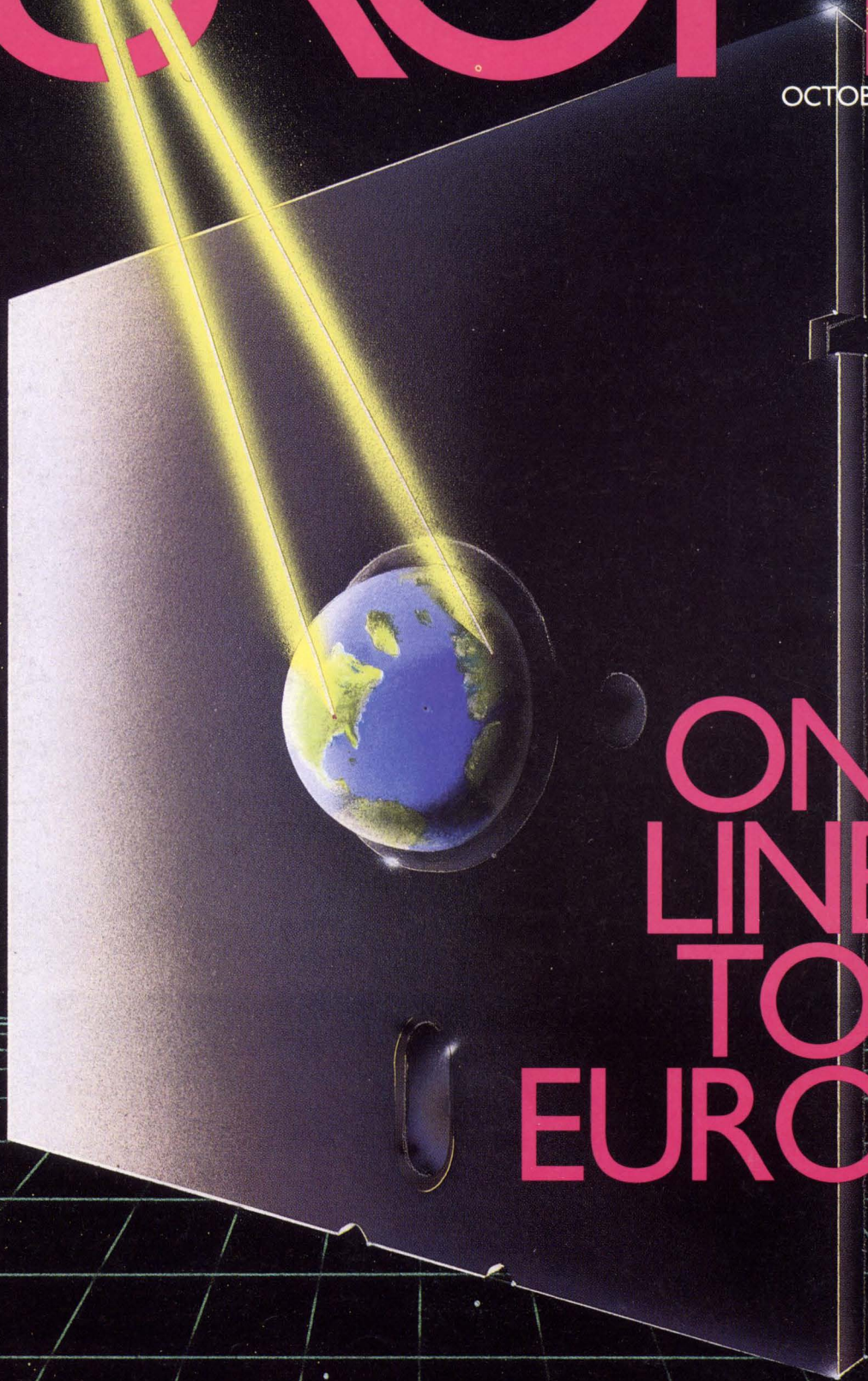


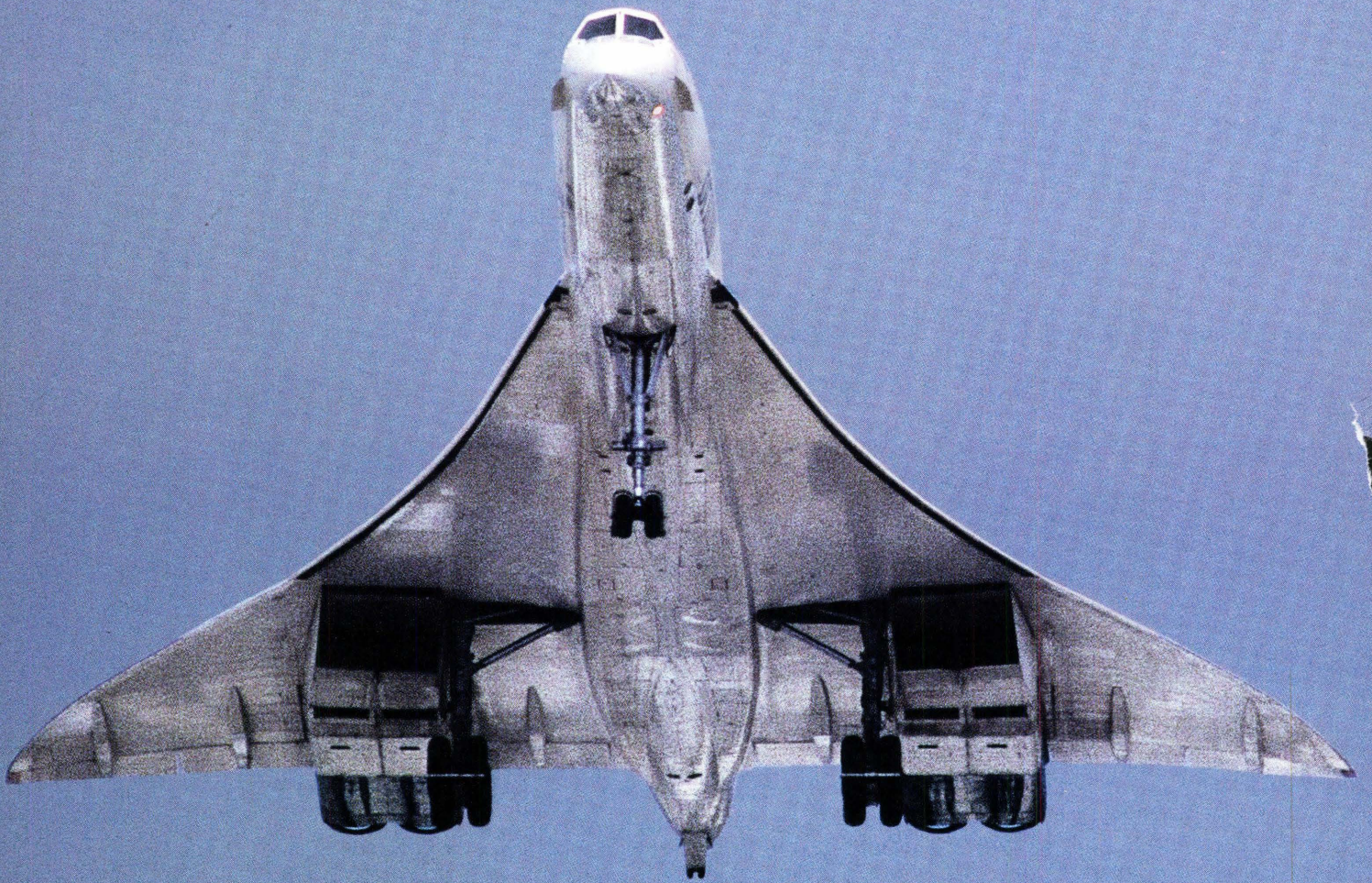
**EUROPEANS INVEST
BILLIONS IN THE U.S.**

EUROPE

OCTOBER 1987 \$1.95



**ON
LINE
TO
EUROPE**



The second fastest way to land international business.

The fastest way to get your business where you want it to be isn't an SST. Not when you can travel 186,000 miles per second on AT&T International Long Distance Service.

AT&T Comes Through, because calling is one of the fastest, most efficient ways to get new business relationships off the ground. Helping you to get to know prospective clients. Helping them get to know you. No matter where they are, the information necessary to maintain or

expand your international business is at your fingertips.

And, speaking of fingertips, use yours to dial 1 800 222-0400, ext. 841.

Your Account Executive or an AT&T Sales Representative will be happy to tell you more about all the ways AT&T can come through for you. Your client. And your business.

From Equipment to Networking, from Computers to Communications, AT&T is the right choice.



AT&T

The right choice.

EUROPE

MAGAZINE OF THE EUROPEAN COMMUNITY



U.S.-E.C. RELATIONS

14 Perspectives for U.S.-E.C. Relations

Lord Plumb

The President of the European Parliament notes that friendship does not require complete identity of views.



BUSINESS

16 Europe Invests Billions in U.S.

Mike Elliott

Recent increases prompt closer look at policy issues.

18 E.C. Investment in Pacific Rim Is Slowing Down

Julian M. Weiss

Transnational corporations are looking back toward Europe's skilled labor force.

DOSSIER

21 On Line to Europe

Elisabeth Hardt

A guide to E.C. databases and databanks.



EUROPEAN AFFAIRS

28 Europe Plays Important Role in Debt Crisis

Seamus O'Cleireacain

E.C. efforts toward solution are larger than commonly supposed.

30 Political Cooperation Process Gains Clout

Clifford Hackett

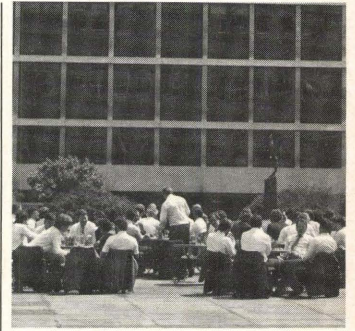
Single European Act treaty revision strengthens EPC foreign-policy coordination.

LIFESTYLE

36 The Lure of the Atlantic

Hervé Guilbaud

Europeans dominate most trans-Atlantic races.



MEMBER STATE REPORT

32 United Kingdom

Sarah Hogg

With unemployment falling and economic growth rising, the outlook is good.

DEPARTMENTS

4 Around the Capitals

Letters from Europe.

38 News of the E.C.

Recent developments in European Community affairs.

43 Books in Review

Reviews and capsule descriptions of recent books on E.C. and Atlantic topics.

48 The E.C.'s Bookshelf

Publications available from the E.C.'s Information Service.

COVER: There is a wide range of databanks available in the E.C. Illustration by Steve Postman.

Publisher Giancarlo Chevallard
Editor-in-Chief Webster Martin
General Manager Pamela Werner
Associate Editor Stephen Brookes
Managing Editor Anke Middelmann
Editorial Assistant Gina Ross
Design Dual Impressions

EUROPE, *Magazine of the European Community*, (ISSN 0191-4545), is published by the Delegation of the Commission of the European Communities, 2100 M Street, NW, Suite 700, Washington, DC 20037. The Commission of the European Communities, 1986. The magazine encourages reproduction of its contents, but any such reproduction without permission is prohibited. EUROPE, published 10 times per year, is available by subscription for \$14.95 per year; \$25.90 per 2 years; \$35.90 per three years. **Editorial, permissions,**

advertising and circulation offices: 2100 M Street, NW, Suite 700, Washington, DC 20037; telephone (202) 862-9555; telex 64215 EURCOM UW. Available in microform from: UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761 4700.

Second class postage paid at Washington, DC.

Postmaster: Please send change of address forms to EUROPE, PO Box 995, Farmingdale, NY 11737-0001

The magazine is a forum for discussion, and therefore its contents do not necessarily reflect the views of European Community institutions or of the member states.

PUBLISHER'S LETTER

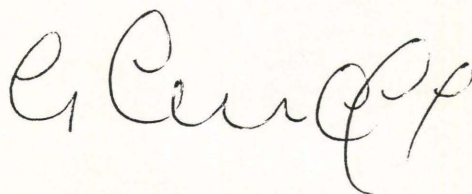
I am taking over as *Europe's* publisher from Benoit Liger in a period of movement in European-American relations. The "Europessimism" that marked the early 1980s is dying out, replaced with new confidence and optimism in Europe's future. Common policies developed by the European Community are drawing its 320 million citizens ever more closely together, and within the next five years we can expect to see the completion of the internal market in Europe—an ambitious project that is already injecting new dynamism into the European economy. It's the achievement of a true "Europe without frontiers."

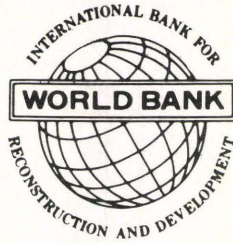
Moreover, Europe is becoming the principal theater for a new dialogue between the superpowers. The arms agreement being worked out between the United States and the Soviet Union will certainly ease tensions in Europe and lead to better communications between East and West.

The United States also is redefining its role: It is working to restore its competitiveness in world markets; it is learning to live with new economic protagonists; and it is adapting to a multipolar world and to the new Soviet leadership.

The key word in the changing relations between Europe and the United States is interdependence. Our reciprocal ties are stronger and more pervasive than ever. We are bound to share even more common responsibilities.

This magazine wants to play a modest but active part in the dialogue between the United States and Europe. To do so, we will provide our readers with even more information, ideas and commentary. Our focus will be the new Europe being shaped around the European Community. Our ambition will be to make the American public more aware of, and better informed about, what is going on in Europe and in trans-Atlantic relations.





International Bank for Reconstruction and Development

ECU 150,000,000

7¹/₂% Bonds of 1987 due 1994

MORGAN GUARANTY LTD

BANQUE PARIBAS CAPITAL MARKETS LIMITED

CREDIT SUISSE FIRST BOSTON LIMITED

ALGEMENE BANK NEDERLAND N. V.

BANQUE BRUXELLES LAMBERT S. A.

BANQUE INTERNATIONALE A LUXEMBOURG S. A.

BNP CAPITAL MARKETS LIMITED

CREDIT COMMERCIAL DE FRANCE

DEUTSCHE BANK CAPITAL MARKETS LIMITED

GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN
AKTIENGESELLSCHAFT

ISTITUTO BANCARIO SAN PAOLO DI TORINO

KREDIETBANK INTERNATIONAL GROUP

MERRILL LYNCH CAPITAL MARKETS

NIPPON EUROPEAN BANK S. A.

NOMURA INTERNATIONAL LIMITED

SALOMON BROTHERS INTERNATIONAL LIMITED

SWISS BANK CORPORATION INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

S. G. WARBURG SECURITIES

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

22nd July, 1987

All of these securities have been sold. This announcement appears as a matter of record only

AROUND THE CAPITALS

COPENHAGEN

A New E.C. Member?

Norway is the next likely candidate for membership of the European Community, and except for Sweden looking for room in the half-way house. Although politically this scenario for E.C. enlargement is unlikely to ripen before the early 1990s, both Norwegian and Swedish businesses are investing heavily in developing a firm E.C. base in Denmark.

In terms of language, culture and politics, Danish-Nor-

wegian relations have always been very close, and much closer than Danish-Swedish and Norwegian-Swedish relations. Norway joined the U.S.-sponsored North Atlantic Treaty Organization in the late 1940s with Denmark, while Sweden chose continued neutrality. Norway then wanted to join the Community simultaneously with Denmark in the early 1970s, but a referendum narrowly defeated that attempt, mainly because Norwegian fishermen and farmers feared they would be disadvantaged by the E.C.'s Common Agricultural Policy.

Nobel Industries of Sweden, founded by the instigator of the

Nobel Prize, has just bid almost \$88 million to buy Denmark's largest paint and adhesives concern, Sadolin & Holmblad, the latest of a large number of Scandinavian investments in Denmark, both in the industrial and financial sectors. A general restructuring of European industry is, of course, part of the explanation, but the major reason behind the scramble for a Danish financial and industrial base by the Norwegians and Swedes is the planned Europe-wide internal market, due to be implemented by 1992.

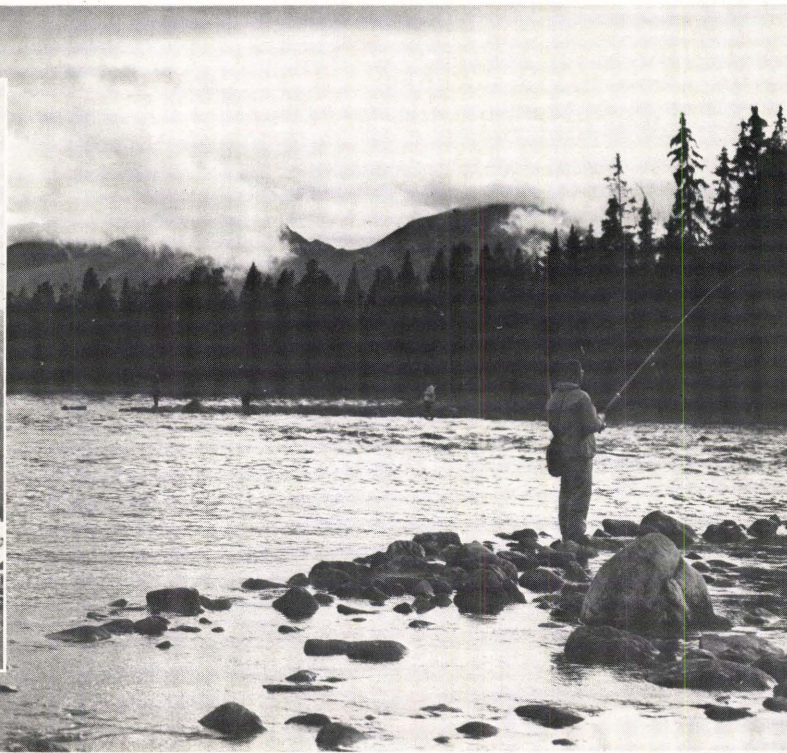
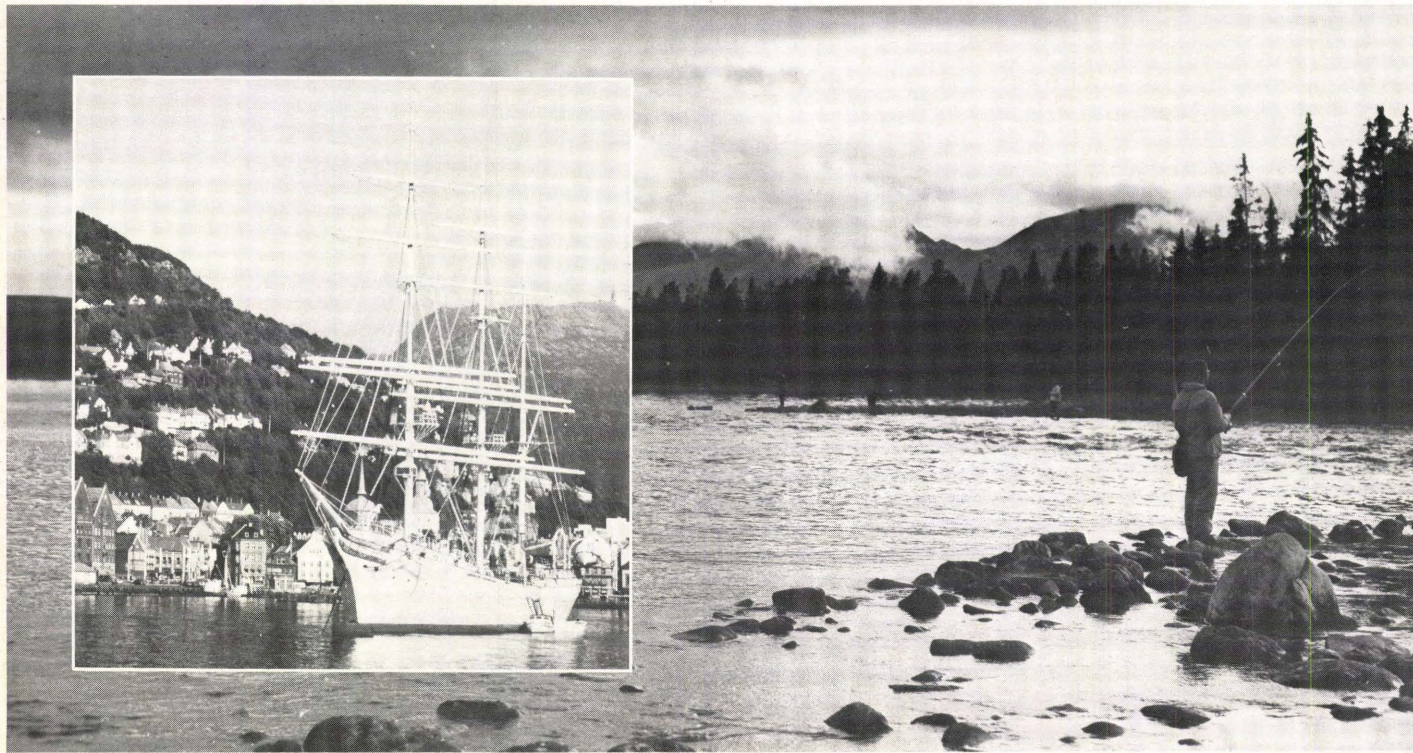
The two countries fear that their industries will risk losing markets because they will not be able to respond to the technical standards and challenges of the various technological programs implemented by the Community. Buying Danish companies is both an insurance policy and a foothold on the world's largest import market, since global agreements with the United States and Japan on trade, currencies and other major topics will be concluded by the E.C. with little or no regard for any specific Norwegian or Swedish wishes.

Norway is interested not only in the internal market and securing the free-trade inter-

ests of its very large merchant navy. It also shares a border with the Soviet Union, and even in the present climate of *glasnost* this is a key concern to the Norwegians. They support a common European defense effort within some framework that may be related to the E.C. and believe that the E.C. is in itself a political community that will safeguard Norwegian interests. No timetable for Norwegian membership is openly discussed; it is assumed that Norway will allow the Spaniards and Portuguese more time to integrate before they make their own pitch.

In the case of Sweden, national-security concerns will prevent full membership of the E.C. for the foreseeable future. Sweden has not been at war for more than 150 years, and this fact is attributed to a consistent policy of (heavily armed) neutrality. Although some Swedish industrialists point to Ireland as an example of a country that has a distinctly different defense policy from the rest of the E.C. member states without noticeable problems, the majority in the Swedish Parliament still believes that Sweden does not compare to Ireland. Nevertheless,

Norway is showing renewed interest in joining the European Community, after a referendum in the early 1970s narrowly defeated that attempt. Below: the Interfoss Falls. Inset: the harbor in Bergen.



COURTESY NORWEGIAN TOURIST BOARD

Swedish industry needs certainty of access to the E.C. markets, manifest both in its lobbying for a special relationship with the E.C. in fields of industrial policy and trade policy, and in its strong support for physical links with the E.C. in the shape of bridges and/or tunnels to Denmark. So, while the Soviets would support the Swedish stance, the Danes would definitely like a Scandinavian caucus within the Community.—LEIF BECK FALLESEN

ROME

FIAT SETS SALES RECORD

Fiat has broken, once again, all records with its car sales in Europe in the first six months of this year. The Fiat Group, including Lancia and

the recently acquired Alfa Romeo, sold 985,000 units, equivalent to 15.3 percent of the total European market.

The figure means that customers visiting the continent's car dealerships bought 56,000 more Fiats, 18,000 more Lancias and 4,000 more Alfa Romeos than in the same period last year. This popularity has put Fiat at the top of the importers league in the Federal Republic of Germany, France and Spain, taking 4.8 percent, 7.7 percent and 7.5 percent, respectively, of those markets.

Total European registrations stood at 6,448,000 for the period, up 5.3 percent on the first six months of 1986 when 6,125,000 cars were sold. Second place, in terms of European market share, was occupied by VW-Audi, which took 14.8 percent of total units sold in the first six months. This represents an increase of 3.3 percent on last year's first half figures. Ford came third with 11.8 percent, followed by

PSA (the Peugeot group) with 11.6 percent, GM-Opel with 10.9 percent and Renault with 10.4 percent. Japanese manufacturers between them captured 11.1 percent of the market and other car producers accounted for 19 percent of total sales.

The Fiat Uno was the top-selling car for the whole of Europe for the first four months of 1987, notching up 240,000 sales. It is also the most popular car in its home market, joined the in the Italian top ten by six other Fiat Group products.

It is expected the Italian market will exceed the 2 million mark this year, making it the second biggest market in Europe after Germany. Fiat chairman Giovanni Agnelli said the car market is in a state of change: "In the European car world, there are six companies, which each take between 6 percent and 12 percent of the market, together accounting for 75 percent of sales. I think that in the year 2000, the pic-

ture will not be the same.

PARIS

Titanic's Treasures

For 75 years, the wreck of the *RMS Titanic* has brooded untouched two-and-a-half miles down on the ocean floor of the North Atlantic, until, this summer, a French expedition spent almost two months exploring, mapping and—more controversially—raising artifacts from the luxury ocean liner.

As everyone will know, the *Titanic*, the biggest and most luxurious of the liners on the seas in 1912, hit an iceberg on her maiden voyage from England to New York, broke into two big pieces and plunged to the bottom of the ocean off Newfoundland, carrying 1,513 of the 2,200 passengers on



SOCIÉTÉ GÉNÉRALE USA

New York Chicago Houston Dallas
Los Angeles San Francisco



board with her. A mysterious and fascinating memory, the liner's hulk lurked in the icy depths until, in 1985, a joint Franco-American expedition, using state-of-the-art sonar equipment, located the remains of the *Titanic* and ended the eerie

tranquillity once and for all. For, last year, the American team went back for and photographed the wreck, and this summer, the French scientists from Ifremer, a state-owned marine exploration company, conducted a far more extensive mission to probe the wreck.

For this French undertaking, Ifremer provided the technical expertise and Taurus International, a private French firm, managed this summer's operation. They used a minisubmarine that carried three men to dive to the site. Mechanical arms picked up pieces of debris and a remote-controlled robot actually penetrated the hull to record the state of the ship today. The whole operation, according to the French organizers, was a blend of high technology, scientific know-how and motivation to peer into history.

Others saw it differently. When the expedition got underway in July, there was a scream of "foul" from survivors and from the American scientists, who stated that during their expedition last summer they had had the ability to raise artifacts but, out of respect, had not done so. Consequently, the French organizers were called "treasure hunters" and "grave robbers," and there was an appeal to leave the wreck as a memorial to those who died.

The French team, led by project leader Robert Chappaz, wrote much of the criticism off to "jealousy" on the part of the American team, and scoffed at the lack of thinking behind legislation banning the sale of

Titanic artifacts in the United States. Rather, the French team argued, the mission was no different from any archaeological dig anywhere in the world. Chappaz pointed out that there were many sites where, despite loss of life, wrecks were probed extensively—including those of two ships currently being explored by American teams off American coastal waters. The *Titanic*, he said, represented an historical key to a lost era of big ocean liners: "Seventy-five years is just a moment in time, but it will not be long before any trace of this ship is lost forever." He went on to note that the divers had only raised items they found outside the hull, so as not to disturb the boat itself.

They salvaged china and silverware, bottles, a chandelier, some leather shoes and bags, navigation equipment and pieces of the wreckage such as a propeller. Much of the news reporting on the mission, however, focused on the safes that might contain the riches of the high-society passengers who

voyaged on the *Titanic*. The team did salvage a small, badly damaged safe from the ocean floor, as well as a leather satchel containing money and jewels. All items were sent for preservation to the laboratories of the French electrical utility, specialists in restoring underwater artifacts. The organizers promised that all the *Titanic* trove eventually would be put into a touring display and later placed in museums.

They said no salvaged items would be sold to private individuals, and that the sponsors of the mission—a consortium of about 30 American, British and Canadian investors—would recover the \$6-million cost of the operation in the tours, sales to museums and television rights. The story of the *Titanic* and its discovery is being made into a two-hour television special for broadcast this month, which, organizers said, will include the first unveiling of the treasures of the ship. Any safes will be opened for the first time live on camera.—BRIGID JANSSEN

LUXEMBOURG A Great Place To Live

"Of all the Continental European countries, I feel more at ease here than anywhere else," an American banking executive, who has lived in Luxembourg for over 20 years, told me this summer. We were lunching on a vine-covered patio at his elegant home on a hillside overlooking the city, and I could see what attracted my host and several thousand other American and British long-term residents—the relative absence of crime and hooliganism, the large helpings in local restaurants and the restful and largely unspoiled countryside, among other things.

"Do you miss anything from America?" I asked my host. He admitted that, at first, he regretted being out of touch with the baseball results and league standings, but "that got fixed," he added with some satisfaction, pointing to a complex array of dish-antennae on the crest of the hill by means of which he receives broadcasts from the American Forces Network in the neighboring Federal Republic of Germany.

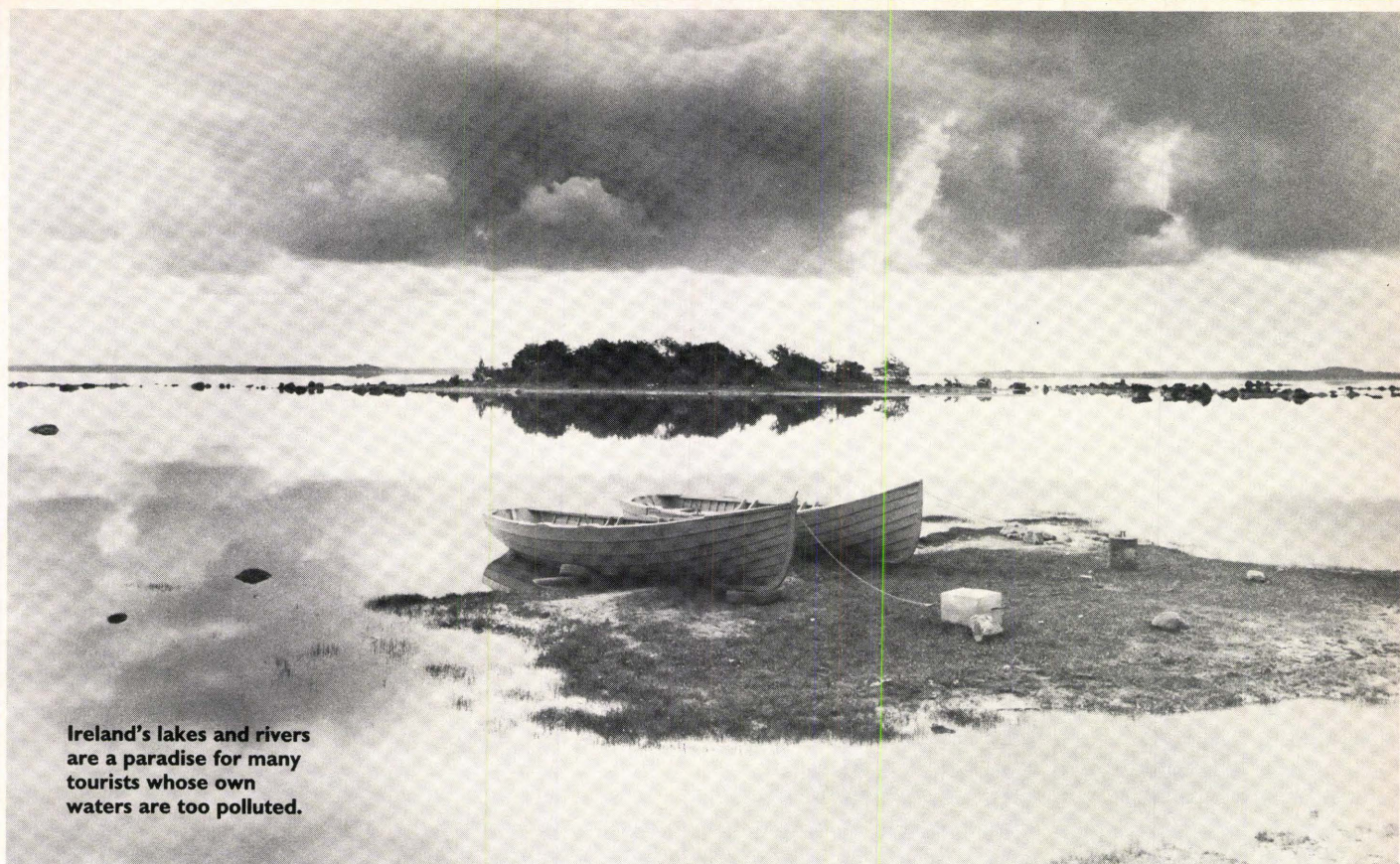
What especially charmed my American friend was the lack of any of the open hostility toward the United States that is much more in evidence in many other European capitals. This is partly explained by the fact that Luxembourg has no university and thus manages to "export" the campus dissent found elsewhere. In addition, the country's very smallness (it is the size of Rhode Island and has less than one thousandth of the total population of the European Community) confers on it a kind of immunity from shrill political protest, and also has meant that the Grand Duchy has been able to escape the rows over U.S. nuclear missile deployment that have rumbled on elsewhere in Europe for years.

Perhaps more important than any of these things, how-

Luxembourg: A comfortable, cozy and hospitable country. Below: Vianden.



COURTESY LUXEMBOURG NATIONAL TOURIST OFFICE



Ireland's lakes and rivers are a paradise for many tourists whose own waters are too polluted.

PHOTO © LIAM LYONS

ever, is the enduring memory in Luxembourg of American sacrifices during World War II. The huge American cemetery at Hamm, where General Patton is buried along with thousands of other U.S. soldiers, is as well tended and revered as any national war monument could be, and no one who has attended a memorial service there could doubt the sincerity and devotion of the many local inhabitants.

Anglo-American lifestyles have been absorbed by Luxembourg in a way that allows the national communities to maintain their identities without imposing on local sensitivities. One can play golf, baseball, cricket, football and soccer, eat "Luxburgers" and "Sloppy Joes" and watch American and English movies in their original language. It is a safe city, too. The main streets of Luxembourg City are quiet and the worst case of urban violence in recent years was caused by marauding English soccer fans after a match in the city in 1984.

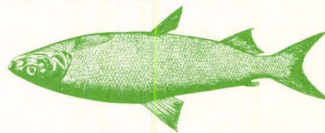
It is a truism that Luxembourg, where foreigners represent as much as a third of its

population, is the "melting-pot" of Europe. In parts of the country, Portuguese is spoken as widely as French or German by the inhabitants, while in the city, English is commonplace. Nevertheless, Luxembourg is also strongly upholding its own national identity. Letzburgeresch, considered the true national language of Luxembourg, is scrupulously taught and even Germans, from whose tongue it is derived, confess to often finding it difficult to understand. Moreover, concerned by the possible decline of Letzburgeresch and all that this may imply for Luxembourg's identity and traditions, the city authorities have begun classes in the language and culture for foreigners.

So, although the Americans, British, Portuguese and other foreigners are warmly welcomed, Luxembourg clings fiercely and sincerely to the sentiment expressed in its national anthem, the words of which are, of course, in Letzburgeresch: "Mir welle bleiwe wat mir sin"—"we want to remain what we are."—ALAN OSBORN

DUBLIN

Fishing In Ireland



Fish kills due to accidental pollution, especially in many of the best known rivers in the south and the west of Ireland, have prompted loud calls for tougher government penalties on polluters. The rivers support local fishermen, who depend on these waters for their livelihood, and they attract fishermen from the heavily polluted European countries. They are very important to Ireland's profitable tourist industry, which employs 85,000 people directly and indirectly and brings in an estimated \$1.2 million a year.

The reasons for this spillage of waste into Ireland's rivers and lakes have been traced to agricultural production rather than industry. This fact has proved a highly sensitive issue in a country where strong government incentives exist to

raise farm output and to maximize the return from E.C. outlets and prices. Intensive pig farming in the midlands, where the land is less fertile than the cattle-rearing south, has resulted in once beautiful fishing lakes being destroyed by pig-slurry deposits. The making of silage for winter feeding is further posing a pollution problem. About 20 million tons of silage are made each summer, but for every ton of silage, 35 gallons of effluent are also produced. Efforts are being made to persuade farmers to feed this "juice"—equivalent to \$46 million in animal feed—to their livestock instead of letting it seep into rivers and lakes, but this has so far met with little success. The Minister for Agriculture, Michael O'Kennedy, admitted he was "very alarmed" at the increased number of pollution incidents, but insisted that only a "small number" of farmers were guilty.

Ireland's main farming organization, the Irish Farmers Association (IFA), has taken a firm line with offenders and has made it clear they would get no sympathy or support from the

IFA. One official said the most urgent task in combatting water pollution was to establish better relations between farmers and fisheries officers, who, until now, have not been the best of friends.

The spate of pollution this year has highlighted the inadequacy of the penalties currently in force against the polluters. In the lower courts, where such cases are usually heard, the maximum fine is less than \$1,000 and the legal costs often do not make it worth prosecuting a suspected offender. The assurances by government ministers that tougher penalties are on the way have been received with some skepticism. An opposition spokesman was heard to say that "all the talk about developing tourism and enjoying a wonderful natural environment in this country was wasted energy if there was no political will to bring the present pollution stage to halt and to make an example of the culprits." To this, the Minister for the Environment, Pdraigh Flynn, agreed, admitting that the local authorities, instead of taking immediate court ac-

tions, had relied instead on sending out advice and warning notices. Since this "understanding" approach obviously had not worked, it was now time the polluter paid.—JOE CARROLL

MADRID Summer University

Every year from June until late September, Spain's Menendez Pelayo University—or, as it is also known, the "summer school by the sea"—plays a perhaps unique role in providing a variety of courses that link up academics with the wider world outside for three vivid months. It is an interesting event in a country still catching up after the intellectual isolation imposed by 40 years of Francoism, and in which the universities even today contribute remarkably little to national life. So little, in fact, that when Spain's students took to the streets last Spring, they took the Socialist

Government and the rest of the country completely by surprise.

The bill of fare for the session that just ended at the Menendez Pelayo University ranged typically wide—from a study of Spain's newly blossoming high-fashion industry and Spanish eating habits to reforming the country's fiscal system and a course on growth strategies for Europe's unemployment problem—a seminar that included E.C. participation. In another course on law and the media, a leading British judge, who had contributed one of the rulings in the "Spycatcher Affair," sought to bring puzzled Spaniards up to date on Britain's heated controversy about whether the government or the press should decide what is in the national interest.

Participation also extends to Spanish Cabinet Ministers and senior civil servants, artists and intellectuals, bankers and businessmen. The underlying purpose of the summer school is to provide an injection of fresh ideas to stimulate Spain's evolving democratic society and so to help to move a bu-

reaucracy resistant to change whatever the political color and persuasion of the Government in power.

The Menendez Pelayo University—named after a famous Spanish historian born in Santander last century—was created in 1932 by a group of intellectuals of the Second Republic. As Spanish intellectual life revived from the torpor imposed by the Franco regime in the 1970s, the summer school re-emerged, and has, over the past 10 years, become a national powerhouse of ideas and a fashionable annual event. It is financed partly by the Spanish Culture Ministry, but also by increasing numbers of well-known business firms, which are learning to appreciate the art of sponsorship hitherto unknown in Spain. And it has gained so much in stature and importance that the country's serious newspapers and the television stations send reporters to cover the most newsworthy debates.

The setting is a fine one. The Magdalena Palace, the seat of the summer school, was built like one of England's Edwardian-age country homes for

The Magdalena Palace in Santander, built for King Alfonso XIII, is the seat of the "summer school by the sea."



COURTESY NATIONAL TOURIST OFFICE OF SPAIN

King Alfonso XIII and his British-born wife, Queen Victoria Eugenia, who ruled Spain from 1902 until 1931, when he abdicated to make way for the doomed Second Republic. Indeed, the rooms of the former royal palace still have traces of the past, such as a large portrait of the children of King Alfonso XIII on one of the main stairways.

Santander, today the capital of Cantabria, one of the country's self-governing regions, is an attractive location, not only for the summer school attendees but for holidaymakers from all over. The city offers a wide variety of activities, such as an annual music festival that enjoys international status, and Spain's annual International Piano Contest, dedicated this year to the memory of Arthur Rubinstein.

The summer university also runs courses on the Spanish language and Hispanic culture for foreigners, who, if their Spanish is up to it, are also welcome to eavesdrop on the main courses. All students attending can live on campus, paying around \$475 per month for board and lodging in an atmosphere somewhat reminiscent of an Oxford college. Scholarships are available to everyone, if they apply in time.

"There are a lot of young people here from Europe, the United States and Asia, and some fall in love with the place," said the spokeswoman of the university, anxious to dispel an image of Spain's summer school by the sea as being all study and no fun.—RICHARD WIGG

BONN Political Storms

A visit to Chile in late July by Germany's Labor Minister, Norbert Blüm, caused a major uproar in the quiet German political summer, and is now threatening to seriously divide the ruling party of the Christian Demo-

cratic Union (CDU) and its Bavarian sister party, the Christian Social Union (CSU), led by Franz Josef Strauss.

During his visit, Blüm openly confronted Chilean dictator, General Pinochet, with the undemocratic treatment used by that regime in dealing with its political prisoners and opponents, and bluntly told him that the torture "must stop." Blüm further called on his own Government to grant asylum to 14 Chilean political prisoners, who are about to stand trial and will possibly be faced with the death penalty, if they remain in Chile. His visit also included a meeting with some of the prisoners and their relatives.

What seemed on the face of it a very humanitarian request caused an unexpected stir and political turmoil at home. While the opposition Social Democrats and the Government's junior coalition partner, the Free Democrats, welcomed Blüm's actions, the right-wing CSU was outraged. He termed Blüm's conduct "scandalous" and thundered against the proposal. How could Blüm expect the Federal Republic of Germany to grant political asylum to 14 people who had obviously used terrorist methods to overthrow the present regime? Although Strauss did admit that the methods by which testimony was extracted might not be exactly "decent," he was certain that the prisoners were "definitely not without blame." The Interior Minister, the CSU's Franz Zimmermann, pointed out that these people might present a security risk to the Federal Republic once allowed in, and suggested an individual examination of each of the 14 before possibly granting asylum.

The issue is becoming an embarrassing one for the German Government, especially as Austria and the Netherlands have already agreed to take the Chileans should they be able to leave their country alive. However, underneath all the haggling over the fate of the 14 prisoners, something else is becoming increasingly visible: A growing political split

between the two conservative parties, their ideologies and strategies, which, although already in evidence before, has been further fueled by the Chilean issue.

The weak showing of the CDU in last January's general election, in which it lost many votes to the Free Democrats or Liberals (who did surprisingly well), has led the party on a path to try to regain the faithful, and even to attract new groups of voters who in an election would probably vote

Strauss to rethink his ways, too. Understandably worried about losing the iron grip on his state, Strauss hopes that a tough and uncompromising stand on issues such as the Chilean prisoners will help to lure the lost voters back. On top of that, Strauss is wary of the CDU's strategy of appealing to moderates rather than to his own rather right-wing supporters and thus to push his own party's influence and weight to the sidelines.

At the time of writing, the



Following his visit to Chile, Norbert Blüm's call for political asylum for 14 prisoners and his remarks about the Chilean Government have caused turmoil at home.

Liberal or even Social Democrat rather than Conservative. In this context, the Chilean issue provided a welcome opportunity for the CDU to test its new strategy and to appeal to the humanitarian streak in many potential voters.

Strauss' CSU also has experienced an election setback in its Bavarian stronghold where, despite that party's already very right-leaning views, many voters considered it not tough enough in dealing with certain issues. Although the party still has control over that state, the growing appeal of an ultra-right-wing group, the Republicans, who spooned off a worrying number of votes, has led

Chilean issue remains unresolved. The only point on which both the CDU and the CSU have so far been able to agree is that they would "do their utmost" to prevent the Chileans "from receiving the death sentence" and that such a sentence "would not be carried out." Blüm, champion of their cause, has only been able to give his own "personal guarantee" that the prisoners would "in a last resort" be given asylum in the Federal Republic.

Whatever happens, it looks as though the political fall and winter that lie ahead will be as heated as the summer that has just passed.—ANKE MIDDELMANN

AMSTERDAM

Urban Renewal

The Hague is booming. With greater attention paid to architecture and the quality of the building environment, urban renewal has breathed new life in modern city planning. Despite its lovely palaces and mansions, The Hague for many was a "boring city," in the sense that it lacked a bustling center.

After virtual destruction of the spirit and atmosphere of the old city center due to a lack of cohesion in earlier city planning—for example, the filling in of several of its canals before World War II—The Hague is now trying to repair the damage and revitalize the city center. That effort became reality in September with the opening of the first major new cultural institution, the Music Theater.

But much more is yet to come. Construction on a new city hall and public library, which will lie at the heart of The Hague's transformed center, has started, and is expected to be finished by 1992. The new city hall will be characterized by four reflecting towers that will house municipal offices. Beneath them, a large glass hall will contain a registry office. The central library nearby is accessible directly from the pedestrian area in the shopping district. Space between it will form a lively link between the town hall and the library, as well as provide space for exhibitions, lectures, drama and musical events. A shopping arcade and pubs, cinemas and restaurants will line the cultural plaza.

There will also be an international flavor to the buildings, for The Hague's municipal council has called upon some of the world's leading architects to aid in the rejuvenation process. American architect Richard Meier is designing the new city hall; Dutch architects were behind the design of the new Music Theater; Portugal's Alvaro Siza is planning restora-



Major construction and renovation currently underway in The Hague will give that city a booming new center.

tion of a part of the city that houses over 50 per cent of the immigrant population; Neave Brown of Britain will plan some 500 dwellings in the section that links The Hague with the dunes along the North Sea beach; and, finally, Spain's Ricardo Bofill is planning renovations on the Archipel district.

Built around 1900 with neoclassic features, this intimate old district reflects the town's glorious past as a seafaring nation. Here all the streets and squares are named after the islands of the former Dutch East Indies—such as Java, Sumatra, Borneo, Baka and Timor Streets. Formerly a tranquil Indonesian neighborhood, it has been conquered by the Yuppie generation and now resembles New York's Greenwich Village or London's Chelsea districts.

Construction and scaffolding are everywhere in The Hague, and the city's mayor, Adriaan Havermans, is determined to make The Hague "lively." Already a city of about one million inhabitants, including its five suburbs, The Hague could become the seat of the E.C. Patent Office. The initiative for this institution was taken by the E.C. Commission in an effort to create a single organiza-

tion to handle the registration of European trademarks for all international companies. At present, international industries can have their trademarks registered only by the national trademark offices in the individual European countries.

The Hague is in a good position to become the Community's patent center, for apart from being the seat of the International Court of Justice, it also houses the application offices of the European Patent Office for the 10 countries that signed and ratified the European Patent Convention in 1978. It also is home to the Benelux trademarks and design office as well as to the Association of Patents Agents.

Havermans said he sees no reason why The Hague should not be the favorite. "The Hague," he says, "is in all respects the right city for companies and organizations that settle in Europe. As the seat of Government and center of the management operations concerning the Netherlands' role as a trading nation, The Hague is a city that is strongly internationally oriented and easily accessible from all parts of the world."—NEL SLIS

ATHENS

The Nap Will Stay



That wonderful invention, the afternoon nap, seems likely to remain sacrosanct for the foreseeable future after a tentative proposal by the Greek Government for a continuous workday met with noisy opposition from more than 70,000 small businessmen in the capital. Over the past decade, successive Governments have tried—and failed—to streamline working hours, although nobody doubts that such a change would bring about several benefits, such as an increase in efficiency and a reduction of traffic jams. Under the current system, for example, Athens has four rush hours because of the afternoon break and no fewer than 66 work schedules for different activities, most of which vary slightly according to the season.

Nevertheless, despite the growing number of supermarkets and chain stores, small family-owned shops and services still form the backbone of commercial life in Athens and provincial cities. Claiming that abolition of the nap would immediately drive them out of business, the 20-odd small businessmen's unions formed a committee of militants to challenge the proposal. Despite the supermarket owners' enthusiasm for continuous hours—that is, working hours without the long afternoon breaks imposed by the nap—the Government eventually had to back down, saying that consensus was needed for such a radical change in the nation's lifestyle.

The supermarket owners' union claimed that over 80 percent of their employees and

more than 95 percent of customers would welcome continuous working hours. The government initially welcomed their proposal for a 9 A.M. to 8 P.M. schedule for stores from Tuesday through Friday, and a 9 A.M. to 3 P.M. workday on Saturday to ensure a weekend break, which would be followed by noon to 8 P.M. opening hours on Mondays. But small-business owners complained that they could not afford to hire the extra staff required to stay open during afternoon hours, and argued that afternoon opening times would be unprofitable anyway since most Athenians would stick to their naps.

And they have a point. Although air conditioning now makes the nap theoretically redundant, it is still regarded as a necessity by one in three Athenians, according to a recent survey. Staying up late is also an ingrained habit: Turning up at a restaurant for dinner just before midnight is quite acceptable in summer, and in the winter, the 10 P.M. cinema showings are often the most crowded.

Labor Ministry officials admit that even if shopping hours were changed, it would be hard to make the remainder of the workforce follow suit. Civil servants stop work at 3 P.M., and doctors and dentists take an afternoon break. The newspaper industry is geared to producing colorful tabloids for easy reading during the nap hours—afternoon papers account for more than 80 percent of total circulation! And most Greeks consider it impolite to make telephone calls between 2 o'clock and 5 o'clock in the afternoon.

In addition, apart from the tradition of maintaining the nap and the economic aspects it imposes, there now is also strong evidence that a long midday break is beneficial to people's health. Leisurely family lunches that require several hours to digest are sometimes cited in stress-prevention studies, along with the benefits of garlic, olive oil, pasta and moderate amounts of wine. It has



long been known that Greeks suffer fewer heart attacks than Northerners.

And the nap lobbyists may now find additional support in a new study by a group of Athens University medical school researchers who say that a half-hour's afternoon nap may reduce the chance of a heart attack by up to 30 percent. Comparing a group of 90 patients suffering from heart disease to 90 without, they discovered that many more of the control group were regular nap takers. While the heart-disease patients drank more coffee and had higher blood cholesterol levels, they smoked less than the nap enthusiasts, and the study also suggested that the longer the daily snooze, the less likelihood there was that the patient had suffered a heart attack.—KERIN HOPE

BRUSSELS

A Major Tax Reform

A decision by the Belgian Government to slap an annual tax equal to about \$13 on all foreign motorists using Belgium's motorways has sparked a rift with neighboring countries and caused some unease in European Community circles: The Federal Republic of Germany's Transport Minister, Jürgen Warnke, has called the move "a complete mistake" and threatened an action in the European Court of Justice; The Netherlands says the proposed levy would violate the Benelux freedom-of-move-

ment agreement between the countries; and France has called it an "unfriendly measure" that could affect Franco-Belgian relations. The E.C. Commission has asked for an explanation of the plan, concerned that it could add to congestion and delays at borders, thus threatening the move to create a single unrestricted internal market between the E.C. members states by 1992.

In striking contrast, the plan has been warmly welcomed by the Belgian public, which takes a great deal of pride in its motorways and has long resented the way that Dutch, German and French trucks and tourist

caravans thunder across the country without contributing a cent toward the costs of maintaining the roads. By night, moreover, the entire Belgian highway system is floodlit, making possible the remarkable claim by the Finance Minister, Mark Eyskens, that it can be seen from the moon. The Belgians do not seem to worry unduly about the enormous expense of this, but clearly any opportunity to unload some of the burden on to foreigners is not to be disregarded.

For all the stir it has created, the planned road tax is nevertheless only a relatively small component of a tax-reform



AUDIO-FORUM[®] offers the best in self-instructional foreign language courses using audio cassettes—featuring those used to train U.S. State Dept. personnel in Spanish, French, Portuguese, Hebrew, Polish, German, Chinese, Arabic and more. **Learn a foreign language on your own!** Free Catalog.

To get your copy:

Call toll-free 1-800-243-1234

or fill out and send this ad to—
Audio-Forum, Room 1061

On-The-Green, Guilford, CT 06437 (203) 453-9794

Name _____

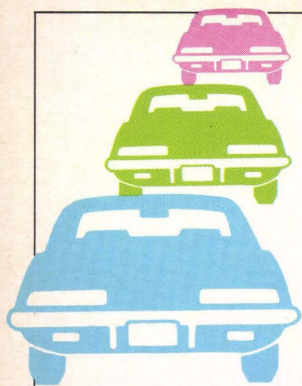
Address _____

Apt. # _____

City/State/Zip _____

I am particularly interested in (check choices):

- Russian Greek Danish Finnish Japanese Spanish
 German Korean Mandarin Swedish Hausa French
 Hungarian Italian Dutch Other _____



package that the Government describes as the most radical since the war. The major purpose of the proposed changes is to provide a powerful stimulus to business investment by cutting direct tax rates that are at present the highest in the industrialized world. Some observers also note that elections are due in 1989 at which time, if all goes well, most if not all voters will be paying proportionately less income tax.

Whether or not the present cumbersome and exacting tax system is the cause, there is little doubt that the Belgian economy has been generally weak for several years. Real growth is estimated at about 1 percent this year and the same is forecast for 1988. Unemployment remains stubbornly high at 11.4 percent and the budget deficit is easily the largest in the Community. For these reasons, Prime Minister Wilfried Martens and his center-right coalition are now seeking a remedy along the lines of the "enterprise culture" policies introduced by Prime Minister Margaret Thatcher's Government in Britain.

In simple terms, this means sharply cutting the direct tax burden, thereby providing the incentive for individual effort and initiative. Under the reform scheme finally agreed by the coalition partners in August, the top marginal tax rate will be cut from 72 percent to 50 percent, working parents will be taxed separately rather than jointly and the standard income tax rate will be reduced. In all, the move will cut the government's total receipts from direct tax by 5 percent between 1989 and 1992.

The impact on Treasury revenues will be softened by a widening of the tax base, a reduction in certain business capital allowances, the partial or complete "privatization" of some nationalized industries—including the state-owned airline Sabena—and the new road tax. On present figures, this package would yield only some two-thirds of the lost tax revenues, however, and it is the Government's hope that increased economic activity springing from the tax breaks will prove more than enough to close the gap.

The tax-reform plan has drawn criticism from business leaders who charge that it does little or nothing to stimulate direct investment. The judgment of economists is at best lukewarm, most of them regretting the way in which the radical policies proposed by Budget Minister Guy Verhofstadt have been watered down for political reasons. But almost all agree that the reform package is a potential vote-winner and could mark the return of rising living standards and the prospect of a rosier future for most Belgians after several years of relative austerity.—ALAN OSBORN

LISBON Toward Privatization

Fundamental structural changes may soon occur in Portugal's economy, if plans unveiled by the new Portuguese Government in late August are anything to go by. In an effort to to modernize Portugal's economy, Prime Minister Anibal Cavaco Silva announced that his Social Democratic Government would begin to sell off state-run concerns and thereby boost private enterprise. "The era of state paternalism will soon be over," he told Parliament in its first full session, adding that "our plan revolves around the fundamental role of free enterprise in the econ-

omy."

The timing for such a vast program is most propitious. Cavaco Silva's Social Democrats gained an unprecedented overall victory in last summer's elections, (see *Europe*, July/August 1987) giving him a 23-seat majority in Parliament, and a unique opportunity to carry out his party's plans in a climate of political stability, considering that his Government is the 17th since the restoration of democracy in Portugal 13 years ago.

The program envisages the gradual sale of most industries and financial institutions nationalized after the 1974 leftist revolution to private companies and individual investors. "The state should control only companies of particular importance to public service," he said, referring to enterprises such as power, water and public-transport utilities. The Government's extensive media holdings also are to be sold, apart from one television and radio channel. Cavaco Silva noted that the non-financial public sector alone had cost the country more than \$13 billion in operating losses and subsidies over the past decade, and noted that "these losses must end if Portugal is to succeed in modernizing and closing the gap with the rest of the European Community."

Portugal, which joined the Community in 1986, has a per-capita gross domestic product one-fifth that of the richest E.C. states. Under the new plan, annual growth is forecast at about 4 percent during the Government's four-year mandate, with investment growing between 8 percent and 10 percent each year. Inflation, halved to 9 percent in just over two years, would also continue to fall, according to the 200-page document that has just been debated.

"We intend to continue expanding and liberalizing the financial system to encourage private investment and to allow the country to compete internationally," Cavaco Silva said. In this context, labor laws restricting the sacking of

workers will be eased and agrarian reform, which handed over vast stretches of land to the peasants in the mid-1970s, will be partially reversed. Referring to Portugal's radical Constitution, which includes many of the policies carried out just after the revolution, Cavaco Silva said he was confident the moderate opposition would show "good sense" and back revisions due for debate later this year. "The Constitution cannot be allowed to block a program supported by a majority of the nation in an election," he commented.

A two-thirds majority in Parliament is needed for any changes, and the opposition Socialists who hold 60 seats have already indicated support for revisions. Fiercest opposition to the plan is likely to come from the 31 Communist deputies although their party's support slumped to a record 12 percent at the July election.—COLIN McSEVENY/*Reuters* €

CORRESPONDENTS

JOHN WYLES is the Rome correspondent for the *Financial Times*.

BRIGID JANSSEN is a freelance writer based in Paris.

RICHARD WIGG is the Madrid correspondent for *The Times* of London.

COLIN McSEVENY reports from Lisbon for *Reuters*.

LEIF BECK FALLESEN is the economic director of the *Borsen* newspaper in Copenhagen.

JOE CARROLL is the diplomatic correspondent for the *Irish Times* in Dublin.

NEL SLIS is a freelance writer based in The Hague.

KERIN HOPE is a correspondent for *Associated Press* in Athens.

ANKE MIDDELMANN is the managing editor of *Europe*.

ALAN OSBORN reports from Brussels for *The Daily Telegraph*.

This is the first ECU issue guaranteed by the Japanese Government.

*These Bonds having been sold,
this announcement appears as a matter of record only.*

ECU 120,000,000



NIHON DORO KODAN

– JAPAN HIGHWAY PUBLIC CORPORATION –

(Incorporated in Japan pursuant to the Nihon Doro Kodan Law)

7³/₈% Guaranteed Bonds Due 1994

unconditionally and irrevocably guaranteed as to payment of principal and interest by

Japan

Issue Price 101¹/₈ per cent.

Bank of Tokyo Capital Markets Group

Banca del Gottardo

Banque Indosuez

Banque Paribas Capital Markets Limited

Dresdner Bank Aktiengesellschaft

Istituto Bancario San Paolo di Torino

Mitsubishi Finance International Limited

The Nikko Securities Co., (Europe) Ltd.

Nippon Kangyo Kakumaru (Europe) Limited

Orion Royal Bank Limited

Salomon Brothers International Limited

Taiyo Kobe International Limited

Crédit Commercial de France

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Daiwa Europe Limited

IBJ International Limited

Kredietbank International Group

Morgan Guaranty Ltd

Nippon European Bank S.A./LTCB Group

Nomura International Limited

Privatbanken A/S

Swiss Bank Corporation International Limited

S. G. Warburg Securities

Yamaichi International (Europe) Limited

PERSPECTIVES FOR U.S.-E.C. RELATIONS

FRIENDSHIP SHOULD NOT SUGGEST OR REQUIRE AN IDENTITY OF VIEWS.

HENRY PLUMB

I realize that it must be difficult for Americans to picture how the European Parliament, of which I have the honor to be President, fits into the overall constitutional scheme of things. For while within the European Community there are institutional elements which appear to mirror the United States of America—and indeed there are many in Europe who wish to work for a United States of Europe which would parallel the United States of America—the present reality is that the Community is still only embryonic by comparison with the United States.

The E.C. Council of Ministers has major legislative and executive powers which can, roughly speaking, constitute what we call the Government of the Com-

munity. It is, rather, a body of cooperation between the national sovereign Governments of the 12 E.C. member states.

Both the United States and the E.C. have to "wise up" because when we disagree, our enemies and rivals profit from that disagreement.

The E.C. Commission is in some ways like a federal civil service, yet, in reality, it falls a long way short of that descrip-

tion. It has only limited powers and limited resources as regards the internal workings of the member states, whose own bureaucracies dwarf the Commission's staff. The total executive staff of all the institutions of the Community put together numbers less than 20,000 people.

The European Parliament can claim to be truly European, in that our 518 Members are directly elected by the 321 million citizens of the Community. These elections take place every five years, and the next one is in 1989.

We are a developing institution, with limited legislative powers, but with an increasingly important scrutinizing role. We have a role as the voice of the people of Europe on all issues of interest to our electorate. That amounts to a vitally important democratic institution, indeed a unique multinational democratic institution, and it is as its President that I write this.

This is a most suitable year for my visit in the United States. The United States Constitution is 200 years old, and the Treaty of Rome establishing the E.C. is 30 years old. This was celebrated earlier this year in the Constitution yacht race across the Atlantic.

I am the first ever British President of the European Parliament. I am also a member of the House of Lords in the United Kingdom. I am therefore perhaps in an ideal position to make a few comments about democracy in Europe, for I belong to both the oldest and the newest



The European Parliament, above, has representatives from 63 different parties, spanning the entire European political spectrum.

Parliament in Europe. Democracy is probably one of the most abused words in our vocabulary. I always tend to suspect a nation state which incorporates the word "democratic" in its name. Rather like many labels or packages, the name does not always accurately represent the nature of the product.

We in Europe and the United States have no real need of such formalized descriptions. If one day we really do have a true union of Europe, I fervently hope that we will not call it "Union of Democratic Europe." I am in fact rather keen on plagiarizing from you: the United States of Europe, but I should not try to usurp a process which is still in the full swing of political development.

Relations between the United States and Europe have been good for decades. I think we both sometimes fall in the trap of thinking that the relationship is bad simply because specific problems from time to time get a lot of publicity. We may also, by the same token, exaggerate its benefits when there is an improvement. Everything is relative, and I recall the old story of a schoolmaster marking a work called "The Theory of Relativity" by Albert Einstein. At the end of the work, the schoolmaster wrote "Ten out of ten. Not bad at all."

I am the kind of man who likes straight talking. On the other hand, straight listening is almost more important than straight talking. One of the very new elements in our present structures of communication is that almost everything is dependent upon expression, upon talking, and there is less and less time for listening. Are we all so adult that we think we cannot learn from anyone else any more? To understand a problem you need intuition, yes, but you also need teaching, which requires listening and understanding.

In Europe and the United States we are getting drowned in information. We are bombarded with news and views almost all the time: "I am pleased to send you the enclosed for your information." "Our role is to inform" and so on. We have information units, information bases, information games, information satellites. Indeed, we have "informatics." And I am reminded of the lines of a great poet whom both our continents can claim, T.S. Eliot, "Where is the wisdom we have lost in knowledge?/ Where is the knowledge lost in information." Let us, then, by all means inform one another of what we do. But let us also know each other. Above all, let us be wise.

So if you think I'm telling the United States, in short, to "wise up," you are right, but we all have to wise up. Because

when we disagree, our enemies and rivals profit from that disagreement. In our trade relations above all, there is plenty of scope for more wisdom in our dealings with each other.

Where we have problems in our trade, there is a forum in which to discuss them. I am not only referring to the General Agreement on Tariffs and Trade (GATT). I am referring also to the atmosphere of trust and confidence between the United States and Europe that can normally be relied upon to provide the bridge—the strong link—which should resolve our difficulties. I should remind you of course that we in Europe do not yet have unified and harmonious trading arrangements even between member states of the E.C. There is much bickering, there is some acrimony; the E.C. member states are still trying to some extent to outdo each other by using non-tariff barriers in the

Few people, 40 years ago, could have thought that today a "true Brit" would represent a directly elected European Parliament. I am proud and honored to be called a European.

forced absence of conventional tariffs. So you see why we find it important to create for ourselves a United States of Europe. We have not yet created a big home market for our own industries.

I recognize that legislation must be enacted in the United States to give the Administration the authority to continue to negotiate in the Uruguay Round of the GATT multilateral trade talks. It is obviously important that the U.S. Government should be able to negotiate on the basis of a clear and proper mandate. I also recognize and understand that the Congress, and indeed the American public, are very concerned about the U.S. trade deficit and about the international competitiveness of American industry.

The E.C. and the United States are each other's biggest trading and investment partners. Trade between them amounted to \$133 billion in 1986, representing over 60 percent of trade between

Western industrialized countries. The U.S. trade deficit with the E.C. of \$54 billion in 1984-86 was preceded by a U.S. surplus of \$63 billion in 1981-83 and 25 preceding years of surplus. No action was taken or threatened by the E.C. on this continuing deficit.

We both know that free trade must be fair trade, but we are both, I am sure, conscious of the catastrophe that would occur in world trade and in the economies of developing nations if there was ever a condition of trade war between the E.C. and the United States. We do sometimes get a little concerned with the definition of what is meant by fair trade. It requires above all a moral judgement, which of course we should not be afraid of making, but equally we will have to accept that not everyone will agree on the definition.

This is equally true in the subject of the security of the West. The world is currently undergoing enormous changes in power relationships. We are watching the end of empires. A technological revolution has gripped most Western societies, forcing them into changes radical even compared to those brought on by the first industrial revolution.

Certain countries are rapidly developing new industries which are transforming their societies. Nuclear weapons have all but removed the possibility of using large-scale military force as a method of international diplomacy. Increasing political and economic interdependence is reducing the ability of any one country to dominate the international scene. The Soviet Union, finally, appears to be undergoing a period of radical reassessment of its foreign and internal policy.

I believe it is vital to remember that any international friendship between nations is never and can never be based on identical assumptions about foreign perspectives. Friendship should not suggest or require a complete identity of views. Interests of all countries, whether close partners or not, will inevitably differ because of history and geopolitical experience. We must not therefore rely on other countries to pursue our interests at the expense of their own.

At Reykjavik, President Ronald Reagan pursued issues that were clearly in the interests of the United States, but which also needed further examination and reflection in Europe. We in Europe want and need an arms control agreement as much as anyone, but our history and our geopolitics put us in a very special position, giving us an equally special perspective on the motives and personality of the Soviet Union. Earlier this year I had the honor of meeting and talking with

Continued on page 47.



EUROPE INVESTS BILLIONS IN U.S.

RECENT INCREASES
PROMPT CLOSER LOOK
AT POLICY ISSUES.

MIKE ELLIOTT

Remember *The American Challenge*? Twenty years ago, Jean-Jacques Servan-Schreiber's book of that name appeared to have set the terms for the debate on trans-Atlantic trade. American companies, flush with cash, technological wizardry, marketing skills and business-school-speak, were going to overrun Europe. European companies would be turned into branch offices of American multinationals;

The vision, in its wilder manifestations (for which later popularizers rather than Servan-Schreiber himself should take most of the blame) was always absurd, but its legacy continues to cast a long shadow. In Britain, the Westland affair of the winter of 1985-86 led to the loss of

Mike Elliott is industrial editor of *The Economist*. The views expressed here are his own.

two of Prime Minister Margaret Thatcher's most able ministers, all because the Cabinet was divided between those who believed that a quite small, and bust, helicopter manufacturer should be sold to Americans and those who believed it should be sold to Europeans. And can anyone doubt that billions of dollars in European taxpayer money would have been spent getting Airbus Industrie off the ground—all of which may be well deserved, but that is not the point—without the perception that absent a European airframe industry, the Continent would be at the mercy of venal American multinationals?

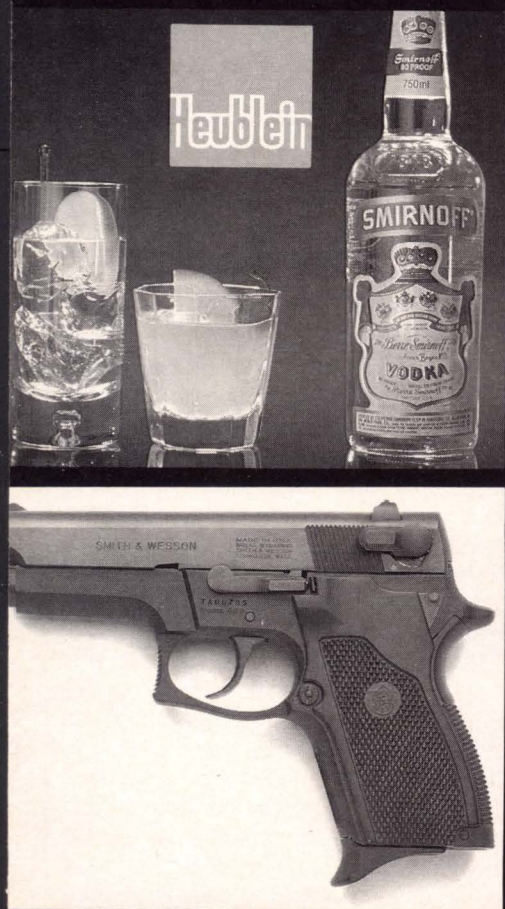
Yet this type of concern now seems particularly inappropriate, because the boot is well and truly on the other foot. According to figures released by the U.S. Department of Commerce in June, American investment in the E.C. of Twelve was

worth \$99.6 billion in 1986. And investment by countries of the Twelve in the United States? That, for the information of European doomsters, was worth \$25 billion more.

These figures may well be misleading. Most of the American investment in Europe is quite old. Some of it—perhaps quite a lot—must be valued on companies' books at the price it originally cost, not the amount it would now fetch. European investment in America, by contrast, tends to be more recent, and hence is more likely to reflect the prices that companies' assets would actually make in the real world. But even after such adjustments had been made, it is clear that the pattern of trans-Atlantic investment is now not all one way.

Consider, for example, some of the more prominent deals that have made headlines this year. The West German

British are the biggest players in the market. Recent acquisitions include Standard Oil, Heublein and Smith & Wesson.



the Anglo-French financier Sir Jimmy Goldsmith will not make a move.

What explains the rise of the new Europredators, so soon after Euroclerosis was said to be the order of the day? Mainly, the answer must lie in macroeconomics. So long as the American dollar was overvalued against European currencies, it made sense for Europeans to make money in America simply by selling their products, sourced anywhere except the United States, into the American market. But nearly two-and-a-half years after the dollar's peak in the spring of 1985, sensible European companies cannot rely on exports alone for their daily bread.

Of course, for some companies (German carmakers, perhaps) their product is considered to be so outstanding by Americans that they can absorb price rises due to the declining dollar without losing market-share. Other European companies, like many Japanese ones, have grown so dependent on the American market that they have been prepared to cut profit margins rather than costs, hoping that one day the dollar will rise again and save their bacon: "The American market," a British exporter once said, "is like sex. Even when it's bad, it's good."

But for many European companies, neither of these courses will be an option. For them, the only way to protect their American position at a time when currency movements have penalized European production is to shift their plants to the United States. That is what plenty of them are doing—either by building on greenfield sites, or by acquisition. Americans, by contrast, are finding that foreign sourcing can turn out to be more expensive than setting up a new plant in Kentucky. Taken together, these movements induced by microeconomics account for the new figures on the relative size of investment.

In adapting to this new environment lessons need to be learned on both continents. In Europe, the new buying spree should not give either businessmen or policymakers visions of grandeur. If buying in America becomes nothing more than a fad, or a test of virility, plenty of European firms will pay far too much for American ones.

Others will buy into America without sufficient management skills to handle the new business. Britain's Midland Bank has not yet recovered from its disastrous purchase of Crocker National, a California bank now sold on to Wells Fargo, which knows, as Midland did not, how to run banks in America's West. Maybe Thomson can make televisions cost-effectively in America when General Electric

couldn't... but maybe it can't. Real estate brokers privately say that Japanese companies frequently pay over the odds for prime buildings in New York or Los Angeles. European firms—British pension funds have become aggressive buyers of American land—will have to be careful that they do not fall into the same trap.

European companies also will have to learn how to lobby Washington—a game that, despite appearances, has some pretty definite rules. During the interminable debates on this year's trade bill, there have been persistent reports that some European firms have been heavy-handed in their pressure on legislators.

In a similar vein, European companies need to watch that they do no fall foul of American electoral law. The issues here are quite complex. While federal electoral law prohibits foreign nationals from participating directly or indirectly in fundraising, the Federal Election Commission (FEC) has ruled that American subsidies of foreign companies may donate money to political causes through Political Action Committees (PACs). Sums raised and distributed can be quite considerable. The PAC of Drexel Burnham Lambert, the investment house 34-percent owned by Belgium's Groupe Bruxelles Lambert, for example, distributed more than \$105,000 to 54 candidacies in 1985-86. In the same period, the PAC of Shell Oil, 100-percent owned by the Anglo-Dutch corporation Royal Dutch/Shell, gave \$116,500 to 168 candidates.

There have been persistent doubts about the legality of this spending. For some time, the FEC was split as to whether it was permissible or not. There is now something of a move in Congress to tighten the rules.

Such a move, many Europeans might agree, would be fair enough; the problem is that the Congressmen are also getting worried about the very extent of foreign ownership of American companies itself—a worry exacerbated by some sensational journalism (*Time Magazine*, on September 14, had a cover proclaiming "The Selling of America"). A clause introduced by Congressman John Bryant of Texas into this year's trade bill would require the registration of much foreign investment in the United States. At the time of writing, late September, it does not look as if the Bryant clause will make it into the final version of the bill. But it has received some impressive support—the newly rediscovered lobbying skills of the AFL-CIO were pressed in its aid—and it may be a precursor of other like-minded initiatives.

Continued on page 47.

group, Bertelsmann, is on the way to becoming one of the leading media conglomerates in the United States, with interests ranging from Doubleday, the New York publishing house, to RCA records. France's Thomson Group swapped its medical technology division for the all-American television business of General Electric. Britain's Robert Maxwell is one of the biggest printers in America and, like Bertelsmann, has eyed publishers (though Harcourt Brace Jovanovich has, so far, seen him off). The Ladbroke Group from Britain has just picked up Hilton International from Allegis Corporation. Electrolux, the Swedish consumer electronics group, is a major player in the American household appliances business. And perhaps epitomizing it all, hardly a deal goes mentioned—for Crown Zellerbach, for Goodyear Tire, for Pan Am—without someone wondering if

E.C. INVESTMENT IN PACIFIC RIM IS SLOWING DOWN

TRANSNATIONALS ARE LOOKING BACK TOWARD EUROPE'S SKILLED LABOR FORCE.

JULIAN M. WEISS

After three decades of continuous increases, direct foreign investments in Asia by many Community-based multinational corporations (MNCs) are slowing down. This represents a significant shift. The E.C.-Asian relationship, of course, remains important. Transnational economies on both continents are increasingly intertwined in a new era of manufacturing—one where customization of products and globalization of production are taking place. Given Asia's industrial base—as well as the prospects for future sales there—it is a cornerstone of the Community's over \$215 billion worth of investments outside the boundaries of its member countries.

The last great surge of investments in factories, plants

+ and services ranging from engineering construction to finance, was in 1981. During that year, the E.C. totaled \$24.3 billion in such investments offshore. By 1985—the last year for which any reliable data are available—it had fallen to \$14 billion. Asia received over \$5 billion from Europe in 1981, but figures for 1985 are barely above the \$3.2 billion seen during the preceding 12 months.

Recent trends show that European and North American transnational corporations (TNCs) are retrenching in Asia, while an overvalued yen forces Japan to invest offshore with vigor. "There is no evidence that Japanese factories would replace those from Europe, per se," says Britain's John Dunning, for years considered one of the leading experts on the issue. "We do find, however, that the momentum seen before has slowed down."

Transnational corporations were lured to different countries by specific incentives. Less developed countries (LDCs), as hosts, dangled attractive incentives—low or no taxes, free space, a guaranteed infrastructure. This arrangement is

changing. Today, LDCs and the rapidly advanced newly industrialized countries (NICs) require not only foreign exchange, but the introduction of new skills and TNCs whose products can be added to the export balance sheet.

Nations lapped by Pacific waters prospered from several waves of investments by Community-based multinationals. Consumer electronics industries thrived in Hong Kong and in Taiwan's Kaohsiung export processing zone. Semiconductors spawned 40,000 jobs in one Malaysian state alone: Penang. Textiles industries spawned by TNCs are an important foreign-exchange earner from Sri Lanka to Singapore. China's string of impressive growth rates is owed to policies that accommodate TNCs.

The transnational corporations have a new agenda as well. They invest either to gain future markets (as in the case of China), to gain market access (as in Southeast Asia) or to accommodate licensing accords (in Japan, for example). They increasingly prefer areas where currency controls are lax.

Asia does continue to shine in the foreign-investment spotlight. South America is viewed as unstable and debt-ridden, Africa has few attractive features for most E.C. corporations and the Middle East's petrol-based allure has diminished. "Although offshore investments from the E.C. are slowing down," says Seiji Naya, a former vice president of the Asian Development Bank, "Asia has many ingredients to keep itself attractive." But, he adds, "they [Asian countries] still have to change incentives to keep ahead."

The amounts, directions and frequencies of direct foreign investments, however, are different than they were before the mid-1980s. Origins are different as well. The arena was dominated by the United States, which commanded about 70 percent of offshore investment in the mid-1960s. Today, that figure is about 45 percent of the worldwide total. Sectors

receiving investment capital differ. Dunning, who has published detailed accounts of this phenomenon for the Institute for Research and Information on Multinationals, believes that "globalization of production and marketing" mandates those shifts. "You find that, among the Community's investments in Asia today, there is a greater role for collaborative and non-equity projects as well as joint ventures."

Given East Asia's attractiveness, why are transnationals holding off on, or delaying, decisions to build branch plants and factories there? A major reason is that before now, most TNCs based decisions on where, not whether, to establish factories. Now, there are reasons for staying on the Continent. Every industry has its own nuances, but each is affected by forces that mandate technology inputs as well as capital. A departure from decades of manufacturing strategy came as life cycles of many products marketed worldwide are shrinking, from decades (as in the case of standard refrigerators) to months (as in the case of sophisticated video cassette recorders).

According to Alex Baer at A. Gary Shilling consultants in New York, "every indication now is a large share of funds devoted to offshore investment are being ploughed back into the home-based, or European, plant." Not all multinationals are adapting this strategy entirely, but most recognize that heavy costs associated with inevitable upgrading and retooling force cuts in offshore projects.

It is felt that a better production process can shave off 25-40 percent of costs in many operations well suited to offshore locations. Non-touch labor is more important now, making wages about 4-8 percent of all costs in most industries and 8-14 percent of the costs in the automobile and aerospace industries, respectively.

Traditionally higher cost locations across Europe have once again become competitive. Labor-intensive tasks—

which have constituted the majority of offshore investments—are far less important than before. In the new equation, low-cost labor is not as attractive as low-cost skilled labor. And it is now in the field of materials—and soon in high technology-based synthetic materials—that the competitive advantage sought by TNCs lies.

In other cases, TNCs are retrenching for the same reason Asians are investing in the United States and in Western Europe: to be closer to markets. Not only are manufacturing processes retooling, but distribution networks are themselves undergoing vast transformation. Asia's increasingly affluent consumers require speedy receipt of goods they desire.

While major corporations in the West are restructuring, they are directing finances toward acquisitions. Others are fearful of ways protectionism would affect sales of their products. Both factors are seen as curtailing offshore activity. A United Nations Development Programme consultant thinks there is at least one other reason for the slowdown. "Companies are cautious about services in Asia, and they want to study the opportunities longer than was anticipated."

Michael Borrus at the Berkeley Roundtable on the International Economy believes that these new trends will last for some time. "The reorganization of production is occurring, and volatility in exchange rates will continue to have an

impact" on decisions by European transnationals as they decide whether or not to invest.

While all this is going on, new players from Asia—including countries that were leading hosts for E.C. cash—are themselves starting to become transnational investors. With \$60 billion in foreign-exchange reserves (or over \$3,200 for each citizen), Taiwan is planning to build factories in the West. Korean missions are scouting the Continent with identical intentions. Hong Kong "flight" capital could follow. €

Julian M. Weiss is a freelance writer based in Washington D.C.

Annual Flow of Outward Foreign Direct Investment 1979-84 (US \$ m)

	OUTWARD INVESTMENT					
	1979	1980	1981	1982	1983	1984
DEVELOPED AREAS	61,947.3	65,786.6	55,671.1	20,308.5	36,756.0	36,248.4
Europe	24,994.1	33,521.4	26,942.2	15,285.6	22,252.9	20,434.3
EEC	20,278.7	24,804.7	24,355.1	12,791.8	18,246.2	13,973.4
Belgium	1,118.7	61.6	29.6	-76.6	357.9	295.2
Denmark	N.A.	195.2	140.4	79.5	99.4	95.3
France	1,997.7	3,149.1	4,623.5	3,072.8	1,848.1	2,134.1
W. Germany	4,492.9	4,080.4	3,883.2	2,485.0	3,167.3	3,074.9
Italy	567.2	694.3	1,330.0	1,012.4	1,946.4	1,810.5
Netherlands	5,864.0	8,908.5	3,936.8	1,791.3	5,464.1	2,555.6
United Kingdom	6,438.2	7,715.6	10,411.6	4,427.4	5,363.0	4,007.8
Other Europe	4,715.4	8,716.7	2,587.1	2,493.8	4,006.7	6,460.9
Austria	85.3	339.7	209.9	147.9	183.9	77.9
Finland	125.0	130.6	141.8	233.4	260.5	412.5
Norway	43.9	253.8	182.8	304.7	353.8	539.2
Portugal	-7.7	14.3	18.9	9.9	2.2	10.2
Spain	189.0	257.2	181.8	445.6	184.9	243.7
Sweden	609.0	632.9	906.7	1,051.5	1,032.5	998.4
Switzerland	3,670.9	7,088.2	945.2	300.8	1,972.9	4,178.0
North America	33,638.4	28,863.6	22,750.2	-299.0	9,940.5	8,713.7
Canada	8,416.4	9,641.6	13,126.2	4,125.0	4,546.5	4,210.7
United States	25,222.0	19,222.0	9,624.0	-4,424.0	5,394.0	4,503.0
Other developed	3,314.8	3,401.6	5,978.7	5,321.9	4,562.6	7,100.4
Countries	3,314.8	3,401.6	5,978.7	5,321.9	4,562.6	7,100.4
Australia	254.5	516.9	509.3	718.3	744.0	1,353.5
Japan	2,956.0	2,340.0	4,850.0	4,528.0	3,532.0	5,685.0
New Zealand	97.0	115.0	89.5	87.2	77.0	64.6
South Africa	7.3	429.7	529.9	-11.6	209.6	-2.7

This is the first ECU issue to be listed
on the New York Stock Exchange.

*This announcement is neither an offer to sell nor a solicitation of offers to buy any of these securities.
The offering is made only by the Prospectus.*

NEW ISSUE

November 30, 1984

ECU 200,000,000

European Economic Community

9⁷/₈% Bonds Due December 1, 1996

Price 99.50%

plus accrued interest, if any, from December 6, 1984

*Copies of the Prospectus may be obtained in any State in
which this announcement is circulated only from such of the
undersigned as may legally offer these securities in such State.*

Bear, Stearns & Co.

The First Boston Corporation

Morgan Stanley & Co.
Incorporated

Goldman, Sachs & Co.

Merrill Lynch Capital Markets

Salomon Brothers Inc

ON LINE TO EUROPE

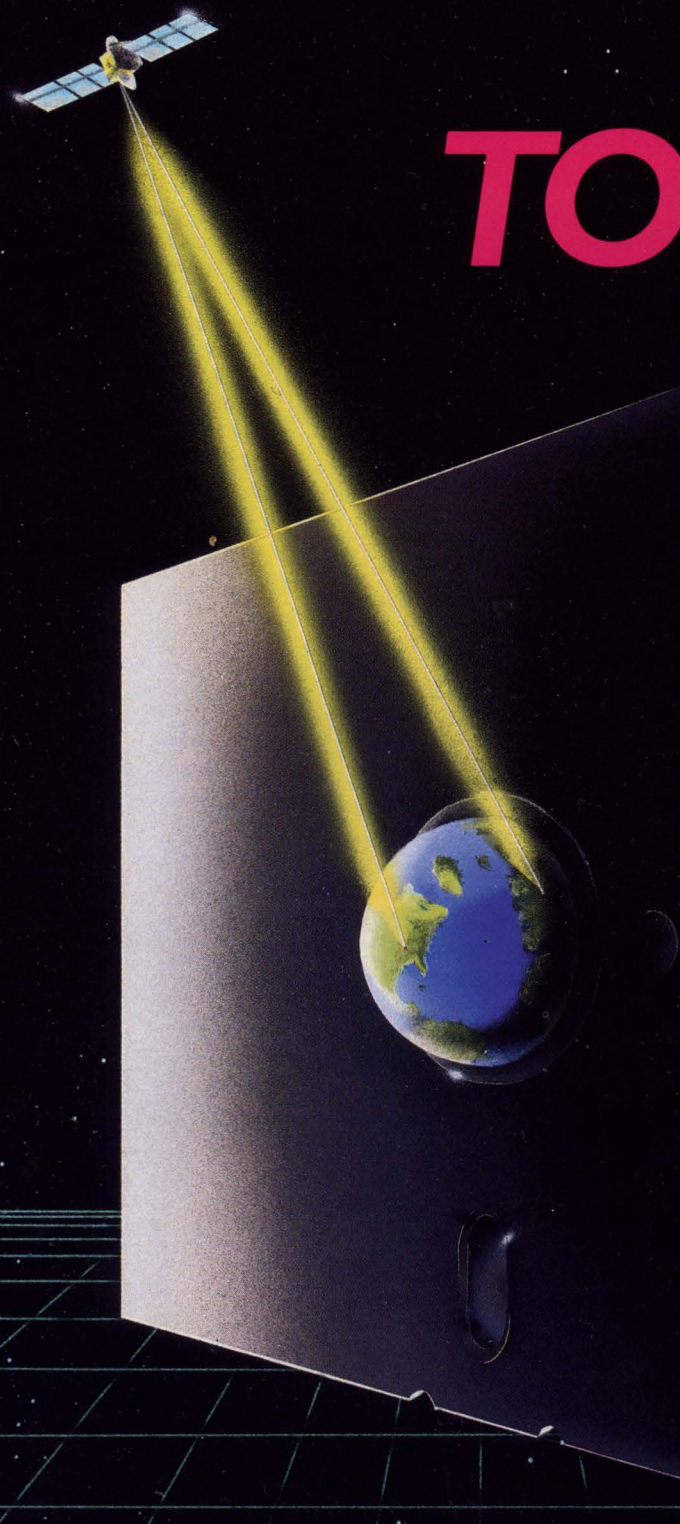
A GUIDE TO E.C.
DATABASES.

ELISABETH HARDT

One outcome of the process of political and economic integration, not fully foreseen by the European Community's founders, has been the amount of information generated by the Community's institutions. A wide range is there for the asking, covering subjects as varied as law, external trade and economic statistics, scientific research, development assistance projects and "grey literature." Just what information is available and how to access it is a problem that plagues both librarians who handle E.C. publications and end users in the academic, government, business, legal and other fields.

The growing panoply of E.C. databases and databanks offers new options for information users. This article provides an outline of databases currently produced or promoted by the E.C. as part of its policy of innovation and stimulation of the information market. It has been adapted from several E.C. publications on its database resources and from brochures published by various database vendors. Information on equipment and access facilities from the United States is also covered.

The bases have been grouped in three categories: bibliographic (usually referred to as databases), factual and statistical (often referred to as databanks). A chart of all available bases is provided, giving the languages in which the records can be searched and displayed, the period covered by the data, the number of records stored, the annual growth rate of the database, the update frequency, the costs for accessing the data, if any, and the name of the host(s) offering the database or the databank.



HOSTS

BLAISE LINE

Jane Bishop
The British Library
Bibliographic Services Division
2 Sheraton Street
London W1V 4BH
United Kingdom
Tel: (44) 1 3237078
Telex: 21462
NUA: 234227900102
Network: PSS/Multistream

DATABASE DISTRIBUTION SERVICE

E.C. Commission
A. Berger
ARL 03/04
200 Rue de la Loi
1049 Bruxelles
Belgium
Tel: (32) 2 235 7552

DATACENTRALEN

T. Friis
Landlystveg 40
2650 Hvidovre
Denmark
Tel: (45) 1 758122
Telex: 27122 dc dk
NUA: 238241592400
Network: Datapak

ECHO

Mr. Haber
177 Route d'Esch
1471 Luxembourg
Tel: (352) 488041
Telex: 2181 eurol lu
NUA: 270448112
Network: Luxpac

EUROSTAT

Axel Szauer
Batiment Jean Monnet
Plateau du Kirchberg
2920 Luxembourg
Tel: (352) 43013526
Telex: Comeur lu 3423

GSJ-ECO

Didier Weitzman
45, Rue de la Procession
75015 Paris
France
Tel: (33) 14 566 7889
Telex: 613163 f
NUA: 20803802086610
Network: Transpac

INKA

B. Jenschke
Fachinformationszentrum
7514 Eggenstein-Leopoldshafen 2
Federal Republic of Germany
Tel: (49) 7247 824568
Help Desk: (49) 7247 824566
Document ordering: (49) 7247 824630
Telex: 17724710
NUA: 262245724740001
Network: Datex-P

OFFICE FOR OFFICIAL PUBLICATIONS

John Mortier
2 Rue Mercier
2985 Luxembourg
Tel: (352) 499282563
Telex: 1324 Pubof Lu
NUA: 270429200
Network: Luxpac

WHARTON ECONOMETRICS

Shirley Lau
150 Monument Road
Bala Cynwyd, PA 19004
Tel: (215) 896-4833
Telex: 831609
NUA: (backspace)ucvm

DATABASE	DESCRIPTION	LAN-GUAGE	TYPE	COVER-AGE	NUMBER OF RECORDS	ANNUAL GROWTH RATE
AGREP	Inventory of current agricultural research projects in the European Community	multi	F	5 years current	24,500	500
BROKERSGUIDE	Inventory of information brokers	EN	F	from 1986	650	50
CELEX	European Community legal database	EN/DE/FR/IT/NL	F	from 1957	depends on language version	unpredictable
COMEXT	External trade statistics of the E.C.	multi	S	3 years current	n.a.	n.a.
CRONOS	European statistical database	multi	S	from 1965	800,000 series	n.a.
DIANEGUIDE	Online guide to European database producers, hosts, databases and databanks	EN/DA/DE/ES/FR/IT/NL/PR	F	from 1982	800	100
EABS	References to the published results of scientific & technical research programs	EN/DE/FR/IT	B	from 1965	45,000	2,000
ECDIN	Environmental Data and Information Network on Chemicals	EN	F	n.a.	65,000 substances	unpredictable
ECU	Daily ECU exchange rates	n.a.	F	same day	22	n.a.
ENDOC	Directory of environmental information and documentation centers	EN/DA/DE/FR/IT/NL	F	from 1979	600	50
ENREP	Directory of environmental research projects	EN/DA/DE/FR/IT/NL	F	from 1956	45,000	4,000
EURISTOTE	Directory of university thesis and studies on European integration	multi	B	from 1952	10,000	500
EURODICAUTOM	Online terminology databank	EN/DA/DE/ES/FR/IT/NL/PR	F	from 1973	540,000	20,000
IES	Inventory of publicly funded information technology R&D projects, research sites and electronic mail addresses	EN	F	from 1986	5,700	1,000
MEDREP	Inventory of biomedical and health care research projects	multi	F	from 1972	1,200	500
PABLI	Online monitor of E.C. development projects	EN/FR	F	current	500	n.a.
REGIO	E.C. regional statistical databank	multi	S	from 1970	50 tables	n.a.
SCAD	Database on documents published by the Community and periodical articles on the Community	multi	B	from 1983	60,000	15,000
SESAME	Hydrocarbon technology and energy demonstration projects	EN	F	from 1982	1,000	yet unknown
SIGLE	Grey literature produced in Europe	multi	B	from 1980	113,000	17,000
TED	Daily calls for tenders for public works and supply contracts	EN/DA/DE/ES/FR/IT/NL/PR	F	current	n.a.	n.a.
THESAURI	Analytical inventory of structured vocabulary	Mixed-lingual	F	n.a.	1,000	50

n.a. = not applicable DA = danish, DE = german, FR = french, EN = english, ES = spanish, IT = italian, NL = dutch, PR = portuguese multi: includes English and
1 ECU = \$1.147, 1 DK = \$0.144, 1 FF = \$0.166, 1 Bfr = \$0.027, 1 £ = \$1.645, 1 DM = \$0.554 F = factual, B = bibliographical, S = statistical SDI = Selective

THE BIBLIOGRAPHICAL DATABASES

FREQUENCY	OFF-LINE PRINT	COSTS	HOST
Quarterly		330.00 DK/hour	Datacentralen
Monthly	•	free	ECHO
Quarterly		4,000 Bfr/connect hour	Database Distribution Center
Monthly		\$500.00/year \$90.00/connect hour \$10.00-30.00/table \$.02/datapoint downloading	Wharton Econometrics
Monthly		15.00 DK/first 15 min. 10.00 DK/each add'l min. 15.00 DK/time series 5.00 DK/re-use of stored series	Datacentralen
		1,000.00 FF/connect hour 1 ECU/time series	GSI-ECO
		\$500.00/year \$90.00/connect hour \$2.00/time series \$.01/datapoint downloading	Wharton Econometrics
Monthly	•	free	ECHO
Monthly	•	free	ECHO
Quarterly		10.00 DK/first 15 min. 8.00 DK/each add'l min.	Datacentralen
		free	ECHO
Annually	•	free	ECHO
Quarterly	•	free	ECHO
Annually	•	free	ECHO
Monthly		free	ECHO
Quarterly		free	ECHO
Annually	•	free	ECHO
Monthly	SDI	free	ECHO
Quarterly + Annually		\$500.00/year \$90.00/connect hour \$2.00/time series \$.01/datapoint downloading	Wharton Econometrics
Quarterly		2,000 Bfr/connect hour	Database Distribution Service
Quarterly		600.00 DK/hour	Datacentralen
Monthly	•	£58.00/year £17.50/connect hour £0.20/citation	BLAISE
		175.00 DM/hour	INKA
	SDI	1,000 Bfr/connect hour	ECHO
Annually	•	free	ECHO

EABS

SCIENTIFIC AND TECHNICAL RESEARCH

EABS, the online version of the monthly Euro-Abstracts, contains references to the published results of the scientific and technical research programs of the Community, carried out either in the Joint Research Centers of the Commission of the E.C. or under contract.

The database is maintained by the Directorate-General for Information Market and Innovation and covers nuclear, energy, environmental, agricultural, medical, biological and coal and steel research as published in specialized journals, conference proceedings or individual monographs.

A unique feature allows EABS' users to order documents online. The documents thus ordered are shipped and invoiced directly by the issuing organization.

EURISTOTE

ACADEMIC RESEARCH

The process of European integration has long been a focus of academic research. Recent developments such as the Single European Act and the renewed effort to create a single European market by 1992 have spurred increased interest in the Community.

EURISTOTE is an online directory of university research projects on European integration carried out in some 60 countries. For established academicians and pre-dissertation doctoral students, EURISTOTE offers a worldwide network of contacts and information concerning on-going research. Since 1952, coverage of traditional topics such as foreign relations, competition, monetary and financial issues and the Common Agricultural Policy has been expanded to include new subjects such as biotechnology and robotics. References to faculties, research centers and researchers are also included.

SCAD

OFFICIAL AND NON-OFFICIAL PUBLICATIONS ON THE E.C.

The bibliographical databank developed and produced by the Central Documentation Department of the Commission is an invaluable source of information on documents published by the institutions of the E.C.. Additionally it provides references to articles pertaining to the E.C. that appear in independent periodicals.

Launched in September 1983, it currently contains 60,000 documentary entries which give bibliographical references to the following:

- principal Community acts, with a retrospective legislative history including proposals of the Commission, reports and resolutions from the European Parliament, opinions of the Economic and Social Committee;
- official publications and public documents issued by the E.C. institutions;
- articles selected from 1,200 periodicals published worldwide, covering the activities of the institutions as well as events that could have an influence on the development of the Community.

SIGLE

GREY LITERATURE

The System for Information on Grey Literature Produced in Europe was set up by a consortium of European documentation centers in the spring of 1980 and made available to the general public during 1983.

The term "grey literature" refers to documents not published commercially which are thus difficult to identify and obtain. Examples of grey literature are scientific and research reports, theses, conference papers, translations, internal reports and similar documents of limited distribution.

The absence of distribution circuits and bibliographic information means that grey literature often fails to be recorded in databases. Even

when announced by information systems, grey literature references may often be useless due to the lack of availability of the actual documents. SIGLE's purpose is to identify and to deliver grey literature.

The literature references are grouped in 22 subject categories, similar to the COSATI headings used in the United States. Once references have been located in the base, an automatic ordering system helps users obtain the documents.

AGREP

AGRICULTURAL RESEARCH

Council Regulation 1728 of 1974 set the cornerstone for the creation of AGREP, the Commission's permanent inventory of current, publicly funded agricultural research projects. AGREP is updated in a cooperative fashion by the agricultural ministries or government institutes in the various member states.

AGREP contains information about research currently in progress—before any publications are generally available. Projects are deleted when completed, the average lifetime of a project being approximately five years. Over 24,500 current research projects covering agriculture, silviculture, pisciculture and food processing in the Community of Ten are now referenced in the database. Research carried out in Spain and Portugal will be included as of 1988.

BROKERSGUIDE

INFORMATION SEARCH SERVICES

With the aim of promoting and improving the European information market, the Commission is offering BROKERSGUIDE. This free database lists information brokers; organizations or companies offering fee-based information search services.

Although this database is still in its development phase, it is already being offered publicly. If you do not have the time or the expertise to search European databases, BROKERSGUIDE might be an option you should consider.

Information brokers based in the United States and already dealing with European databases (a pre-requisite) can be listed as well. Simply contact ECHO and provide the following information: name, address, telephone, telex/telefax, a description of the company, the name of up to five European hosts and up to 10 databases accessed frequently as well as areas of specialization.

CELEX

E.C. LAW

The power of E.C. institutions to take measures with the force of law distinguishes the Community from traditional international organizations. The problem of information retrieval is particularly acute in regard to this new body of law that not only affects every citizen and organization in each member state, but is of concern and interest to businessmen and others outside the Community.

E.C. law is very complex not only because of its volume (the Council of Ministers and the Commission, have adopted tens of thousands of instruments, many of which are of limited duration), its lack of codification and the languages used (for example, regulations are valid in all E.C. languages in respect of all parties concerned). The unique nature of the E.C. legal system and its ramifications in the legal systems of the member states add to its difficult nature.

The interinstitutional computerized documentation system for E.C. law, CELEX (Communitatis Europae Lex), was set up in 1969 and became operational in 1971. All institutions are responsible for its operation. The Database Distribution Service within the Commission is responsible for dissemination. Ten hosts currently offer access to CELEX at competing rates. Our chart only gives references to one, the Office for Official Publications of the European Communities.

The objectives for CELEX have been defined as follows: to inform the departments of the E.C. institutions, allied bodies and outside users of the status of E.C. law and of amendments made to legal acts; to enable an index of E.C. legislation to be published; and to improve and facilitate the dissemination of legal information.

To date, CELEX is available in Dutch, English, French,

German and Italian. The other language versions are in preparation. Only the French version is complete and allows full text access since 1957. All other versions are less comprehensive in coverage in that older documents, whose validity has expired, may be unavailable.

Although CELEX is a single database from a retrieval point of view, it consists of three major files:

- the legislative file covers the treaties, agreements and other legal acts resulting from external relations maintained by the E.C. or its member states, binding and non-binding legislation, complementary legislation;
- the case-law file covers all the decisions delivered by the Court of Justice;
- the preparatory documents file consists of Commission proposals, resolutions of the European Parliament, opinions of the Economic and Social Committee and Parliamentary questions.

DIANE GUIDE

EUROPEAN DATABASE DIRECTORY

Anyone interested in obtaining information not only on the databases offered by the Commission, but on the 780 other databases that are accessible in the member states of the E.C., would probably use DIANE GUIDE first.

This free database gives detailed information on 500 database producers, 80 hosts and 800 databases and data banks. A quick online user guide should help all those who are not familiar with the software to get started. Information such as host addresses, contact persons, scope of records, access constraints, and access fees provide a unique tool in getting to know the European database market.

ECDIN

CHEMICALS AND THE ENVIRONMENT

The Environmental Chemicals Data and Information

"How many decisions has the Court of Justice taken in cases involving customs valuations?"

"Has the E.C. Commission published any reports on research into superconductivity of high-temperature materials?"

Network is a databank on chemicals available on the European market and likely to have an impact on the environment. It is administered by the Joint Research Center of the Commission and fed by numerous contractual data suppliers.

The databank includes over 350,000 chemical names covering 65,000 chemicals. For about 50,000 substances, searches can be performed on chemical structures. Data on acute toxicity is recorded for about 20,000 substances. Pharmaceutical products, already subject to stringent controls, are excluded.

As an E.C. database, ECDIN also includes official regulations on the classification, packaging and labelling of dangerous substances and exposure limits in the workplace together with monitoring methods.

ECDIN offers extensive data on the impact of chemicals on the environment such as physico-chemical data for risk assessment, aquatic toxicity, and the environmental implications of pesticides. Carcinogenic data is included for substances with validated data only. For each product, ECDIN supplies the product's identification, its chemical structure, analysis methods (environmental and biological indicators), economic chemistry data and environmental effects.

In the fall of 1987, chemical substances referenced in the European Inventory of Existing Chemical Substances (EINECS), the new benchmark list of chemicals marketed in the E.C., will be specially marked in the base. Ultimately, the ECDIN database will grow to 100,000 substances, most of which will be made up from substances referenced in EINECS.

ECU

EXCHANGE RATES

Although the European Currency Unit (ECU), the pillar of the European Monetary System, has long been the ac-

counting unit of the E.C. institutions, it has increasingly found its way into private use by European investors and companies. In past years, the ECU has also been used in major E.C. borrowings on international capital markets, including the United States.

This free database gives the daily exchange rate of the ECU against 22 major currencies, including the Yen and the U.S. dollar.

ENDOC/ENREP

ENVIRONMENTAL RESEARCH

ENDOC, the online directory of environmental documentation centers and ENREP, its sister inventory of environmental research projects were set up in December 1975, when the Council decided to establish a European information system in the environmental field. By the end of 1987, they will be combined in one new database called ENREP-NEW.

Both inventories are cooperative systems in which information is collected on a national basis by the various ministries in the member states under the management of the Commission. Any organization that makes information available on pertinent environmental subjects can be included in the databases.

ENDOC provides information on a wide range of services useful to people involved in research projects: archives, abstract journals and indexes, current awareness notifications, directories, consulting, translation and referral services. ENREP provides information on the projects themselves: researchers' names, organizations sponsoring the research, abstracts, project status, etc.

IES

INFORMATION TECHNOLOGY RESEARCH

ESPRIT, the E.C.'s program of research on information technologies aims to close the gap between the E.C. and its competitors in the com-

puter field by stimulating research at the pre-competitive stage, mid-way between basic research and commercial applications. In the first year, 104 projects involving 540 participants were launched. RACE, the E.C.'s program of research into advanced telecommunications is modeled on the same idea.

The IES database is part of the ESPRIT Information Exchange System, an advanced electronic network allowing current and/or potential ESPRIT participants to know what is going on under the program. It is also a link between the various multinational research teams. The IES database, with its three sub-files, has now been made available to the general public with the aim of providing useful directory and reference services for the entire information-technology community.

The three sub-files cover the following subject areas:

- publicly funded R&D projects being carried out by organizations specializing in information technology (ESPRIT, RACE);
- resources and research site facilities for network services used by organizations involved in this field;
- personal addresses, in the various electronic mail systems, of individuals involved in research and management.

IES-DC uses existing data collections that are already available on a national or sectoral basis. The information is supplemented and processed in such a way as to form a consistent, comprehensive database with European-wide coverage.

EURODICAUTOM

MULTILINGUAL ACRONYMS AND ABBREVIATIONS

Did you ever wonder what the abbreviation or acronym ABC could mean? EURODICAUTOM, the terminology databank of the Commission has 29 answers to this query, depending on the context and the language in which the term is used.

Compiled over the years

by the translation services of the Commission for their own use, its subject and language coverage was increased to include input from other sources, such as the European Parliament, national terminology offices and professional bodies.

EURODICAUTOM has become invaluable to terminologists and translators as it currently contains about 420,000 scientific and technical terms, contextual phrases and definitions in all languages of the E.C. except Greek. In addition, it offers explanations and interpretations of more than 120,000 acronyms and abbreviations.

MEDREP

MEDICAL RESEARCH

For many years the E.C. has financed research on occupational diseases and safety in the coal and steel industries. More recently, it has taken an interest in major medical and public health problems whose solution could be hastened by better coordination.

MEDREP, the online version of the permanent inventory of biomedical and health-care projects in Europe serves that purpose. Its objectives are threefold: to follow trends in biomedical research in the member states to draw attention to any gaps or duplication in research, to further scientific contacts between researchers and to provide a basis for coordination and planning of research between policy-making bodies in the field of biomedical sciences and health care.

Although this database is already available to the general public, it is currently still in its testing phase and may undergo additional changes.

PABLI

DEVELOPMENT ASSISTANCE PROJECTS

The Commission's Directorate-General for Development Affairs supervises a growing number of development projects in the ACP States (signatories of the Lomé Convention, a trade-and-aid treaty

linking the E.C. with 66 developing countries), the Mediterranean countries and non-associated developing countries in Asia and Latin America.

The database PABLI (Pages Bleues Informatisées) aims to take stock of the progress made by these projects, prior to their completion. The following information is supplied: project title, responsible body, estimated cost, brief description and project status. Currently free, the database will at some point be available for an approximate fee of \$20.00/connect hour.

A special feature allows users to subscribe to a customized telex service providing information on certain projects that are of geographical or sectoral interest, thus avoiding online searching.

SESAME

ENERGY PROJECTS

The E.C. has been involved in energy projects aimed at improving the energy supply situation of the Community. Firstly, the E.C. supports projects aimed at improving the technologies associated with the location and production of traditional fuels (hydrocarbon technology) and secondly, it is actively involved in demonstration to replace traditional energy sources with suitable alternatives and encourage energy conservation (demonstration program).

SESAME is a documentary and statistical database covering those research activities and will be available at the end of October. Currently containing a thousand records of current ongoing projects, it will grow to include national R&D programs not yet referenced.

TED

PUBLIC WORKS AND SUPPLY CONTRACTS

Every day, Tenders Electronic Daily is updated with public calls for tenders covering more than 200 commodities in over 80 countries (including Japan) and worth

billions of dollars. Construction and other public works projects in the E.C. as well as similar projects funded by the European Development Fund in the ACP countries are also covered. U.S. government tender announcements are likely to be included during 1988.

Any company may bid on any call for tender offered on TED. However, the member-state purchasing authorities have no legal obligation to consider bids from the United States and other non-member states if the tender does not fall within the "Public Procurement Code" of the General Agreement on Tariffs and Trade (GATT). In those cases, referred to as "restricted tender procedures," only European companies or affiliates of U.S. companies incorporated in one of the E.C. member states have a legal right to be considered as an official bidder.

Just as with the PABLI base, the ECHO host will send a telex with all tender specifications according to a special profile or "wish-list" that a user requests. For example, a company wishing to deal only with public supply contracts for hospital equipment may want to take advantage of this special feature allowing them to be informed of only those tenders, thus eliminating online searching.

THESAURI

THESAURUS CONSTRUCTION

THESAURI is an analytical inventory of all current structured vocabularies which have appeared in at least one of the official languages of the Communities. THESAURI will assist in choosing an appropriate documentation language. Accordingly, duplication of work in the production of new thesauri or in the standardization of different thesauri on the same subject field can be avoided.

Descriptions, bibliographies and details on the structure of more than 1,000 different thesauri, including

thesauri from the United States and Japan are included in the inventory.

A growing number of economists, government policymakers and international businessmen are finding it increasingly necessary to follow, regularly and in depth, macro- and micro-economic changes in the E.C. member states, as well as the trade patterns of the E.C. with worldwide partners.

Statistical databanks providing this information were developed and are maintained by the Statistical Office of the European Communities (EUROSTAT). EUROSTAT's function is to collect, harmonize and disseminate statistical information on member states and certain non-member countries.

Unlike all other currently available databases from the Commission, some statistical databases are directly accessible here in the United States as well as in Europe.

Most hosts offering access to the statistical databanks of the E.C. provide professional support as well. Specialized staff researchers can usually perform customized data searches presented on the support media of the client's choice.

CRONOS

ECONOMIC STATISTICS

CRONOS is the premier data collection of European macro-economic statistics because of its comprehensive coverage, timeliness and authoritative source. It comprises over 800,000 time series going back at least to the mid 1960s. Subdivided into 25 different subject domains, it covers the full range of activities of the E.C. including finance, economics, demographics, agriculture, steel, energy, research and development and foreign trade statistics. Sophisticated software provides tabulation and graph capabilities, statistical calculations, multilingual descriptions and product codes.

Although each domain

deals with one aspect of economic activity, three files within CRONOS comprise a selection of series covering the most relevant data on the economic situation for each one of the member states, aggregates for the E.C.-12 and E.C.-10, the United States and Japan:

- Eurostatus, provides 50 main indicators (800 series, updated daily) for a rapid initial analysis;
- Eurostatistics, provides 625 macro-economic indicators (10,000 series, updated bimonthly);
- ICG: provides 3,750 macro-economic indicators (60,000 series, updated bimonthly), allowing more subtle and expert data manipulation.

Eurostatus will soon be available on a monthly subscription basis, in a diskette format containing a basic retrieval software. For further details, please contact EUROSTAT.

COMEXT

TRADE STATISTICS

COMEXT is the E.C.'s external trade databank. Monthly series cover 36 months of E.C. trade with the rest of the world in value and weight, as well as in quantities for certain products (pairs, numbers, etc.).

The data is organized according to the tariff nomenclature, covering more than 8,000 products. This classification is linked with the five-digit Standard International Trade Classification (SITC) nomenclature. Products can be monitored under either nomenclature. In 1988, data will be available according to the new Harmonized Commodity Description and Coding System.

REGIO

REGIONAL STATISTICS

REGIO is the E.C.'s regional statistical databank. It covers the principal aspects of the economic and social life of the E.C.'s regions: demography, economic accounts, employment, industry, transport and agriculture.

Throughout Europe, service companies have been set up which offer databases created by a wide variety of organizations and which are linked to their national telecommunication networks. Except for the statistical databanks which are accessible here in the United States, all the databases described above are available through European vendors. None of these European hosts has a broker or a representative in the United States, but all are easily accessible from outside Europe. A complete vendor list giving the addresses of the hosts, including their "network user address" (NUA) which is the access number of the computer, and the name of the national transmission network, is provided in the box on page 24.

User Support

The need for training depends on the retrieval language and the sophistication of the user in database systems. Training for the free databases available on ECHO is usually available online. Training for the fee-based databases is calculated on a case-by-case basis, depending on the size of the group wishing to be initiated, its sophistication and location. A separate fee may be assessed for additional user manuals.

All hosts provide a HELP DESK allowing users to get in touch with database managers when things get difficult. Some hosts also use mailbox systems, allowing users and user support staff to communicate online.

Hours

All databases are available 24 hours, 365 days a year, except for periodical system maintenance. Help Desks are open during regular business hours, European time.

Offline Print/Selective Dissemination

In order to reduce telecommunication line charges, some hosts offer "offline printing," allowing users to receive the printed results of their search via regular mail

service directly from the host. Usually, a special fee is assessed per record. A more sophisticated approach is the Selective Dissemination of Information (SDI), a service offered by some hosts, including ECHO for the PABLI and TED databases. Under such an arrangement, the search is performed by the host each time the database is updated and the result is mailed directly to the user.

Costs

Of the 22 databases promoted by the Commission, 12 are currently available free of charge. User charges for all other bases may simply be an hourly connect fee or a combination of charges, including an annual subscription fee, an hourly connect charge, a fee per record searched and/or displayed. It is often worth checking out competing hosts.

Charges for initial training (when necessary) and user manuals are calculated separately. In any event, telecommunication line charges from the United States to Europe are to be supported by the user.

Equipment

Access to the bases may be through a teletype terminal or microcomputer with an RS-232-C serial interface, plus a modem or acoustic coupler and an asynchronous communications program. Almost all currently available micros may be used, including personal computers (as long as they have a serial interface or an internal modem).

Some additional technical hints that may prove to be helpful: the equipment should be set on full duplex transmission, at a speed of 1200 baud, with one stop bit and no parity.

Telecommunication Access

To obtain access to the statistical databases available through Wharton Econometrics in the United States, please get in touch with TYMNET. TYMNET will provide

a password to get directly into Wharton's UNI-COLL computer in Philadelphia.

For all other databases, you need to go through the national telecommunication networks of the member-states. To obtain access to LUXPAC, TRANSPAC, DATEX-P, DATAPAK or PSS/MULTISTREAM, one has to use the overseas telecommunication lines provided by TYMNET. Linda Cook at MCI—(914) 934-6304—will provide a user number, a password and a local telephone number to reach the TYMNET lines.

The charges for using the telecommunication network are as follows:

- \$10.00/hour connect time;
- \$12.00/1,000 segments of a maximum of 64 characters transmitted each way;
- \$4.00/month maintenance fee.

If your equipment complies with the above-mentioned technical specifications, and if you are interested in one of the bases, please request a basic brochure from the host. It will provide you with up-to-date information on the contents of the database, the most recent rate schedule, training options and a user agreement. After returning the signed agreement, you will obtain a password.

You are now ready to access an overseas host from the United States: dial the local number into the Tymnet lines, after the prompts "please log in:" and "password:," enter the information provided by MCI. After the system prompt ":", type in the network user address (NUA) of the host and finally your personal password. A wealth of information is yours.

For additional information on E.C.-sponsored databases, please contact the European Community Information Service, 2100 M Street, NW, Washington, D.C. 20037, tel. (202)862-9500. €

Elisabeth Hardt is the information officer responsible for databases at the E.C. Commission's Delegation in Washington, D.C.

Fifty tables contain annual data (except unemployment data which is kept quarterly) on 160 main regions and 800 sub-regions of the Community. Although the data is annual, the database is updated in a continuous fashion with the latest information.

"How many cars did the Federal Republic of Germany export to the United States during the first six months of 1987?"

"Which documentation centers can provide expert assistance in research projects on water sewage disposal?"

EUROPE PLAYS IMPORTANT ROLE IN DEBT CRISIS

E.C. EFFORTS TOWARD SOLUTION ARE LARGER THAN COMMONLY SUPPOSED.

SEAMUS O'CLEIREACAIN

In 1970, the total external debt of the Third World was roughly \$100 billion. Since then, Third World indebtedness has passed the trillion-dollar mark. From 1980 to 1985, developing countries paid a little under \$400 billion in interest payments on their external debt. Brazil and Mexico each paid approximately \$47 billion in interest out of a total of \$250 billion for 12 major borrowing countries. These are stupendous sums. They have been paid with no end in sight to the debt crisis that has engulfed developing countries since 1982.

The European role in efforts to solve the Third World debt crisis receives little attention, but is much larger than commonly supposed. The U.S. media tend to leave the impression that it is a problem unique to U.S. commercial banks. In reality, U.S. banks' share of total developing country bank debt and of lending to Latin America is approximately 40 percent. The rest of this is owed to European and Japanese banks.

The size of E.C. bank loans to developing countries is a reflection of the fact that two E.C. member states, the United Kingdom and the Federal Republic of Germany, are among the world's major creditor nations. At end-1985, as the United States slid into a net debtor position of \$107 billion, the United Kingdom and the Federal Republic had net external assets of \$116 billion and \$71 billion, respectively. The largest E.C. bank lenders have been British, French and German. At the end of 1986, the British share of the bank debt of non-oil developing countries was approximately 11 percent, the German share was approximately 9 percent and 1985 French bank exposure was reported to exceed that of the Federal Republic of Germany.

In addition to their commercial bank debt, developing countries have borrowed from developed country govern-

ments. Here also, there is substantial European presence. E.C. member states have provided a significant share of the total official creditor debt of developing countries. From 1980 to 1986, the Official Development Assistance (ODA) of the E.C. member states exceeded \$88 billion. This was 44 percent of all ODA from member countries of the Organization for Economic Cooperation and Development, more than one and a half times U.S. levels and more than treble Japanese aid.

Amongst the debtor countries are a number with formal ties to the Community. Turkey, which has applied for full E.C. membership, is one of 12 countries on the World Bank's list of Major Borrowers. Three African, Caribbean and Pacific (ACP) countries, Ivory Coast, Jamaica and Nigeria, are among the World Bank's 17

Heavily Indebted Countries. Many other ACP countries have been the focus of special efforts aimed at assisting sub-Saharan Africa.

E.C. Response

The E.C.'s response to the crisis has occurred at three distinct levels: measures emanating from Brussels, actions of individual member governments and activities of European commercial banks. At the Community level, actions in the international monetary field are not as concerted as in the trade field, where membership in the E.C.'s customs union requires member states to cede international negotiating authority to the Community. However, E.C. member states attempt to come to a common position prior to meetings of the International



In an effort to deal effectively with the debt crisis, the E.C. has called for more multilateral resources. Claude Cheysson (above) is the E.C. Commissioner responsible for development.

Monetary Fund (IMF) and the World Bank, and the President of the Commission has participated in developed country debt discussions as a member of the annual Western economic summit meetings of Heads of State and Government.

Recent E.C. response has been guided by a 1986 report of the Monetary Committee of the E.C.'s Council of Ministers. The report called for a continuation of the IMF's "case-by-case" strategy, greater foreign-aid flows, more reschedulings within the Paris Club—an informal gathering of governments to work out problems with debt repayments—if necessary and increases in the lending facilities of multilateral lending agencies. It pointed out that E.C. member states were responsible for over half of the debt relief provided through Paris Club reschedulings. Touching on a source of great friction between developing countries and the IMF, the Council called upon the IMF to "present the necessary conditionality in a politically more suitable way in individual cases."

Actions taken by member states have ranged from the introduction of new regulatory measures to protect their commercial banking systems; central bank participation in bridging loans provided to some debtor countries through the Bank for International Settlements (BIS); reschedulings of official creditor debt to the IMF, the World Bank, International Development Association (IDA) and related agencies; and forgiveness of debt of the poorest developing countries. Among the emergency bridging loan facilities in which members have participated have been loans to Argentina in 1985 and 1987 and a loan to Nigeria in 1986.

The plight of sub-Saharan African countries has been a particular concern of the Community. There has been some European questioning of the manner in which countries were chosen for inclusion in the Baker Plan, with suggestions that the list did not include enough African countries and was too oriented toward U.S. interests in Latin America.

Throughout the crisis, the E.C. has called for more multilateral resources. E.C. member states have clashed with U.S. positions on the amount of assistance to be provided by the IMF, World Bank, the IDA and the Inter-American Development Bank. These differences have involved the size of the new resources to be made available and the way in which contributions would be divided among developed countries.

A 1986 Commission report to the Council called for increases in member-government ODA and larger member-state contributions to the resources of

multilateral lending agencies. The report called for applying pressure on the United States to agree to increases in the capitalization of the World Bank. Replenishment of the IDA was particularly important to sub-Saharan Africa. The Commission report pointed out that E.C. member states had provided 37 percent of the resources available in IDA VII and the Special Fund for Africa, while the U.S. share had been 23 percent. In an earlier dispute with the Reagan Administration over the funding for IDA VI, E.C. member states had increased their contributions to make up for the Reagan Administration's shortfall and had provided 38 percent of IDA VI resources. E.C. member states such as France, the Federal Republic of Germany and the United Kingdom have cancelled some of the official creditor debt of the poorest debtor countries instead of merely rescheduling it. By 1986, these cancellations approached \$4 billion.

E.C. GOVERNMENTS HAVE PROVIDED A LARGE SHARE OF THE TOTAL OFFICIAL CREDITOR DEBT TO DEVELOPING COUNTRIES.

Bank Response

As U.S. banks reduced their exposure in non-oil lesser developed countries after the eruption of the crisis in 1982, European banks took up some of the slack. To some extent, recent increased European exposure reflects the influence of a falling dollar on a debt that is not entirely dollar-denominated. At the end of 1986, U.S. exposure in the Baker-17 countries was 7 percent below 1982 levels. In contrast, British banks had increased their lending to this group by 9 percent and German banks also are reported to have expanded lending.

European commercial banks have been major actors in commercial bank reschedulings. In commercial bank renegotiations with debtor countries, there have been some areas in which the interests of the European banks have not coincided with those of U.S. or Japanese banks. These conflicts reflect some differences in debtor-country exposure. They also reflect differences in capitalization and loan-loss reserves due to varying national regulatory responses and tax treatment of banks. E.C. banks have been in a much stronger position than their U.S. counterparts to withstand losses that arise from developing country debt difficulties. European countries tend to be more generous than the United States in their deductibility of loan-loss reserves, a factor that encourages the holding of larger loan-loss reserves. In bank debt re-

structurings, European banks have usually favored capitalizing unpaid interest rather than lending new money because their banking and tax laws encourage loan-loss provisions. This has placed them at odds with U.S. banks. The recent depreciation of the dollar also bolstered the reserve position of E.C. banks since loan-loss provisions are usually made in local currency while much of cross-border lending is denominated in dollars.

In early 1987, U.S. and British bank regulators announced agreement on a proposed common set of capitalization standards in the first international regulatory response to the growing riskiness of international lending. The proposals called for both banking systems to adopt risk-based capitalization standards that would make capitalization requirements more sensitive to the individual levels of risk attached to different types of assets. The U.S.-British agreement was seen as

the first step in international coordination of capitalization standards. In a further joint proposal in March 1987, U.S. and British regulators proposed a further increase in bank capitalization to protect against the risks in interest and exchange-rate "swaps."

Conclusion

After five years, the debt crisis has matured, but not disappeared. Throughout the crisis, the E.C. member states have argued that the present case-by-case approach to the crisis needs augmenting with debt relief, greater multilateral financing, more realistic IMF policies and an avoidance of any new protectionist measures that would further worsen debtor countries' difficulties.

In late 1987, debtor countries once more face the danger of rising interest rates. In the absence of greater coordination of macroeconomic and exchange-rate policies among Group of 5 countries—the United States, France, the United Kingdom, the Federal Republic of Germany and Japan—and a long-term solution to the U.S. budget deficits, U.S. interest rates must be used to provide some support for the dollar. With over half of total Third World debt contracted at variable rates, a new round of rising interest rates will threaten the success of the five-year-old case-by-case restructuring strategy. ☐

Seamus O'Cleireacain is assistant professor of economics at Columbia University.

POLITICAL COOPERATION PROCESS GAINS CLOUT

SINGLE EUROPEAN ACT TREATY REVISION STRENGTHENS E.P.C. FOREIGN-POLICY COORDINATION.

CLIFFORD HACKETT

From the start of the European Community idea, foreign policy has been the no-man's-land between national and European sovereignty. For those who want to limit the Community primarily to a customs and trading union, foreign policy must always be kept apart from Community institutions. For those like Jean Monnet and his followers, the Community system necessarily leads to a European foreign policy. This tension remains as strong today as in 1952, when the Community began and a common foreign policy was a priority.

In the special grammar of the Community, "Political Cooperation" is the name for foreign policy coordination among the 12 E.C. member states. It is also a sensitive barometer of European integration since the E.C. countries each view foreign policy as one of the last prerogatives of the sovereign nation state.

In the first years of the Community, a single foreign policy was an important but elusive goal. But after European political

integration was blocked in 1954, foreign-policy coordination was put aside and economic issues prevailed. Now attention is again being given to foreign policy but this time in a very tentative way with distinct detachment from Community institutions. The Single European Act (SEA), a treaty revision that went into effect this year, provides for the opening of a secretariat in Brussels for European Political Cooperation (EPC), which has only existed as a quasi-institution of the Community since 1970. This office has operated quietly since January with borrowed national civil servants as its small staff in a building near the Commission and the Council of Ministers in Brussels. The EPC secretariat promises to remain one of the Community's best-kept secrets. A little history can illuminate the reasons for this change in priority and visibility.

A Look Backward

When the European Defense Community treaty failed in the French National Assembly in 1954, a companion plan for a European political community was left to die. The "relaunching" of the Community with a customs union came the next year

at Messina, Italy where the Six's Foreign Ministers met. The Treaty of Rome followed to launch the European Economic Community.

The next decade saw a strengthening of national political direction, led by Charles De Gaulle's strong leadership and his determination that a "Europe of states" under French leadership was the continent's destiny. Even after de Gaulle, foreign-policy coordination stressed the mechanics of EPC, propelled by the euphoria of the first enlargement that brought Britain, Denmark and Ireland into the Community.

The prevailing informal foreign-policy coordination, the original Six believed, now had to become part of a more vigorous move toward full integration. In the 1970 Davignon Report, named for the Belgian political director who drafted it, the Foreign Ministers would meet at least twice a year. A political committee, composed of the ministries' directors of political affairs, would meet four times a year both to prepare the Ministers' meetings and to carry out their decisions.

The Davignon Report did not alter the fact that EPC continued to take place largely outside Community institutions. Despite the Foreign Ministers' role, the summit meeting of government and state heads, which is an intergovernmental, not a Community, forum, has become the principal point of exchange for foreign policy. When the summits were made regular in 1974, with at least two sessions a year, EPC also developed institutionally. However, this was not as a Community institution, but rather national governments meeting as sovereign equals.

The only experience that the E.C. institutions have with foreign policy comes from the colonial heritage of the original

Clifford Hackett is completing a book on the European Community.

The 12 Heads of State and Government signed the Single European Act at the European Council meeting in Luxembourg in 1985.



member countries, which committed themselves in 1963 to a foreign-aid and economic-development program for their former overseas territories. When Britain joined the Community in 1973, this aid expanded into the Lomé Convention trade-and-aid treaty with a number of African, Caribbean and Pacific (ACP) countries. Administered by the Community's executive branch, the Commission, the ACP effort is not really part of political cooperation. But it does provide Community institutions with some direct experience in foreign affairs and thus serves as preparation for the institutional expansion of EPC that may come.

EPC in Action

The mechanisms of EPC, including its secretariat, are not the main measure of its limited success. Rather, a pattern of foreign-policy cooperation has developed, of which an early and outstanding example came at the Helsinki Conference on Security and Cooperation in Europe (CSCE), starting in 1973. Here the E.C. members argued out a common position on most issues, sometimes to the consternation of Henry Kissinger's State Department, which seemed to prefer dealing with individual E.C. countries rather than with an agreed position of nine members.

This habit of E.C. cooperation continued in many other international meetings, including the United Nations itself and many of its agencies. Slowly the world of diplomacy noticed that despite retained national sovereignty, a Community position now developed with increasing frequency.

A second, and more controversial, example of EPC in action was the Declaration on the Middle East at the Venice summit in June 1980. While the declaration was even-handed in assuring Israel as well as the Arab countries of Community understanding and support, it set strong conditions and guarantees for an E.C.-guaranteed peace settlement. Explicit recognition of Palestinian rights was needed, the statement said. Israeli occupation and settlement of conquered territories was also condemned. Nothing came of the E.C. guarantee offer, but it was a marker in EPC history.

The EPC Mechanisms

EPC is more a method and a process than specific actions, policies or results. These are the principal mechanisms of EPC:

- Formal meetings of the Foreign Ministers take place four times a year and are limited to items of "major importance" and directed to "matters for decision." When the Foreign Ministers meet informally twice a year, there is strict con-

fidentiality, with no formal agenda and no interpreters or staff present.

- The Political Committee, composed of the political directors of the 12 Foreign Ministries, prepares the Foreign Ministers' meetings and carries out their decisions.

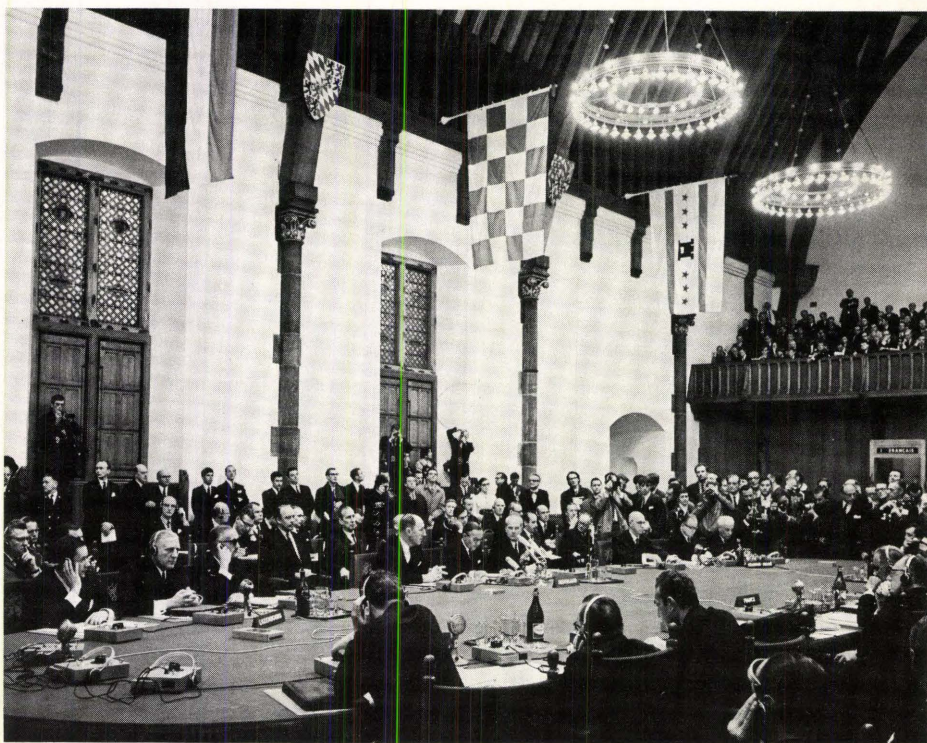
- The European Correspondents, who are the senior Foreign Ministry officials dealing exclusively with European affairs and who conduct the COREU telex network of EPC, organize political cooperation and direct the ad hoc working groups in their ministries.

- In non-E.C. countries and international organizations, Ambassadors of E.C. members are urged to meet together often and to assess developments, with their "first instinct" being coordination with other E.C. countries.

The directly elected Parliament, in an important report during its first session, declared that security meant more than arms and strategic doctrines. EPC should cover East-West relations, arms control and, eventually, a definition of the Community relationship with NATO and the United States, it said.

Simultaneously, the Council of Ministers, through a report by German Foreign Minister Hans-Dietrich Genscher and Italian Foreign Minister Emilio Colombo, proposed a relaunch of the Community by a treaty consolidating its institutions and EPC. They also asked for a regular meetings of E.C. Defense Ministers.

However, only when serious discussions developed within a frustrated Parliament on revisions of the Treaty of



The European Summit meeting in The Hague in December 1969 was decisive in planning and shaping the idea of European Political Cooperation as we know it today.

Security Questions

For the Community's first 25 years, its members were content with the decision embodied in the Treaty of Rome to leave defense and security matters to other organizations, principally the North Atlantic Treaty Organization (NATO). Several developments gradually brought these questions into Community purview. One was the 1973 Helsinki CSCE meeting, which involved some defense matters.

A second involved defense procurement and industrial competition. By the early 1980s, both the European Parliament and the E.C. Council of Ministers moved into this borderline field, which clearly involved military matters but did not directly confront NATO.

Rome did attention focus on how EPC could be improved. The Parliament's Draft Treaty on European Union adopted a "maximalist" approach to political cooperation by requiring certain procedures and insisting on certain results, in contrast to the step-by-step approach of the Council. The Parliament struggled to break out of the Community's treaty limits on both its role and on true political union. The Parliament's ideas were too radical for the E.C. member Governments. A much more modest reform of E.C. procedures took effect under the Single European Act.

In addition to creating a secretariat for political cooperation, the SEA treaty speci-

Continued on page 47.



UNITED KINGDOM

WITH UNEMPLOYMENT FALLING AND ECONOMIC GROWTH RISING, THE OUTLOOK IS GOOD.

SARAH HOGG

As British Chancellor of the Exchequer Nigel Lawson likes to point out, 1987 has been the seventh successive year of economic growth for the United Kingdom. It was no coincidence that it saw the re-election of Prime Minister Margaret Thatcher with a hefty parliamentary majority, an event that made it virtually certain that the Conservative Party will govern Britain for the entire 1980s, and indeed probable that it will do so under one single leader.

This remarkable achievement of a third term occurred with inflation little changed since the previous election (in 1983) and with unemployment still close to three million, but on the crest of a rise in real earnings—up more than a fifth for those who do work—since Thatcher took power. And it took place at a time when most of the economic indicators seemed to be set fair. The jobless totals were falling from month to month; industry was reporting record order books. International institutions, such as the Organization for Economic Cooperation and Development, were giving Britain a cleaner bill of health than they had for some considerable time.

The Thatcher Government's other favorite claim is that growth in the United Kingdom in 1987 has been stronger than in any other major economy. That is not necessarily saying a great deal, since 1987 has been a year characterized by a

singularly weak performance in the Federal Republic of Germany, and even in Japan and the United States. But for Britain, which has not been one of the highflyers of the industrial world for some decades, it is saying a good deal.

After a pause in the summer of 1986—when Britain's growth rate shrank below 2 percent—the economy picked up at the turn of the year. Unemployment began to fall at a rate that could be seen to reflect a more profound change than that which had been induced by the introduction of new work schemes and a tightening of the benefit rules. By the second quarter of 1987, Britain's growth rate was up to 4 percent; by August, indeed, there was concern that the economy might be overheating. For the first time in six years, interest rates were raised at a moment when there had been no alarms about the pound sterling.

This marked an important change in policy. Since 1981, the Thatcher Government has striven to keep its economic recovery going by lowering interest rates when it could without risk to sterling—while at the same time endeavoring to cut the public-sector deficit. In his 1987 budget, Lawson signalled an end to that particular road. His strategy for the next four years—in effect, his economic prospectus for the electorate—indicated that the public sector's deficit was simply to be held at its present level, which was roughly 1 percent of the national income.

That figure was, admittedly, a bit artificial. It had been brought so low by the Government's privatization program. The "sale of the century," which had created the new legions of private shareholders whose votes had helped to re-elect Prime Minister Thatcher, was to be continued in the next Parliament by some even more ambitious sales: of the Government's remaining stake in British Petroleum, of the water utility and even of the electricity network. Without these asset sales, Britain's public-sector deficit would be at least twice as high. Yet disposals on the scale planned could be counted on to fill the gap for the four years ahead; and meanwhile, the Government had signalled an end to tightening the fiscal reins.

At much the same time, the British Chancellor locked the pound into the exchange-rate targets agreed between the owners of the world's major currencies, the "Louvre Accord." This, it seemed, would dictate monetary policy. While Thatcher remained resistant to full membership of the exchange-rate mechanism of the European Monetary System (EMS),

Lunchtime in London's financial district.

it became increasingly clear that Britain was pursuing a stable exchange rate, an ambition that the Chancellor finally articulated openly early in September. Moreover, it was plain that the focus of that stability was the currency that dominates the EMS: The pound was being held between 2.80 and 3.00 German marks.

Even so, this target did not supply all the answers to the monetary dilemma that had emerged, during the 1980s, with the collapse of the Government's money-supply targets. Following the June election, with at least four years stretching ahead and money and credit both rising fast, the re-elected Thatcher Government felt obliged to raise interest rates

The wage round of 1986-87 saw an admittedly mild repeat of the usual pre-election jump in public-sector wage increases, while private-sector earnings continued to increase by over 7 percent. Continuing sharp gains in productivity helped to keep inflation below 5 percent, and indeed encouraged the Government to lower its forecast for the end of the year to below 4 percent. But these signs, in turn, raised the growth rate at which the Government had to aim if it were to keep unemployment falling. In an attempt to break out of this particular circle, the Government was introducing tax incentives for employees who took a proportion of their pay in profit-related form.

It cannot, however, be said that the market's alarms were persistent, or that they appeared to be shared by the Chancellor. On the international scale of things, indeed, Britain's current-account position seemed a pretty fair compromise between the vast deficit of the United States and the excessive surpluses of Japan and the Federal Republic of Germany. The Government did not seem minded to alter its budgetary strategy; but this presented the Chancellor with problems, too.

The Thatcher Government began its third term with public spending held in a looser rein, and large public expectations of income-tax reform. Since late 1986, it had ceased trying to cut public spending, or even to hold it constant in real terms; its aim was merely to reduce expenditure as a proportion of national income. With income rising strongly, this permitted real increases, eagerly fought for by ministers new to their posts. After the post-election reshuffle, the pressures eroded the Chancellor's scope for tax cuts.

With less scope for tax reductions, the possibilities of reform were inevitably reduced. Tax changes that merely redistribute the burden are never popular, and the Government was already committed to a redistribution of local taxation—the switch from rates loosely based on property values to a flat-rate “community charge,” or “poll tax”—that would drain every drop of public tolerance. (See *Europe*, September 1987). Nor was it clear what the objectives of income-tax reform would be.

Britain's Chancellor was dogged by the surprise success of his reform of company tax, launched on an unsuspecting industry, without warning, in 1984. Since then, the powerful lobbies that protect the most important tax breaks in the British system—on mortgage-interest relief and surrounding pension funds, to say nothing of the widespread exemptions from value-added tax—have been alert for the slightest hint of change.

Before the 1987 election, the Prime Minister was cornered into commitments that greatly reduced the Government's room for maneuver. Within his targets for public finance, it was pretty clear that the Chancellor would be able to find the money to bring income tax down to the long-promised 25 pence in the pound and even lower, and to follow the international trend toward lower top tax rates. How he would manage to satisfy his appetite for further tax reform remained, however, something of a mystery. €

Sarah Hogg is finance editor of *The Independent* in London.

GROWTH IN THE UNITED KINGDOM IN 1987 HAS BEEN STRONGER THAN IN ANY OTHER MAJOR ECONOMY.

simply to re-establish its counter-inflationary credentials.

Arguably, that one-point rise in bank rates merely returned the economy to business as usual. Interest rates had been cut too far before the election, in a fashion justified by the excessive strength of sterling, but that was also, of course, politically most convenient. The rise in interest rates was, however, an acknowledgment of inflationary danger. While inflation, which had crept up during 1987, seemed set to fall through the autumn, the underlying rate had fallen little during the second Thatcher Parliament, and there were danger signals flashing. A Government committed to stable prices—sometime—had to make a new earnest of firm intent.

The economic problems confronting the Government in its third term could be grouped into four. First, of course, there is the continuing high level of unemployment. Even as the total dipped below three million in the summer of 1987, it became clear that economic growth would have to be sustained at 3 percent or more to continue the same rate of improvement, and independent forecasts for 1988 suggested rather less.

Second, wage pressure. In the summer of 1987, renewed anxiety about inflation had been focused on the surge in monetary growth, other immediate warning signs such as the rapid rise in house prices and the rebound in commodity prices. But it was the inability to bring wage increases down to the rates prevailing in competitor countries that formed the bedrock of the United Kingdom's inflationary problem.

There is, however, no real expectation that this will have an immediate impact on the yearly wage cycle.

For 1987, at least, the balance of growth and inflation looks remarkably even. Indeed, official optimism—which has led the Government to revise up its forecast of the growth, even as it revised its inflation forecast down—is supported by other forecasters. Unless inflation can be further reduced, however, it will continue to complicate the third set of problems, which concern the management of sterling.

The Louvre Accord did not provide a haven for the pound. It created a dollar-based system of exchange-rate targets, at a time when American commitment to this system was distinctly suspect, and market suspicions have made it more difficult to manage. Even so, it has endured remarkably well; and it did, of course, enable the Government to shadow the German mark without formal full membership of the EMS. But that raised questions about Britain's ability to maintain competitiveness with the Federal Republic of Germany.

The question was given particular point by Britain's drop into deficit on the current account of its balance of payments. The figures for 1986 remained in confusion, with official statisticians alternately revising the deficit to near balance, then re-revising it up to about £1 billion. During 1987, however, the markets periodically became alarmed about the possibility of worse figures. Most independent forecasts suggested that the deficit would increase through the turn of the year.



For those who've already arrived.

BRITISH AIRWAYS

The world's favourite airline.™

THE LURE OF THE ATLANTIC

EUROPEANS DOMINATE MOST RACES.

HERVE GUILBAUD

The night watchmen at the port of La Rochelle on the west coast of France couldn't believe their ears: The young, bearded man who showed up last July 27 on a large windsurfer claimed he had just crossed the Atlantic from New York. After checking into the story, they overcame their initial disbelief and confirmed Stéphane Peyron's feat. Peyron's extraordinary crossing came after careful preparation and training that included an initial 500-kilometer solo trip in 1984 and a shorter trans-Atlantic crossing from Senegal to Guadeloupe on a two-man windsurfer last year.

In an age when people can fly from New York to Paris in less than three hours on the Concorde, Europeans remain fascinated by the Atlantic Ocean. On windsurfers, in balloons, in motorboats or in multi-hulled sailboats, the North Atlantic is still the supreme test for adventurous Europeans.

Americans, who have had their share of adventurers, don't seem to catch quite the same dose of this Atlantic fever. Charlie Barr—skipper of the famous schooner *Atlantic* whose record for the crossing set in 1905 from Ambrose Light in New York Harbor to Cape Lizard in Cornwall held for 75 years—Charles Lindbergh and Amelia Erhart—the first man and the first woman to fly across the Atlantic, in 1927 and 1932, respectively—would not believe their eyes. It is hard to explain this phenomenon—perhaps the answer lies with the shortage of space in Europe as compared to the United States.

The facts, in any case, are eloquent. In sailing, all the big trans-Atlantic races, whether crewed or solo, have their origins in Europe: OSTAR (Observer Single-Handed Trans-Atlantic Race), also called the Transat; the *Route du Rhum* (the largest solo race, all the way from St. Malo in France to the French Antilles);

the Twostar; the Discovery Race; and so one . . . the list is long.

All the major champions in ocean racing are also Europeans. While Americans admire Dennis Conner, who won the Americas Cup back from Australia, young Europeans cheer on the likes of Philippe Poupon, Philippe Jeantot, Marc Pajot or Peter Phillips, who are currently masters of the Atlantic. Since the surprise victory of Phil Weld in the 1980 OSTAR, no American has been won any of these super races that are several thousand nautical miles long.

Record times for the trans-Atlantic crossing are also being broken at an amazing rate, yet there are no Americans at the top. Eric Tabarly, sailing a trimaran with rigid sails called Paul Ricard, was the first to break Barr's longstanding record of 12 days and four hours. In 1980, Tabarly made the New York-Cornwall crossing in 10 days and five hours. Only a year later, another Frenchman, Marc Pajot, narrowed the time to nine days and 10 hours on his catamaran *Elf Aquitaine*. In 1984, another catamaran, *Jet Services* skippered by Patrick Morvan, got the record down to eight days and 16 hours. Last year, Loïc Caradec (who disappeared in November 1986 during the *Route du Rhum* race) cut another day in his maxi-catamaran *Royale*.

Finally, in June, Philippe Poupon knocked another eight hours off the record, crossing the Atlantic in just over a week—seven days and eight hours. His boat, the *Fleury Michon VIII*, was designed by Englishman Nigel Irens. During the crossing, Poupon—who won the 1984 OSTAR in real time and the 1986 *Route du Rhum*—also beat the record for the longest distance covered in 24 hours under sail power: It now stands at 520 nautical miles.

In windsurfing, even though Americans invented the sport, they seem most interested in competing in protected waters. Here again, only the Europeans—essen-

tially French, Dutch and West German—are crazy enough to sail a windsurfer around Cape Horn, across the Bering Straits . . . or across the Atlantic. Two Frenchmen, Fred Beauchêne and Thierry Caroni, made the first trans-Atlantic crossing on a windsurfer in 1985. Several years before, another Frenchman, Christian Marty, soloed from the African coast to the French Antilles.

Designed by the architect Guy Saillard, Peyron's windsurfer obviously differs from those sold in retail stores. It measures 7.5 meters long, 1.3 meters wide and .75 meters thick, and there is room for Peyron to stretch out inside for the night. Watertight storage bins carry food.

In terms of physical achievement, the most spectacular feat of the last few years is without a doubt that of Gérard d'Aboville, who rowed across the North Atlantic, alone, six years ago. Two British adventurers, Chay Blyth and John Ridgeway, made the same crossing in the early 1970s, but they did it together.

Blyth has sailed around the world, alone, against the dominating winds (from east to west), and he was part of the British team that, in 1986, beat the record for crossing in a motorboat. Propelled by powerful turbine engines, the catamaran *Virgin Atlantic* took the blue ribbon for the North Atlantic crossing that had belonged to the S.S. United States ocean liner.

European sportsmen's fascination with the Atlantic is not limited to the famous and to devoted long-distance racers. Cruise races are regularly run between the two continents. A recent example was the Constitution Trans-Atlantic race among yachts representing the United States, the E.C. member states and the E.C. as a whole. The winning yacht came from Luxembourg, no small feat for a landlocked nation.

Americans, it seems, are also less interested in aerial feats. It was two Britons, Richard Branson and Per Lindstrand, who in July made the first trans-Atlantic crossing in a hot-air balloon.

Happily, exceptions to this situation exist. In August, forty-two-year old American Jim Dickson, who is 70 percent blind, left Portsmouth, Rhode Island, to try the first solo crossing by a blind person. Although his attempt had to be abandoned, it shows that Europeans are not alone in taking up the challenge, and it represented a tremendous effort to stretch the limits of human endeavor. ☾

Hervé Guilbaud reports from Paris for *Agence France Presse*.

Luxembourg won
the Constitution
Trans-Atlantic race
sponsored by the E.C.
this summer.



NEWS OF THE E.C.



European Community Transport Ministers are working to develop ways to help the European shipping industry recover from its slow decline over the past decade.

INDUSTRY

SHIPPING: STOPPING THE DECLINE

While numerous European shipping companies resort to flying flags of convenience, such as the Panamanian or the Liberian flags, and more than one company engaged in international trade makes use of tramp shipping, the E.C. is giving itself the means to reverse this situation. New regulations came into force on July 1 that seek to guarantee healthy competition within the Community, to enable it to fight against the unfair pricing practices and restrictive measures by third countries which hamper the activities of Community shippers.

The interest in Europe's merchant shipping shown by the Community's leaders is not due simply to a desire to see particular flags flying on the high seas. The fact is that the economic and social stakes are high: some 90 percent of the

Community's external trade and 30 percent of its internal trade is carried in ships.

In 1986 the merchant fleet of the Community's 11 maritime nations accounted for no more than 19 percent of world tonnage, down from 31 percent in 1975. It reached a peak in 1980, only to fall by some 40 percent since then. In 1986 alone, tonnage declined by more than 12 percent. This has meant fewer jobs in both shipping companies and shipyards, and has resulted in bankruptcies among shipowners. Some European exporters, of course, have found it possible to cut their prices by making use of shipping companies that fail to meet international standards of safety, pollution and employment.

The Commission believes that such developments are contrary to the Community's true interests, and E.C. Transport Ministers approved at the end of last year new regulations which should help Community shipping recover lost ground.

BUSINESS & ECONOMICS

COMMISSION STEPS UP USE OF ECU

The E.C. Commission announced this summer that it is stepping up its drive to promote the use of the European Currency Unit (ECU), and to see it used more widely in implementing the Community budget. It is therefore proposing that the Community's financial claims and commitments be denominated in ECU, and has instructed its departments to use the currency unit both in denominating and settling transactions.


These decisions reflect the Commission's determination to ensure that the ECU is actually used whenever present rules allow, and that proposals are made to extend its use to sectors where this is not yet possible. The Commission's objective is to eventually see all the Community's claims and com-

instead of in national currencies—as almost all of them are at present.

In particular, Commission departments have now been instructed to use the ECU when purchasing goods and services for Community institutions and for other contracts, such as hiring outside experts, commissioning studies, and so on. The Commission will also soon be presenting proposals to extend the full use of the ECU to payments from structural funds.

These commitments will be increasingly settled in ECU, which means that recipients will be credited with ECU which they can either keep or convert into the national currency of their choice. It's expected that this will encourage the habit of keeping ECU accounts and reinforce the private use of the currency unit.

Grants denominated in ECU from the structural funds will reach thousands of recipients, many of whom are small businesses located in distant and outlying regions of the Commu-



nity. The use of the ECU for this purpose will help to familiarize people outside the financial community with the Euro-currency.

The decision also has advantages for the Commission. In the past, the ECU was often simply an internal accounting instrument, while practical operations were always carried out in the various national currencies. This led, among other things, to exchange gains and losses. The use of the ECU both for denomination and for payment is a major technical advance for implementing the budget, and will eliminate discrepancies and avoid the types of distortions and differences between the two aspects that have often led to problems in the past.

The ECU is still at a critical stage of its development. It is already in wide use as a financial instrument, but its use in commerce and industry is sporadic. The Commission handles a large budget, a substantial part of which, on both the expenditure and the revenue sides, can be implemented in ECU; it intends to take full advantage of all the opportunities open to it for acting as a catalyst for wider use of the ECU.

The ECU was created to form an integral part of the European Monetary System (EMS), with the same definition as its predecessor, the European Unit of Account or EUA. The ECU as used by the central banks in the EMS plays a specific (albeit limited) role in the functioning of the system.

It is the ECU's use by the financial community, however, which is responsible for its spectacular growth. In the short period since it was created, the ECU has established itself as a major instrument in international financial transactions. An ECU market has developed, not only in Europe, but also in the United States, Japan and the Middle East; the vol-

ume of daily business is comparable to that in other major currencies. ECU issues now outstanding on the international bond market total more than 27 billion ECU, and the secondary market is active. Syndicated ECU loans are also frequent. The ECU has started to play an important role on the international markets in bank loans and deposits, accounting for about 60 billion ECU.

Taking all the different instruments together, the ECU market is worth close on 100 billion ECU. Futures and options markets in ECU have been set up in Europe and the United States. A multilateral clearing and settlement system for the ECU established under the auspices of the Bank for International Settlements (BIS) came into operation on 1 October 1986, and now handles about 10 billion ECU of business a day.

The ECU is now an important currency for the international financial community, ranking just behind the dollar, the German mark, the yen, the Swiss franc and the pound sterling. Indeed, the ECU has now become a fully-fledged currency for international financial transactions. In the early years, the Community institutions played a vital role in familiarizing the banking community with the ECU. The first step was to open ECU deposit accounts, obliging banks to set up markets for this money. Later on, the EIB and then the Community began to use the ECU bond market. The Commission especially helped to introduce ECU bond issues to several domestic markets. The EIB now issues revolving short-term paper which supplies an emerging ECU money market.

Despite the obvious success of the ECU on the financial markets, its spectacular development seems to have been interrupted last year. The rapid growth of ECU bond issues was halted, and there was even a slight fall. Use of the ECU is declining relative to other currencies. This situation is clearly due in part to the disturbances that have affected the EMS in recent years, and to the weakness of sterling in 1986. But

there is also another reason for the decline: the underdevelopment of the ECU as an international business currency.

If the ECU is to become Europe's genuine international currency, it must not remain confined to the financial sector. It must also play a role as an international business currency in pricing, invoicing and payment at international level. Use of the ECU in these areas is only beginning to take off. For example, several European multinationals are already using the ECU for accounting purposes and in transactions between themselves. But much intra-Community trade is still conducted in German marks or other Community currencies—or even sometimes dollars.

FEMALE UNEMPLOYMENT STEADY, E.C. FIGURES SHOW

Unemployment among women in the European Community may finally have levelled off after rising for the past four years, according to figures released by the European Community's statistical office. Eurostat said that the seasonally-adjusted total of women out of work fell in both April and May this year—the first such fall since July 1983. The figure

for May of 7.2 million was still higher than the total of 7 million in May of 1986, however.

The drop was mainly due to young women finding work, Eurostat said. It noted that the number of jobless women under the age of 25 fell by 2.9 percent over the 12-month period, without allowing for seasonal variations. The total number of registered unemployed stood at 15.6 million at the end of May—2.9 percent fewer than in April and 0.6 percent lower than in May 1986. The number generally falls in the summer months because many people find seasonal work outdoors.

Since the beginning of the 1970's there has been a net growth in the overall working population of the E.C. countries, due mainly to the entry of women into the labor market. Some 55 percent of women aged 14 to 59 currently either have a job or are looking for one, according to Commission figures. Of the Community's estimated total working population of 140 million, some 52 million are women. Of these, 71 percent are in services, 21 percent in industry and 8 percent in agriculture. Some 42 percent of the Community's unemployed are women, however, and 84 percent of part-time workers are women.

Unemployment rates in each

Unemployment among European women—especially those under 25—is falling, according to the E.C. statistics office.



of the member states in May were: Belgium, 11.4 percent; Denmark, 7.0 percent; Germany, 7.7 percent; France, 10.8 percent; Ireland, 19.2 percent; Italy, 13.7 percent; Luxembourg, 1.6 percent; Netherlands, 11.4 percent; and Britain, 10.9 percent. No figures were available for Greece, Spain and Portugal, where unemployment rates are calculated on a different basis from other E.C. countries.—Reuters

AID AND DEVELOPMENT

EUROPE TO HELP CENTRAL AMERICAN REFUGEES

Hundreds of thousands of people have been displaced in Central America over the past decade, forced into refugee status by political conflict and economic disruption, and little has been done for them. Only about a third of the 320,000 officially-recognized refugees receive any assistance from the UN High Commission on Refugees, and many have no legal status in countries where they have illegally sought asylum.

In an effort to restore some measure of self-sufficiency to the refugee populations—and thereby ease the process of democratization and economic recovery in many parts of Central America—the Commission recently approved financing for three refugee programs in Mexico, Nicaragua and Honduras:

- About \$900,000 will go toward helping 2,000 Guatemalan Indians, now refugees in Mexico, return to their villages and rebuild their lives. Community aid will pay for the construction of schools, health care facilities, construction equipment, agricultural tools, seeds, and salaries for some technical assistants.

- About \$1.9 million will be used to repatriate Miskito Indians along the Coco River and on the Atlantic coast of Nicaragua. Under the development program, the refugees will receive

construction, agriculture and fishing equipment, as well as health care, education and the development of transportation.

- About \$1.1 million will go toward the reforestation of some 3,000 hectares of land in the Mosquitia region of Honduras. The 16,000 Nicaraguan Miskito Indians still settled in the area have, through their itinerant farming methods, brought about the destruction of the Mosquitia area's fragile

ecosystem. Reforestation has therefore become vital; moreover, it provides income for the many refugees still living in the area.



In an effort to help Central American refugees return home, the Community is providing resettlement and agriculture aid.

The new projects continue the work started by ten projects that have been co-financed by the Commission since 1984. These projects have all involved rehabilitation and the promotion of integration, aimed at helping refugees attain self-sufficiency and to gain access to the local economy and the labor market. These efforts have been supplemented by food aid

about \$39 million in technical, financial and scientific assistance over the next three years, and will help coordinate aid given by the individual E.C. member states. The recipient countries are those in the African, Caribbean and Pacific (ACP) areas linked to the E.C. through the trade and assistance agreement known as the Lomé Convention.

COMMISSION FIGHTS AIDS IN ACP COUNTRIES

The European Commission recently approved funds for a program to combat Acquired Immune Deficiency Syndrome (AIDS) in the developing world. The project will distribute

to the region worth about \$22 million per year.

“The problem of AIDS is a major public health concern in every continent in the world, both in the developed and in the developing nations,” said the

E.C. Council of Ministers in a statement. “The situation in the developing countries is all the more alarming in that they lack the technical and financial resources to undertake preventive measures.”

The decision to increase aid to the ACP countries gained momentum last February, when the Commission recommended that an intervention program be established. “The prime objective of such a program will be to support governments who ask for help in stepping up primary prevention of AIDS by implementing public health campaigns, and by setting up public information and health education campaigns,” it explained.

The current plan upholds the Commission's recommendations, and conforms with the World Health Organization's (WHO) “Special Program on AIDS.” The ACP project provides for the supply of equipment and technical aid, training, repair to buildings used for testing, funds for blood-bank screening, improved hygiene during injections, information and education campaigns. It will also study the evolution of the disease, and conduct operational research into the incidence of AIDS and the dangers and methods of its transmission.

The program mobilizes support through non-governmental organizations, European hospitals and research centers, and encourages collective action with institutions in the developing countries.

The Council of Ministers emphasized the need for a plan flexible enough to be adapted very rapidly to “the realities of a constantly changing situation,” including technical advances, social attitudes to the disease, features peculiar to various countries and the need to coordinate international efforts.

Every ACP country that desires to participate will conclude an agreement with the Commission, which is working closely with the WHO and other donors. Around forty ACP countries had asked to take part as of August 3.

The Commission's project is

one more recognition of the need to fight AIDS at the global level. During June, leaders at the seven-nation economic summit in Venice also called for broad international cooperation in studying the means to prevent and treat AIDS. "The World Health Organization is the best forum for drawing together international efforts on a worldwide level to combat AIDS, and all countries should be encouraged fully to cooperate with the WHO and support its program of AIDS-related activities," said a statement released at the close of the summit. They also cautioned that efforts to stop the spread of AIDS be "in accordance with the principles of human rights," and welcomed a proposal to create an international committee to deal with the ethical issues raised by the disease.

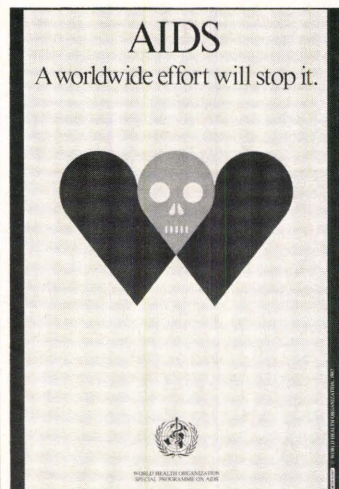
Such ethical questions have already appeared. The Bavarian state government for instance, recently asked the Federal Parliament in Bonn to refuse entry into Germany of other European nationals suffering from AIDS and to expel non-Germans who had been diagnosed as carriers.

The European Commission expressed strong reservations about this proposal, and had already issued a statement last May confirming its "particular commitment to full respect for the principles of freedom of movement of persons and equal treatment as laid down in the Treaties." They also consider it necessary "to prevent the development of contradictory national policies which might give rise to discrimination."

The German Federal Parliament is discussing this and additional AIDS-related issues. Other countries are also struggling to determine the most effective means to stop the spread of the disease and how best to support those who are already suffering from it.

Global sharing of knowledge and resources may ease and eventually help resolve aspects of the AIDS crisis. The E.C. program for the ACP countries is one example of the growing international concern and cooper-

ation which is essential to the fight against this disease. —*Melinda Ballou*



SCIENCE AND TECHNOLOGY

E.C. ADOPTS RESEARCH PROGRAMS

The Commission recently adopted a series of specific research programs in the areas of information technology, education, traffic safety, medicine, thermonuclear fusion, radiation and other areas, at a cost of some \$3 billion. The programs include:

- **ESPRIT Phase 2:** \$1.8 billion is being allocated for the continuation of a research program the Commission describes as "of vital importance for the future of

information technology in Europe."

- **DELTA:** This is a new program aimed at developing learning techniques through technological advance. The Commission intends that the DELTA program will act as a link between ESPRIT, RACE, and the COMETT programs, and is allocating \$22 million toward this end.

- **DRIVE:** This research program is concerned with road traffic safety in Europe, and will address pollution from road traffic and developing a modern road traffic system in Europe. It will receive funding of about \$66 million.

- **AIM:** The Advanced Informatics and Medicine program is designed to reduce health care costs through the introduction of "medical informatics and bioinformatics", according to the Commission. About \$22 million will be allocated to the program.

- **Thermonuclear Fusion:** Following the undisputed success of the Joint European Torus (JET) installation, which demonstrated the scientific feasibility of fusion and elevated Europe to a world leadership position in the field, the priority now is to consolidate this lead by launching a new technological feasibility phase aimed at developing an experimental fusion reactor. Some \$1 billion will be devoted to this purpose.

BRITE, one of the Community's key research programs, is designed to develop technologies in traditional industries.



- **BRITE:** This program, which is aimed at Basic Research in Industrial Technology, will be continued with funding of \$66 million. BRITE is designed to stimulate the development and dissemination of basic technologies used by traditional industries.

- **Protection against radiation:** Some \$11 million will be devoted to consolidating research in an area in which the accident at Chernobyl has refocused public attention.

- **Access to large research installations:** The Commission wants to allocate about \$33 million to this program, which is designed to facilitate the work of researchers from E.C. countries and promote contacts among them by providing them with access to large research installations in Europe.

SOCIAL ISSUES

E.C. PROPOSES NEW PROGRAM FOR HANDICAPPED

One European in ten is physically, mentally, or psychologically handicapped, and the European Commission recently proposed a new five-year Community action program designed to aid their integration into mainstream society. The program is a follow-up to an earlier plan, launched during the 1981 Year of the Handicapped.

The new plan has three main aspects: political initiatives for social and economic integration of the handicapped; technical cooperation between member states to encourage innovative solutions; and Community-wide information systems, like the "Handynet Project"—a multilingual, computerized database on disability questions—that will become operational next January.

The program also suggests spending about \$600,000 during the first year toward integrating handicapped students into ordinary schools. The Commission believes that E.C. member states should also

share information on the relationship between special schools and the general educational system, teacher training and parent cooperation, the development of syllabi and teaching methods, and the study of physical and social barriers to the integration of disabled people.

Schools have made progress bringing handicapped children into the public system since adoption of proposals the Commission made in 1984, which emphasized the need to bring the handicapped into the community. "Promoting the use of new technologies in the teaching of disabled people will be one of the priorities of this action program," said the Commission.

The development of these technologies opens up new possibilities for jobs—another priority of the Commission. In 1986 it published a report which expressed concern at high unemployment rates among the handicapped. The report noted the relative success of a system in Germany, under which any public or private enterprise employing more than sixteen persons is obliged to hire the handicapped. Six percent of such a company's employees are required to be at least 50 percent disabled. Failure to comply results in a fine, and the money collected is used to help meet the expenses of employers who satisfy or exceed the quota.

Although the Commission recommended abiding by a Code of Practice on the Employment of Disabled People, and also setting quotas in the workplace, no standard has yet been established for the Community as a whole. The Model Code supported by the Commission covers job creation, incentives to employers, sheltered employment, vocational rehabilitation and training, educational and vocational guidance services and a supportive environment.

The Commission also recently decided to focus on improving the physical environment for the disabled. They will submit proposals to the Council

of Ministers on public transportation and mobility, access to public buildings and housing (including financial assistance to create the possibility of an independent home life) before the end of 1988. "The Commission urges that politicians, employers, trade unions, and the public be informed about the capacities and needs of disabled people," said the memo.

The Commission itself is beginning to hire more handicapped employees. The Commission's Bureau of Disabled People has been developing a set of work stations with special resources for a pilot group of blind officials. "This is a new start, and we hope to build on this a number of work stations within the house for the disabled," said Bureau member Patrick Daunt in a recent interview. —*Melinda Ballou*

ENVIRONMENT

E.C. STUDY SEES FUTURE FOR 'GREEN GAS'

Put an artichoke in your tank? It may never become an oil-company slogan, but gasoline made from cereals or vegetables might eventually become as popular as leaded fuels currently are in Europe. While it still costs too much for consumers at the moment, "green gas" (also known as bio-ethanol) is a form of lead-free gasoline which could become increasingly important to European drivers as the Community moves away from leaded fuels.

Although lead-free gasoline will account for only 20 percent of Europe's consumption in 1990, by the turn of the century the Community could be using 83 percent lead-free gas, or around 83 million tons every year, according to a group of

independent experts who recently carried out a study for the European Commission.

Examining the feasibility and cost-effectiveness of turning farm products into fuel, the study concluded that there are no technical obstacles to either the production or the use of this new source of energy, but at the present time it's too expensive to compete with traditional forms of gasoline. Even with government subsidies of about \$80 per ton of wheat, the Commission's study estimates that bio-ethanol costs about \$22 per hectolitre too much to interest the oil industry. Gas with ethanol would have to be sold at about 70 percent of the cost of super unleaded, the study said, if it were to significantly penetrate the market.

And for bio-ethanol to be competitive without Community aid, either the price of oil would have to double from its current level of around \$20.00 a barrel, or the cost of producing wheat would have to be cut by 40 percent. Given current trends in both the oil industry and agriculture, however, it seems doubtful that either of these will occur. Oil prices are low right now, and farmers aren't excessively prosperous.

But the economics of the situation may change toward the end of the century. As the use of lead-free gas becomes more widespread, subsidies for "green gas" might not need to be as extensive. And other, less expensive sources may come on the market; the current study focused primarily on wheat, while future research on artichokes, beetroot, sugarcane and other familiar agricultural products could yield cheaper means of obtaining bio-ethanol.

The potential benefits of using bio-ethanol are important in

a number of areas. Experts estimate that up to 30,000 new jobs could be created by the implementation of a broad research and production program, offering an economic incentive to the Community. Cultivating domestic sources of fuel increases Europe's independence from outside oil sources. And reducing the amount of lead released into the atmosphere creates a healthier, more productive environment. —*Melinda Ballou*

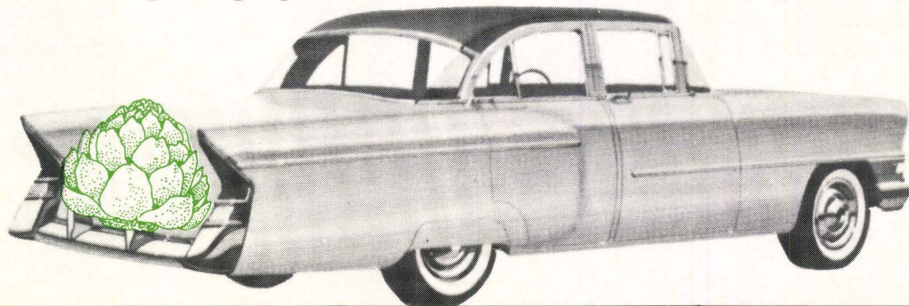
EXTERNAL TRADE

E.C. AND YUGOSLAVIA REACH NEW TRADE AGREEMENTS

Yugoslavia and the European Community have reached new trade agreements which will give Yugoslavia easier access to the Community for its exports of beef, wine and industrial products. An E.C. spokeswoman said that under agreements signed in July, export ceilings on some Yugoslav industrial goods will be abolished and duty-free export limits on other goods raised by an average 15 percent.

Yugoslavia, its economy in crisis with 100 percent inflation and difficulties with foreign debts, will also benefit from better terms for farm exports, especially beef and wine. The agreements have been drawn up as part of a broader cooperation pact between the E.C. and Yugoslavia dating from 1980.

Yugoslavia is the E.C.'s second largest Mediterranean trading partner after Algeria, and its exports have risen from \$3.15 billion in 1982 to \$5.5 billion in 1986, according to E.C. figures. —*Reuters* €



BOOKS IN REVIEW

Painted In Blood by Stuart Miller. Atheneum. 255 pages. \$17.95.

MICHAEL MOSETTIG

Nearly 40 years after the creation of the Atlantic alliance, it is becoming increasingly obvious that some potentially wrenching changes lie ahead in the relations between the United States and its West European allies. Foremost, these will be military as the United States concentrates more resources in other areas of the world and as the Europeans assume a bigger share of

Michael Mosettig is senior producer for foreign affairs and defense on the *MacNeil/Lehrer NewsHour*.

their own defense burden. But the changes in the military relationship both foreshadow and reflect shifts already occurring in politics, economics and culture between the two continents.

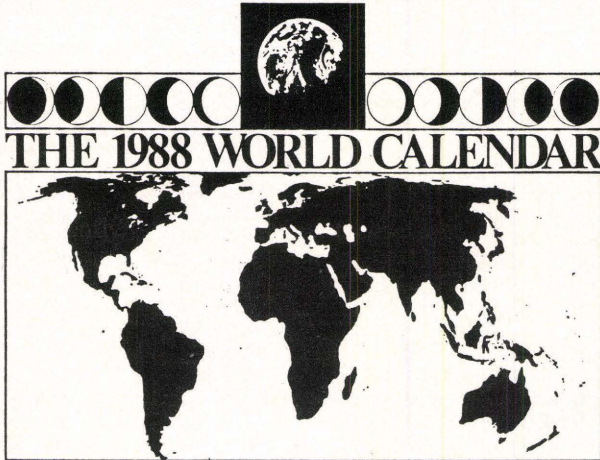
For these changes to take place without too much damage to either side, it will help if both understand each other. Though not necessarily intended for such a purpose, Stuart Miller's book has made a daring attempt at helping Americans better comprehend Europeans at personal and psychological levels. Daring because it is so difficult to make observations and draw conclusions about other people without sounding like either a tourist or a pop psychologist. As much as his conclusions will draw their share of critics (and even though the near record

number of book jacket blurbs have already drawn a barbed comment in *The New Republic*), Miller at least deserves credit for making the effort.

The author is the son of East European immigrants, married to a Belgian and recently returned from six years living in Europe. Other than that, his credentials are more Jamesian than academic or professional. He is a former professor of comparative literature and a writer, not a political scientist, sociologist or historian.

Miller gets off to a false start on his first page, asserting that one difference between here and there is the absence of fear in European subways. Our London or Paris friends, at least, no longer allow their pre-teen children alone on the underground and *métro*, and they them-

SPECIAL OFFER: LE CALENDRIER MONDIAL • DER WELTKALENDER • EL ALMANAQUE MUNDIAL • 世界・التقويم العالمي



Includes:

- Holidays of the world's five major religions - Christianity, Judaism, Islamism, Hinduism, Buddhism - in six languages.
- National and bank holidays of a hundred nations.
- Each weekday and month in six languages.
- Each photo caption in six languages.
- An International Time Zone map.
- English radio broadcast frequencies throughout the world.
- And an index to help you find and understand celebration days throughout the globe.

This handsome calendar is lavishly illustrated with old photos and engravings which reflect the world's diversity of cultural tradition. Each month brings a new theme based on an important cultural or religious motif. The World Calendar is truly the first international calendar. Printed in six languages - English, French, German, Spanish, Japanese and Arabic - this large (11" x 14") calendar will be an attractive addition to any room - whether at home or the office. And it will enrich each day with the wealth of international experience. Perfect for those with international business or interests.

"Our subscribers have found *The World Calendar* to be an excellent resource for international business travel."

Bill Bonner, Publisher, International Living

World Calendar-Eu • c/o Educational Extension Systems, P.O. Box 11048, Cleveland Park Station, Washington, D.C. 20008

- Please send (1) one calendar at \$8.95 + \$2.00 postage (\$10.95)
 For two or more calendars, please send _____ Calendars at \$8.95 + \$1.30 postage each (\$10.25 ea.)
 Check or Purchase Order enclosed.
 Charge my credit card VISA MasterCard
 Card No. _____ Exp. Date _____

Name _____

Address _____

City _____ State _____ Zip _____

selves avoid them outside rush hours. Random urban violence, above and below ground, sadly has spread to Europe.

Fortunately, this is not a book of facts in the conventional sense, rather a study of moods and impressions. The individual conclusions are not so remarkable as their cumulative effort, the shaping of a European mindset. His analysis ranges through the European desire for security, the endurance of class barriers and lack of geographic or social mobility, the tendency to respect authority and the prerogatives of a ruling elite, and deeper feelings than Americans possess for material things (from land to food), sensuality and friendship.

But all these aspects of the European character, Miller says, are undergoing drastic change. Europe is in ongoing civil war unresolved since 1789. It is coping with future shock, which, unlike the United States, it does not welcome. On top of this, Europe is becoming more Americanized, in superficial ways like the proliferation of fast-food stands, and more fundamentally in suburbanization, post-

industrialization and the atomization of the old multi-generational families.

Meanwhile, America, or at least some Americans, become more European. We not only appreciate wine, but we have spent a decade dealing with the consequences of our first military defeat. But the United States, as the author repeatedly reminds us, is a country built on the assumption of second chances and fresh starts. Europe is much more weighted by a sense of its past and of its limits.

The author makes an eloquent conclusion, addressed primarily to Europeans, to stop their petty griping about the United States and about their own decadence and defeatism. Among those he quotes to make this point is an unnamed British official at the E.C., who refuses to yield to pessimism in a career devoted to promoting European integration. Adapting the slogan of the "Solidarity" movement in Poland, the author says, "Let Europe be Europe." That is a difficult process of discovery and renewal, still in an early stage and with as many consequences for Americans as for Europeans.

EUROPEAN AFFAIRS

Among various new journals on European affairs and development should be noted the quarterly *European Affairs*, published by Elsevier in Amsterdam.

The aim of this publication is to provide the reader with the views and opinions of eminent Europeans and non-Europeans on the political and economic impact, as well as the future development, of Europe. Ferry A. Hoogendijk, the journal's editor-in-chief, notes that the need for a united Europe must be made clear to the whole world, but especially to Europeans themselves.

Two issues, Spring and Summer 1987, have been published to date, and among the contributors have been Raymond Barre, German Hans-Dietrich Genscher, Garret FitzGerald, Prince Hassan, David Owen, Ralf Dahrendorf and Karl-Otto Pöhl.

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.

Protection and Liberalization: A Review of Analytical Issues. By Max Corden. International Monetary Fund, Washington, D.C., August 1987. 28 pp. \$7.50.

This paper focuses on the areas where macroeconomic policy and especially exchange rate issues, relate to protection.

Floating Exchange Rates in Developing Countries: Experience With Auction and Interbank Markets. By Peter J. Quirk, et al. International Monetary Fund, Washington, D.C., May 1987. 43 pp. \$7.50.

This paper examines the institutional setting and the form of exchange market arrangements and the problems in setting up and efficiently operating these markets. Also discussed is exchange and trade liberalization as well as the impact of floating exchange market developments.

The Challenge of European Industrial Policy: Impacts of Redirected Military Spending. By Bernard Udis. Westview Press, Boulder, CO, 1987. 154 pp. \$26.00.

Using a sample of seven European countries, Professor Udis examines recent European experience with industrial policy and explores ways to ease the transition to reduced or redirected levels of military spending.

Crisis in the International Steel Industry: ILI Program Proceedings 3. By the International Law Institute, Washington, D.C., 1986. 143 pp.

Review of the conference sponsored by the International Law Institute which

took place at Bellagio Study and Conference Center in Lake Como, Italy.

Antidumping Law and Practice in the United States and the European Communities. By Edwin A. Vermulst. Elsevier Science Publishers, Amsterdam, 1987. 750 pp.

Discusses procedural antidumping law and substantive antidumping law which includes the determination of injury through a comparative analysis.

Balance of Payments Adjustment, 1945 - 1986: the IMF Experience. By Margaret Garritsen de Vries. International Monetary Fund, Washington, D.C., 1987. 336 pp. \$14.50.

This book is a chronological account of the development of the policies and activities that the fund has pursued since 1945. The author is a recent retiree from the IMF.

Seeds and World Agricultural Progress. By Neil McMullen. National Planning Association, Washington, D.C., 1987. 263 pp. \$25.00.

Neil McMullen's book evaluates the impact of seed culture on world agricultural production, food consumption and overall economic development.

Yearbook of European Law, 1985: Volume 5. Edited by F.G. Jacobs. Oxford University Press, New York, 1987. 475 pp. \$82.00.

This yearbook concentrates on European law with contributions on other areas of transnational law in Europe. Also included are a series of general surveys of European organizations.

Models of the U.K. Economy: A Third Review by the ESRC Macroeconomic Modelling Bureau. Edited by K.F. Wallis. Oxford University Press, New York, 1987. 209 pp. \$39.95.

By using seven different institutions, such as the London Business School and the Bank of England, the author hopes that the reader will be able to assess objectively the competing claims of the different forecasts and policy recommendation which are made.

Central America: Can Europe Play a Part? By Hugh Thomas. Alliance Publishers, Ltd., London, 1987. 90 pp. \$8.00.

Mr. Thomas suggests ways in which a peaceful development of Central America could be achieved. A "Marshall Plan" in reverse, with European development aid and the creation of a Central American Union similar to the European Community, has been suggested as a possible solution.

Europe's Middle East Dilemma: The Quest for a Unified Stance. By Ilan Greilsammer and Joseph Weiler. Westview Press, Boulder, CO, 1987. 156 pp. \$25.00.

This is a critical analysis of the efforts by the European Community in coordinating and formulating a unified stance in foreign policy since 1969. The focus of this book is on the Arab-Israeli conflict which stems back to the 18th century. It examines the European Colonial powers' sympathy for the Zionist ideal, which shifted in the latter part of the 20th century to a European Community consensus in recognizing the rights of the Palestinians and their claims for a homeland in their quest for Arab friends.

Spain in the 1980's: The Democratic Transition and a New International Role. Edited by Robert P. Clark and Michael H. Haltzel. Ballinger Pub-

lishing Company, Cambridge, MA, 1987. 224 pp. \$14.95 & \$29.95.

An examination of Spain's development as a democracy, as well as her new influence in Latin America and other lesser developed regions of the world as a model for democratization. Her broader role in the European and the North Atlantic Community of nations is also presented. This analysis from dictatorship to democracy is examined by both European as well as American scholars who represent such fields as education, government and business.

Exchange Arrangements and Exchange Restrictions: Annual Report 1987. International Monetary Fund, Washington, D.C., 1987. 560 pp. \$15.00.

This report reviews the main developments in restrictive exchange and trade practices, developments in exchange arrangements and exchange rates as well as the main developments in regional arrangements. This annual report is detailed down by country.

The European Dictatorships 1918 - 1945. By Stephen J. Lee. Methuen, New York, 1987. 343 pp. \$15.95 & \$47.50.

An analysis of the modern European dictatorships. Included is a discussion of the failed attempts at forced European unification by these dictatorships in the 20th century, which led to their collapse and created the need for a peaceful integration of Europe.

PUBLISHED FOR THE COMMISSION

Glucosinolates in Rapeseeds: Analytical Aspects. EUR 10781. Edited

by J.P. Wathelet. Kluwer Academic Publishers, Boston, 1987. 198 pp. \$46.00

Proceedings of a seminar in the CEC programme of research on plant productivity, held in Gembloux, Belgium, 1-3 Oct. 1986.

Radioactive Waste Management Series: Testing and Evaluation of Solidified High Level Radioactive Waste. EUR 10852. Edited by A.R. Hall. Graham and Trotman Publishers, Norwell, MA, 1987. 354 pp. \$88.00.

Discusses the leaching mechanism theory, the studies of surface morphology and chemical composition of sub-surface regions, the parametric study of corrosion stability, the influence of repository conditions on the leaching of high level waste forms, radiation stability, mechanical stability and ceramics.

Direct Protection of Innovation. EUR 10451. Edited by William Kingston. Kluwer Academic Publishers, Boston, 1987. 346 pp. \$87.50.

This book shows the need for patent protection and the advantages which would result from such a system. Specific proposals are made for protecting innovation through critical analysis by seven different experts including: Gordon Tullock, Henk Wouter de Jong with responses from Hermann Kronz and William Kingston.

Consumer Legislation in Spain. EUR 10564. By Ignacio de Uriarte y de Bofarull. E. Story-Scientia Publishers, Brussels, 1987. 264 pp.

Rights of the Spanish consumer are discussed.

Solar Energy Applications to Buildings and Solar Radiation Data: Volume 2. EUR 11017. Edited by T.C. Steemers. Kluwer Academic Publishers, Boston, 1987. 180 pp. \$59.00.

Proceedings of the EC contractors' meeting held in Brussels, 13-14 Nov. 1986.

Nuclear Science and Technology Proceedings of the CEC Seminar: Studies of Severe Accidents in Light-Water Reactors. EUR 11019. Edited by the Commission of the European Communities Division of Safety of Nuclear Power Plants. Office for Official Publications of the European Communities, Luxembourg, 1987. 292 pp. \$25.40.

Biology of Stress in Farm Animals: An Integrative Approach. EUR 10604. Edited by P.R. Wiepkema and P.W.M. Van Adrichem. Kluwer Academic Publishers, Boston, 1987. 198 pp. \$45.75.

The six main sections of this text cover the relation between stress and endocrinology, immunology, pathology, neurobiology, behavior and stress models and theory.

Neutron Radiography: Proceedings of the Second World Conference, Paris, France, June 16-20, 1986. EUR 11021. Edited by John P. Barton, et. al. D. Reidel Publishers, Dordrecht, The Netherlands, 1987. 928 pp. \$157.50.

This text discusses: neutron radiography programme in various countries; reactor facilities; non-reactor sources; accelerators and isotopic sources; industrial, nuclear and general application; corrosion inspection; electronic and track-etch imaging; tomography; special techniques; and standards.

From Optical Bistability Towards Optical Computing: The European Joint Optical Bistability Project. EUR 10610. Edited by P. Mandel, et. al. Elsevier Publishing Company, New York, 1987. 362 pp. \$97.75.

This report includes the theories and experiments of optical nonlinearities for bistability and optical bistability devices. Also included is the study of alternative optical bistability schemes and optical circuitry and optical computing architectures.

Energy from Biomass. EUR 10961. Edited by G. Grassi and H. Zibetta. Elsevier Applied Science, Essex, 1987. 467 pp. \$81.00.

Proceedings of the first meeting of contractors involved in the new biomass programme which is part of the four-year non-nuclear energy R & D programme currently being implemented by the Commission of the E.C.

Anaerobic Digestion and Carbohydrate Hydrolysis of Waste. EUR 9347. Edited by G.L. Ferrero, M.P. Ferrati, and H. Naveau. Elsevier Applied Science Publishers, Essex, 1984. 517 pp. \$72.00.

Proceedings of the information symposium under the E.C. programme on the recycling of urban and industrial waste, held in Luxembourg, May 8-10, 1984.

Achieve an International Perspective with Economics Books from Springer-Verlag

Facing the Future Germany Breaking New Ground Lothar Späth

Has Europe run out of steam? This is a question that Lothar Späth, deputy chairman of the Christian Democratic Union of the Federal Republic of Germany and the successful governor of the state of Baden-Württemberg, has often had to answer on his lecture tours to the United States in recent years. Späth's optimistic point of view, that the Europeans are indeed capable of meeting the economic and technological challenge of the industrial super powers, was greeted with a great deal of scepticism. Time has shown, however, that he is right; the Old Continent is gathering its forces to conquer the future.

Facing the Future by Lothar Späth describes how the Federal Republic of Germany is facing the challenges of the 21st century, politically, economically, and intellectually. This bestseller, which the news magazine *Spiegel* has termed a 'program for Germany,' also provides insight into the ideas of a leading German politician, whom many people see as one of Germany's greatest hopes for the future.

1987/196 pp./hardcover \$24.00 0-387-17105-3

International Economics I and II Giancarlo Gandolfo, University of Rome

Gandolfo's groundbreaking new book presents not only a unified treatment of traditional topics in international trade and monetary policy, but also treats recent issues such as the European Monetary System and Neo-Ricardian theories. The chapters speak in clear verbal and graphic terms to readers, and extensive chapter appendices offer rigorous mathematical treatments of the same topics.

I: The Pure Theory of International Trade

1987/approx. 335 pp./90 illus./softcover \$27.00 (tent.) 0-387-17971-2

II: International Monetary Theory and Open-Economy Macroeconomics

1987/approx. 507 pp./43 illus./softcover \$39.50 (tent.) 0-387-17978-X

State Space Modelling of Time Series Masanao Aoki, UCLA

State space approach to time series modelling enables economists to use new, computer-based methods for building models for vector-valued time series. Results of error and structural sensitivity analysis and some computational experiments are reported in this research-level monograph to provide some feel for the sensitivity of model performances with respect to several variables. Also, macroeconomic time series from Japan, Germany, the UK and the USA are used to model the industrial production index and more.

1986/314 pp./76 illus./hardcover \$67.00 0-387-17256-4

1987/314 pp./76 illus./softcover \$25.00 0-387-17257-2

To Order: Please visit your local scientific/academic bookstore, call our TOLL FREE NUMBER: 1-800-526-7254 (in NJ, 1-201-348-4033), or send payment, including \$2.50 for handling (NY, NJ, and CA residents add sales tax) to the address below. Personal checks, money orders, and MasterCard, VISA, and American Express (with expiration date) are acceptable.

For More Information: Please call or write

Springer-Verlag New York, Inc.

Attn.: Ken Quinn

175 Fifth Avenue

New York, NY 10010

SLIDE PROGRAM AVAILABLE

"History of the European Community" is a collection of 60 slides with text covering significant events in the E.C.'s history. The program also describes E.C. institutions, E.C. policies and current scientific and technological programs. A supplemental set of eight statistical slides focusing on trade and agriculture in the United States and the E.C. is included to give the American audience a basis of comparison.

The slide program is available on a loan basis. Requests may be directed to:

S. Auman
Press and Public Affairs Office
European Community Delegation
2100 M Street, NW—7th Floor
Washington, D.C. 20037.

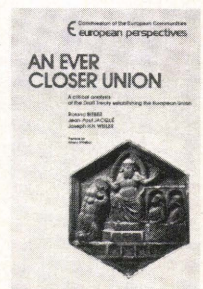
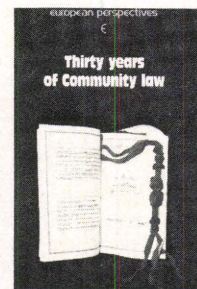
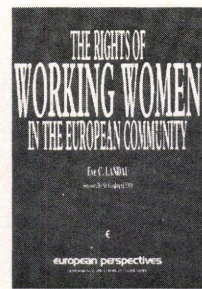
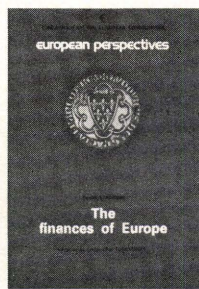
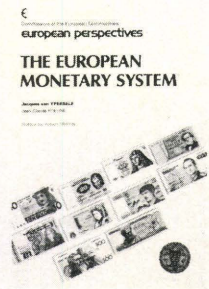
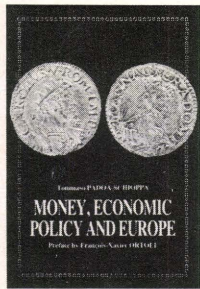


Springer-Verlag

New York Berlin Heidelberg
London Paris Tokyo

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**

ORDER FORM

Mail entire page to the European Community Information Service, 2100 M Street, N.W., Suite 707, D.C. 20037, (202) 862-9500. Telephone orders are also welcome.

Please send me the items I have checked.

Check enclosed for \$ _____

NAME _____

ORGANIZATION _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

LORD PLUMB

Continued from page 15.

Nathan Sharansky, who left me in no doubt about his views on Soviet intentions. This is the real side, the human side, of the East-West conundrum

Reykjavik had given Europe a strong incentive to reassess where its security interests lie. The concept of a stronger European pillar to the Atlantic alliance has been commonplace for some time. And I have got to admit that not much has happened so far. Part of the reason for the inaction, I suspect, is a conflict in the European motive for such a counterbalance and part of the reason lies in a genuine disagreement between European countries on the correct characteristics of such a counterbalance.

INVEST

Continued from page 17.

Though such legislative maneuvers can always be dressed up as a "search for information," it is pretty clear that many who support them intend that they be something rather more far-reaching. By forcing foreign companies to register American investment, it is expected that some foreigners will decide not to buy into the United States. Whether the American authorities need extra powers in this respect must be highly debatable. In the case of national-security-sensitive investments, an inter-agency committee already reviews tricky cases and can lean on the relevant parties. As the Department of Commerce showed this spring when effectively prohibiting the sale of Fairchild Semiconductor—a majority of whose equity was then owned by the

Another reason has been concern that the establishment of a stronger European "pillar" might encourage the very thing that it was designed to prevent, namely a reduction of the U.S. commitment to Europe. This could occur both by giving the impression of growing European autonomy and by the fear that a united Europe might become an unwelcome bedfellow for the United States in the exercise of its own foreign-policy objectives.

Reykjavik has demonstrated that Europe cannot afford to continue to sit on the fence. How will Europe get off this fence? Not into the arms of the E.C., which cannot formally discuss security matters. France is not a member of the NATO Eurogroup. What is left is, in practice, and extremely useful forum—the Western European Union (WEU). I here

French firm Schlumberger—to the Japanese company Fujitsu, the authorities can move quickly and decisively when they want to block a sale.

The lesson that Americans need to learn about the new European investment, it follows, is that their government has the tools to protect vital American interests already. Beyond that level of protection, there is no reason why new European investment in America should not be wholly welcome. Like the Japanese, many European firms have an exporting outlook that too often American firms have not had. American companies have traditionally been able to make a satisfactory living in their own backyard. In an increasingly global economy, that is no longer good enough. European firms, whose domestic market is often too small to carry a modern company—consider how Electrolux, Saab and Volvo would

express the hope that the WEU will soon get going, on behalf of Europe and on behalf of our allies.

I am very proud to be a European, and particularly proud to be the first British President of the European Community. The process of European integration may seem slow to many, particularly within Europe, but in reality I think many will agree that we have come a very long way in a very short time.

Many who will read this were alive when the Normandy landings took place. Many of us know the horror of war, the tragedy of the holocaust. Few of us, at that time, could have thought that 40 years later I, a "true Brit" would represent a directly elected European Parliament. I am proud and honored to be called a European. €

have done if they had had to rely on Swedish markets alone, or Philips if it was limited to the Netherlands—can now supply some of the exporting expertise that America needs. They can bring to the American economy, for example, modern techniques of foreign marketing and financing.

These factors alone do not encompass all the reasons why the new European investment should be of interest to Americans. Granted, much of the new investment in America is the product of temporary macroeconomic conditions that may change. Nonetheless, the fact that European companies have shaken off their sloth and are confident enough to move into the American market is good news for all who believe that the economic health of the Western alliance is as significant as its military strength. And that should include all Americans. €

EPC

Continued from page 31.

fies that the Commission—usually a neglected onlooker in past EPC texts—"shall be fully involved in the proceedings of political cooperation." But until EPC becomes a true E.C. institution, it will remain, and perhaps be strengthened, as an intergovernmental undermining of the Community system. EPC may be more visible under the Single Act, but it is doubtful if those treaty amendments truly helped to incorporate foreign policy into Community affairs.

The Future of EPC

There are at least two important questions on EPC: How will it develop and how important is it for the integration of Europe? Although there are dissenters, the consensus today is that EPC both furthers

integration and is stimulated by cooperation in other fields.

There is no doubt that Monnet believed political cooperation was the center of a united Europe. In the last paragraph of his "Memoirs," he wrote: "The sovereign nations of the past can no longer solve the problems of the present; they cannot ensure their own progress or control their own future."

There are several steps that the Community could take to continue the growth of political cooperation:

- Use Community diplomatic representation instead of the traditional national embassies of E.C. members in certain countries where largely routine relations exist. This would enhance the Community's position in Third World capitals (as well as save money), without threatening any major representational interests of E.C. members.

- Close the national embassies of the 12 E.C. members in other E.C. capitals. This dramatic move would demonstrate that EPC is progressive and irreversible.

- Start replacing delegations of E.C. members at international organizations and conferences with Community delegations. This would give enhanced visibility to the Community and further the integration of the 12 E.C. Foreign Ministries.

None of these prescriptions nor any other striking change in EPC is likely soon. More certain are indirect influences on political cooperation by other Community programs. Considering the importance of the internal market issue—the decisive battle over domestic sovereignty—it is likely that the 1992 deadline for achieving an open market throughout the E.C. will, depending on its success, do more for or against EPC than any political event or process itself. €

THE COMMUNITY BOOKSHELF

To order these publications, please check the desired items and fill out the order form.

September-October

EUR 12: The Europeans' Europe: Daily Life in Diagrams. *European File No. 7-8/87, Commission, Brussels, April 1987, 19 pages.* Statistical graphs on economic and social indicators in the E.C. **Free**

The European Community and Tourism. *European File No. 9/87, Commission, Brussels, May 1987, 11 pages.* **Free**

Equal Opportunities for Women. *European File No. 10/87, Commission, Brussels, May 1987, 11 pages.* **Free**

The European Community and the Environment. *European Documentation No. 3/1987, Commission, Brussels, 1987, 71 pages.* Describes pollution in the member states, its effects and costs. Explains the objectives and achievements of E.C. environmental policy. **Free**

The Community in 1992: A Brief for European Taxpayers. *Commission, Brussels, 1987, 37 pages.* A review of current and proposed financing of the Community. **Free**

Europeans, You have Rights. *Commission, Brussels, 1987, 48 pages.* Brochure on E.C. policies and laws affecting citizens including freedom of residence in the Community, working rights, duty free allowances, retirement and medical treatment. **Free**

Europeans and Their Holidays. *Commission, Brussels, 1987, 104 pages.* Results of 1985 survey on vacation and travel patterns in the E.C. **Free**

The European Investment Bank Annual Report 1986. *European Investment Bank, Luxembourg, 1987, 120 pages.* Report of the Bank's borrowing and lending activities in 1986, with a financial balance sheet. **Free**

Publications of the European Communities: January-March 1987. *Office of Official Publications, Luxembourg, 1987, 25 pages.* **Free**

European Affairs. *Elsevier, Amsterdam, 1987.* A new quarterly journal on European political, economic and security issues. A sample issue is available for interested subscribers. **Free**

Fact Sheets on the European Parliament and the Activities of the European Community. *European Parliament, Luxembourg, 1987, 356 pages.* Facts sheets presenting a precise synopsis of the Community's

achievements and the part played by the European Parliament regarding the evolution of the institutions and policy orientation. **\$12.50**

Public Hearing on Security Policy in Europe: Situation and Prospects. *European Parliament, Luxembourg, 1987, 84 pages.* Report on the hearing held by the Political Affairs Community, December 18-19, 1985. **\$4.00**

Economic and Social Committee Annual Report 1986. *Economic and Social Committee, Brussels, 1987, 89 pages.* Outline of the work of the Committee in 1986 with a list of opinions, reports, and studies done. **\$5.00**

Directory of the Commission of the European Communities. *Commission, Brussels, February 1987, 124 pages.* Structure of the services of the Commission and responsible officials at the chief of division level and above. **\$3.60**

Directory of the European Community Trade and Professional Associations. *EUR 6921, Commission, Brussels, 1986, 391 pages.* 3d edition. List of European level trade and professional organizations, with addresses, along with lists of national member organizations. **\$56.00**

The State of the Environment in the European Community 1986. *EUR 10633, Commission, Brussels, 1987, 388 pages.* Report on policy initiatives and changes in the environment in the E.C.-10 since 1973. **\$18.00**

Directory of Community Legislation in Force: 8th edition. *Office for Official Publications, Luxembourg, 1987, 746 pages.* References for all binding Community legislation and agreements between the E.C. and non-member countries in force as of December 1, 1986. **\$74.20**

Cooperation EEC-Yugoslavia: Compilation of Texts I, 1 January 1983-31 December 1984. *Council, Brussels, 1985, 500 pages.* Text of the EEC-Yugoslavia cooperation agreement and acts adopted for its implementation. **\$8.00**

Multilateral Conventions and Agreements: Signatures and/or Conclusions by the European Communities. *Commission, Brussels, 1987, 361 pages.* Chronological and subject list of multilateral conventions and agreements in which the E.C. participates. Basic information on each

convention and Community participation is covered as well as date of entry into force, complete list of signatures, ratifications, and accessions. **\$32.50**

University Research on European Integration No. 14. *Commission, Brussels, 1987, 717 pages.* Register of doctorate theses and other university studies on European integration since 1982, with studies in progress during 1986-1987. **\$20.00**

Guide to the Council of the European Communities II/1986. *Council, Brussels, 1987, 165 pages.* Directory of the permanent missions of the member states, Council Committees and General Secretariat, and Association Councils. **\$4.00**

Competition Rules in the EEC and the ECSC Applicable Into State Aids. *Commission, Brussels, 1987, 261 pages.* Compendium of EEC and ECSC treaty provisions and other texts on the application of competition rules to state aids. **\$20.00**

The Measurement of the Aid Element of State Acquisitions of Company Capital. *Commission, Brussels, 1987, 186 pages.* Study on the measurement of aid potentially granted when governments buy shares in companies. **\$17.40**

Energy Statistical Yearbook 1985. *Statistical Office, Luxembourg, 1987, 200 pages.* Overall energy balance sheets for the E.C. and individual member states, energy economic indicators and data on individual energy sectors are covered. **\$19.50**

Balance of Payments: Geographical Breakdown 1981-1985. *Statistical Office, Luxembourg, 1987, 209 pages.* Data on the geographical flows of the balance of payments of the E.C. member states, the United States and Japan. **\$20.30**

Regions: Statistical Yearbook 1986. *Statistical Office, Luxembourg, 1986, 233 pages.* 1983-84 data on the economic and social conditions in administrative regions of the member states. **\$20.00**

Earnings: Industry and Services No. 1/2, 1986. *Statistical Office, Luxembourg, 1987, 227 pages.* Earnings of manual and non-manual workers in industry and selective service sectors and labor costs. **\$19.00**

Structure and Activity of Industry: Annual Inquiry—Main Re-

sults 1982/1983. *Statistical Office, Luxembourg, 1987, 278 pages.* Data on employment, labor costs and production value by enterprises. **\$21.50**

Vocational Training and Job Creation Schemes in the Countries of the European Community. *European Centre for the Development of Vocational Training, Berlin, 1987, 194 pages.* Comparative study of different types of job creation programs in the member states. **\$4.00**

Vocational Training in Ireland. *European Centre for the Development of Vocational Training, Berlin, 1987, 144 pages.* Survey of population and employment trends, educational and vocational training systems, and continuing education in Ireland. **\$5.00**

Vocational Training in the People's Republic of China: Structures, Problems and Recommendations. *European Centre for the Development of Vocational Training, Berlin, 1987, 119 pages.* **\$3.50**

Vocational Training in Spain. *European Centre for the Development of Vocational Training, 1987, 158 pages.* Survey of population and employment trends, educational and vocational training systems and continuing education in Spain. **\$4.00**

Promotion of Cooperation Amongst Research and Development Organizations in Field of Vocational Training: Working Meeting Papers 11 and 12 September 1986. *European Centre for the Development of Vocational Training, Berlin, 1987, 146 pages.* **\$5.00**

Development of Human Resources in Regions of Economic Reconversion Benefiting from Community Financial Support. *European Centre for the Development of Vocational Training, Berlin, 1987, 55 pages.* Summary report on vocational training in regional development strategies. **\$5.00**

The European Community as a Publisher 1986-1987.

Catalog of

- Free publications on the institutions and policies of the Communities
- Sale publications on general and specialized topics
- Subscription publications.

Free on request.

ORDER FORM

Mail entire page to the European Community Information Service, 2100 M Street, N.W., Suite 707, D.C. 20037, (202) 862-9500. Telephone orders are also welcome.

Please send me the items for sale and the free items I have checked. **Orders accepted for shipment to U.S. addresses only.**

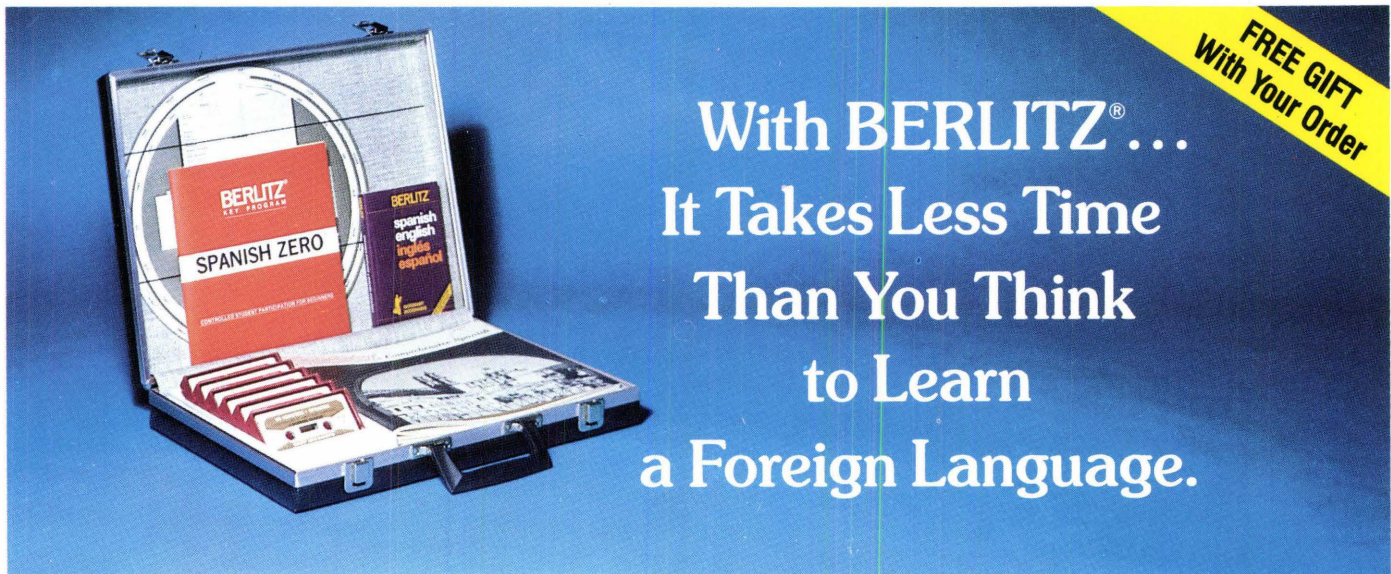
Check enclosed for \$ _____

NAME _____

ORGANIZATION _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____



**FREE GIFT
With Your Order**

**With BERLITZ® ...
It Takes Less Time
Than You Think
to Learn
a Foreign Language.**

**Try The BERLITZ® Learn-At-Home Language Program for 21 Days...
RISK-FREE.**

Available in Spanish, French, German, and Italian Programs

The ease and effectiveness of this learn-at-home program should come as no surprise. It has been developed by the experts at BERLITZ, a name synonymous with excellence in language instruction.

Begin with the famous Berlitz ZERO™ exercises, so named because they start you "from zero" in your new language. You learn the same way you learned English, by listening and absorbing the language as it is used in everyday settings ... then repeating what you hear. In a short while, you'll even be thinking in your new language.

Perhaps you want to learn a foreign language to help yourself in your business career, or simply to get more enjoyment out of foreign travel. Whatever your reasons, you'll find the Berlitz Learn-At-Home program to be a fast, fun, and effortless way to learn the language of your choice.

If your company is not reimbursing you for this course, it is tax deductible if used for business purposes.

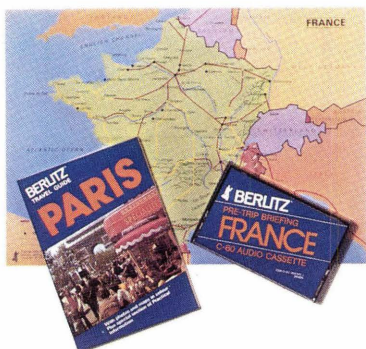
The program, which comes in a handsome briefcase, contains:

- The 10-lesson, 90-minute ZERO cassette to familiarize you with the spoken language. You begin speaking immediately.
- Forty additional lessons on five 60-minute cassettes to put your growing command of the language to work in a variety of real-life situations.
- Six illustrated workbooks to visually reinforce what you're hearing and explain the usage of the language you're learning.
- A pocket-size two-way dictionary that makes word-finding a snap — whether it's finding the English meaning of a foreign word or vice versa.
- The Berlitz Rotary Verb Finder that lets you instantly change any of four dozen common verbs into present, past or future tense.

FREE!

**A Berlitz Travel Kit
(to the country of your choice)**

These unique new travel kits help you get the most out of every day of your trip. Each country kit contains: a 60-minute cassette of practical travel tips to give you a sneak preview of the country, a color travel guide to the country's major city, and a route-planning travel map. The kit is yours to keep, even if you return the course. (A \$14.95 value)



- Choose from:
- France
 - Spain
 - Mexico
 - Germany
 - Italy
 - Switzerland
 - Great Britain

Berlitz Money Back Guarantee

Try the Berlitz Learn-At-Home program for 21 days. If you are not satisfied for any reason, simply return it and receive a complete refund.

For your convenience on credit card orders dial toll-free



1-800-431-9003

and refer to Dept. 2241

24 hours a day, 7 days a week.

**BERLITZ PUBLICATIONS, Inc. Dept. 2241
866 Third Ave., 27th Fl., New York, NY 10022**

Send **Berlitz Comprehensive Cassette Course(s)** checked.
\$140.00 each in briefcase plus \$5 for shipping and insured delivery.

- French 86100 German 86101 Italian 86102 Spanish 86103
 Send me my FREE Berlitz Travel Kit (check one)
 France 86474 Spain 86472 Mexico 86471 Germany 86478
 Italy 86476 Switzerland 86475 Great Britain 86473

Enclosed check _____ money order _____ payable to Berlitz.

Or charge my AMEX _____ Diners Club _____ VISA _____

MasterCard InterBank # _____ Exp. Date _____

Card # _____ Exp. Date _____

Name _____

Address _____

City _____ State _____ Zip _____

N.Y. and N.J. residents add sales tax. Allow 3 to 4 weeks for delivery

