt by the Christian Democratic Government of the federal state of Rhineland-Palatinate to get the Bundesrat—the upper house of Parliament—to pass a similar measure. The Bundesrat *did* approve a resolution—one that stated that abortions for women "in serious difficulties" should be permitted in a country as wealthy as the Federal Republic of Germany.

None of the political parties nor any of the state Governments have so far been willing to test the issue in the courts directly. But an employer in the small industrial town of Iserlohn now seems ready to demand the court test that other objectors to the abortion law have until now avoided.

The issue involved one of his woman employees who took three weeks leave to have an abortion she said would have caused her "serious difficulties" if carried to term. The employer refused to pay her salary for the three weeks on grounds she was not sick. But the health insurance paid for the abortion and also paid the woman the equivalent of three weeks' salary—then sued the employer to recover the latter.



The Iserlohn labor court declared that Paragraph 218 simply states that a woman who has an abortion because her pregnancy causes her "serious difficulties" is exempted from punishment under the criminal code. The court added, however, that her action was nevertheless illegal, since pregnancy was not an illness, and the woman underwent the abortion essentially at her own request—thus making herself unfit to work.

This led to the court's decision that the employer was justified in refusing to continue paying the salary during the three weeks the woman was unable to work. The court said that either party to the dispute may appeal, and the health insurance scheme may do so. The employer had already announced that if he lost the case in Iserlohn, he would carry it to the Constitutional Court.

It would appear that this time, the high court will be unable to avoid handing down a ruling. It would first have to decide whether, under the terms of the law guaranteeing paid sick leave, a pregnancy is an illness. If the ruling on this was negative, a further decision as to whether an abortion is nevertheless a therapeutical treatment that must be paid for by national health insurance would be required.

Bonn's Ministry for Health says that about 80,000 abortions a year are reported by physicians to the Federal Statistical Office and that this, presumably, also is the number of abortions paid for under national health insurance, for which physicians are paid only if they report the abortion to the Statistical Office. But the Ministry is quick to add that no one knows how many abortions actually are performed, since many women who may have abortions pay the bills themselves to avoid potential problems with their health insurers, whether they are covered by the national scheme or by a private insurance company.

A decision by the Constitutional Court will not be forthcoming for some time, how-

ever, and the case easily could drag on until just before the next federal election, when it could again become a campaign issue.—WELLINGTON LONG

LONDON

Newspapers By the Dozen

Always one of the world's great newspaper centers, London is now being swamped by a rash of new papers in the wake of the belated arrival of the electronic printing revolution just over a year ago.

The advent of modern printing techniques in Britain was traumatic for the unions, which

evening paper, which has held a monopoly in this realm after vanquishing the last of its rivals six years ago.

There are now a dozen daily morning papers ranging from the serious, quality-press such as *The Times*, *The Guardian* and *The Daily Telegraph*, through middle-of-the-road papers such as the *Daily Mail* and the *Daily Express*, to the titillation-and-scandal sheets like *The Sun* and the *Daily Mirror*.

The addition of *Today* and *The Independent* each morning, the *London Daily News*, which hits the streets five times a day, and *Sunday Sport*, was made possible by the breaking of the stranglehold of the powerful print unions. For decades, they had kept the

doch stable also includes the prestigious *Times* newspaper, which, until a year ago, was a financial liability.

The key element in the losses of *The Times* was the high cost of printing caused by the huge wage bills for printers who had successfully defied all previous attempts by newspaper managements to persuade them to accept modern printing technology. But by subterfuge, deviousness and brilliant planning, Murdoch changed that overnight by creating an ultramodern printing center on a low-cost site in Wapping, a part of the wastelands of East London—and without the printers whom he had dismissed after they struck his old plant. In the process, he changed the entire British newspaper industry.

Despite fierce resistance by the print unions, Murdoch managed to print all four of his titles and to get them distributed with only a minimum loss of sales. Printers and journalists alike complained about the rules being broken and agreements ignored, but enough were willing to accept extra money to continue working to ensure uninterrupted publication. A year later, Murdoch's profits have soared.

If imitation is the sincerest form of flattery, Murdoch would be blushing if he were not such a hard-nosed businessman, because every other newspaper in London is now following his example, thus putting a definite end to the old era of Fleet Street, on which the buildings of the great newspapers are up for sale. On top of that, the backbone of the tough printing unions, which fought a rearguard action against new technology, has successfully been broken, after a 12-month protest outside the Murdoch plant at Wapping had to be called off after disastrous financial losses for the unions.

For the newspaper reader who was never interested in these struggles, but unknowingly suffered from them, this sudden transformation in the newspaper printing business has led to a new age in reading.



The arrival of new-technology printing techniques has profoundly changed the British newspaper scene.

have finally had to bow to the inevitable after decades of stubborn resistance and a year-long attempt to prevent the regular distribution of the papers to avoid their being produced in new plants.

For the newspaper-reading public, the changed circumstances have meant a growing list of new titles from which to choose. Within less than a year, two new national dailies were born, a new Sunday paper appeared, and a second Sunday paper is due out this spring. For the London public, a new evening paper has just hit the streets, providing invigorating competition for the *Standard*

newspaper industry tied down to archaic printing methods that reeked of the 19th century.

The key figure in the revolution was Rupert Murdoch, the Australian—and now naturalized U.S. citizen—newspaper and media tycoon, who trampled over tradition and convention in his determined rush to become the world's most powerful media owner. In Britain, he owns the financially successful *Sun* newspaper, which made its name on the basis of sensational reporting and a notorious "Page Three" of bare-breasted women. At the other end of the spectrum, the Mur-

Today, the reader has an ever widening choice of well-printed papers to choose from, papers with clear pictures and the occasional splash of color.

Nevertheless, it is doubtful if all the new titles—or even the older papers—can survive the current circulation battle. The data so far produced on the greatest sales battle of the past 30 years shows that for all the hullabaloo, total newspaper readership has only increased by 2 percent, and the volume of advertising has not risen by any significant extent.

When the laws of supply and demand finally bite, it will leave some of the papers bankrupt. The fact that only one of the new titles to come onto the market in the past year is a scandal rag fuels the belief that the fittest to survive will include some new quality papers. Which is particularly welcome at a time when the lowest common denominator often seems to be the dominant criteria for selling newspapers.—DAVID LENNON

DUBLIN

A "Hung" Parliament

The general election result, which produced a "hung Dail" (the Dail being the Irish name for the Lower House), was the one nobody wanted. Considering the scale of the country's economic problems, even the ousted Fine Gael Government took little comfort that the incoming Fianna Fail Government would have to tackle them without an overall majority.

An election that should have brought Fianna Fail triumphantly back to power following the breakup of the Fine Gael-Labor coalition, which had been in disarray over harsh budgetary measures, instead left Fianna Fail's party leader, Charles Haughey, with 81 seats, or three tantalizing votes short of a majority—the very outcome that, as he had repeatedly warned during the campaign, would be the worst

for the country. So he had little choice but to seek support from among the four Independents and even the left-wing Workers Party, the nearest group in the Dail to a Marxist-oriented economic philosophy.

Possibly, it was the most fascinating election since the 1930s, when Fianna Fail, under its founder Eamon de Valera, came to power and held it for 16 years. This time, there was the presence of a new center-right party, the Progressive Democrats (PD), which, although it began as a break-away group of Fianna Fail dissidents, appealed most to disgruntled middle-class Fine Gael voters. And for the first time in Irish politics, there was also the presence of Sinn Fein candidates—the political front of the banned Irish Republican Army—who, if elected, intended to take their seats in the Dail instead of following their traditional abstentionist policy.

This decision on the part of Sinn Fein had only been made a few months prior to the election and had led to a split with a hard-core element of Sinn Fein, which meant the party was ill-prepared to fight this

election. Nevertheless, their failure to poll more than 1.9 percent of the votes was disappointing and seemed to confirm the low priority given to the Northern Ireland problem by most voters.

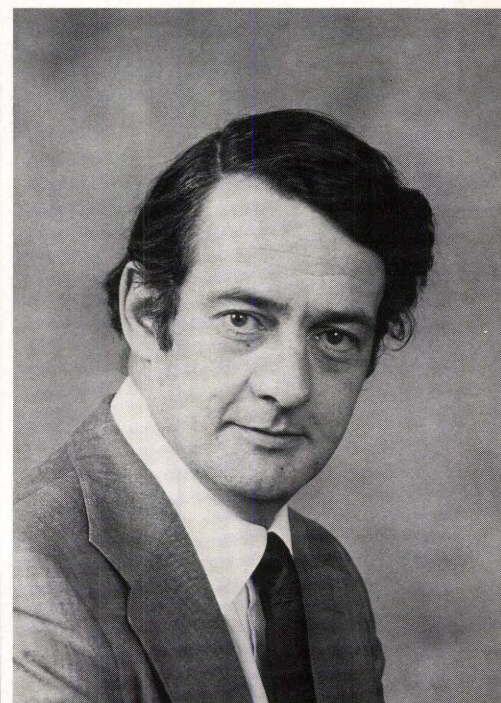
For the Progressive Democrats, tagged as the Irish "yuppies," their first election yielded 14 seats, putting them in third place behind the two big parties, and thus beating the Labor Party out of the position it had occupied since Irish independence in 1922. It was an impressive performance which, to use their own cliché, has "broken the mold of Irish politics." The party gives every impression of being here to stay under its extremely popular leader, Desmond O'Malley, who was forced out of Fianna Fail two years ago because of disagreement with its hard-line Northern Ireland policy under Haughey. It may seem ironic, but had Fianna Fail instead tried to keep O'Malley inside the party, it would today be sitting on an unassailable majority position.

Although the PD support came largely from disaffected Fine Gael voters, the new party did serious damage to

Fianna Fail outside Dublin, and especially in the large provincial centers of Limerick, Cork and Galway. In the Dublin area, now accounting for almost one third of the population, Fine Gael lost 17 percent of its 1982 support, and party strategists have now to decide how to counter the threat from what some commentators have described as the "clone-like" PD party.

In the closing stages of the campaign, the Fine Gael leader, Garret FitzGerald, proposed a type of voting alliance to the PDs, thus confirming that ideologically they are on similar tracks, especially where Northern Ireland and economic issues are concerned. The PDs rejected the last-minute overtures, which they felt undermined the independent stance that was one of their principal attractions to the electorate. But the idea has been planted that the future replacement to Fianna Fail in government could be a Fine Gael-Progressive Democrat coalition instead of the uneasy Fine Gael-Labor pacts that have been the rule up to now.

Labor lived up to its tradition of being the "Lazarus



PHOTOS COURTESY EMBASSY OF IRELAND

party" by making yet another sensational comeback after being written off by all the pundits. It finished with a credible 12 seats after an election that was expected to halve their 14 outgoing deputies.

The changes in personnel mean the party will be more left-leaning and already there is speculation that it will form a loose alliance with the four members of the Workers Party to insist on higher taxation for corporations, farmers and the self-employed, with better welfare protection. The future of a minority Fianna Fail Government could yet lie in the hands of such a grouping as the incoming Administration takes on the Herculean task of reducing the soaring national debt, personal taxes, the record 20-percent unemployment rate and public spending, while at the same time getting the economy to grow at least 2.5 percent through judicious pump-priming. Everyone wishes Haughey well in his task, but wonders whether he can do it without the "strong government" he had previously insisted was the only way with which it could be done.—
JOE CARROLL

ATHENS Island Universities

Two new state universities with campuses scattered through the Aegean and Ionian islands have opened their doors to a few hundred Greek students over the past 18 months. They are part of an ambitious government project that aims to combine practical improvements in higher education with promoting decentralization.

The University of the Aegean, which currently has 250 students in three departments based on different Eastern Aegean islands, and with a fourth due to open in October, has campuses on Mytilene on the island of Lesbos, Chios, Samos and Rhodes, the four largest and wealthiest Greek islands lying within sight of Turkey.

This geographical situation has contributed to giving the Aegean University top priority, because of its political role in confronting a perceived threat from Turkey. After the Turkish invasion of Cyprus in 1974, thousands of Aegean islanders fled to the Greek mainland,

fearing that something similar might happen in the East Aegean. Ever since, Greek defense strategists have remained convinced that Turkey particularly covets the eastern Greek islands.

The politicians believe that preventing depopulation in the Aegean is a major step toward containing the perceived Turkish threat, while the presence of a flourishing university may eventually have a civilizing influence on bilateral relations. The University of the Aegean should discourage further migration from the campus islands, where residents have long campaigned for their own higher education institute. It should also improve the quality of life for islanders who find that tourism provides a comfortable income, but little stimulation in the off-season.

By 1992, about 2,000 students will be following courses in environmental studies on Mytilene, business administration on Chios (where many wealthy Greek shipping families originated), education on Rhodes and applied mathematics on Samos, home of the 6th-century Greek mathematician Pythagoras. Several other towns in the Aegean archipelago, which has more than 80 permanently inhabited islands, will become, if plans materialize, centers for summer schools or long-term research projects organized by Greek or foreign universities.

The Ionian University is intended to revive a Greek literary and artistic tradition that developed during centuries of Italian rule over the western Greek islands. A history department has opened on Corfu, and a school for interpreters is being upgraded into a modern languages department. A fine arts department is to follow.

Although students complain that life is bleak during the winter semester on a far-flung island, they welcome new facilities like compulsory computer classes and English tuition. Furthermore, the Aegean University is expected to develop fast, partly because it offers

practical courses that will enable students to find a job comparatively easily, a consideration that has gained in importance since unemployment among recent university graduates is estimated at over 30 percent, partly because traditional courses turn out far too many lawyers, architects, engineers and political scientists every year.

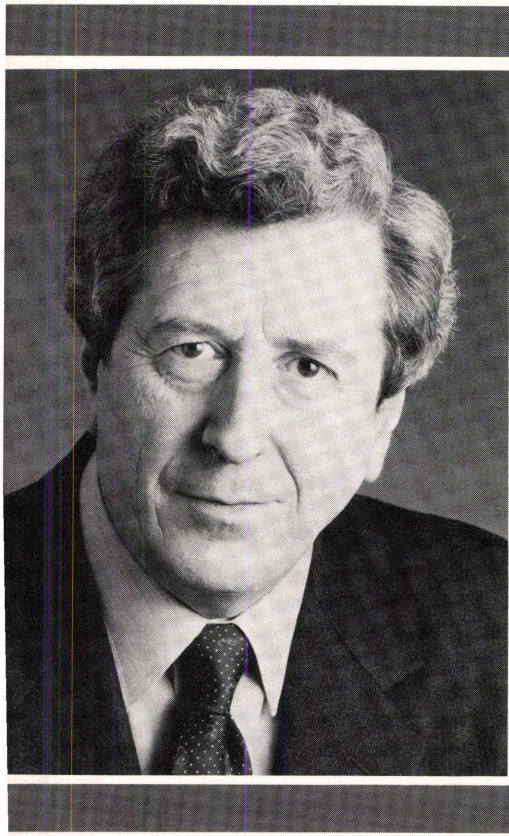
The Papandreou Government passed legislation that radically reformed the 19th-century Greek university system, and a 1982 Higher Education Law replaced the all-powerful professor with broader American-style departments based on a semester system. About 2,000 new teaching posts were created and undergraduate representatives were allowed to participate in the university decision-making process.

The reforms were contested by conservative professors, and student life has remained intensely politicized. Lecture halls and laboratories are still overcrowded, while professors at provincial universities often make brief weekly appearances to lecture before returning to Athens. The two new universities, where academic staff are required to live on campus and students are so far more interested in studying than politics, hope to avoid such problems.—KERIN HOPE

COPENHAGEN Arms Shipments

Denmark has proud maritime traditions, including a disputed claim to being the first naval power to visit the North American continent almost 1,000 years ago. Relative to population, the Danish shipping industry today is still important on a world scale, managing to survive in an increasingly hostile environment.

One of the most interesting survival techniques, which has attracted much international



The recent election results in Ireland did not bring Charles Haughey (left) the desired overall majority, but confirmed the popularity of the new Progressive Democrats, headed by Desmond O'Malley (center), and led to the surprise resignation as Fine Gael leader of former Prime Minister Garret FitzGerald (right).

attention over the past six months, has now been exposed in the aftermath of the Iran scandal: namely that of transporting in small ships, often under U.S.-controlled charter, weapons and ammunition, destined frequently to Iran.

The uncovering of this kind of activity has caused a major political uproar, and a political majority in the Danish Parliament is now calling upon the minority government to act against Danish ships engaged in this trade. Major shipowners, on the other hand, fear that any subsequent legislation will undermine international confidence in all Danish shipping, especially if carriers have to initiate, or accept, control of the contents of containers and cargoes in general.

The whole issue was brought to public attention by the aggressive Seamen's Union, led by Preben Moeller Hansen. A former Communist and highly successful union boss with undeniable charm and verbal skills, he has systematically published information on the legal activities of Danish ships for almost a year without arousing the media's interest and attention. The trickling disclosures in the Iran affair changed all that, and the union now claims that there is a further Scandinavian parallel, involving Swedish arms deliveries to countries in the Middle East.

The union does not dispute that legislation making it illegal for Danish ships to deliver war materials to countries at war might cost jobs, and it is adamant that the safety of members must have the highest priority. Many members obviously agree with this stand, underlined by the fact that they readily provide their union with information on the movements of their ships.

Hansen's claims may now receive even more publicity and serious attention since the Seamen's Union is now also the base of a new political party, Common Course, yet another new addition to the proliferation of parties in Denmark, especially on the left wing. More

than a dozen parties will participate in the next Danish elections, and the new party combines dogmatic Socialist points of view—including support of the Soviet invasion of Afghanistan—with more populist views on taxes and other issues. Most political observers believe that the party has no real chance, but then Denmark has a tradition of parties being formed at short notice and achieving rapid, if not always lasting, political success.—LEIF BECK FALLESEN

LISBON Housing Reform

Building on public property without the proper legal permission is nothing new in Portugal. During the past 20 years, this phenomenon has become widespread in the major urban areas, a result of inadequate city planning and increasing industrial develop-

ment, the return in large numbers of people from the former Portuguese colonies and an inability on the parts of local and municipal authorities and construction companies to find answers to a booming demand for housing.

The largest concentration of illegal construction started in the late 1960s, primarily in the areas around Lisbon, where one can today find entire illegal residential districts. In most areas, basic infrastructures, such as proper streets and sidewalks, sewage systems or electricity did not exist at all initially, and were installed much later, when municipalities recognized the boom for what it was—a *fait accompli*.

After the 1974 revolution, a tolerant Government regarded the development as "fate." In those days, public opinion seemed to side with these illegal house owners, arguing that to expel them now would be unfair, since they could not afford to live in, or buy, apartments, making their only alternative a life in shacks.

In the mid-1970s, decolo-

nization forced the return to Portugal of roughly 800,000 people from Africa, a factor that strongly contributed to the already existing housing problem. Now experts estimate that there is a current need for over 700,000 additional homes, but the pace of new construction has been severely slowed due to financial constraints. Despite Government incentives to assist people in buying apartments, the housing problem remains severe, and it is estimated that it will take years to improve the situation.

In the last five years, illegal construction has shifted away from the city outskirts to other parts of the country, where low- and medium-income families are now starting to build second homes and holiday houses. They are constructed under the same illegal conditions, on public property and to the detriment of the scenic surroundings that are so appealing to tourists.

The biggest "invasions" have occurred around Lisbon and Sabutel, in popular seaside



The Portuguese Government is introducing tough measures to put an end to the illegal building of holiday houses in popular resorts, such as the Estoril area above.

COURTESY PORTUGUESE NATIONAL TOURIST OFFICE

resorts such as Arrabida and Costa da Caparica, a beautiful beach just a 30-minute drive from the capital. But there are similar situations in many other areas, such as in the National Park of Serra da Estrela, a popular mountain resort, which has become the latest victim of the practice.

Lax attitudes on the parts of local and central authorities when the first "settlements" were started, and a powerless Secretary of State for Environment, help to explain why the situation gained such proportions, to which the present Government is now determined to put an end. After several failed attempts in 1983 and 1984, it now seems that only the most radical measures will be able to stop the continuation and spread of such clandestine activities. In the new Environmental Secretary, the Government may have found just the right man to do so. Carlos Pimenta, strong-willed and determined, has now ordered the destruction of a large number of illegally built houses in Arrabida.

This decision, taken amidst bitter debate, is expected to become a real turning point in Portugal's housing and environmental policies. After Arrabida, new demolition is being prepared for the Costa da Caparica area, with the cooperation of the local authorities. According to Pimenta, the same will soon happen in all other areas.

The public debate about the issue and the support given to Government action seems to have broken the resistance of the illegal residents and those who used to argue that one should respect the situation of this segment of the population. The demolition operations have been carried out smoothly so far, and attempts on the part of the illegal tenants to organize a collective opposition have not found much of an echo.

The final outcome of the operation is not yet known. What may be said at this point, however, is that this latest effort is seen as a real test for the future of a sound environmental

policy in Portugal, where land speculation, water pollution and the destruction of historic landmarks are becoming a growing concern. And the recent demolitions have shown some municipalities that the days when they would just close their eyes to such activities, are over.—JOSÉ AMARAL

ROME

Il Sorpasso

If there is one thing that this year has promoted a curious mixture of well-being and incredulity throughout Italy, it is the repeated claim of *il sorpasso*—the fact that the Italian economy has overtaken that of Britain both in absolute size and per-capita income.

When Britain's National Institute for Economic and Social Research (NIESR) first raised the possibility of such a development last November, Italian politicians reacted cautiously. They noted that the NIESR report said that *il sorpasso* was probably already an accomplished fact at current exchange rates because of the fall of the pound sterling against the lira, but that the most reliable indicator would be up-to-date figures on purchasing power parities, which equalize the purchasing powers of different currencies against the U.S. dollar and enable real comparisons to be made between living standards.

Accurate measure were not available until the Organization for European Cooperation and Development (OECD) produced its revised figures in February, during which time the Italian press nevertheless decided to promote the idea that Italy was now the Western world's fifth-largest industrial power, no matter what anybody else said. By Christmas, the politicians were saying it too, notably Giovanni Goria, Italy's Finance Minister, who was anxious to claim a share of the credit.

The OECD's new figures were, therefore, a disappointment when they were pub-

lished in February: They showed Italy still behind the United Kingdom with a real per-capita income of \$9,900 against Britain's \$11,400.

Of course, there has always been a real problem about measuring the Italian economy because of the huge amount of underground activity that does not show up in tax returns and other official indicators. Estimates of the additional value to gross domestic product (GDP) have varied between 15 percent and 30 percent.

The official government statistical agency, ISTAT, is now riding to the rescue with a new measure of the size of the economy. (It must be pointed

out that this was not prompted by the need to demonstrate *il sorpasso*.) Work on this indicator actually began a couple of years ago when ISTAT noticed a discrepancy between the number of hours worked in the national census returns and those recorded in labor market surveys.

By the beginning of March, ISTAT had produced a re-evaluation of the 1982 economy that was 15 percent larger than its previous figure, and the increase in the official 1986 returns will be at least as large—which should be enough for Italian per-capita income figures to nose out the British.—

JOHN WYLES

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Lyons' geographical situation and modern infrastructure make it an attractive center for high-technology industries.

Paris suburb and has invested 100 million francs (about \$16.4 million) in new headquarters in Lyons.

The multinational company Hewlett-Packard has decided to build a manufacturing center in Lyons, and city officials hope that other firms will consider Hewlett-Packard's logic in choosing this city: "Lyons is at the epicenter of the European market of tomorrow," reads a company report. "It has a range of industry in the immediate area, a remarkable research potential, an attractive lifestyle for executives and an exceptional choice of outdoor activities."

Paris, move over!—BRIGID JANSSEN

PARIS Bustling Lyons

Parisians have always considered their city to be just slightly superior to any place in the rest of France. But even they have to acknowledge that France's second largest city, Lyons, has qualities almost as rich as those of the capital.

Lyons is an easy two-hour ride by high-speed TGV train from Paris, and is even closer to the ski resorts of the Alps and the azure waters of the Mediterranean. The Gauls had the foresight to found the city in rolling hills at the confluence of the Rhone and Saone Rivers, and succeeding generations embellished Lyons with Roman ruins, old-world squares and winding covered streets. In addition, Lyons has long been considered the gourmet capital of France, boasting some of the country's best and certainly its most famous restaurants. A Chancellor from the Federal Republic of Germany once called Lyons "a city near Bocuse," referring to the world renowned chef, Paul Bocuse, who made an industry of French cuisine from his fam-

ily inn on the edge of Lyons.

But Lyons is now gaining a reputation as more than just a pleasant place to visit. Four centuries ago, the city was a bustling manufacturing center, being renowned as the silkweaving capital of Europe. Unfortunately, the 20th century has not been so kind to the Lyonnais, and, 15 years ago, the city had declined into a closed, sleepy provincial city littered with dying smokestack industries. This jolted the city's fathers into planning a new future for Lyons that would revitalize the city and put it once again on the map of European trade routes.

Highways were built from Lyons to most of the main cities of Europe. The TGV train was built to Paris and is now being upgraded to add high-speed train service to other parts of France. An international airport opened in 1974, and further ambitious urban development programs included the creation of a modern downtown business center, where once were slums, and the building of a huge exhibition center on the city's outskirts.

City officials set about trying to replace the 19th-century industries with high-technology industries of the 21st century.

Trying to develop a Silicon Valley in France that would avoid the sterility of an undimensional industrial area, the Lyons regional Government grouped academic, scientific and business centers into what it terms "Technopoles." Housing of all kinds was built nearby, and parks, marinas, shopping areas and urban transportation were added to create communities that, it is hoped, will foster research and development as well as make vibrant living areas.

Lyons is attractive to outside business, offering a regional market base of 5 million people, a longstanding reputation as a center of banking and finance, which has been recently enhanced by the boom of the Lyons bourse, and Lyons's tradition as a center of higher learning, which has helped to attract high-technology industries. Eight universities and 22 institutions of higher education in the area provide training, manpower and research facilities that complement endeavors in the private sector.

The revitalization of Lyons is working. Already, major companies like the Rhone-Poulenc chemical company are moving back to Lyons, and the international police organization, Interpol, is moving out of a

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European Economic Community

U.S. \$250,000,000 7¼ per cent. Notes 1993

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AIRBUS CASE STRAINS TRANS-ATLANTIC TIES

EUROPEAN CONSORTIUM REJECTS U.S. CHARGES OF UNFAIR SUBSIDIES.

JEAN-LOUIS SANTINI

Boeing and McDonnell Douglas are increasingly worried by the Airbus success story—in both technological achievements and sales volume in the United States. The two giants are set on maintaining U.S. domination of the world market in commercial aviation.

This worry is shared by the Reagan Administration, which is determined to protect a U.S. aeronautics industry essential to national defense. In addition, this is the only important industrial sector still running a significant trade surplus—over \$13 billion in 1986—at a time when the U.S. trade balance is in serious trouble, with a deficit that moved from \$42.6 billion in 1982 to \$170 billion last year.

These apprehensions, which the United States has always felt with regard to the Airbus consortium, first started to deepen with the very promising beginnings of the A320 model, of which 1,000 units are due to be built. The most recent production model of the Airbus family, this twin-engine, medium-range jet seats 150 seats and has some important advantages over its American competition.

The A320 is the only airplane in its category whose technology is entirely new. Competing aircraft from Boeing and McDonnell Douglas for the moment are still modified versions of older models. Boeing's new Propfan 7J7 will not fly until

1992. The A320 makes use of technologies never before available in civil aviation. All the steering controls on the aircraft are electronic and guided by several computers. This gives the A320 better maneuverability as well as improved safety.

Even before the first A320 left the factory in Toulouse, France, on February 15, Airbus had already received 437 orders for this model, including 261 firm ones. When the first plane in the Airbus line, the A300, rolled off the assembly line in 1972, it had only chalked up 15 orders.

The most significant A320 order came last October from the Northwest Airlines in the United States, which signed up for 100 A320s in firm orders and options. This move made Northwest Airlines Airbus' biggest client in the world, and it was the realization of a long-held European dream: to gain a large order in the United States, the number one market for civil aviation in the world and long the private hunting grounds of the Boeing and McDonnell Douglas giants.

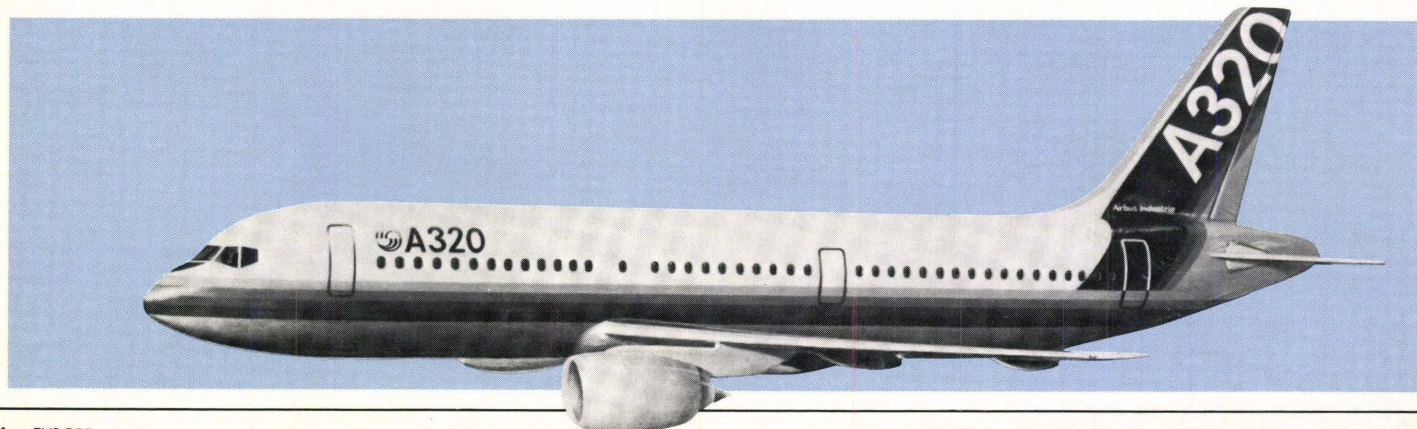
This important breakthrough in the monopoly held by the two firms in their own market comes six years after Airbus' modest beginnings in the United States—when Eastern Airlines bought 30 A300s—and two years after the order by Pan Am of 12 A310s and 16 A320s. Pan Am had also taken 47 options (13

A310s and 34 A320s), and the airline leased 12 A300/B4s while waiting to take delivery of its planes.

Airbus reinforced its U.S. beachhead at the beginning of March when the company made a deal with American Airlines for the first 25 of the new version of its medium-range wide body, the A300-600R. In an interesting parallel action, American was also the first airline to order, that same day, 15 of the new Boeing 767-300ER, the competition for the Airbus plane.

Buttressed by these breakthroughs—and after some hesitation—the Europeans finally decided March 13 to formally launch by mid-April the A330 program and especially the long-range A340. The twin-engine A330 is a wide-body (328 seats), medium-range (6,000 miles) jet, whereas the four-engine A340 has a range of 9,000 miles and can carry 262 to 294 passengers. Both the A330 and the A340—which has already received 15 firm orders—should be in the air by 1991.

In clearing this new hurdle, the prospect of which has angered Washington, the Europeans have reaffirmed their desire to challenge the monopoly held by Boeing in the sector of long-range aircraft. Thanks to the 747-400 line, Boeing is currently the only manufacturer in the world offering an aircraft capable of flying more than 9,000 miles nonstop. This ex-



clusive position allows Boeing, which controls 60 percent of the world airliner market, to widen margins on the 747-400 and to lower prices on its medium-range models such as the 737, 767 and 757.

The A340 also answers McDonnell Douglas, which decided, after negotiations with Airbus on possible joint development of a long-range jet were broken off in September, to proceed with the three-engine MD11. The MD11 is an improved version of the three-engine DC10. The MD11 has already logged 12 firm orders and 92 options, according to McDonnell Douglas, and the program's cost is estimated at \$500 million.

Airbus' entry into the race for a narrow market—about 300 aircraft worldwide—where there is little room for three competitors may prove fatal to the most vulnerable of the three. According to U.S. Government sources, McDonnell Douglas, the most fragile of the three, may be the first victim.

It is endlessly repeated in Washington that McDonnell Douglas does not have the resources to fight the government coffers of France, the United Kingdom, the Federal Republic of Germany and Spain. The Europeans are accused of undercutting their prices on the A340, which carries a price tag of \$60 million, compared with \$90 million for an MD11. U.S. industry sources say one cannot even build a plane of this class for \$60 million.

Faced with the new European ambitions to play a more determining role in the world civil aviation market by developing a complete line of aircraft, the Reagan Administration decided at the end of last year to increase pressures on European authorities in an effort to discourage them. The Reagan Administration, cheered by its victory last January in its agricultural arm-wrestling contest with the European Community over farm exports to Spain and Portugal following the accession of those two nations to the E.C., launched a tight offensive on the three European capitals where the fate of the A340 was being discussed.

U.S. officials are still denying any link between the agreement on compensation to the United States for markets lost through enlargement and the visit soon after to Paris, London and Bonn of two U.S. Government envoys sent to make the case—in more or less veiled terms—for abandoning the A340. Washington claims its *démarche* is justified since the launching of the A340—as indeed was the case for the previous models in the Airbus family—is not decided on the basis of commercial criteria, but on purely political considerations.

Airbus has never shown a profit in its 17 years of existence, U.S. officials constantly repeat, and the European consortium—composed of France's Aérospatiale, Britain's British Aerospace, Germany's Deutsche Airbus and Spain's Casa—owes its entire existence and development to subsidies and government assistance. According to the office of the U.S. Trade Representative, Clayton Yeutter, that assistance adds up to between \$5 billion and \$10 billion.

These practices, says the Reagan Administration, unfairly injure U.S. business interests, and are incompatible with the terms of the agreement governing trade in civil aircraft concluded in 1979 under the General Agreement on Tariffs and Trade (GATT) and to which the governments participating on the consortium are party.

The United States refers to Articles 4 and 6 of the agreement. The first concerns the role Governments can play in civil aviation trade, which must follow, the rules stipulate, considerations of competition, price and quality. Article 6 relates to public assistance and the commercialization of aircraft. Under this article, signatories "affirm that in their participation in, or support of, civil aircraft programs they shall seek to avoid adverse effects on trade in civil aircraft..." and they "agree that pricing of civil aircraft should be based on a reasonable expectation of recoupment of all costs..."

Not in the least impressed by this show of force, the French, British and German Governments rejected the accusations and brandished the threat of retaliation. The Europeans are unanimous in affirming that Airbus has never received any subsidies, only loans aimed at financing the startup programs for the various models. These loans, says the consortium, are repaid from the sale of aircraft, and the payments have been made on schedule.

European officials also point out that the U.S. manufacturers benefit from the massive contracts let by the Department of Defense. About 70 percent of McDonnell Douglas revenues and about 42 percent of Boeing turnover come from their contracts with the Pentagon, 1986 company reports show. With \$8.8 billion in military orders, McDonnell Douglas was the largest recipient of Defense Department contracts. Boeing was in fifth place with \$5.4 billion.

On top of that, Boeing paid no corporate taxes from 1979 to 1984, even though profits totaled more than \$2 billion. In 1984, Boeing even received a tax credit of \$285 million. Finally, British Secretary of State for Trade and Industry

Geoffrey Pattie, citing a U.S. Commerce Department study, noted that the federal government has spent more than \$47 billion since 1970 on research and development in the aeronautic sector.

Furthermore, how can the United States seriously contend it has suffered injury, ask the Europeans, when the number of orders received by the U.S. aeronautic industry has grown constantly since the 1979 agreement invoked by the Americans. In 1979, Boeing and McDonnell Douglas accounted for 66 percent of world civil aircraft orders while E.C. manufacturers—principally Airbus—took 20.7 percent. In 1986, the U.S. share amounted to 78 percent, while the E.C. share had dropped to 17.7 percent. Finally, the Europeans note that in 1986 there were 1,000 civil aircraft manufactured in the United States in service in the E.C, compared with only 60 Airbus planes in the United States.

Surprised to find themselves up against such a united front, the Americans decided to lower their tone in an effort to quiet the uproar and thus avoid the risk of a new trans-Atlantic trade confrontation that could have been very damaging. Europe is a large market for U.S. planes and aviation equipment. In 1985, France, Britain and Germany imported \$3.47 billion worth of aeronautic products, nearly 20 percent of all U.S. aeronautic exports that year. And, 30 percent of the components in an Airbus are produced by U.S. manufacturers.

This retreat does not, however, mean that the United States has given up. At the request of President Ronald Reagan, European and American envoys meeting March 19 and 20 in Geneva formally discussed Washington's complaints. After these initial contacts, sources indicated that the United States would agree to discussions on the interpretation of Articles 5 and 6, which, considering GATT procedures, amounts to shelving the issue for a while.

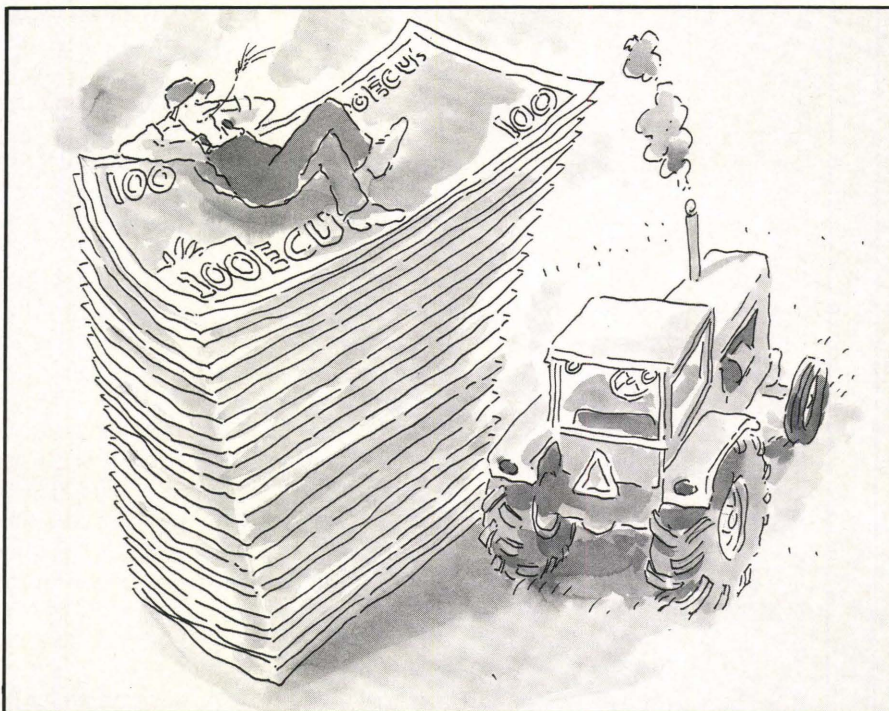
As it prepares its next offensive in the Airbus dispute, the United States is wary of the consequences of a too-successful European aeronautic industry that could throw world markets into turmoil and become, in the 1990s, the Common Agricultural Policy of the 1980s. Washington is only too well aware that the E.C. has gone in 10 years from being a net importer of cereal grains and dairy products to being a net exporter today, toppling perhaps forever the U.S. dominance of these important strategic markets.

Jean-Louis Santini reports from Washington for *Agence France-Presse*.

A TALE OF ELEVEN MYTHS

THE FACTS BELIE SOME POPULAR MISCONCEPTIONS.

The high U.S. trade deficit has fueled protectionist pressure in the United States, much of it directed against the European Community. Criticism of the E.C., however, is often based on misconceptions about the reasons for American trade problems. The following article compiled by the E.C. Commission's Delegation to the United States examines 11 "myths" relating to E.C.-U.S. trade, European farm policies and proposed U.S. trade legislation.



ILLUSTRATIONS BY R.J. SHAY

The Community and the CAP have been blamed for this fall. But this is not in accordance with the facts. According to the U.S. Department of Agriculture (USDA), the recent fall in U.S. farm exports reflects the strength of the dollar in the early 1980s, the level of U.S. support prices and the fact that developing countries have been strapped for cash in their purchases and have become more self-sufficient in farm production.

Meanwhile, the E.C.—as pointed out above—has remained the U.S. farmer's best customer, taking 25 percent of U.S. farm exports.

Myth No. 1: *Canada and Japan are the most important markets for the United States.*

This is not so. Figures for 1986 show that the E.C. (now with the addition of Spain and Portugal a Community of 12 nations) was the biggest U.S. export market at \$53.2 billion, compared with U.S. exports of \$45.3 billion to Canada and \$26.9 billion to Japan. Total U.S. trade (exports and imports) with the Community of 12 was \$132.7 billion, compared with \$114 billion with Canada and \$112.3 billion with Japan.

The big contrast in U.S. trade with the Community, Canada and Japan is the trade deficit. With the Community and Canada, the U.S. trade deficits for 1986 were in the same ballpark—\$26.4 billion and \$23.3 billion, respectively. But for Japan, the deficit amounted to no less than \$58.6 billion.

For farm exports, also for fiscal year 1986, the Community easily retained its position as the biggest U.S. export market—\$6.4 billion compared with \$5.1 bil-

Myth No. 3: *The Community is the biggest subsidizer of farmers in the world.*

lion for Japan. Moreover, U.S. farm exports to the E.C. declined by only 3 percent, compared with a fall of 19 percent to non-E.C. destinations, and now represent some 25 percent of all U.S. overseas sales.

Myth No. 2: *The excesses of the Common Agricultural Policy (CAP) are basically responsible for the worsening of trade relations between the E.C. and the United States.*

Total American farm exports soared in just 10 years (1970-1980) from \$7 billion to \$44 billion. Since then, they have fallen dramatically to some \$26 billion last year.

Myth No. 3: *The Community is the biggest subsidizer of farmers in the world.*

The Community is not unique in its use of subsidies. U.S. Undersecretary of Agriculture Daniel Amstutz said in testimony before the House Agriculture Committee in November 1985 (even before the recent major rise in federal farm expenditure): "In my judgment, the latest figures will show that Japan leads the parade and I think the United States will come in second and the E.C. will come in third." Last year, the Community subsidized 11 million farmers to the tune of \$22 billion compared with \$26 billion in federal farm-price expenditures on 2.5 million farmers in the United States. This has not meant Community farmers living high on the hog. Their incomes over the last 10 years have declined 30 percent, compared with a general rise in incomes throughout the Community of 19 percent.

Myth No. 6:

Unfair trading practices abroad amount to a "tilted playing field" against U.S. exporters.

Myth No. 4: *The Community is hogging the world market with subsidized exports.*

The Community and the United States compete only over about a quarter of U.S. farm exports—mainly wheat and dairy products. International trading rules provide that agricultural export subsidies are permitted, but should not be used to get more than an equitable

share of the world market. What then has happened to the E.C. share of the world market in wheat and dairy products? In wheat, the high point of American exports was 1981-82, when the United States accounted for 49 percent of the world market. In 1984-85, this figure had dropped to 36 percent. This drop was hardly the Community's fault since the E.C. share over that period remained stable at between 14 percent and 16 percent. What about dairy products? For years, the American share of the world market was nil. In 1985 it was 10 percent, an increase achieved mainly at the E.C.'s expense. For milk, the United States pushed its share again at the E.C.'s expense, from 10 percent to 26 percent.

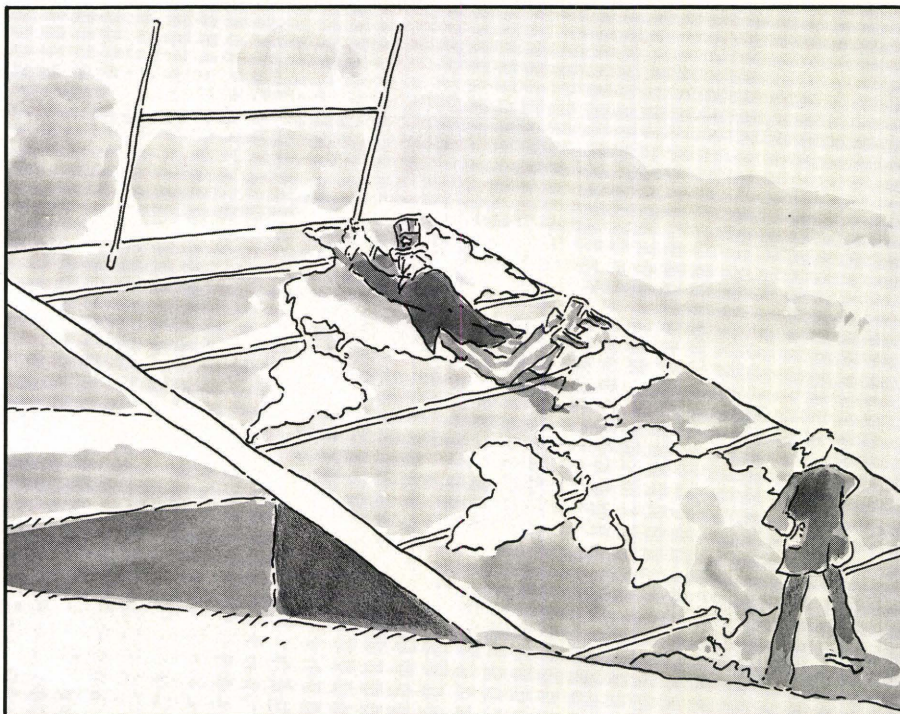
Myth No. 5: *The Community is doing nothing about its subsidies to farmers.*

The Community has taken real and painful measures to reform the CAP and to reduce the cost to the taxpayer. In 1984 and 1985, the Community reduced its price support for dairy products and grains. In 1985, for example, production of milk fell by between 4 percent and 5 percent. Last year, the Commission got through the E.C. Council of ministers a

price freeze together with a number of other proposals such as a co-responsibility levy for grains, which together with the 1984 price cut will make production less attractive.

In December 1986, the Community took some fateful decisions that in the pre-Christmas news rush did not get the attention they deserved. The Council of Ministers agreed that dairy production would be cut over a two-year period by just under 10 percent and that the support price of beef should be reduced by some 13 percent. The E.C. butter mountain—now at some 1.5 million metric tons—will be brought down to 350,000 tons and the beef mountain should be cut by some 50 percent to some 300,000 metric tons by the end of 1987. These agreements are the biggest changes in the CAP since it was established in 1962. They will result in savings in the 1989 budget from between \$1 billion \$2 billion. These cuts have been very unpopular with E.C. farmers.

Myth No. 6: *Unfair trading practices abroad amount to a "tilted playing field" against American exporters.*



In a recent article in *The New York Times*, William N. Walker, a lawyer who was deputy U.S. Trade Representative from 1975 to 1977, wrote: "Advocates of the level playing field seem to assume that only foreigners engage in field-tilting. But we impose restraints of one kind or another on imports of meat, sugar, rice, peanuts, tobacco, dairy products, textiles, ap-

parel, motorcycles, automobiles, machine tools, semiconductors and steel. Concern is voiced about growing South Korean penetration of the U.S. market, but nearly 45 percent of South Korea's exports to the United States are already subject to restraint." In addition, several measures recently introduced by the United States—customs user fees, Superfund legislation and provisions of a new tax reform law which excludes foreign suppliers of small tourist aircraft from certain forms of credit—have been made the subject of proceedings against the United States by the Community under provisions of the General Agreement on Tariffs and Trade (GATT).

Myth No. 7: *U.S. trade legislation must deal with a trade deficit possibly up to \$150 billion this year.*

One fundamental cause of the U.S. trade deficit is the budget deficit. Until that is dealt with, the trade deficit, though smaller, will still be considerable. As Edmund T. Pratt, chief executive officer of Pfizer Inc., testified to the Senate Finance Committee on January 15: "... the single most important action that the [U.S.] Government could take as a

Myth No. 9:

Taking a two-by-four to foreigners under Sections 201 and 301 of the U.S. trade laws will cure America's ills.



correction to the foreign trade deficit [...is to take] actions that will effectively reduce the federal budget deficit to proportions that will enable domestic savings to equal or exceed domestic investment so that [the United States] will no longer be a net international debtor."

Also, Commerce Secretary Malcolm Baldrige has said that the competitiveness of U.S. industry needs to be improved.

Trade legislation can tackle a number of useful things—authority to engage in the new trade round, adjustment assistance, retraining and education. But any trade legislation which would only deal with the massive trade deficit by imposing barriers to imports would lead to foreigners quickly retaliating.

What features in a possible trade bill could be dangerous? Several. Following are a few examples.

Myth No. 8: *Reciprocity must be sought sector by sector.*

It has been argued that unless foreigners give the United States equal treatment in certain specific sectors such as telecommunications, barriers should be erected against their exports to the United States. First, the notion of equal treatment may be in the eye of the beholder (witness the fact that the E.C. had a deficit with the United States of at least \$500 million in telecommunications in 1985). Second, everyone can find sectors in which one country gives better treatment than others. In the case of wool textiles, for instance, tariffs in the Com-

munity are less than half those in the United States. To try and get reciprocity in every specific sector would mean massive new restrictions sprouting up everywhere on world trade. Reciprocity is essential in trade negotiations. But it can only be achieved, as has been done in all past GATT negotiations, by overall reciprocity—trading off the disadvantages in one sector for advantages in another.

Myth No. 9: *Taking a two-by-four to foreigners under Sections 201 and 301 of the U.S. trade laws will cure the nation's ills.*

It is all very well to ask for tough action under domestic legislation. But what matters is whether actions by a contracting party of the GATT are in conflict with the international trading rules. Otherwise, "tough" action by the United States will be followed by equally tough action by others against U.S. exports. And it should always be remembered that the international trading rules on, say, subsidies and dumping may not be perfect—but it is they are the only rules we have. Amendments need to proceed by multilateral agreement, not unilateral action.

Myth No. 10: *Across-the-board tariff increases could usefully raise funds to reduce the U.S. budget deficit.*

This would conflict with the international obligations of the United States as far as bound items were concerned. A bound item is one that has been negotiated in the GATT and cannot be changed without negotiation and compensation. In addition, "standstill" and "rollback"

provisions were passed at the September 1986 launching of the Uruguay Round in Punta del Este. This means GATT members are under the obligation not to introduce new trade restrictions and should try to roll back protectionism. Any measures to increase tariffs would be a breach of these obligations and could lead to retaliation by other countries.

Myth No. 11: *Countries that presently have a growing current-account surplus could usefully be required to cut their surpluses dramatically or face a severe special tariff imposed by the United States.*

This again would conflict with the international obligations of the United States, throw a large wrench in the current round of trade negotiations and could easily boomerang. Other countries could pass similar legislation. In 1980, the United States ran a surplus with the Community of \$18 billion. Would the United States appreciate it if—when it gets into a surplus position again with a number of its important trading partners—tariff increases were to be imposed on American exports? €

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COURT OVERRULES PURITY LAW FOR BEER IN GERMANY

JUDGMENT SAYS THE LAW VIOLATES E.C. COMPETITION RULES AND CANNOT BE USED TO RESTRICT IMPORTS.

HEINZ PETER DIETRICH

The European Court of Justice has declared illegal a ban by the Federal Republic of Germany on foreign beers that fall foul of a 16th-century purity law, defeating a five-year legal battle by the Federal Republic to keep out foreign brews. In a verdict widely expected to anger German brewers and beer drinkers—Europe's biggest consumers—the 13 judges endorsed the view of the E.C. Commission that the law cannot be used to block imports. The court also rejected similar rules in Greece.

Under the German purity law, the *Reinheitsgebot* imposed by Duke Wilhelm IV of Bavaria in 1516 and regarded as the world's oldest health regulation, German brewers may use only water, hops, malt and yeast for brewing beer. The case, brought by a French exporter, generated strong emotions among beer-loving Germans worried that their daily tippale may be threatened. Nevertheless, the verdict had been widely expected after an earlier opinion by legal experts that the law violated E.C. competition rules. German brewery representatives were quick to assure journalists that tough brewing standards would stay in force for their own brews and that the *Reinheitsgebot* would be used as a quality trade mark, printed clearly on bottle labels.

The Commission had argued that Germany's 1,200 brewers, of which two-thirds are in Bavaria, were protected against foreign competitors by the law, while German beer was freely exported to other E.C. member states. The Commission said German brewers violated their own purity standards when brewing beer for export. The world's second largest beer exporters after the Dutch, they put additives in beer destined for exports to prolong shelf life, it said.

Each year, Germany produces 95 million hectoliters of beer, which is regarded



as a food in a country where per-capita consumption is 148 liters a year, the highest in Europe. Official figures show beer accounts for almost a third of nutrients consumed by the average German. Consumption in Bavaria is even higher at 250 liters for every man, woman and child.

The court rejected the Bonn Government's argument that the ban on additives might be justified for health reasons. Bonn claimed that heavy drinkers should be protected from the accumulation in their bodies of up to 50 additives allowed under E.C. law. Klaus Asche, president of the German brewer's association, said he did not expect the ruling would result in a flooding of the German market with foreign beers.

Anticipating the verdict, French and Dutch brewers have said they would launch large advertising campaigns to entice Germany's thirsty beer drinkers to try an alternative taste. Two of Germany's biggest supermarket chains, Co-op and Tengelmann, have said they will boycott foreign brews that do not conform to the purity law. Senior Government officials have also said Germany will test imported beers for forbidden chemicals and will insist that additives be clearly stated on labels.

In a rare dissenting opinion, the German consumers association welcomed the ruling as a victory for consumer choice and for the development of the Common Market. "What has been condemned is the egoism and protectionism of German producers who want to keep foreign producers out of their market for their own benefit and to the disadvantage of the consumer," the association said in a statement. "The only ingredient in domestic and foreign beer that has so far been proven to be potentially damaging is alcohol." €

Heinz Peter Dietrich reports from Luxembourg for Reuters.

PROGRESS REPORT ON EUROPE'S SINGLE INTERNAL MARKET

ACHIEVEMENTS IN THE PAST YEAR HAVE EXCEEDED EXPECTATIONS, IF NOT HOPES.

“**S**ince June, progress has been disappointing.” This was the E.C. Commission’s assessment of how the Community’s work program, leading to the creation of a single internal market, was being implemented. It appears in the report the Commission prepared for the London European Council meeting of the E.C.’s Heads of State and Government last December.

Since then, the balance sheet has altered radically. While there have been delays, some serious, a sizeable number of decisions has been taken, some of great economic importance. And if one looks at the distance traveled since the beginning of last year, when the program for achieving a single internal market was initiated, it is clear that the achievements have exceeded expectations, if not hopes.

The single market is much more, of course, than the Common Market as it now exists. In a genuine common market, the frontiers between member states have been abolished. The elimination of customs duties is necessary, as is the free movement of workers. Both have been achieved in the Community, but they are not enough in themselves.

Even today, travelers must stop at the Community’s internal frontiers, essentially for fiscal reasons. Industrial standards have not been harmonized, so that a product made for one member state may not work in a neighboring state. A well-known example of this is color television. French television uses a system known as SECAM. Elsewhere in the Community, the system in use is PAL. Differing standards such as these add to manufacturers’ problems.

Several E.C. member states continue to operate exchange controls, while public procurement still retains its largely national character. The list is endless. Dieter Rogalla, a Member of the European Parliament who occasionally cycles across the Community to see for himself the progress that has been made in dis-

mantling its internal frontiers, has discovered that he cannot even use the same electric razor wherever he goes: Its plug will not fit all sockets.

A company executive with Philips has pointed out that profits would be twice what they are if the Common Market was a genuine single market. At present, manufacturers must adapt their products to the market in which they will be sold, given the different standards in force in each country.

The cost of this “non-Europe” has been put, by the Chambers of Commerce, at roughly 5 percent of the value of intra-Community trade and represents the extra cost resulting from border checks, additional paperwork and so on. If indirect costs, such as those that result from the need to meet the different standards employed in the different member states, are taken into account, absence of a single market represents approximately 2 percent of the Community’s gross domestic product. Every European, in other words, works one week each year to pay for this “non-Europe.”

A Commission White Paper, setting out the program leading to the single internal market, was prepared in mid-1985. In early 1986, it had been accepted by the member states as a Community priority for the coming years. While it was necessary to wait until the beginning of 1987 before it could become legally binding (thanks to the ratification by the various national Parliaments of the Single European Act, which makes this an objective of the E.C. Treaty), the Community’s institutions had already begun to act “as if” it were already in force.

Here is an overall view of the progress—and the delays—at the start of the new year:

• **Movement of goods and harmonization of standards:** A number of European standards have been adopted, covering among other things tractors, domestic appliances, motorcycles and certain ma-

chinery for the construction industry (noise levels). A single document for customs purposes, which will replace no fewer than 70 forms currently in use, was adopted after a great deal of technical work and will come into use in 1988.

There was decisive progress toward the free movement of medicines and other pharmaceutical products, which had remained virtually outside the Common Market because of their close bearing on public health. The five texts adopted at the end of 1986 lay the foundations for a uniform regulation. Customs regulations were simplified in a number of ways.

• **Taxation:** Certain additional standards regulating the operation of value-added taxes (VAT) were adopted and the Commission proposed a simplified form of VAT for small and medium-sized companies. However, this is one field in which the really significant moves will take place only after 1988.

• **Capital movements:** After 25 years of immobility, the E.C. Council of Ministers approved a number of important measures aimed at the liberalization of capital movements, the first step toward the creation of a single financial market. They came into effect legally in March of this year. A number of member states began to implement the measures beforehand. While some have gone beyond what is required of them at this stage, others have been allowed more time. If there is no uniformity, therefore, it is important to note that progress toward a single financial market has been resumed.

• **Transport:** Trucks operating under a system applying all across Europe are no longer checked at the E.C.’s internal frontiers under a new regulation. The existing regulation governing driving hours, rest periods, the make-up of the teams of drivers and so on has been improved. At the same time, a decisive step has been taken toward the harmonization of the technical characteristics of trucks authorized to move freely within the Community.

The Council has drawn up the program that must lead to a free market in road transport. As a first step it has adopted the principle that the “Community quota” (which represents the authorization for trucks to move freely over the Community’s entire territory) will be raised by 40 percent each year.

As regards civil aviation, the Council has defined the principles and broad outlines of a progressive liberalization of tariffs and market access. But the relevant regulations have not yet been

adopted because of differences over the criteria for setting lower fares.

After years of preparatory work, and two Commission memoranda, the Council has finally defined the basis of a common policy for maritime transport by adopting a first package of regulations.

• **Industry and technology:** The Council has adopted a very important directive affording legal protection as regards the design of microchips. It also has adopted a number of measures relating to advanced technology: terminals for telecommunications equipment (mutual acceptance of tests and market access), the choice of the MAC/Packet family as the standards for direct broadcasting by satellite, information technologies and the standardization of telecommunications.

In addition, the administrative constraints on small and medium-sized companies is to be reduced and their access to the new technologies made easier. A loan program of some 1.5 billion European Currency Units (ECU)—currently about \$1.7 billion—that draws on the funds available from the New Community Instrument (NCI) and the European Investment Bank has been established to help small and medium-sized businesses un-

dertake innovative investment projects.

• **The People's Europe:** The Council adopted a directive that will result in the disappearance, during 1987, of all signboards signalling the presence of customs offices at the Community's internal frontiers. They will be replaced by signboards bearing the name of the member state in question, surrounded by a circle of 12 stars, symbolizing the 12 E.C. countries.

Hopes for higher duty-free allowances for those crossing intra-Community frontiers failed to materialize, however. Nor was there the hoped-for progress toward granting all E.C. citizens the right to stay in any member state, independently of

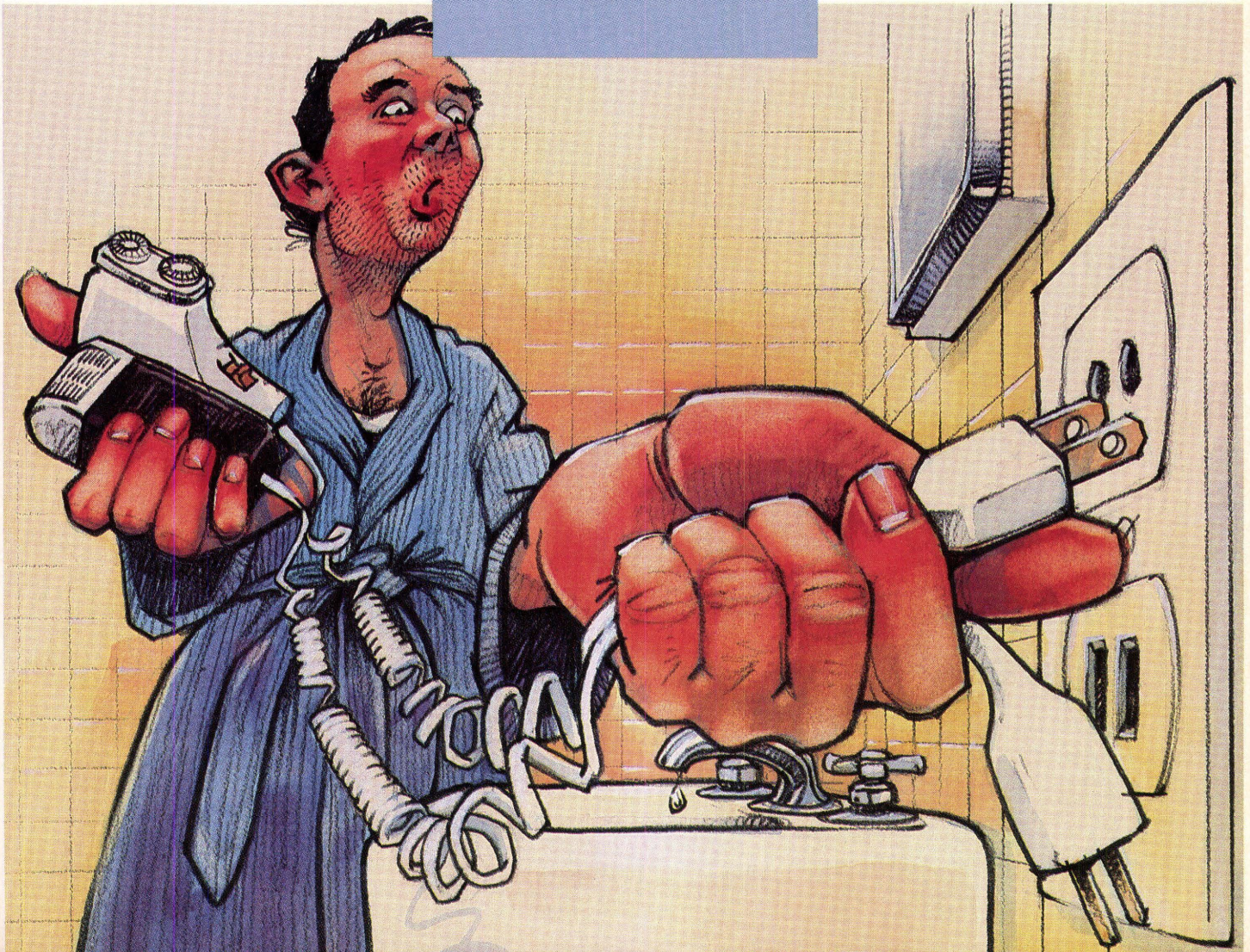
Internal market goals cover everything from complex policies on capital movements to simpler problems such as harmonized standards for electrical sockets.

their professional activity.

• **Environment:** A stringent regulation governing the use of asbestos was drawn up, while the common rules regarding spent oils (which was partly responsible for the pollution of underground water resources) was strengthened and extended. But the common rules regarding harmful emissions from power stations and certain vehicles have yet to be adopted.

• **Public procurement:** Government purchases are very important economically because several major industrial sectors are heavily dependent on them. But this is also a highly sensitive area, as government departments have a long tradition of placing their orders with domestic suppliers. At its last session in 1986, just before Christmas, the Council greatly strengthened the measures that seek to guarantee competition across national frontiers and to ensure transparency in public procurement. It also undertook to adopt similar measures in the very near future for public works contracts.

It must be stressed that a growing number of decisions were adopted by the Council by majority vote. This greatly simplified the usual procedure. €



THE TREATIES OF ROME ARE 30 YEARS OLD

ANNIVERSARY MARKS THE ESTABLISHMENT OF THE EUROPEAN ECONOMIC COMMUNITY AND OF EURATOM.



"Fathers of Europe"
Jean Monnet (left)
and Robert Schuman.
Together they
formulated the
Schuman Plan for
European union.

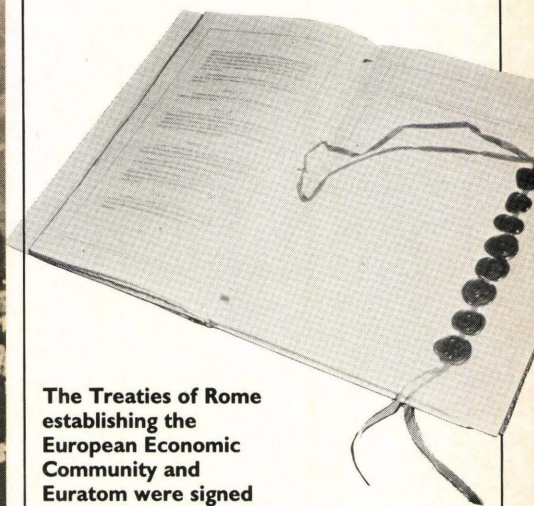


AN HISTORIC DAY

GIULIO ANDREOTTI

Even today, the photograph of the Heads of Government and their Foreign Ministers signing the Treaties of Rome at Campidoglio is perhaps the most significant image held in the collective memory of Europeans: Stripped of everything but the essentials, it still preserves intact, 30 years on, its evocative power. Politics has its moments, unhappily all too brief, of imponderability, which resemble that state of grace in which nothing seems impossible. It is this that the memory of that event brings back, even if the Treaty setting up the European Economic Community was the outcome, in reality, of important events, both within Europe and without, of political lucidity after the catastrophe of a stubborn, incisive diplomacy.

What does the date, March 25, 1957, signify? In my answer, I should like to



The Treaties of Rome establishing the European Economic Community and Euratom were signed by the six original E.C. member states on March 25, 1957.

highlight three aspects: Europe's reconciliation with itself, the change in its priorities with regard to the outside world and the role of the United States.

Internally, Europe rediscovered itself and, for the first time in its history, the major territorial readjustments were carried out on the ruins of a past whose visible signs were all too evident. At the heart of it, initially, was the reconciliation between France and Germany. But Italy's role, and especially that of former Prime Minister Alcide De Gasperi, cannot be overlooked. It was not only to favor this reconciliation, but also to make it the starting point of another project. What during its initial, Franco-German phase was a Rhenish construction became, thanks to the impulse given by Italy, a Carolingian Europe.

The Europeans embarked on their task by selecting precisely those sectors that had provoked the most violent conflicts—iron and steel—in order to transform them, from elements of division into fac-

tors of cohesion, within the framework of the European Coal and Steel Community. Canus clearly was right when he declared that only those who go against history advance it, a principle that remains valid for Europe.

The leaders who contributed to the establishment of the European Community were not all present at Campidoglio on March 25, 1957. Death had already struck down De Gasperi. But everyone was aware that events alone had not given rise to this project; it owed much to individuals also: to men born in regions in the center of Europe that have long been the subject of territorial disputes (former French Foreign Minister Robert Schuman in Luxembourg, former German Chancellor Konrad Adenauer in the Rhineland) and who, for this very reason, were free of a narrow nationalism.

These were men who were proud and humble at one and the same time. They could be proud of the moral courage they had shown in remaining outside politics

during the worst years in Europe's history. But they also had the humility to recognize the limits of every state and of its capacity to raise itself in an international context, in which the position of Europe was so profoundly modified.

This change in Europe's place in the global balance is the second aspect I would like to highlight. The Old World, which had imposed its model almost everywhere, now saw itself forced back inexorably within its own geographic boundaries. It was not a coincidence that Suez should be the Europeans' last military adventure in the year that preceded the Treaties of Rome. It started a process of withdrawal, or rather a reorientation of Europe's actions, giving its prestige an altogether different aura.

I mentioned the role of the United States last. It must be remembered that the major turning point in American foreign policy, an abiding commitment to Europe, both political and military, occurred at the same time as the European decision to pool their resources. In the last analysis, one could say, paradoxically, that Europe already exists elsewhere—that the United States represents the successful materialization of Europe from the point of view of values and institutions.

The Treaties of Rome have established a genuine consensus between social partners and an impressive economic power; they have introduced a different morality in the collective life of Europe. We thought at the time that economic co-

operation and freeing of goods and the means of production would serve as an introduction to more advanced forms of integration. When the Treaties were being signed, I recalled that after Sforza it was the railway sleeping car company, Wagon-Lits, which did more for the unification of Europe than all the writings of Mazzini and Cattaneo. However, we have never confused the free movement of goods within Europe with Europe itself.

This is another reason why the 1957 treaties only mark a stage in a much more complex movement, which has been held up at times, both before 1957 and since then, most notably when the attempts to set up a common framework for defense came to naught. The failure weighed heavily on De Gasperi's last days and represented for Adenauer the saddest day in his life, as he put it himself. And there could have been no shortage of such days in the life of a German politician born before the beginning of this century.

Since March, 1957, Europe has been witness to a remarkable growth in its vitality, its homogeneity and in its strength as a democracy. We must continue in our task, in order to provide it with the instruments of a common government, suitable to its level of maturity.

Giulio Andreotti is Italy's acting Prime Minister.

COMMON BONDS

ROY DENMAN

Thirty years ago, on March 25, 1957, six European countries signed in Rome a treaty setting up the European Economic Community, popularly known as the European Common Market.

The treaty has not the same majestic simplicity as the document that emerged in Philadelphia 200 years ago. The Treaty had to deal with the complexities of establishing a union between six advanced economies, laden with the incubus



of four languages and centuries of different history. But the aim of the treaty is majestic. The Preamble speaks of an "ever closer union among the peoples of Europe." This means nothing less than one of the great adventures of the 20th century—the unification of what Winston Churchill once called "the old and famous states of Europe."

Thirty years on, has the adventure succeeded or failed? The European Parliament, which is the ultimate authority on the Community budget, is now directly elected. Its other powers have been increased. The Community's decision-making has been streamlined. The Community has grown. First we were six; now we are 12.

What have we achieved? Our founding fathers wanted two things. One was to make impossible another European Civil War. This has been achieved. Whatever disasters lie before us, the youth of Europe will no longer sally forth every few decades to butcher each other and set the world on fire.

The second was to follow the example of the United States and to create one huge single market that would yield the benefits of scale and prosperity for all. Here we have traveled part of the way. Tariffs between member states have been abolished—in the 1950s some were as high as 50 percent to 60 percent. Trade has greatly expanded. The citizens of the Community are two and a half times richer than 30 years ago. But a mass of non-tariff barriers—frontier for-

malities, different technical standards and different government purchasing requirements still separate our member states. We have a timetable to abolish these barriers by stages so that, by 1992, businessmen will be able to trade and invest in a market of 320 million people as easily as between the States of the Union here. This will not be easy. But we can afford no other choice.

What else? We have forged common policies. We have a Common External Trade Policy—the Community negotiates as a bloc, with the Commission as negotiator. And we have constructed a Common Agricultural Policy; this freed trade in farm goods within the Community, without which the member states would never have agreed to free trade in industrial goods. But we still remain the biggest importer of farm products in the world. Further, the European Monetary System has reduced fluctuations between European currencies. There has been some liberalization of capital movements. There is free movement of workers. Common action has helped to protect the environment.

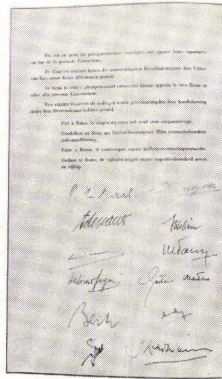
In foreign policy, we have extensive consultations, but not yet a fully common policy. In economic policy, we are working for convergence. But local sovereignty dies hard. The authors of the Federalist Papers—and Abraham Lincoln—would have understood.

What has this meant for the United States? Let me simply make three points.

- First, the Community is now the biggest



The Schuman Plan led to the 1951 Treaty of Paris creating the European Coal and Steel Community. Below, Monnet and another early proponent of European unity, Paul-Henri Spaak.



MY WISH FOR EUROPE

HENRY PLUMB

The anniversary of an event is both an opportunity to look back to the sources from which it sprang, and an appropriate time to express wishes for the future.

On the 30th anniversary of the signing of the Treaties of Rome we are celebrating first and foremost the long union that has bound together sovereign states that were previously engaged in fratricidal wars. This union—a veritable pact concluded to overcome centuries of strife and the ever-present evil of national egotism—has withstood, moreover, the eco-

nomical crisis and the successive enlargements of the Community, which now has twice as many members as at its inception. This is because the European Economic Community, which was established thanks to the imagination and persistence of people who were profoundly disappointed by the failure of political and military integration, has set relations between the states of Europe on a new footing and at the same time created the indispensable preconditions for their modernization.

The signatories of the Treaties of Rome did not choose an easy path when they established the principle of freedom of movement and set up common policies

export market of the United States. In 1986, the E.C. took \$53 billion of U.S. goods, compared with \$45 billion to Canada and \$27 billion to Japan. We remain the American farmer's best customer (taking one quarter of American agricultural exports, some \$6.4 billion last year).

- Second, the Community has played its full part, together with the United States, in the maintenance of the one world trading system. The success of the Kennedy Round of trade negotiations in the 1960s and the Tokyo Round of the 1970s would not have been possible without the contribution the Community made. The E.C. shall play a similar role in the new round launched last September.

- Third, a united and prosperous Europe is a far better bet for the stability of the West than a squabbling, divided and impoverished one.

Where will the adventure end? Some in Europe think our diversities too great for a federation ever to be possible. But that great Italian statesman, Giuseppe Mazzini, was once told scornfully that a union between states as diverse as Piedmont and Naples was unthinkable. "*L'Italia fara da se*," he said—"Italy will make it on its own." It did. So shall we. And let us remember—whatever arguments we have from time to time—the helping hand the Americans gave us at the start of the adventure, and let us go forward in friendship and partnership with what Churchill called the "Great Republic."

Sir Roy Denman is Head of the E.C. Commission's Delegation to the United States.



in fields as complex as agriculture and transport. In addition, they deserve praise for foreseeing from the very beginning that the tasks of the Community might have to be adapted to the changing needs of society in sectors such as the protection of the environment, consumer protection, regionalism or monetary policy.

The Treaties of Rome are the firm constitutional basis of our Community and have now been reinforced, improved and adapted to the needs of our times by the Single European Act, the first reform in 30 years.

The European Parliament has remained faithful to the Treaties of Rome and supported their full application, including the rules governing its own elections; but it has also been faithful to the spirit of the founding fathers of Europe and wished to see it develop. Parliament is thus gratified that the Single Act contains a commitment to achieve by 1992 a internal market without barriers, a research and development policy on the new technologies, environmental protection and the E.C.'s objectives as regards monetary policy and social cohesion.

As the only international assembly elected by universal suffrage, the European Parliament remains committed to its objectives and will continue to strive to obtain a share of the legislative powers—its legitimate right—in line with the convictions and intentions of the founding fathers of the Community.

We pay homage to the men who, from Messina to Rome, laid the foundations of our European Community, and we pay our respects to all those who since then and in various functions have developed and inspired it. They have already gone down in history as the successors of Rob-

ert Schuman and Jean Monnet, and the founders of peace and prosperity in Europe. We owe it to all of them to continue striving to achieve their objective, namely political union. European efforts to promote peace and development in the world will be even more effective when the voice of a united Europe is heard among the major powers. This is our responsibility toward future generations, and this is my wish for Europe.

The Lord Plumb is the President of the European Parliament.

U.S.-E.C. RELATIONS

JOSEPH A. GREENWALD

I am pleased and not surprised to be able to congratulate the E.C. on the 30th anniversary of the signing of the Treaties of Rome.

From my first direct encounter with European integration as a First Secretary at the American Embassy in London in 1958, I was confident that the movement was here to stay. There followed many ups and downs, periods of optimism and pessimism, but the long-term trend was clearly toward cohesiveness in Europe. Now further enlargement has taken place and the internal market is to be completed by 1992.

From the early days of Jean Monnet, the United States supported the European idea. Some looked upon it as a form of flattery, following our federal model. Others saw the movement as a logical follow-on of the Marshall Plan. Those who dreamed of a United States of Europe sometimes became discouraged and disillusioned. And doubts were expressed about whether the development of the European Community was in the U.S.

national interest. But American support was pretty steadfast through different Administrations, and it did not become a political party issue.

Now, with trade frictions increasing, questions are being raised. Is the United States no longer willing to support the E.C. unification regardless of economic costs? This question implies an attitude that has always disturbed me: that the United States was prepared to pay an economic price for the benefits of European (political) integration. I believe U.S. support was based on the assumption that integration would make Europe a better trading partner and ally. And there was no economic cost to be paid—everyone would gain.

With its massive trade deficit, the United States has problems worldwide. Trade problems with the E.C. seem to be concentrated in the field of agriculture. In my days in Brussels, I was perhaps most annoyed by the assertion that the "Common Agricultural Policy (CAP) is the cement that holds the Community together." My reaction was that, if that statement was true, Europe was in sorry shape. This argument has even less validity today. Vested interests, yes, but "cement," no. Agricultural policy and trade is a vexing area for most industrialized countries.

Assuming that after 30 years, Europe is held together by something more than the CAP, the negotiations in Geneva provide a golden opportunity to redress the early failure of the General Agreement on Tariffs and Trade to deal effectively with agriculture—a sin for which the United States must take a large part of the blame. The Organization for Economic Cooperation and Development has developed a system of producer-support equivalents that should provide a common basis for at least a stand-still in agricultural policy measures affecting international trade.

In broader terms, there seems to be less of a capability or desire to "manage" trade problems. Much of my time in Brussels was spent in concerting Sir Christopher (now Lord) Soames and other members of the Commission as to how to head off confrontations on trade and economic issues. In the present climate, the need for such collaboration is even greater.

The 30th anniversary of the Treaties of Rome should be a happy occasion for Europe as well as the United States. With increased attention to external affairs on both sides, the problems of the day will not obscure the great benefits European integration has brought. €

Joseph A. Greenwald was U.S. Ambassador to the European Community from 1972 to 1976.

BRUSSELS CELEBRATION PLANNED

The E.C. Commission will sponsor a three-day event being organized in Brussels from June 28-30 to promote European Union in this 30th anniversary year of the signing of the Treaties of Rome.

The European Council will meet in Brussels on June 28 and 29, with Belgium in the chair. The European Union of Federalists (EUF) has decided to mark the occasion by organizing a major event to promote European Union. A European Festivities Committee has been set up in cooperation with the EUF, with the help of Bruxelles Promotion asbl (a body that arranges sporting, musical and cultural events), to stage a popular festival with "Emer-

gent Europe" as its theme.

The aim of the European Festivities is to demonstrate to the general public, and to the younger generation in particular, what European integration has actually achieved and to allow people to enjoy themselves at an event with a European flavor.

More than 150,000 people are expected to attend the European Festivities over the three days, giving the Community a real opportunity to show that European integration is a reality.

The European Parliament, which has taken a keen interest in the plan from the outset, has also agreed to sponsor the European Festivities.

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BLOOD ON THE NEWSROOM WALLS

EUROPE'S PRINT MEDIA STRUGGLE WITH THE EFFECTS OF A TECHNOLOGICAL REVOLUTION.

ELGY GILLESPIE

If 1986 was the year when 10,000 London printing workers found themselves out on the street, it was also the year three new British newspapers were born as Fleet Street died. Elsewhere in Europe, battles between printers and publishers reached a kind of truce, receded into the past, or began to flag. Light years behind the American media in everything from telecommunications to data banks, the European press was dragged out of the 19th century and hurled headlong into the 21st century at long last.

A familiar pattern of strikes, job definition disputes and lock-outs recalled the 1970s conflicts at the *The Washington Post* and *The New York Times*, and "Not *The Sunday Times*" broadsheets filled a three-week paper void in London's oldest newspaper house in 1980. The strikes are over now, and even *Le Monde* has a Monsieur Dupont in charge of systems acquisition—at the hallowed Parisian daily where some correspondents still write in longhand. The negotiating climate has changed forever, and many journalists—British and German—feel strikes were a two-edged weapon.

All the technological wonders you can buy from Atex, Itek and IBM now fill the European newsrooms and production plants, plus a few home-grown Scandinavian and German systems. In Denmark, *Politiken* has retrained editors and typesetters to compose and format the pages electronically, photo dimensions and all. In Spain, *El Pais* has every computerized bit of equipment Atex makes in the shop, but the rest of Spain still is using hot-metal linotype machines. In Italy, computerized gadgetry is now the norm on many papers despite union objections, though it is still not everywhere.

The use of modems to telecommunicate copy across the Atlantic by telephone still faces considerable obstacles. The two biggest Belgian papers, *Le Soir* and *La Libre Belgique*, have been computerized for most of the 1980s. Yet *Libre Belgique's* Washington correspondent Yve Laudy still cannot plug in a Tandy personal computer and dash off a few paragraphs to update a story whenever it suits her because the Belgian state telephone company does not allow modem access from the United States.

For Spanish *El Pais* correspondent Paco Basterra, the same problem means waking at odd hours to catch a free copy typist, or hunts for telex and telefax offices in odd spots. But the German press corps have solved their problems by get-

ting General Electric to take their modem copy for transmission.

"I assumed that once people started to use the terminals, they would suddenly become enthusiastic—and this is exactly what did happen," said Harry Jackson, systems editor at *The Guardian* in London. *The Guardian* is investing about \$45 million to renew printing equipment at a new plant, following in the footsteps of Australian press barons like Robert Maxwell and the *Observer's* Lonrho.

At *Die Welt*, former economics editor Herhardt Brueggemann found the same excitement. "My under-45-year-olds tended to be too new to journalism to remember much about the old printing ways, and loved to develop every new little trick. But as a man of 50, I remember when I began, in 1957, we were all good friends with the printers. Yet the unions had to face reality. They could stop it for a few years. Motivated by sheer greed, they priced themselves right out of the market. Ten years ago, a printer was earning 50 percent more than a journalist at editor level."

Benign proprietors gave way to more profit-conscious owners, however, and reporters began to see editorial advantages in the new technology. "Managers can now manage and editors can now edit," Paul Johnson writes in a recent edition of *The Spectator*. "But the access of liberty has removed the excuses for failure."

In Johnson's view, new technology will deliver us from the evil of what he calls "union tyranny" and give us a new age of editors, with the old "hire 'em and fire 'em" days of green eyeshades back again in spirit rather than the dispiriting "kicked upstairs" method of replacing staffers who fail to perform. "It will mean a fierce struggle for the survival of the fittest and much blood on the newsroom walls."

Quite so, and one can argue that this is what has taken place within American journalism, where Guild muscle pumps very faintly in places. In the United States, also, the shattering din of linotype machines and the thunder of 100 Underwoods at deadline time have been replaced by faint clickings and scratchings, and they have been for a longer time. A whole generation of journalists cannot recall the old days.

Only journalists over 40 are truly entitled to get misty-eyed about the moment—usually about 1 in the morning—when the caseroom overseer shouted

Elgy Gillespie is a freelance writer based in Washington, D.C.

Reagan's legacy in the wake of the arms-for-hostages fiasco with Iran

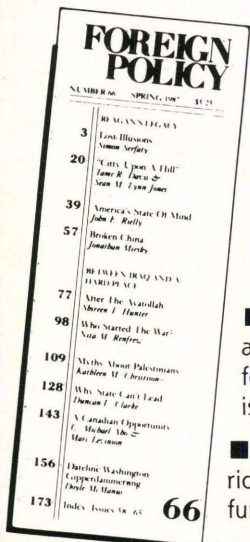
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"roll 'em!" across the noise of molten lead slugs falling to place. It may be true that you could actually "hold the front page" later under the old system, if only because the advent of offset-litho back in the 1970s was traded for shorter working weeks and fewer night-owl jobs, in itself an erosion of the old printing way of life.

By the 1980s, the British National Graphical Association acknowledged the average pay of a Fleet Street printer in the so-called "Street of Shame" was, at rock-bottom, \$500 for a 25-hour week, while skilled printers worked fewer hours for \$1,200 per week. In the Federal Republic of Germany, printers got \$300 for showing up on a Sunday. Together with the so-called "high-pay culture" came the closed shop, funds for covering extended strikes and legal immunity from damage claims for an industrial action.

In the Netherlands, newspapers folded right and left in the face of these signals of Luddite desperation, before *Het Parool* and other newspapers of the same publishing house computerized around the start of the decade. Yet Dutch reporters are still restricted in odd ways. They may not always operate printout machines, for example, and they have to call a printer merely to get the button pressed when they want to see what they have written on a paper.

All over Europe, the pattern has been the same: only the sequence and the anomalies vary. In *El Pais* Washington correspondent Paco Basterra's view, it is the small local paper that can most easily revolutionize the Spanish newspaper scene, where some 90 percent of papers still use hot metal, including the second-largest paper of Spain, the conservative *La Vanguardia*, of Barcelona.

In France, the small provincial paper, *Le Provençal*, beat everybody else to the post, thanks to its cosy and family-like structure. At Rennes in Normandy, *Ouest-France* managed to avoid collision with the typesetters of the Syndicat du Livre and to bring in 24-hour zoned editions all over Brittany and Normandy. The *Charente Libre* in Angoulême could probably not have survived had it not parlayed the same transfer smoothly, replacing the old product with an orderly tabloid that barely hints at its militant Resistance origins.

When I first observed the staff of *La Charente Libre* coming in before 9 in the morning and kissing all their colleagues from the sports editor down to the secretary four times on both cheeks, I thought it was not merely the technology that was new, but the entire atmosphere. It was a long way from the chaos of my own *Irish Times*, where people stroll in much later

and shout all day and night and where nobody does anyone else's work. In France, however, the big, long-established newspapers will be the last to change, unlike the United States.

It is to Denmark and the Federal Republic of Germany that we must look for the biggest displays of new technology, though they too have had their troubles and have proceeded with caution. The conservative, rural Danish *Jyllands-Posten* in Aarhus brought in computers eight years ago, but was careful to negotiate every step piece by piece with all the unions, counting on its time-honored financial independence before buying Atex terminals.

Danish number two *Berlingske Tidene* suffered a 140-day strike in 1977, after trying to reduce the printing staff and bring in Atex, while the main "serious" daily, *Politiken*, did eventually bring Itek into the newsroom, with Swedish terminals and processors. This is a formula that has been adopted by some provincial German papers to save printing jobs, as well as in the smaller Danish papers where the Norwegian system, Norsk Data, is in widespread use.

In the Federal Republic of Germany, the big printers' strike came a year later and lasted only two and a half weeks. Five

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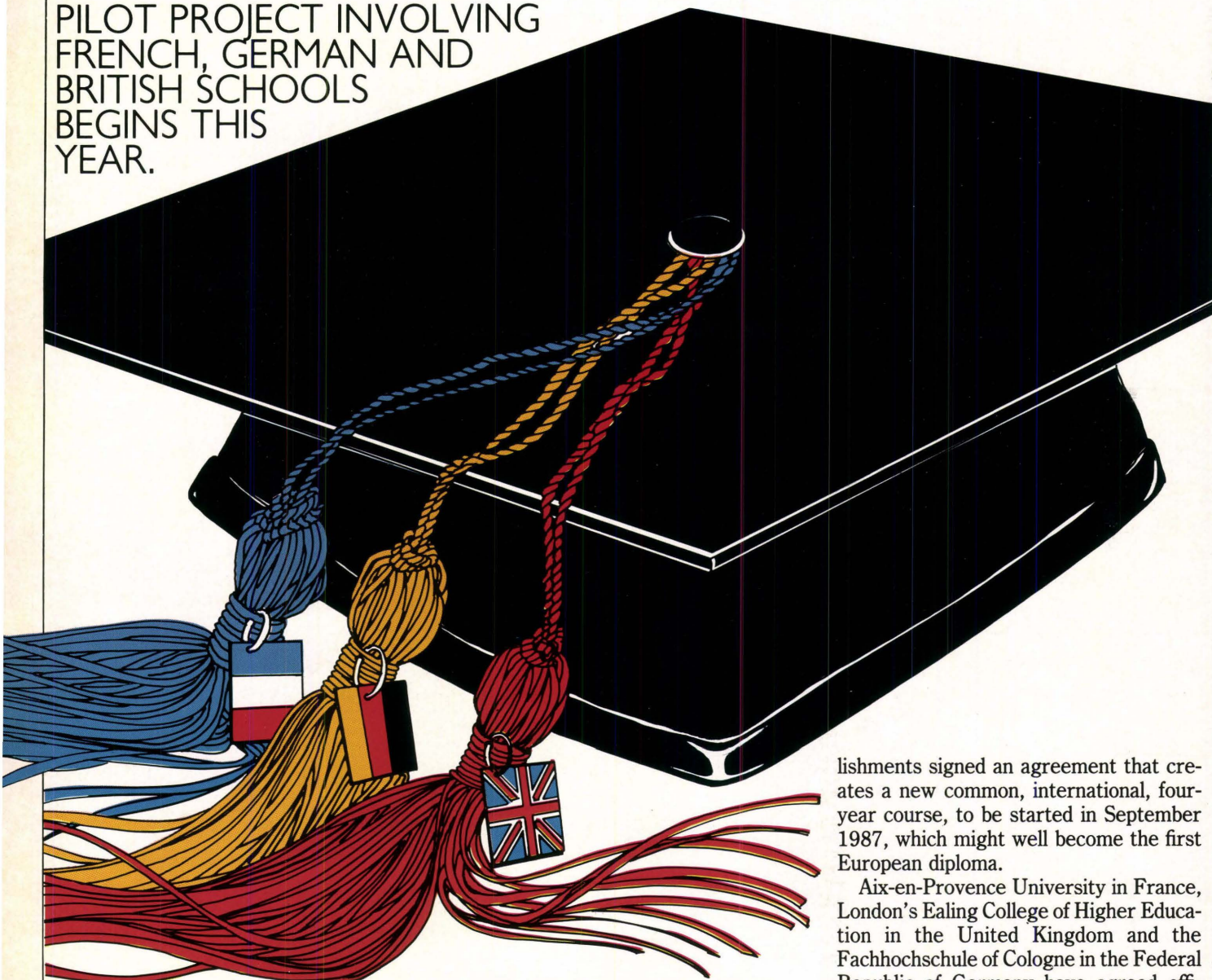
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UNIVERSITIES PLAN EUROPEAN DIPLOMA

PILOT PROJECT INVOLVING FRENCH, GERMAN AND BRITISH SCHOOLS BEGINS THIS YEAR.



JEAN-CLAUDE CRAPOULET

Once upon a time, in the Middle Ages when they were being organized, universities were truly international. Nation and nationalism were hardly words. Borders did not exist, or they were very permeable. Rules and regulations, administration and bureaucracy were probably very active, but not yet in a nationalistic sense. A Master would teach a few years in Bologna, then go to Paris for a change, and then to Oxford or to Heidelberg. The academic degree, the *Licencia Docendi*, was not only a license to teach, but a licence to teach anywhere: *Ius ubique docendi*. The

students themselves, even if limited in number and exclusively male, were a pretty mobile body, following the professors, or their fancy, all over Europe. Scholars were real "men of the world." Language was not a problem—instruction was in Latin, and most educated people were multilingual anyway.

That extraordinary freedom of movement, that truly formative license to travel and broaden one's mind while filling it, might be coming back, in a limited way, with the help of the E.C. Commission. In June 1986, the presidents of three European higher education estab-

Jean-Claude Crapoulet is a professor at the University of Aix-en-Provence in France.

lishments signed an agreement that creates a new common, international, four-year course, to be started in September 1987, which might well become the first European diploma.

Aix-en-Provence University in France, London's Ealing College of Higher Education in the United Kingdom and the Fachhochschule of Cologne in the Federal Republic of Germany have agreed officially to provide parallel courses and examinations in something called applied modern languages (law, economy and business) so that a number of French, English and German students can follow the same course in any of the three countries.

The three cities have much in common in spite of their obvious differences. Their histories go back a long way to the Romans and before. They have a tradition of academic excellence and cultural leadership. At the same time, they are forward and outward looking, with aggressive economic and international trade areas at their doorsteps. London has its port, Cologne has the Rhine River, and Aix has

Marseilles and the Mediterranean. Besides, they are beautiful, each in its own way, with cathedrals, elegant buildings, fountains and a certain *joie de vivre*.

The three establishments, though different in size, each have important language departments. They are well known, ambitious, progressive and can boast, beside their more traditional fields of study, of their growing, job-oriented and internationally minded new departments.

The whole idea for the new degree was born three years ago. Ealing and Aix had a bilateral agreement for an informal and limited exchange of a few language students. The professors involved felt that more was needed, that the programs should be better integrated and better controlled and that more students should be involved for longer periods. It was then remembered that both Aix and Ealing had a signed agreement with Cologne that had been allowed, over the years, to vegetate.

Why not try to organize, on the legal basis of those three bilateral contracts, a truly international, or at least tri-national, degree? If the same number of students could be exchanged between the three universities, the student-teacher ratio would not be changed, and, consequently, expenses would be limited.

It quickly became obvious that the field of study for the proposed degree would have to be chosen carefully. Language had to be involved somewhere—the students would follow courses in French, English and German—but it should not be a language degree in the strict sense of the word, since more traditional language departments already did an excellent job in forming language specialists. Besides, experience shows that language graduates, if they do not go into teaching or translating, can only find jobs as hotel receptionists or tour guides.

On the other hand, highly competent graduates in other specialized fields have limited job opportunities because of their failure to communicate efficiently in anything but their mother tongues. Engineering, physics or business departments, among others, while paying lip-service to the necessity of knowing a foreign language, often consider them a luxury, a sort of gracious social achievement that can be “picked up” in a few hours anyway. Consequently, it was decided that languages should not be an end in themselves, but, rather, a means to learning another subject.

What was needed was a coordinated international program with a high level of language instruction, plus a year in two different foreign universities, plus an in-

tegrated four-year course in a subject that would produce a trilingual specialist that the employment market could not ignore.

The programs in each subject of the new course had to be harmonized. The teaching methods had to be compared and adjusted. The number of hours of teaching had to be the same in the three countries. Teachers' qualifications had to be equivalent. The level of difficulty had to be equal. “Standards” had to be “standardized.” The examinations had to be similar if not common. The system of grading had to be acceptable to all. And so on. The idea was exciting, but problems loomed.

The whole thing was complicated by the fact that if the new degree was to have international prestige, it had to be recognized at national, as opposed to local, levels. Each university has a different controlling authority. In spite of recent reforms, France is still centralized, and the deciding body would be the Ministry of Education in Paris. In Germany, the Fachhochschule is more autonomous, but the local geographic unit, the Land, still has to be called upon to give the green light. In England the Council for National Academic Award (CNAAL), an inter-university body, checks in great detail what individual colleges are doing in matters of programs, levels and examinations.

Strangely enough, the idea of an international degree appealed to the administrators of the three countries, who encouraged the new idea. The French Ministry of Education's Direction de la Coopération et des Relations Internationales even gave a grant to facilitate the preparatory work on the new program. The E.C. Commission's Office of Cooperation in Education immediately showed great interest and gave relatively important grants to the three universities.

Negotiations lasted for nearly three years. A succession of meetings took place in London, Aix and Cologne, in which a number of professors from the three establishments participated, as well as administrators, specialists and legal advisors. These negotiations were a fascinating exercise in international relations. All the participants were multilingual, and most of the time they spoke in their native language, rendering interpreters unnecessary. But the fact that the same words do not mean the same thing in the three countries became a problem: Common definitions had to be agreed.

Another problem was that different people naturally think their system beats all others. Compromises had to be made, taking into account national susceptibilities, inter-university rivalries,

interdepartmental jealousies and, within each subject, disagreements among schools, cliques and approaches. If the new course was to succeed, a number of principles had to be accepted from the beginning. Once agreement was reached on the general idea, it was decided that if there was an irreconcilable conflict on one of the details of the negotiations—with no compromise possible—then the negotiators would go with the most demanding of the three establishments, to insure the quality of the program. Secondly, the phrase, “It won't work,” was banned from the negotiations: It had to work. Finally, patiently, an agreement was reached. A contract was written in three languages and the three presidents signed it in Aix-en-Provence.

The new program would be based on the existing applied-language programs already functioning in the three establishments. This would give the new program a firm rooting in languages. The other advantage was that applied-language courses are still relatively new and consequently can still be adapted easily. (An applied language course is one in which the students spend two-thirds of their time studying foreign languages and one-third studying a field of application in which those languages would be used). It was decided to choose law, economics and business as fields of application.

Students would enroll in their home institution, where fees would be paid for the four-year duration of the course. They would also enroll as full-time students in the two partner institutions, but would be exempted from fees payable to these two institutions for the duration of their studies.

The students would spend their first year in their home university, where they would receive instruction in the field of application, but where the accent would be placed on improving the two foreign languages. In Europe, students entering university have already studied two foreign languages at secondary schools for four to six years. The second year would then be spent at one of the two other universities and the third year at the remaining foreign university. They would return home for the fourth year.

A parallel and coherent curriculum was established, to be run in all three institutions. If necessary, some language classes would be added. In France, all the courses would be taught in French. All the courses in England would be taught in English. All the courses in Germany would be taught in German. The curriculum would follow logically from one country to another so that students would

Continued on page 47.

FOREIGN INVESTMENT IN SPAIN

The next five years will witness profound changes in Spain. The Spanish are looking ahead to 1992, the magical year when Spain becomes the focus of world attention. In 1992, Barcelona is to host the Olympic Games and Spain will be welcoming the world to the World Fair—EXPO 92—to be held, so fittingly, in Seville to celebrate the Fifth Centennial of the discovery of the Americas.

Nineteen ninety-two also marks the end of the period of integration of Spain into the European Community. During this period Spain will be adjusting its economy to E.C. requirements and expanding the opportunities for foreign investment in Spain. There follows a short summary of how these opportunities have been expanded and simplified by Royal Decree-Law 1265 enacted in June, 1986.

Foreign investments may take the form of direct investments, portfolio investments, acquisition of real estate, as well as other forms, and may be executed by way of providing capital, capital equipment, technical assistance, patents, manufacturing licenses, or any other means with prior authorization.

- Direct investments are liberalized if the foreign participation does not exceed 50 percent of the company's assets. The following are considered direct investments: participation of no less than 20 percent in a Spanish company, by which the foreign investor may exert control over that company; creation, enlargement or acquisition of branches of establishment of foreign companies controlled by non-residents; concession of long-term loans (more than five years) for the purpose of establishing or maintaining long-term economic relations; and reinvestment of profits obtained by the foreign investor for the same purpose as above.

- Portfolio investments are those executed by the purchase of shares or participation in Spanish companies, not considered direct investments. These investments are also liberalized.
- Real estate investments are liberalized for non-business purposes. Otherwise verification is required.
- Other forms of investment require prior administrative authorization.

In all cases, investors have full rights of foreign transfer with no quantitative ceilings and may repatriate dividends, interests and capital gains, as well as the capital originally invested, provided that the initial investment is properly registered.

The industrial promotion policy in Spain is directed at a series of basic objectives, such as development and expansion of industrial sectors, regions, small and medium size firms, as well as research and development, technology and the creation of new employment. Both domestic and foreign investors may benefit from the incentives offered under these programs.

The forms of government assistance available are classified in two types: financial and non-financial. The former includes direct incentives (subsidies, loans and financial participation in venture capital) and indirect incentives (tax benefits, credits, exemptions and deductions). A wide variety of non-financial assistance ranges from a series of services such as technical, management and financial advice, to other diverse incentives such as special hiring advantages, help in acquiring land for industrial use, schemes for company mergers and so on.

For further information, please contact: Spain-U.S.A. Chamber of Commerce, Empire State Building, 350 Fifth Avenue, Suite 1314, New York, N.Y. 10118. Telephone: (212) 967-2170; Telex: 275815 SPAN UR; Fax: 564 1415

DAVID WHITE

It is just over a year since Spain first dipped its toe into the reality of the European Community. Two months after celebrating its formal entry, it took its first step into the Common Market farm system and made its first move toward dismantling barriers against imports of manufactured goods from the rest of Europe.

It is now up to its knees. The first 10-percent tariff cut was followed by a 12.5 percent reduction this January. The seven-year task of taking barriers down is speeding up. The next two years will bring the biggest cuts, 15 percent each time. By then, Spain will be chest-deep. Can it swim? At the moment, it is in two minds about whether it can or not.

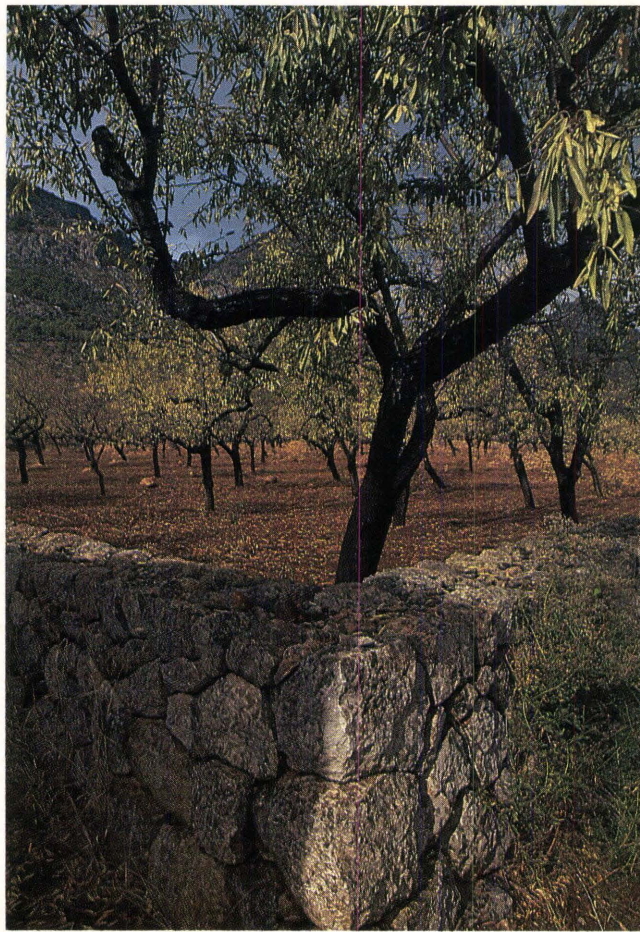
So far at least, Spaniards cannot be said to have suffered any real setbacks to their expectations about the Community. But the idea that it is going to be hard-going—which the Spanish Government was already warning about—has by now sunk into the general consciousness. It could have been much worse. Spain waited eight years from its first application before joining, and during that time presented a unanimous pro-Community front. There was a real risk that disappointment in the first few months of membership, as Spaniards found only drawbacks in belonging, could bring a reversal in public opinion.

The first big hurdle—the introduction of Europe's system of value-added tax (VAT)—was passed with surprising ease. The changeover was not only complex (it meant replacing some two dozen different taxes), but threatened to set off uncontrolled inflation. But after a scary first

few weeks, lower oil prices came to the rescue and calmed the price panic.

Regarding the reduction of inflation as the key to Spain's economic survival in the Community, the Government lent a hand by liberalizing some food imports and resisting the temptation to push the value of the peseta down even further, which would have helped exports, but fueled prices at home. As a result, consumer-price inflation last year was roughly stable at 8.3 percent. The 12-

IBERIAN COUNTRY IS ADAPTING WELL TO E.C. MEMBERSHIP.



month rate has since come down to 6 percent, still well above the rate in the main industrialized countries, but seemingly under control.

From the Community's point of view, the worst fears equally failed to materialize. Worries that Spain might prove a troublesome new member, seeing that Spain is Europe's fifth-largest economy, turned out to be unfounded. Officials of other member countries say that Spain has played a subtle game. Although Spain's Socialist Government is disappointed with some aspects of European cooperation—for instance, its failure to stimulate more attention to Europe's links with Latin America—it has rarely been seen to be obstructive. The two

Spanish Commissioners are widely respected, and Spain has taken an active part in new projects such as the Eureka new-technology program, which it is currently chairing.

However, problems posed to Spain by joining an open European market have become starkly clear. Industry is beginning to undergo its biggest shock since it went through its spectacular growth phase in the 1960s. By comparison with the other new member, Portugal, Spain is much more industrially developed, but its companies in general are also more geared to a protected home market. Many, including some well established multinationals, now have to rethink their whole strategy.

At the same time, farmers are coming to terms with the tight conditions of Spain's entry treaty. Under Spain's previous trade agreements, the fruit and vegetable growers of the Mediterranean coastal region had already cashed in on the Community market, incurring the fury of the powerful French farm lobby. It

SPAIN

was inevitable that agricultural terms should be tough. Now, after a poor crop year, a series of complaints in different farm sectors have fused together into a national protest campaign.

Although aimed more against the Government than against Brussels, the protests reflect incipient resentment about being buffeted around by the twists and turns of the Community's Common Agricultural Policy: from dairy farmers resisting cutbacks to pig-raisers bitter about having their produce banned from the rest of the Community. The Government is therefore facing a double front of pressure: from disgruntled farmers, who seem to be learning tactics from their counterparts in Continental Europe, and from industrialists, frightened by the irreversible move toward open competition.

Manuel Marin, Spanish Vice-President of the E.C. Commission, who as junior minister handled the final stages of the membership negotiations, is clearly worried about the implications. In a recent newspaper interview, he complained that there was "too much of a defensive attitude in many sectors of Spanish society, and even in the government itself."

Conservative employers' leader José Maria Cuevas describes Spain's situation in the E.C. as "worrying, at least." He cites the inflation gap between Spain and its main trading partners, which widened last year as prices in other countries slowed down, worsening Spain's competitive position. Labor costs per unit of production have accelerated in Spain, contrary to the European trend, he says, arguing that Spain has an average productivity gap of as much as 30 percent to make up.

The first cuts in import tariffs, coinciding with the dropping of tax incentives for exporters, have already made their mark on trade figures. This is really no surprise. Up to now, Spanish goods had better access to the Community than E.C. goods had to Spain. Just over half of Spain's exports already went to the E.C. in the year before it joined, but only 37 percent of its supplies came from the Community. The room for growth was obviously bigger for imports than for exports. Last year, Spain's reliance on the Community as an outlet for exports increased to 60 percent. The share of its imports coming from the Community jumped 50 percent.

David White is the Madrid bureau chief of the *Financial Times*.

The result was an increase in Spain's overall trade deficit, despite the sharp drop in price of the oil it imports. Leaving aside energy costs, Spain used to have a surplus, and now has a deficit—a swing for the worse of about \$6 billion in 1986. In its trade with the E.C., Spain came out the year before entry with a surplus of more than \$2 billion at current rates, and, in its first year of membership, suffered a shortfall of \$1.26 billion. Spain's only big export increases were to Portugal and Greece, both relatively small clients, and its sales to the United Kingdom and the Netherlands actually dropped.

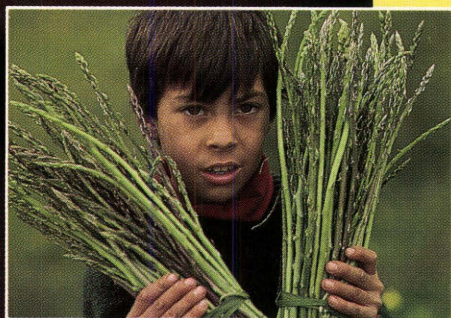
European suppliers, meanwhile, lost no time in making inroads in Spain—in some cases, according to Spanish officials, virtually dumping goods such as cars, clothes and electronic equipment in order to gain footholds in the Spanish market. Imports from Italy shot up by 53 percent, from Belgium by a similar amount and from Portugal by 57 percent. The Federal Republic of Germany, with an increase of 37 percent, doubled its trade surplus with Spain, supplanting the United States as number one supplier and selling more than the combined members of the Organization of Petroleum Exporting Countries. Spain's advantage in trade with France, its chief client, was trimmed back by a third.

In many sectors, for instance the auto industry, home demand was enough to allow Spanish producers to raise their output despite the new arrivals on their market. But in steel—once the focus of Spain's industrial ambitions—all the extra demand was absorbed by imports. The Government went through a painful labor conflict three years ago over plans to axe 10,000 jobs in the main steel mills. More cuts are needed now.

On the other hand, Spain's economy has withstood the knock to its trade balance with relative ease. Its balance of payments for the last three years has produced a growing current-account surplus—in the region of \$5 billion for last year, thanks to soaring income from tourism. Spain managed to reinforce its foreign exchange reserves by almost \$3 billion to over \$17 billion at the end of last year and, at the same time, to make early repayments on its foreign debt. Total foreign debt came down by more than \$4 billion to \$24 billion, the lowest level since 1980.

Spain managed to keep well up in the European recovery league with 3-percent growth and a surprisingly strong increase in investment, estimated by the Government at 12 percent. Up to 1985, invest-

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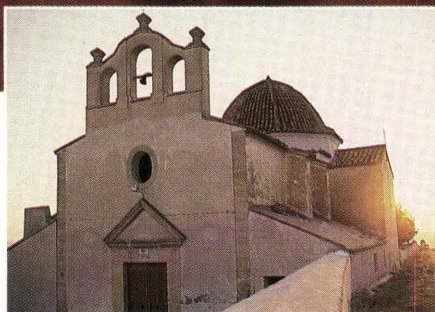


PHOTOS © CLAUDIA PARKS

Spanish farmers are coming to terms with the tight conditions of Spanish entry into the Common Market.



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Spain's balance of payments for the last three years has produced a growing current-account surplus. Above, Seat automobiles. Right, the Alhambra in Granada.

NEWS OF THE E.C.



©UPI/BETTMANN NEWSPHOTOS

Israeli troops in the Sinai, November 1973. The E.C. is pushing for an international peace conference on the Middle East.

FOREIGN AFFAIRS

E.C. BACKS MIDEAST PEACE CONFERENCE

With tensions heightening in the Middle East, E.C. Foreign Ministers issued a statement on February 23 expressing strong support for an international peace conference on the Middle East to be held under the auspices of the United Nations, and said they are prepared to play an active role in it. Such a conference, the statement said, would provide a "suitable framework" for negotiations toward bringing "just, global and lasting peace to the region."

The conference, said the Ministers, should be open to "any party able to make a direct and positive contribution to the restoration and maintenance of peace and to the region's economic and social development."

"At the present time, tension and conflict in the Near and

Middle East are continuing and worsening," the statement read. "The civilian population is suffering more without any prospect of peace. The Twelve would like to reiterate their profound conviction that the search for peace in the Near and Middle East remains a fundamental objective. They are profoundly concerned at the absence of progress in finding a solution to the Israeli-Arab conflict.

"Consequently, they have a direct interest in the search for negotiated solutions to bring just, global and lasting peace to the region and good relations between neighbors, and to allow the economic, social and cultural development which has been too long neglected.

"Accordingly, the Twelve would like to state that they are in favor of an international peace conference to be held under the auspices of the United Nations with the participation of the parties concerned and of any party able to make a direct and positive contribution to the

restoration and maintenance of peace and to the region's economic and social development. The Twelve believe this conference should provide a suitable framework for the necessary negotiations between the parties directly concerned.

"For their part, the Twelve are prepared to play their role with respect to such a conference and will endeavor to make an active contribution, both through the President-in-Office and individually, to bringing the positions of the parties concerned closer to one another with a view to such a conference being convened. In the meantime, the Twelve would request the parties concerned to avoid any action likely to worsen the situation or complicate and delay the search for peace.

"Without prejudging future political solutions, the Twelve wish to see an improvement in the living conditions of the inhabitants of the Occupied Territories, particularly regarding their economic, social, cultural

and administrative affairs. The Community has already decided to grant aid to the Palestinian population of the Occupied Territories and to allow certain products from those territories preferential access to the Community market."

Reuters reported that E.C. diplomats said that it was clear that a conference would involve the Soviet Union, which has so far been excluded from the peace process. Belgian Foreign Minister Leo Tindemans, who holds the current presidency of the Council of Ministers, said the Soviet Union had sent him a letter outlining its ideas about a Middle East peace conference, according to the report.

The E.C. move was also reportedly seen by diplomats as a signal to Israel that the time was ripe for a change in its policy opposing such a conference. They said that there were signs that Shimon Peres, the Israeli Foreign Minister who leads the Labor faction in his country's coalition government, was prepared to go to such a

meeting after the failure of efforts to draw King Hussein of Jordan and other Arabs into direct negotiations. Divisions have been reported within the Israeli Government between opponents and supporters of such a conference, and there are indications that Washington is moving toward accepting the idea, *Reuters* reported.

CONTADORA GETS E.C. BACKING IN GUATEMALA

The E.C. reaffirmed its support for the Contadora peace process—aimed at achieving a peaceful, negotiated settlement to the conflict in Central America—during a multinational conference February 9-10 in Guatemala City, Guatemala. Calling the Contadora initiative “the Latin American chosen means for finding solutions to the regional crisis,” the participants stated their conviction that peace in the region could not be brought about by force.

In addition to the Community and its member states, the conference—the third of its kind—was attended by Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador, as well as the Contadora countries Colombia, Mexico, Panama and Venezuela. The last conference, held in November 1985 in Luxembourg, produced a five-year economic cooperation pact between the Community and the six Central American states, and an agreement among the parties to institutionalize the political dialogue.

In Guatemala, the participants backed a proposal for a directly-elected Central American Parliament that was advanced last year in Esquipulas, and noted their hope that such a body could contribute to strengthening the full application of international law, democracy and cooperation in Central America—in particular the process of regional integration.

The European delegation also called for cooperation between the Central American Parliament and the European

Parliament, whose members are directly elected by all citizens of the European Community every five years. The Central American countries stressed their desire to see an electoral system that encouraged “true ideological pluralism guaranteeing the broadest participation by all sectors and helping to strengthen the democratic process in all the states concerned.”

Noting that the Central American countries were still troubled by the low growth in world trade, by negative fluctuations in international prices for their commodity exports and by other factors, the E.C. reaffirmed its commitment to increase substantially the total volume of aid in all forms. The Community also said it was in favor of greater economic integration and development of intrazonal trade, restructuring and expanding the industrial sector, promoting agro-industrial and agricultural development, and taking other measures to revitalize the Central American economies.

Europe's relations with all of Latin America, both political and economic, have been deepening for some time and received a new impetus from the enlargement of the Community last year to include Spain and Portugal. Europe is one of Latin America's most important trade partners, importing raw materials, agricultural products and processed goods from Latin America and exporting industrial and high-technology goods to the area. Some 20 percent of Latin American trade takes place with the E.C., and due to the tariff facilities granted by the Community, a very large amount of Latin American exports enter duty-free or at rates under 5 percent.

The E.C.'s policy toward Latin America is also based on ideological grounds. The Community, itself founded on principles of law, democracy and integration, fully supports the process of democratization in Latin America by its choice of action, political contacts and official policy. The Community also firmly upholds respect for

human rights in those countries where these are endangered, and supports all efforts at economic integration taking place in Latin America that are aimed at stabilizing the region economically and politically.

LEBANON CALLS FOR EURO-AID IN REBUILDING

Lebanese President Amin Gemayel appealed to the European Community during a European tour in February to lead an international effort aimed at the economic reconstruction of his country. Gemayel said that Lebanon, already suffering the disastrous effects of 12 years of hostilities, now also faced an economic war.

“We are in a state of red alert,” Gemayel told a news conference after talks with Claude Cheysson, the Community's Commissioner responsible for Mediterranean affairs, and other E.C. officials. “The situation has never been as serious.”



Above, President Amin Gemayel of Lebanon: “a state of red alert”.

Gemayel also met with Belgium's King Badouin, Prime Minister Wilfried Martens and Foreign Minister Leo Tindemans. He said the Community had shown understanding for his call to lead what he described as a global plan for the reconstruction of Lebanon.

Community officials said Gemayel won a sympathetic response. His call for economic

assistance will now be discussed further, and E.C. officials said a Lebanese delegation should now visit Luxembourg for talks with the European Investment Bank (EIB), the Community's soft-loan agency.

The Lebanese President said mounting economic problems were compromising the search for an end to the country's political problems, and that there was also an urgent need for humanitarian aid in the form of food and medicines. He said regional Arab aid organizations in international bodies would join any Community-led reconstruction program. The Commission announced at the time of Gemayel's visit that it would provide 500,000 ECU (about \$563,000) more in emergency medical and food supplies for Lebanon.—*Reuters*

POLITICS

FEW AWARE OF EUROPE'S PARLIAMENT, POLL SHOWS

A recent poll conducted by the Commission shows that public awareness in Europe of the European Parliament is rather low, except at election times. Last fall only 43 percent of those interviewed in the “Eurobarometer” poll said they had heard the E.P. mentioned on radio or television or seen an article about it in the press, and only 36 percent of those were favorably impressed. Awareness of the body has been as high as 75 percent before general European elections, which are held every five years.

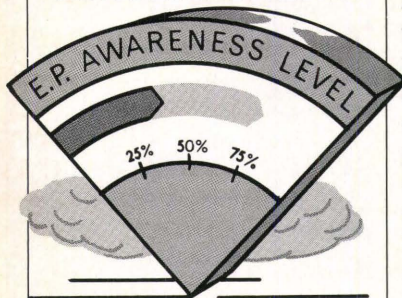
Between spring and autumn of last year, Parliament's standing suffered an eclipse in nearly all Community countries—including Spain and Portugal, despite their recent entry into the Community and the very strong pro-European feelings in those countries.

The E.P. was felt to be “very important” by 11 percent of those polled and “important” by 38 percent, and the most favorable impressions were found in Ireland, Greece and

new member states Spain and Portugal.

The Parliament, whose 518 members are elected directly by citizens of the European Community every five years, scrutinizes proposed Community laws through its 15 specialized committees and acts as the E.C.'s public forum, debating issues of public importance and questioning the Commission and Council. It also supervises the Commission and has the power—which it has never exercised—to dismiss it by a vote of censure. It also has the power to reject or insist on changes in the E.C. budget, and is responsible for ensuring that the budget it passes is actually put into effect.

EUROBAROMETER



MEDICINE

E.C. TOUGHENS WAR ON AIDS

With the number of cases of Acquired Immune Deficiency Syndrome (AIDS) doubling every nine months in the European Community—and as many as 100,000 cases expected by the end of the decade—the E.C. is stepping up its fight against the disease and has called for a program of information exchange throughout the E.C. on its spread, prevention and treatment.

Given that no effective treatment or vaccine is expected in the near future, the Commission believes that the only realistic way to prevent the spread of the AIDS virus is through public education. To better coordinate, assess and disseminate information on national approaches to health information and education—and thus allow the E.C. member

states to profit from each others' experience without pointlessly duplicating effort—the Commission is proposing an "observation unit" to help adapt and disseminate the most useful initiatives. A total appropriation of 2 million ECU (about \$2.3 million) over the next two years has been proposed.

The fight against AIDS—a contagious viral disease most prevalent among male homosexuals and intravenous drug users—has been underway in Europe for some time. The human retrovirus that causes AIDS was isolated for the first time in early 1983 by a team at the Institut Pasteur in Paris, and the E.C. Commission set up a group of experts in 1983 to examine the disease, which was spreading rapidly in Europe by this time. The Community has tried to organize its research in a way that avoids duplicating efforts by the World Health Organization (WHO) and the Council of Europe; it set up four seminars in 1984 and 1985 on immunology, virology, epidemiology and clinical research, and late last year the Commission drew up proposals for a two-year program on coordinating medical and health research in Europe.

This program—which targets AIDS as one of its top priorities—includes projects for monitoring and preventing the disease, as well as viro-immunological and clinical research. The budget needed to implement the program is estimated

at some 5.45 million ECU (about \$6 million) through 1989.

The E.C. has also taken a preliminary initiative for the epidemiological study of AIDS in Africa, and five teams from E.C. member states recently joined forces with their African counterparts to work and conduct research in Cameroon, the Congo, Ethiopia, Gabon, Kenya, the Central African Republic, Rwanda, Somalia and Zaire.

The Community has also been establishing international cooperation with the United States, Sweden and Switzerland, and the Commission said recently it was about to propose an intervention program against the disease to the 66 African, Caribbean and Pacific (ACP) countries which are members of the Lomé Convention.

ENVIRONMENT

PROTECT ENVIRONMENT AND CREATE EMPLOYMENT, COMMISSION ADVISES

The E.C. Commission recently proposed an unusual five-year program aimed at exploring the possibilities of creating jobs in Europe through environmental protection. The program, which is anticipated to cost some 33 million ECU (about \$38 million), would be designed to encourage new investment in

environmental protection plans which might otherwise not be attractive, demonstrate the job-creating potential of such investments throughout the Community, and assess the results of these various actions.

While it is commonly argued that strict environmental protection leads inevitably to greater unemployment, the Commission takes a strongly opposing view, and recent research suggests that by the end of the century some 3 million people could be directly employed in protecting the environment.

The types of programs the Commission is trying to bring about would reflect the priorities set out in the E.C.'s "Fourth Action Program on the Environment", now under consideration in the Council of Ministers. The Commission sees a broad range of institutions, including central and local government, businesses and co-operatives, all being involved, with particular emphasis on:

- Small-scale infrastructure projects, such as a common waste treatment plant for a group of firms where single installations would be inefficient or uneconomic;
- Projects to bring vacant or underused land in areas of industrial decline back into use;
- Economic activities in rural areas which are consistent with protection and improvement of the environment, particularly in regard to soil protection;
- Improvements in coastal zones where the impact of tourism demands integrated management of resources;
- Improvement of the urban environment, both built and natural, including maintenance of the fabric and encouragement of new uses for old buildings;
- Cross-frontier projects and projects involving cooperation between organizations in more than one E.C. member state would be given particular consideration.

The scale of individual demonstration projects could vary from a few jobs to several hundred, with the cost per job ranging from 5,000 to 150,000 ECU



(\$5,750 to \$172,500), the Commission says. The rate of support for each project would be between 20 and 80 percent, depending on the nature of the project and the environmental and economic problems of the region, and the average would be about 40 percent. A minimum of 60 projects would be launched in the first phase, with expenditure of 350,000 ECU to 500,000 ECU per project.

The five-year program would begin in 1988, with the first phase running through 1990. In the final year of this first phase, the Commission would submit a progress report on the work undertaken. Results of the work would be disseminated during a second, two-year phase, and the Council would decide by qualified majority on a proposal from the Commission the criteria to be used and the budget to be allocated for this second phase.

In a recent speech in England on the European Year of the Environment (which began on March 21), the E.C. Commissioner responsible for environmental issues Stanley Clinton Davis underscored the "absolute falsity" of the view that economic growth and environmental regulation are incompatible. "It seems to me quite indefensible to use the appalling level of unemployment in Europe at the moment as an excuse not to do something about the environment," he said. "It is quite clear, for example, that if we are to revive the economies at the centers of some of our major 19th century industrial towns, then regeneration of the environment so as to make them attractive and healthy places to work has to form an integral part of the effort.

"Similarly, if we consider the products which are going to form the basis of our prosperity into the next century, it is quite clear that the markets for polluting cars, noisy machinery and poisonous chemicals are going to be diminishing markets, while the growing markets, particularly in our most prosperous and environmentally conscious trading partners, the

United States and Japan, are going to be for clean products based on clean technology.

"The fact is that in the late 20th century, a nostalgic yearning for 19th century *laissez-faire* no longer fits the circumstances. Our economy is now so complex and our environment so finely balanced that a clear regime of sensible environmental regulation and control is vital to avoid a process of environmental degeneration, which would inevitably bring in its wake disastrous economic consequences. So it is vital that the 19th century fallacy be replaced with the 20th century truism that environmental concern and economic growth go hand in hand," Clinton Davis said.

TRADE

U.S., E.C. MOVE CLOSER ON TELECOMMUNICATIONS

The United States and the European Community will exchange information and work toward developing common standards in telecommunications, the head of the E.C.'s Directorate General for Telecommunications and Informa-

FRANCE CALLS FOR JOINT PRESSURE ON JAPAN

French Trade Minister Michel Noir met in Washington in late February with U.S. Trade Representative Clayton Yeutter and U.S. Agriculture Secretary Richard Lyng for talks on trade, agriculture and international economic issues. Noir stressed in remarks to the press after the meetings that the United States and the E.C. were coming to understand each other better, and that they should work together on common problems—like getting Japan to open its markets.

"With friends, it is always better to talk than to fight," he said, noting that serious

confrontations in the past few weeks—over last year's enlargement of the E.C. to include Spain and Portugal, and over subsidies to the European aircraft consortium Airbus Industrie—had been re-

tion Technologies said in February. "A trade war between the United States and Europe would make no sense," said Michel Carpentier, "not only because of the important trade surplus enjoyed by the U.S., but also because—in the medium- and long-term—the objectives of the Community and the United States are the same. We both want to establish a broad, open telecommunications network." The U.S. had a trade surplus of about \$500 million with the E.C. in telecommunications equipment during 1985.

Carpentier made his comments at the time of a high-level meeting between U.S. and European representatives from February 4 to 6. He noted that the Europeans had explained to the United States the role of state telephone companies in Europe, and explained that the European market was becoming more open. The U.S. and E.C. agreed on certain specific areas where they would cooperate during 1987 and 1988, including:

- An exchange of information between the Commission and the relevant U.S. agencies regarding the telecommunications environment in the domestic and international context;
- A meeting of technical ex-

perts will be organized to discuss U.S. and E.C. implementation of the Integrated Services Digital Network (ISDN) standards;

- A continued exchange of information on the concept and design of Open Network Architecture (ONA);
- An exchange of information between European and American industrial associations in the field of standards was proposed.

An E.C. fact-finding mission to the United States last summer headed by Carpentier found that work on international standards in the related fields of telecommunications and information technology was a major area for closer cooperation between Americans and Europeans. Part of the reason for the current E.C. trade deficit in telecommunications, the mission noted, was the difference between European and American standards. European firms lead the field in public digital switching systems, for example, but it could cost them an extra 20 percent to 30 percent to meet U.S. specifications. U.S.-based suppliers, on the other hand, are among the top equipment suppliers in eight of the 12 E.C. member states. The United States should show greater concern

solved, and that attitudes on international monetary questions and coordination of economic policies seemed to be coming closer together.

Noir said that he expected 1987 would be a year that, despite the likelihood of painful readjustments, would also bring new clarity and openness to international trade. Noir also expressed hope that the Reagan Administration's policy of fighting protectionism would continue, and suggested that the United States and the European Community examine the idea of concerted action to pressure Japan to open its markets and reduce its substantial structural trade surplus. "Japan has earned a sort of Nobel Prize," Noir observed, "for barriers of all kinds to international trade."



Trans-Atlantic togetherness on Japan? Above: French Trade Minister Michel Noir.

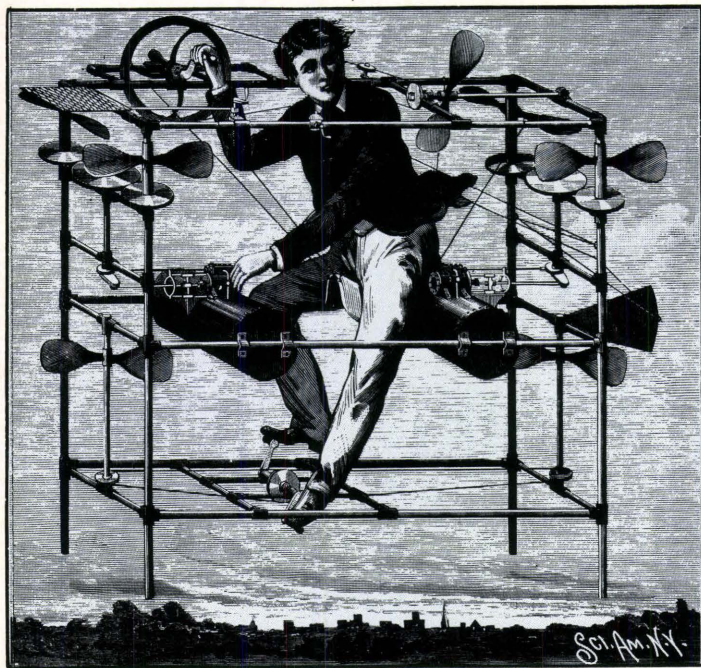
confrontations in the past few weeks—over last year's enlargement of the E.C. to include Spain and Portugal, and over subsidies to the European aircraft consortium Airbus Industrie—had been re-

for "global interoperability" in its telecommunications policy, the mission noted.

E.C. MOVES ON "SCREWDRIVER" FACTORIES

In a move designed to clamp down on unfair trade practices, the E.C. Commission adopted a proposal on February 11 aimed at keeping foreign companies from circumventing anti-dumping duties by assembling foreign-made components within the Community and then selling them at artificially low prices. Dumping occurs when a country sells goods abroad at prices below what it charges at home, and is generally considered an unfair trade practice that can disrupt markets and hurt producers in the importing country.

Pointing to mounting evi-



dence that certain countries may have been engaging in such practices with products like electronic typewriters, plain paper copiers, excavators and weighing scales, the Commission proposed levying anti-dumping duties on products "introduced into the commerce of the Community after having been assembled in the Community" that are being sold at below fair market prices.

The dangers of this kind of practice are particularly acute,

the Commission argues, where the producer/exporter of the finished product has a subsidiary in the importing country and where the assembly is a relatively simple process—sometimes referred to as a "screwdriver operation."

Subsequent to the Commission proposal, *Reuters* reported that Japanese industries have asked the E.C. to review the proposed anti-dumping changes, arguing that they could hamper Japanese investment and industrial cooperation. Industry representatives wrote to the Prime Ministers and Foreign, Labor and Industry Ministers of all 12 E.C. member states, saying the proposed amendment would severely restrict chances of industrial cooperation between Japan and the European Community, according to a spokesman for several industrial groups.

The Japanese industries are

arguing that most Japanese investment in the E.C. has been in high-technology and has created many jobs, and that Japanese manufacturers have started joint development efforts with local companies. A Japanese survey earlier this year showed that E.C. affiliates had steadily increased the proportion of locally made parts, and said high percentages had been achieved in established areas like television manufacturing.

E.C. CAUTIONS U.S. ON TEXTILE TRADE

Belgian Foreign Trade Minister Herman De Croo came to Washington in early March for talks with U.S. officials, and warned that if Congress passed legislation curbing textile imports, the European Community would have no choice but to retaliate. "If you limit textile imports, you will re-orient textiles to Europe," he told a news conference, which in turn would trigger E.C. taxes on American goods.

Congress passed such a textile bill two years ago, but it was vetoed by a strongly free-trade President Reagan on the grounds that curbing imports to protect the domestic textile industry would trigger retaliation by America's trading partners. Similar bills now in the House (H.R. 1154) and Senate (S.549) would limit growth of all textile imports from all sources to one percent of annual growth in the U.S. industry.

De Croo noted that if a new textile bill were passed, "the only way we could react would be retaliation, and it would cause more retaliation, which is not a good way to deal with problems." If a bill were enacted, he said, "We will impose taxes on a lot of American products. It would be stupid. We have to avoid that." He added that a textile bill could be followed by bills to protect the United States steel and car industries.

De Croo noted that Congressmen seem most upset with Japan, due to its massive trade surplus with the United States, and not with the E.C.—but added that E.C. nations would be hurt by the diverted shipments of Asian textiles.

Discussing U.S.-E.C. agricultural issues, De Croo said he believed there would be a compromise within the European Community on its proposed tax on vegetable fats and oils, averting a pledged tough trade response by the United States. He said there is a battle within



the Community on the proposed tax and added, "I do not think it will be a big issue, because there will be a big debate inside Europe—so there will be a compromise."

In related news, the Reagan Administration expressed concern to the E.C. in late February over increasing exports of Portuguese textiles to the United States, during a meeting between William Houston, the chief U.S. textiles negotiator, and Jean-Pierre Leng, his E.C. counterpart. U.S. sources said that Washington was concerned that Portuguese exports rose 13 percent last year despite a fall in the value of the dollar, which makes imports to the United States more expensive. But they said that the Administration wanted to handle the issue in a low-key manner. "We certainly don't want a dust-up with the Community over textiles," one said. The sources added that Washington and the E.C. had agreed to monitor textile trade data closely in an effort to forecast whether the upward trend was likely to continue in coming months.—

Reuters



E.C. textile workers would suffer if Congress passes restrictive new trade legislation now under consideration.

BUSINESS

BELGIUM ISSUES ECU COINS

Belgium, the current holder of the Presidency of the Council of Ministers, symbolically underscored the growing importance of the European Currency Unit (ECU) this month by launching an issue of ECU-denominated coins. While the "Euro-coins" are considered legal tender in Belgium—and possibly elsewhere in the Community—Finance Minister Mark Eyskens stressed that the move was primarily "a political act with symbolic value." The issue of the coins was timed to coincide with the 30th anniversary of the signing of the Treaty of Rome, the E.C.'s founding charter, on March 25.

Two coin values will be issued, one in gold worth 50 ECU (\$57.50) and another in silver denominated at 5 ECU (\$5.75). One side of the coin will show the denomination in a circle of 12 stars (signifying the 12 member states of the E.C.), and the other side will show a por-

trait of Charles V, the Holy Roman emperor from 1519 to 1556 who ruled much of what is now the European Community.

The ECU is a unit of account based on the currency values of 10 of the E.C. member states, and is used in all E.C. calculations and in some money markets and private businesses. It was created in 1975 as the European Unit of Account, and renamed the ECU in 1979 when the European Monetary System (EMS) was launched. It has been taking on an increasingly important role since then due to its relative stability in a world of volatile exchange rates, and the private use of the ECU in international financial markets has grown enormously.

CORRECTION

Due to a printing error in the January/February 1987 issue of *EUROPE*, the credit line on the large photo on page 34/35 was erroneously omitted. It should run:

© Jonathan Blair/Woodfin Camp.

AGRICULTURE COUNCIL AGREES DAIRY REFORMS

Following 36 hours of tough negotiations, the E.C. Council of Ministers agreed in early March on the detailed implementation of last December's compromise package for reducing Community milk output and limiting the amount of dairy products farmers can sell into storage at guaranteed prices. The reforms call for a cut of 9.5 percent in dairy production over the next two years and provide for adjustment assistance. Frans Andriessen, the E.C. Commissioner responsible for agriculture, hailed the Council's action and told a news conference, "We are now in a favorable position to improve the situation in the dairy sector, to put our house in order there."

The dairy package comprises five main elements:

- Six regulations on the dairy market, providing for a quota cutback of 9.5 percent over two years, compensation for producers and changes in the intervention system which will allow the Commission to suspend purchases of butter and skimmed milk powder under specified conditions;
- A socio-structural package, to cost 350 million ECU (about \$402 million) over an initial three-year period; the package is aimed at helping farmers in difficult agricultural areas and compensating those who adopt less intensive farming methods.
- A regulation allowing Germany to bring forward to 1987 the quota reductions envisaged for 1988;
- Authority for the French Government to pay social security contributions for small dairy producers;
- An additional allocation of 20 million ECU (about \$23 million) for agricultural research.

The plan allows the Commission to work toward dissolving Europe's "butter mountain" by proceeding with a 3.2 billion ECU (\$3.7 billion) plan to dispose of over a million tons of butter currently in E.C. cold storage.

The Commission can now also suspend E.C. butter purchases once a limit of 180,000 tons has been bought at intervention prices, unless the weighted average price falls below 92 percent of the intervention price.

French farmers' unions said the plans had put farmers in an impossible situation, according to wire service reports. A spokesperson for FNSEA, the country's biggest farmers' union, said the agreement would bring further cuts in milk producers' income; FNSEA also warned that it would organize a series of demonstrations against the Commission's proposals to freeze most 1987-1988 farm prices and reduce other support mechanisms, according to *Reuters*.

FARM EXPORTERS CALL FOR SUBSIDIES SLASH

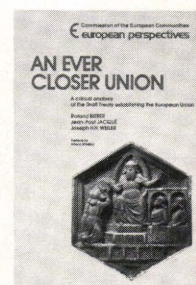
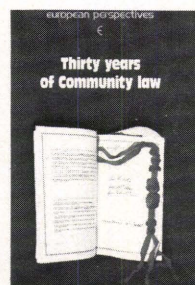
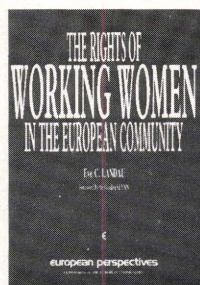
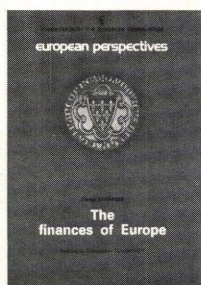
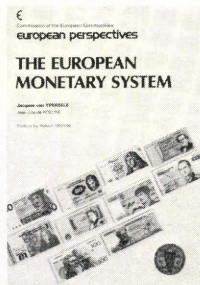
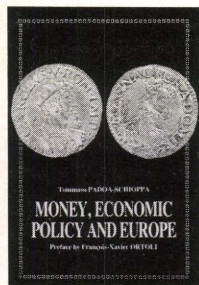
Thirteen commodity-producing countries renewed an appeal in early February for the United States, the European Community and Japan to take a leading role in halting agricultural trade subsidies. The farm producers said after a meeting in Bangkok that major industrial countries should adopt a clear commitment towards a broad agricultural trade reform at the next meeting of the Organization for Economic Cooperation and Development (OECD) in May, and at the economic summit in Venice in June.

The producers, who call themselves the "fair traders group", include Argentina, Australia, Brazil, Canada, Chile, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

The statement said Washington, the Community and Tokyo should be encouraged to assume leadership in starting a cease-fire for the current global farm trade war prior to a progressive reduction of related trade subsidies. It said the process should be followed by early measures to cope with large surplus stocks in commodity markets.—*Reuters*

EUROPEAN PERSPECTIVES

A collection of studies by eminent European scholars and experts on a wide range of Community topics.



The European Community: How It Works. Examination of the institutions of the Community and the decision-making procedure by Emile Noel, secretary-general of the E.C. Commission. 1979. 79 pages. ISBN 92-825-1015-8. **\$5.00**

The Challenges Ahead—A Plan for Europe. A report on the need for economic planning at the European level. 1979. 80 pages. ISBN 92-825-1404-8. **\$5.00**

The Community Legal Order. Introduction to E.C. law for the lawyer and layman by J.V. Louis. 1980. 145 pages. ISBN 92-825-1053-0. **\$5.00**

The Customs Union of the European Economic Community. A basic guide to the customs legislation of the E.C. by N. Vaulont. E.C. Customs Service. 1981. 89 pages. ISBN 92-825-1911-2. **\$5.00**

The Old World and the New Technologies. Study on the role of new information technologies in Europe and the revolution in biotechnology. 1981. 147 pages. ISBN 92-825-1726-8. **\$5.00**

The Finances of Europe. Comprehensive picture, by Daniel Strasser, E.C. Commission director-general for budgets, on the preparation and implementation of the budget. Also covers financial regulations and resources. 1981. 422 pages. ISBN 92-825-2072-2. **\$17.00**

Thirty Years of Community Law. Collection of essays tracing the development of the Community, its institutional structure, legislation and policies in various sectors. 1983. 498 pages. ISBN 92-825-2652-6. **\$15.50**

An Ever Closer Union. Comprehensive political, economic and legal analysis of the Draft Treaty on European Union prepared by the European Parliament. 1985. 345 pages. ISBN 92-825-5220-9. **\$7.50**

Money, Economic Policy and Europe. Collection of papers by T. Padoa-Schioppa, former E.C. Commission director-general for economic and financial affairs on European monetary integration and international monetary economics. 1984. 215 pages. ISBN 92-825-4410-9. **\$7.60**

The European Monetary System. Study on the aims, content and mechanisms of the European Monetary System and its operation. 1984. 145 pages. ISBN 92-825-3468-5. **\$4.50**

The European Communities in the International Order. Essays on the position of the Community in terms of international law as the E.C. has partially or fully replaced its members states as an actor in international forums. 1985. 163 pages. ISBN 92-825-5137-7. **\$4.50**

The Rights of Working Women in the European Community. Comparative analysis of case-law in national courts and the European Court of Justice on quality of men and women in employment. 1985. 244 pages. ISBN 92-825-5341-8. **\$4.50**

The Professions in the European Community. Discussion of Community efforts to establish rules for the mutual recognition of qualifications for professionals and enhance their ability to practice freely in the E.C. 1982. 137 pages. ISBN 92-825-2791-3. **\$6.00**

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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.

Evolving European Defense Policies. By Catherine M. Kelleher and Gale A. Mattox. D.C. Heath and Company, Lexington, Mass., 1987. 340 pp.

Past policies, present trends, and future scenarios are linked together in this incisive study of the evolution of European defense from the 1970's into the 1990's. In an integrated series of concise and focused analyses, prominent academic researchers, journalists and government officials provide both national and comparative perspectives. The national agendas of the United Kingdom, France, West Germany, Holland, Italy and Norway are examined. In each case, consideration is given to the political/economic context and to the intradefense tradeoffs between men and material, and between operations and capital investments.

The Export Guide to Europe 1986/1987. By World Trade Intelligence. Gale Research Company, Detroit, 1986. 1026 pp.

A directory of the major buyers, central purchasing agencies and selected importers in France, Italy, the Netherlands, Portugal, Spain, the United Kingdom and the Federal Republic of Germany. Brief descriptions of each country's market situation is given; standards approval, trade fairs, subsidiary establishment and investment incentives are among the topics discussed.

Europe: More Than a Continent. By Sir Michael Butler. William Heinemann Ltd., London, 1986. 184 pp.

The author, deeply involved in E.C. affairs until his retirement in 1985, explains the key institutions of the E.C. and the manner in which Community law prevails over national law. Also discussed is the role that the E.C. plays in areas such as new technology, industry, agriculture and the environment. After a brief description of the British government's decision making process on political and budgetary issues concerning the E.C., Sir Michael talks of the British reputation as the "bad member of the club." The book concludes by stressing that the process of European integration become more and more irreversible every year and that there exists no alternative future for Britain outside the Community.

Vacation Study Abroad 1987. Edited by Edrice Howard. Institute of International Education, New York, 1986. 409 pp. \$16.95.

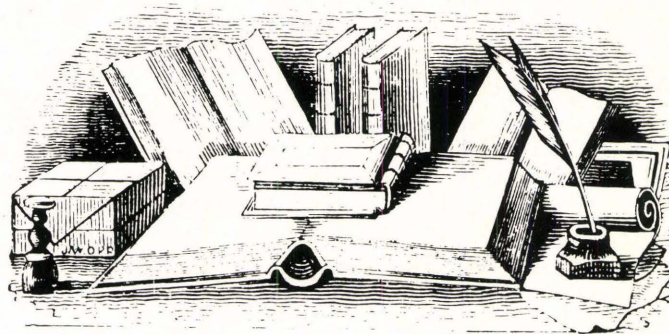
This book describes approximately 1000 study programs sponsored by the U.S. and foreign universities and private organizations during the summer months. Helpful information is given on the financing necessary, the various educational choices, and a general orientation of life abroad. The guide lists pertinent facts such as dates, subjects offered, costs, housing and American contacts for institutions located throughout the world.

French Politics and Society. Edited by Stanley Hoffman et. al. The Center for

European Studies, Harvard University, Cambridge, 1986. 63 pp. Year subscription \$12.00.

Collection of articles, commemorations and book reviews published by the Center for European Studies. Articles delve into France's socialist government and the Left's influence on cultural politics. The subjects of the Popular Front and America's role in French politics are addressed in other essays. Among the books reviewed are *Working Women and Socialist Politics in France 1880-1914: A Regional Study* and *Marxism and the French Left*.

German Politics and Society. Edited by Lily Gardner et.al. The Center for European Studies, Harvard University,



Cambridge, 1986. 61 pp. \$12.00(\$9.00 student rate).

This compilation of articles, information on programs on German studies at Harvard University, reports on recent conferences and book reviews clearly portrays multiple aspects of contemporary Germany. The articles deal primarily with Germany's foreign relations; in particular, one essay is concerned with the "Perceptions of 'The German Question' in Western Europe." Topics discussed at recent conferences range from German literature to the role of a divided Germany in the future of Europe.

The European Community and Central-Local Government Relations. By Caroline Bray and Roger Morgan. Economic and Social Research Council, London, 1985. 50 pp. and bibliography.

This paper is the result of a project which reviewed research on the impact of the E.C. on central-local government relationships within member states. The relationships center around the E.C.'s funding for local projects and the role of local authorities as implementing agencies for Community as well as national legislation. Particular emphasis is placed on Community involvement on the part of the British local authorities even before its entry into the E.C. An overview of the E.C.'s impact on the sub-national level of the other member states is also given. The study concludes with present and future issues that need to be ad-

ressed.

Greece and the EEC: Integration and Convergence. Edited by George N. Yannopoulos. St. Martins Press, New York, 1987. 178 pp. \$29.95.

Using Greece's accession to the E.C. as a case study, Mr. Yannopoulos considers the desirability of economic integration among countries at various stages of development. Through the means of the GRACINT econometric model, the study compares the pre-accession situation to that of transition into membership in the case of Greece. The effects caused by membership in the E.C. on Greece's industry, agriculture and shipping are then explored in primarily economic terms. The author concludes with a discussion of the advantages, disadvantages, and economic consequences of integration and convergence.

Energy in Europe: Issues and Policies. By T. Weyman-Jones. Methuen, New York, 1987. 176 pp. \$55.00.

Weyman-Jones addresses the issue of energy economics as it concerns the Community. The topics covered in this study are Europe's macroeconomic response to oil shocks, relations between OPEC and Europe, energy conservation, supply response to higher world oil prices (i.e. alternative sources of energy) and the relations between policy making institutions and the member states. These subjects with the help of tables and figures provide a clear picture of the energy situation in Europe today.

The Economic Principles of European Integration. By Stephen Frank Overturf. Praeger, New York, 1986. 172 pp. \$12.95.

This study is a timely and comprehensive analysis of the integration process of the E.C., emphasizing the importance of historical and political influences in addition to economic ones. Following a historical analysis of European integration, the book examines advanced economic principles of economic integration, such as customs union theory, and appraises the tradeoffs between political and economic objectives in all aspects of E.C. policy making. The author concludes that a United States of Europe is impossible without a sincere effort by the countries involved to sacrifice some of their sovereignty and national interests to a common goal.

The Language of Nuclear War: An

Intelligent Citizen's Dictionary. By Eric Semler, James Benjamin and Adam Gross. Harper & Row, New York, 1987. 318 pp.

Designed to help the general public understand the complex language used today in discussing nuclear issues, this book provides definitions and explanations of related treaties, weapons, reports, organizations and history. The authors hope that this knowledge will enable the readers to comprehend the gravity of the arms race and nuclear war.

Industrial Biotechnology in Europe: Issues for Public Policy. Edited by Duncan Davies. CEPS and the Commission of the European Communities, Exeter, 1986. 156 pp.

Summary and proceedings of a conference organized by the Centre for European Policy Studies and sponsored by the Commission of the E.C. The primary topics of this study are an assessment of the European role in industrial biotechnology, the industry's needs, the social factors involved, and the public sector's response.

Atlas of Industrializing Britain: 1780-1914. Edited by John Langton and R.J.Morris. Methuen, New York, 1987. 246 pp. \$27.00 cloth/\$14.95 paper.

This book maps the development of industry in Britain from its beginnings in the 1780s until World War I. Contributors from universities throughout the Commonwealth have supplied maps and explanations on a wide variety of topics, ranging from the physical environment to religion, from population to sports. This coverage of thirty subjects allows one to grasp more clearly the process of industrialization in Britain.

Trading Technology: Europe and Japan in the Middle East. By Thomas L. Ilgen and T.J.Pempel. Praeger Publishers, New York, 1986. 203 pp. \$37.95.

The authors begin this study with a general analysis of the economic relations existing between the industrialized nations (United Kingdom, France, Federal Republic of Germany, and Japan) and the Middle East in the field of technology trade; major trends in technology transfer, such as a massive increase in European exports to the Middle East, political instability in the Middle East, and direct foreign investment, are also discussed. Starting from an historical point of view, the individual strategies pursued by the industrialized nations are outlined. Both bilateral cooperation agreements and the Euro-Arab dialogue constitute the high technology trade relations between the E.C. and the Middle East.

European Sources of Scientific and Technical Information. Edited by Anthony P. Harvey. Longman Group UK Limited, Harlow, 1986. 356 pp. \$190.00.

This directory identifies key sources of scientific and technical information found in the countries of Western and Eastern Europe. For the 25 subject areas covered, information sources—such as national offices of information and organizations active in the field—are described for each country. Each entry includes the official name, address, telephone number, affiliation, year founded, contact person, library facilities, services provided and publications of the 1300 establish-

ments listed. Both a subject index and a titles of establishment index are provided.

PUBLISHED FOR THE COMMISSION

Incentives for Industrial Research, Development and Innovation. *EUR 8793.* By J. Lovasz. Kogan Page Ltd., London, 1986. 473 pp.

Directory of direct and indirect public measures for promoting industrial research, development and innovation in the member states of the Community. These public measures come in the form of tax incentives, support by patents and licensing systems, support by government laboratories, and other various measures. Also included are lists of abbreviations and

addresses and a glossary of technical terms.

Materials for Semiconductor Devices: A Study of Patents and Patent Applications. *EUR 10568.* Edited by Marten Terpstra. Elsevier Applied Science Publishers Ltd., New York, 1986. 199 pp. \$66.00.

This study covers United States, British, French, German and European(Munich) patents and patent applications published since 1975. Following illustrated descriptions of the various semiconductor patents, an alphabetical list of the patent applicants is given.

Materials for Refractories and Ceramics: A Study of Patents and Patent Applications. *EUR 10569.* Edited by Marten Terpstra. Elsevier Applied Science Publishers Ltd., New York, 1986. 282 pp. \$66.00.

This study compiles British, French,

German and European(Munich) patents and patent applications published since 1975. Descriptions of the patents for materials for refractories and ceramics as well as a list of patent applicants are included.

The Environmental Risks from Biotechnology. *EUR 10742.* By M. Chiara Mantegazzini. Frances Pinter, London, 1986. 164 pp.

According to the author, new developments in biotechnology can help to preserve the environment; however, the nature of this science could disturb natural ecosystems and the related biological and nutrient cycles. In determining the risks involved with biotechnology, the study defines biotechnology, its potential uses for industrial development, and the possible risks of biotechnological processes at the different developmental stages. Relevant legislation on the national, Community, and international levels is evaluated;

the suitability of existing legislation as well as the need of legislative coverage in certain areas of biotechnology is discussed. Mantegazzini concludes that the societal benefits of decreased disease and pollution and increased supply of food, energy and raw materials must be weighed against the cost of potential danger to human health and the environment.

Inventory of Potato Variety Collection in E.C. Countries. *EUR 10049.* By H.W. Kehoe. A.A. Balkema, Rotterdam, 1986. 129 pp. \$22.00.

An inventory compiled as part of the general programme on "Plant Resistance and Use of Gene Banks."

Energy 2000. *EUR 10367.* Edited by Jean-Francois Guilmoet et al. Cambridge University Press, Cambridge, 1986. 261 pp. \$44.50.

A study for the energy outlook for the E.C. to the year 2000.

PRESS

Continued from page 31.

years later, when the printers came out in support of the Metal Workers' Union, the *Frankfurter Allgemeine Zeitung* availed itself of the opportunity to let its journalists do the formatting on the computer—the new flashpoint for dispute, as in Denmark. "No jobs were lost," says the paper's U.S. correspondent Wilhelm Seuss, "but we did have some shorter hours and retraining. The main problem for the printers at first was that they did not actually like cutting up and pasting up."

The first German paper to make the change completely was the *Stuttgarter Zeitung* in the late 1970s, triggering its long strike with the *Neue Ruhrzeitung* and putting Germany in the vanguard of new technology at the same time. Essentially, the printers lost the 1978 strikes. They were retired early, retrained to "paste up" and given shorter hours. No jobs were lost on the big papers.

While some papers took the Siemens system, it was Atex that sent teams to work alongside German journalists and that took editors to California to follow courses in the new technology. Alone among the Axel Springer papers, *Die Welt* tried out the small SCC company from Sacramento because Springer's executives wished to explore lesser known, more flexible systems, and they gave *Die Welt* a free hand to choose.

In Britain, papers still lagged behind Northern Europe's step-by-step progress. It was the rout that followed Rupert Murdoch and his forced march down the Thames riverbanks to the Wapping docklands—plus Prime Minister Margaret Thatcher's new industrial legislation—that changed the climate of newspapers overnight and forever.

Only one third of the sacked printers took compensation of \$3,000 to \$30,000,

and strike funds in both the printing and clerical unions are decimated—in SOGAT's union coffers, bankruptcy looms. Even the negotiating structure and the formal disput-resolution framework has collapsed, says the *Guardian's* Harry Jackson. "It sometimes looks like most of the papers are just saying, 'take a jump' to the printers. We are the only paper still owned by a newspaper left on the Street. It often seems the *Guardian* are the only ones trying to do it reasonably."

Yet even the thorniest issue of "direct input" has been accepted at the *Guardian*, where at least 40 percent of the printers will be retained. On Valentine's Day this year, 188 reporters switched to Atex in unison, and even Jackson was surprised by their enthusiasm. The *Financial Times* has a new system called "Edwin" (get it?) and is building a \$45-million plant beside the Blackwell Tunnel with glass walls, to let passing cars watch the rolling presses. The new *Daily Telegraph* and *Sunday Telegraph* regimes have borrowed \$145 million to build a new plant on the Isle of Dogs, again in the heart of the Docklands. The Lonrho-owned *Observer* is moving to Battersea. The new consortium-owned *Independent* has been an instant success (unlike Eddie Shaw's short-lived *Today*.) At Robert Maxwell's new *Daily News*, the daily 24-hour runs will pull differing editions for times, zones and places around the world.

There is at least one other paper starting up in 1987, and who knows how many more? So far, it has been a rude and rough changeover for British printers.

Have journalists been helped by technology? As they have much less protection, some journalists—cynics would say the bad ones, of course—have been hurt. But new technology will allow the papers of Europe to survive in the television and computer era, thus saving some, if not all, of the print jobs and even creating new

ones. "If you think a healthy press is a sign of a working democracy," says Jackson of the *Guardian*, "then it is a good thing. But it is a 'good' thing that will inevitably bring an ocean of tabloid-trash along with higher standards."

What makes a good paper is not perfect technology or defeated unions, of course. Wherever you stand on the revolution, a good paper is made with good ideas presented by good writers. €

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SPAIN

Continued from page 36.

ment had languished for a decade. The upturn was supported by a big inflow from European companies either building up their Spanish operations or, like Volkswagen, taking over Spanish companies. In the view of Government officials, the silver lining to the cloud of higher imports was that one of the main growth areas was in purchases of capital equipment—a sign that Spanish companies are starting to modernize.

Two main differences set Spain apart from the E.C. mainstream. One is unemployment, officially put at over 21 percent of the available population, more than anywhere else in Western Europe (although Carlos Solchaga, the Economy Minister, reckons that, with black-market labor taken into account, the rate is really more like 15 percent). For the last year and a half, the number of people working in Spain has stopped declining, and last year saw a new increase of 332,000 in the number of jobs. But with more Spaniards in search of work, unemployment, hovering at just under three million, showed only a marginal decrease, and the Government has little hope of achieving high enough growth rates to make a significant impact on the figures.

The other difference is inflation, which last year was more than five percentage points above the Community average. The ever-present specter of *paro* (unemployment) and the Government's campaign to beat down wage inflation, in order to keep prices in check and safeguard Spanish competitiveness, provide Prime Minister Felipe González' Socialist

Administration with its two main internal battle fronts.

The tone for Spain's latest wave of unrest was set by high school students, in a protest movement related to the unemployment problem and the lack of prospects for school-leavers. Recently, this has made way for labor conflicts focusing either on jobs (especially in the nationalized coal mines of Asturias, a traditional left-wing stronghold) or on opposition to the Government's pay guidelines. These aim at increases close to this year's inflation target of 5 percent.

Workers Commissions, the Communist

Spain is looking forward to an infusion of enthusiasm from the 1992 Barcelona Olympics and the World Fair planned in Seville the same year to mark the 500th anniversary of Columbus' discoveries. Between them, these events will mean several billion dollars worth of investment and an impetus to new technology.

trade union body, recently gained majority positions in several key industries, including the telephone monopoly, the railways and the airlines, and a widespread strike movement is now possible. The Socialist UGT labor federation, meanwhile, has marked its distance from the Government, going for higher pay increases and challenging the policies laid down by Solchaga. González has come out in support of his Economy Minister, arguing that wage moderation is crucial if Spain is to make a success of Europe.

For the moment, he has no electoral need to give way. Last June, his party won general elections for the second time, although with a reduced majority. Local elections this year could bring some setbacks, but a convincing challenge on a national level has still to emerge. On the right, a three-party coalition has broken apart. The main component, Alianza Popular, has found a new leader, a bubbly Andalusian named Antonio Hernandez Mancha, who, at 36, is nine years younger than González. Former Prime Minister Adolfo Suarez is also staging a recovery. But it is still unclear in what form the center-right can regroup or who could lead it to challenge the Socialists in 1990.

At that time, the Socialists are counting on an infusion of new enthusiasm based on the 1992 Barcelona Olympics and the World Fair planned in Seville the same year to mark the 500th anniversary of Columbus' discoveries. Between them, these events will mean several billion dollars worth of investment and an impetus to new technology. By then, it is hoped, Spain will have not only earned its entry into the European Community, but a respectable place in it. €

DIPLOMA

Continued from page 33.

receive consecutive classes for the four years of the course. Only the language would change.

Examination regulations were adapted for permanent assessment, for end-of-the-year examinations and for the final examination at the end of the fourth year. All results from any country would be accepted and credited by the other two. At the end of the fourth year, the students would receive three diplomas: a BA Honors in Britain, a *Maitrise* in France, and a *Diplom* in Germany. Detailed arrangements were also made concerning lodgings, scholarships, social security, health care and other related needs.

The new course will start in September of this year as a pilot project with a limited number of students (25 from each

country). The negotiators hope to be able to establish modern means of communication between the three universities—systems of telecommunication, conference networks for meetings, computer linkups and so on—to ensure continuity and harmonization. The exchange of professors, administrators and secretarial staff will be encouraged and facilitated.

Should this program be successful, it might very well become the model for all applied language studies, and perhaps, for other types of studies. Other universities in France, England and Germany might start their own programs, having learned from this experiment. Other countries will want to participate. Already, representatives from Barcelona have attended the last few meetings as observers, and they would like to create an Anglo-French-Spanish degree or a German-French-Spanish degree. French and Eng-

lish representatives have already met with representatives of Granada University to study the possibilities of a similar program with this second Spanish establishment. Professors at the University of Perugia in Italy, already linked with Aix-en-Provence, have shown interest in creating an English-French-Italian degree.

The E.C. will need an increasing number of people in business, law, insurance, transportation, logistics, commerce, administration, banking, physics, agriculture, medicine and many other fields who not only can speak each others' languages, but who can thoroughly understand each others' cultures. A European diploma does not yet exist, but the Ealing-Aix-Cologne program is leading the way in training and educating a new type of European graduate, just as it was done before the Renaissance. €

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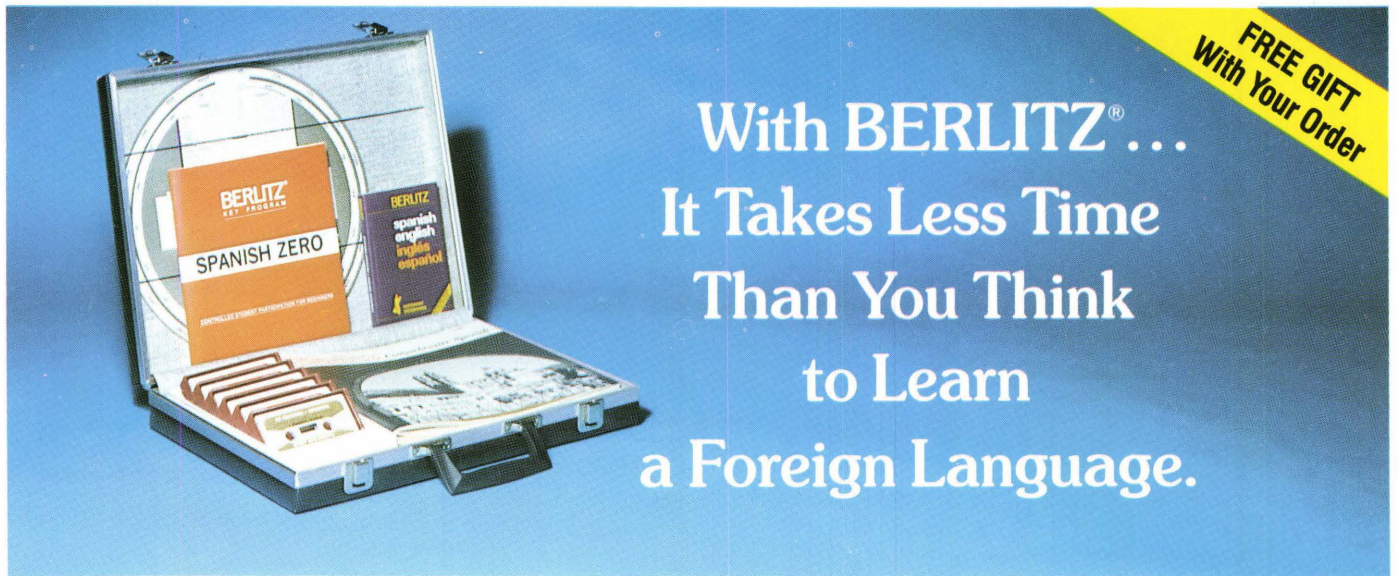
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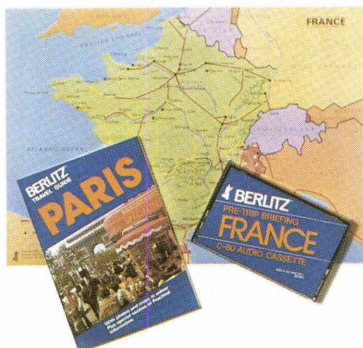
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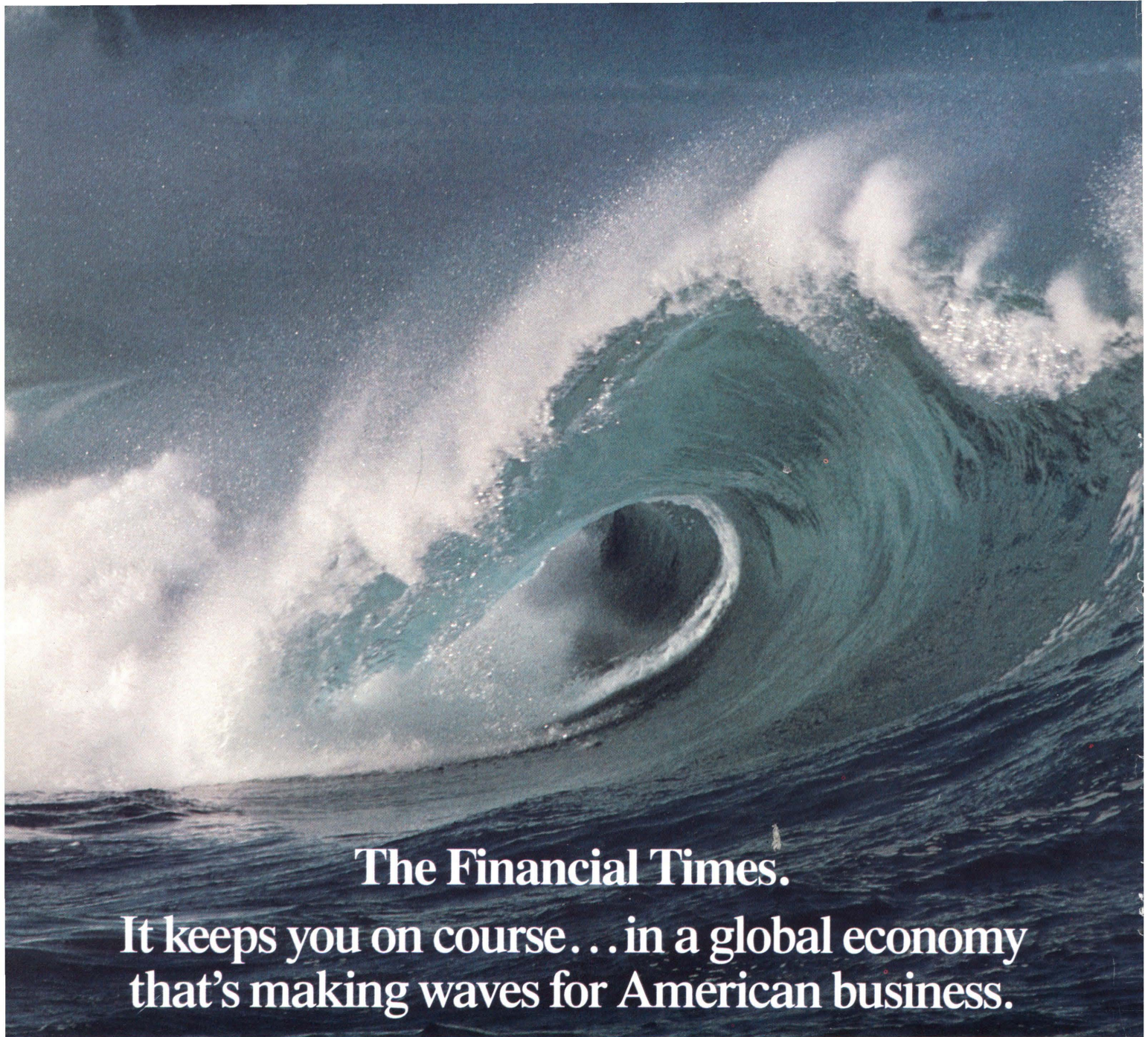
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