

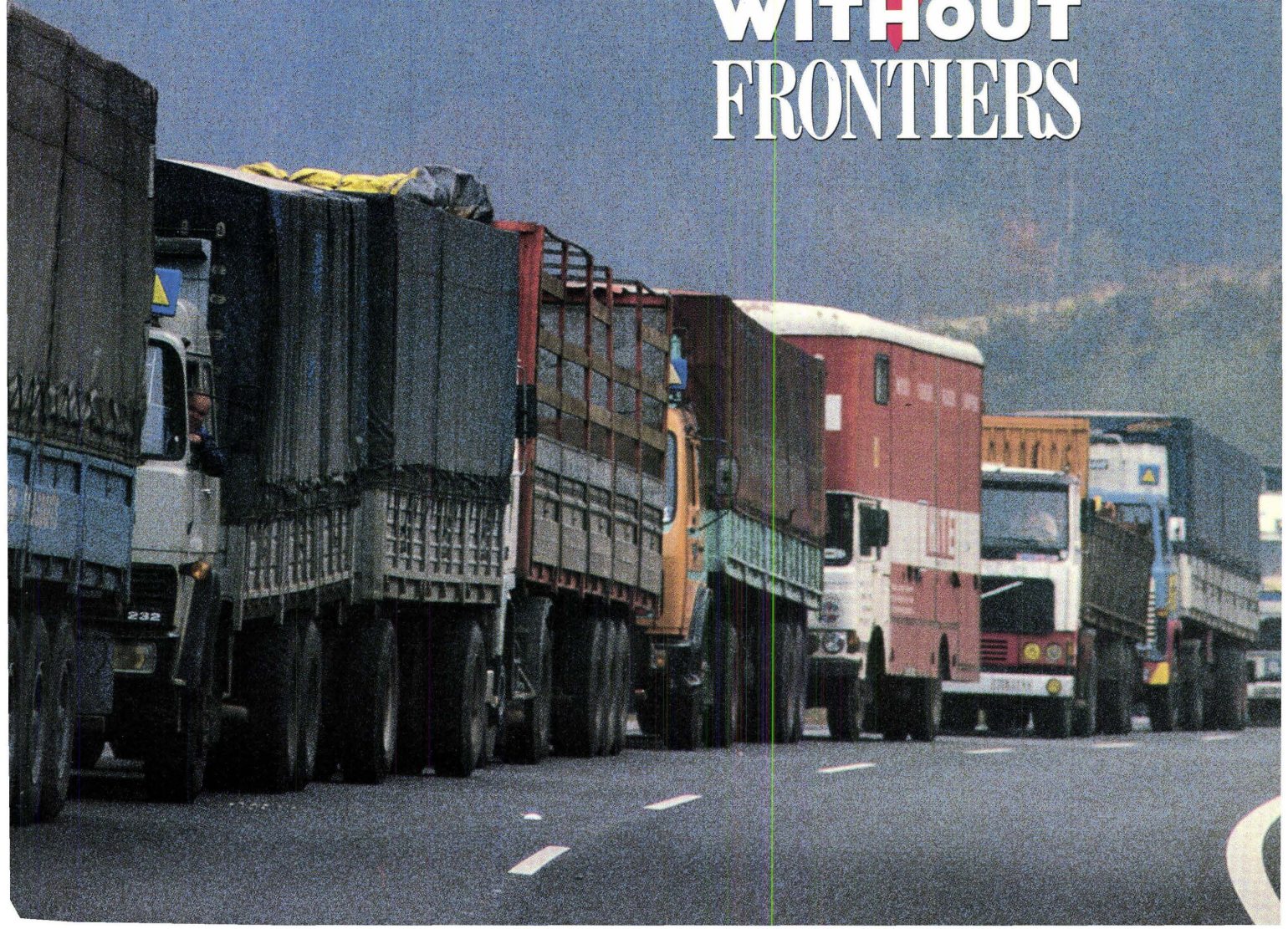
**THE CHANGING FACE  
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# EUROPE

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# EUROPE

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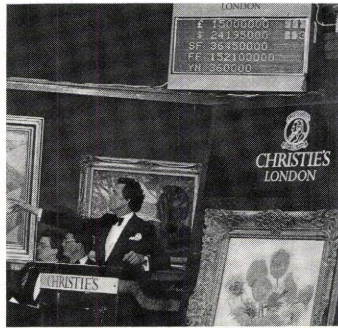
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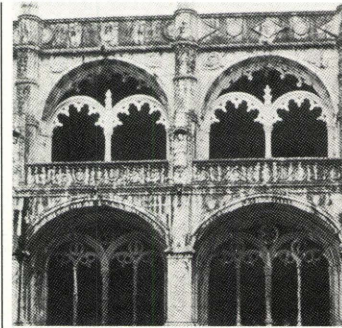
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**COVER:** By 1992, a truck carrying Dutch tulips will be able to drive all the way to Greece unhampered by long border delays. See page 17. © P. Perrin/Gamma Liaison.

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# PUBLISHER'S LETTER

It's just a four-digit number—1992—but it has come to represent the very future of Europe. 1992 is the date for the planned implementation of over 300 measures that will effectively wipe out the remaining barriers to trade within Europe, creating a true “common market” and generating what is expected to be a long-term surge of economic growth. Capital, goods, services and labor will all be completely free to move within the 12 member states of the European Community, with no border restrictions or differences in national standards. That means one single market of over 320 million people—a fantastic opportunity for both Europe and her trading partners. The acceleration of European growth will certainly benefit American exports.

About a quarter of the proposed measures have already been approved, and the momentum is picking up. Recent months have seen bold new initiatives launched by both business (De Benedetti's fight for Société Générale de Belgique, for example) and government (the French proposal for a Central Bank for Europe), and it now seems that the initial hesitations of national governments are being overcome by vision and good sense. Interest also has been picking up here in the United States: *Fortune*, *U.S. News and World Report*, *The Wall Street Journal* and many other newspapers and magazines (including, of course, this one) have been devoting substantial attention to 1992, as the true “common market” comes closer to reality. The architect of this plan, Jacques Delors, President of the E.C. Commission, explains in this issue how he himself and the Commission have been building and implementing the single market project.

Also, Philip Revzin of *The Wall Street Journal* writes on how European companies are getting ready for the changes in the European business climate that 1992 will bring. It's a fascinating piece, one of a number of articles we'll be bringing you in future issues on the progress and meaning of the 1992 movement. Also in this issue: Raymond Snoddy, media correspondent for the *Financial Times*, on the changing face of European television; revised forecasts for economic growth in the Community this year; a look at the E.C. campaign against cancer by Anne Bridgman; an article on the European Community Youth Orchestra (now on tour in the United States) by British music critic Leonard Pearcey; and much more, as well as our usual features.



Giancarlo Chevallard





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# AROUND THE CAPITALS

## LONDON

### Televising the Commons

**T**he problem with most politicians is trying to get them to stop talking. Which is why it has always been curious to see how the normally publicity-hungry British politicians have resisted the televising of Parliament. The traditional argument against having cameras recording parliamentary proceedings was that it would turn the House of Commons into another branch of the show-business industry, and that the real task of running the country would be made subservient to the demands of television scheduling.

Then, three years ago, the retired politicians, titled gentry and clerical big-wigs who make up the House of Lords, the upper house of the British Parliament, agreed to have their proceedings televised. To everyone's surprise, about half a million people tune in nightly to watch edited highlights of these largely academic debates by the geriatric and the idle.

While there was some "performing" for the cameras during the first few days, they have now become such a part of the House of Lords furniture that the debates carry on with scant attention to the presence of the electronic eye. Like all political and public figures, the members of the House of Lords know that it is the departure from policy or a well chosen phrase, and not grimaces

or gestures, that catch the media and the public attention.

The smooth and successful introduction of the cameras into the Lords is one of the factors that led the House of Commons, the lower House of Parliament, to vote recently to allow the televising of Parliament.

This change of heart—the result of the arrival of younger and more open members following last year's election—means that the mother of parliaments will belatedly permit the type of open scrutiny that has been the rule for many years in most other democratic assemblies.

A select committee is now examining the practical details in anticipation of starting trial broadcasts in November. This body will have to report by June on what may and what may not be broadcast. It is already agreed, for example, that protesters and demonstrators who manage to get into the Chamber will not have their antics shown on prime-time television. But a key issue is the question of balance and control. Whereas the Lords decided to leave editorial control and selection to the broadcasters, it is likely that the Com-



Televising debates in the House of Lords in Britain ended the tradition of not allowing cameras into the parliamentary chambers.

mons will want to monitor closely the pictures transmitted, to ensure that air time reflects the parliamentary strengths of the parties.

Critics of this move fear that, like the introduction of the "talkies" in Hollywood, it will make stars of some and destroy the careers of others. Advocates of the change argue that, while the more charismatic and eloquent performers will enjoy more frequent exposure, the duller species, who would normally not be invited to appear on television, now also will have their time in the limelight. They further point out that this will bring the debate on political issues back into the Chamber of elected representatives, where it belongs, and will no longer be left to the studio debates, where the choice of speakers is in the hands of the program producer and the freedom of speech cur-

tailed by the interviewer. And former Defense Secretary Michael Heseltine argues that the public image of politicians in Britain is so low that televising the sometimes rowdy proceedings in Parliament could not harm it further.

Television has become the dominant source of information and entertainment for the vast majority of the public in the latter half of the 20th century and by trying to keep its cameras out of Parliament, the politicians have done themselves no favors. This has now been recognized by the House of Commons, which ignored the opposition of Prime Minister Margaret Thatcher and voted to let the public see what they are up to.

The British Government, and especially its civil service, has long been accused of being one of the most secretive of any outside the totalitarian



block countries. Televising Parliament will lift another tiny corner of the veil of class, rank and privilege that has long separated the rulers from the ruled.—DAVID LENNON

## LUXEMBOURG

### The Pros and Cons of 1992

**T**he proposed creation of a Single Market between the E.C. member states by the end of 1992 has profound consequences for all members, but none more so than for Luxembourg.

What is certainly welcome in the E.C. Commission's plan is the introduction of a single market for television broadcasting, under which viewers in any one member state will be able to tune in to the broadcasts of any other, something that will be technically difficult, but far from impossible, to achieve. Far from troublesome will be winning the agreements of the member governments to a common code covering the extent and content of advertising, restrictions on the showing of violence and sexually explicit material, and copyright regulations, among other things.

Luxembourg, which plans to have its own "Astra" broadcasting satellite in orbit by the end of next year, has taken the lead in pressing for full liberalization. When the matter came up at the Council of Europe last year, the Luxembourg Prime Minister, Jacques Santer, said that efforts by some countries to keep out advertising were a "perversion" of the goal of a free flow of information. "We are not ready to accept a Convention giving a restrictive understanding of this freedom just in order to protect the comfort of public broadcasters in a given country or some particular interest," he said.

The E.C. Commission might express it more diplomatically, but essentially shares the same view. While it is too early to judge how far the broadcasting proposal may get, it is worth

noting that most decisions to implement policies aimed to serve the Single Market can be carried by majority vote and that Britain and the Netherlands, the two most forceful opponents of open broadcasting, do not command a blocking minority. The issue is one on which the Grand Duchy holds strong feelings, as befits a country that single-handedly introduced commercial radio to Europe and whose regular daily television broadcasts have become priority viewing in millions of Belgian, French and West German homes in recent years.

Far less pleasing to the Grand Duchy are the Commission's initiatives for harmonizing taxes and liberalizing financial services, such as banking, insurance and capital movements. On taxes, the problem is simply stated. Luxembourg imposes lower rates than any of its neighbors, with the result that a sizable part of its total retail trade is represented by Belgians and others crossing the border to snap up wine, spirits and cigarettes.

If the VAT and excise duties are to be harmonized along the lines proposed by the Commission, the Luxembourg Government will enjoy a substantial 7.6-percent increase in its tax revenues, but will be faced with the loss of its present keen competitive edge in important areas of retail trade and potential new inflationary pressures. Any unease in this score is nevertheless offset to some extent by the fact that single market programs involving tax changes will continue to require unanimously agreed decisions, giving Luxembourg, like other countries, a right of veto.

A more serious threat is the plan to let banks open branches in any member state subject only to the rules and regulations of their home country. The reasons why many non-Luxembourgers open bank accounts in the Grand Duchy are varied, but prominent among them is the relatively relaxed attitude that the authorities are taking over the enforced

disclosure of financial information. This would change in the Single Market for two main reasons: Other countries would alter their disclosure laws to permit their banks to compete or, more likely, the Community would establish a common raft of regulations for all banks. Either way it is difficult not to feel that the charms of a Luxembourg bank account will be sharply diminished after 1992.

A second headache is the Commission recommendation that the linking of the Luxembourg and Belgian currencies in a dual exchange rate be scrapped in the interests of freedom of movement for capital. The value of the linkage to Luxembourg is that it effectively allows its "free market" authorities to veto any move by the more interventionist Belgians to impose exchange controls. If this power is to vanish, doubts could be cast over the survival of the Belgo-Luxembourg monetary union, from which both countries draw considerable advantage.

Whether either Luxembourg's dream of Community-wide broadcasting or its nightmare of harmonized taxes and banking will ever materialize is uncertain. Most E.C. diplomats are skeptical that they will emerge in the form proposed by the E.C. Commission by 1992. But in Luxembourg, as elsewhere, business and economic planning is nevertheless increasingly being conducted on the assumption that the Single Market will be in place by 1992 or soon after.—ALAN OSBORN

## DUBLIN

### Anglo-Irish Relations

**I**t has been a period when Irish Government ministers, as one commentator put it, reached for a stiff drink before turning on the BBC news. For a hectic six weeks, the news from London rocked the two-year-old Anglo-Irish Agreement, and left even moderate opinion in Dublin stunned at what appeared as British indifference to the effects in Ireland of a series of Government and judicial decisions.

The shooting dead of three unarmed members of the Irish Republican Army (IRA)—in Gibraltar on a presumed bombing mission—when they could apparently have been easily arrested, was only the latest in a series of rude jolts to the delicate Anglo-Irish relationship. Even at the end of last year, tensions had arisen in that relationship over the question of extradition of Irish persons suspected of terrorist offenses to Britain or Northern Ireland.

Then, in one week at the end of January, came two new shocks. First, the British Attorney-General, Sir Patrick Mayhew, announced that in the "public interest" there would be no criminal prosecution of Royal Ulster Constabulary (RUC) officers who had been found to conspire to "obstruct and pervert the cause of justice" following the shooting and killing of six unarmed men in Northern Ireland by the security forces in 1982.

Secondly, the appeal of the so-called "Birmingham Six" against life sentences for an appalling pub bombing in that city in central England, was rejected by a London appeals court in spite of new evidence throwing considerable doubt on the original convictions of the six Irishmen. Following so closely after each other, the two events, although quite distinct, could only deepen suspicion in Ireland that British justice could be flawed when it was Irish persons who stood in







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The signing by British Prime Minister Margaret Thatcher and former Irish Prime Minister Garret FitzGerald of the Anglo-Irish Agreement in November 1985 was a great step forward in increasing confidence in the administration of justice in Britain and Northern Ireland.

This is an invitation to remain unanswered for a long time, but one that could become more attractive as other options disappear.—JOE CARROLL

## BRUSSELS On Crimes and Trials

An armored, sealed coach left the Leuven jail just outside Brussels one morning in March and sped toward the Belgian Channel port of Ostend. Seven men emerged at the quayside—five English soccer supporters and an escort of two *gendarmes*, who boarded the ferry for England, on which the two policemen then returned to Belgium. Will these five Englishmen, and another 15 who were released on bail at around the same time, ever be brought back to face trial for their part in the Heysel soccer riots in 1985, in which 39 people died? A number of defense lawyers are skeptical, not out of fear that the accused men will abscond, but out of a belief that the legal processes have now become so confused and protracted that a fair trial may be impossible.

This is a minority view, and one emphatically not shared by the Belgian legal authorities. But there is no doubt that the trial, now provisionally set for September, is proving a major headache for the prosecution. The 20 accused men were extradited from England last September and their trial was originally scheduled to open before Christmas 1987. This was later postponed to March of this year and then to April.

Altogether, 26 men, supporters of the British soccer club Liverpool, have been accused of the Belgian equivalent of manslaughter, which carries a sentence of up to 10 years in prison. The charges resulted out of the sickening rioting at the European Soccer Cup Final at the Heysel stadium in Brussels in May 1985, which led to the collapse of a wall and to 39 deaths, who virtually all were

the dock.

Then came the publication of the book by John Stalker, the senior British police officer who had been appointed to investigate the behavior of the RUC involved in the shooting of the six men referred to above, but who had been removed from the investigation at its most critical stage. Stalker, who had resigned from the police in frustration, revealed how his enquiry into the alleged "shoot-to-kill" policy of the RUC and the attempts of senior officers in that force to cover up what really happened, had been obstructed as his investigations reached to the highest level of the security forces.

His revelations caused serious unease in Britain itself, where newspapers normally supportive of the British Government in anti-terrorism measures cried "foul." Even members of the ruling Conservative Party wondered how it could be in Britain's "public interest" to protect senior police officers, involved in a conspiracy to "pervert the course of justice," from the full rigors of that justice.

For the Irish Government these hammer blows against the aim of the Anglo-Irish Agreement, which is to increase confidence in the administration of justice in Britain and Northern Ireland, posed a dilemma. It was tempting for the Irish Prime Minis-

ter, Charles Haughey, who had never liked the Agreement signed by his predecessor, Garret FitzGerald, to say "I told you so" and turn his back on its machinery for discussing such problems. But this was what Northern Unionists had been trying to bring about since the Agreement, which they rejected, was established.

Haughey kept his cool, calmed the "wild men" in his nationalist Fianna Fail Party and had some straight talking with British Prime Minister Margaret Thatcher on the crisis in the relationship when they met at the E.C. summit in Brussels in February. She maintained that the decision not to prosecute the RUC officers was outside of her Government's competence, although the Attorney-General is the official legal adviser.

Haughey was not satisfied. There was "an impasse" in Anglo-Irish relations and he told the Irish Parliament that he would seek to bring further pressure on Britain through the European Parliament and other contacts. As if to compound an already bad situation, the British Home Secretary announced that the controversial Protection Against Terrorism Act—under which thousands of Irish people in Britain as well as in Northern Ireland have been arrested, held for days for questioning and then released without charges—was to be made permanent instead of be-

ing renewed annually after a parliamentary debate.

The shooting dead a few days later by a British soldier at a cross-border checkpoint of a young Northern Ireland Catholic walking to a soccer match in the South was accidental, according to the Northern authorities, but the Dublin Government insisted on setting up its own police enquiry, much to the annoyance of London and Northern Ireland politicians.

The Dublin-London war of words distracted attention from a more long-standing impasse, which has existed between the Ulster Unionists and the British Government since the Anglo-Irish Agreement was signed. After two years of vain protests against the Agreement in the streets and through boycotts and strikes, the main Unionist parties have run out of tactics.

Now the Dublin dissatisfaction with the working of the Agreement has set the Unionist leadership speculating on whether the, as they see him, "ogre" figure of Charles Haughey could yet be an ally against Thatcher. At the Fianna Fail annual conference, he invited the Unionists to engage with his Government in "open and honest dialogue with the object of advancing the cause of peace on this island and justice and equality for all the people of Northern Ireland."



Italian supporters of the Juventus Turin club. After lengthy negotiations with the British Home Office, 25 of the accused men (one already was in jail for a separate crime) were extradited and five were subsequently released without bail.

The delays have been chiefly caused not by any lack of evidence, but rather by an overabundance of it: The disaster was witnessed by several thousand among the 60,000 in attendance at the stadium, and the prosecution has gathered some 48,000 pages of written testimony. It also was observed by several dozen television cameras and more than 100 still photographers, and over 60 hours of taped material has been brought in evidence. This sheer volume of testimony has led to complaints by many of the 40 defense lawyers that they simply have not been able to inspect it in the time available. And given that Belgian law stipulates that remand custody should not exceed any likely jail sentence on conviction, the Brussels Appeals Court had little option but to free the prisoners on bail and with a formal undertaking that they would return for trial.

Running parallel to the Heysel proceedings has been

an even more confused, and potentially far more serious, case arising out of a string of savage attacks on supermarkets in 1983-84, in which 28 shoppers were murdered by gunmen. The so-called "Brabant killers" shocked the country with the ferocity of their raids—and perplexed it as well. The random murdering of shoppers and the small amount of cash taken in each case suggested a terrorist operation rather than a conventional armed robbery. Yet no group ever claimed responsibility.

Last June, six people were arrested and charged with the Brabant crimes. The trial began in January but was halted in sensational fashion after only six days, following the discovery of a pistol—alleged to have been used in the killings—in a bag of frozen soup in the home of an ex-policeman. An associate of the latter, Robert Beijer, also a former Brussels *gendarme*, gave himself up to the police, but before doing so made allegations that stunned the public.

Beijer claimed that the Brabant killings were the handiwork of an extreme right-wing group within the police and security forces, whose objective, he claimed, was to create such terror and anarchy that the

Belgian Government would fall and be replaced by military dictatorship. He said the cell was motivated by a reduction in defense spending in Belgium, which, it feared, could expose the country to a Communist takeover.

The allegations, at first sight wholly fanciful, were nevertheless given splash treatment by the Belgian newspapers and provoked widespread public concern. However bizarre, the story at least provided an explanation for the supermarket massacres and also perhaps shed light on other unanswered questions such as the murder gang's apparent knowledge of police procedures and its ability to escape arrest for years.

"The story has all the ingredients of a spy thriller," commented one newspaper. One might be tempted to put its truth higher than that, but the allegations nevertheless resounded at the highest levels of government. The Justice Minister, Jean Gol, stated that there were "no precise, verifiable facts" to support the charges, but acknowledged the widespread public unease over the affair by ordering all members of the security forces to sign a sworn declaration stating that they had never had any

dealings with Beijer or involvement in the Brabant killings.—ALAN OSBORN

## PARIS

# Controversy on Citizenship

Last June, French Prime Minister Jacques Chirac named a "commission of wise men" to consider changes to the 1973 law that sets out the terms by which foreigners can acquire French citizenship. The 16 commissioners included eminent academics, a doctor, a lawyer, a Moroccan, a movie director and a former member of Parliament. Together, they were to make broad recommendations to be considered by the politicians.

For Chirac, establishing a commission seemed the only way out of a political mess that began with his platform for parliamentary elections in 1986. That was the first balloting in which the extreme-right National Front party figured seriously, under a new system of proportional voting. One of the National Front's main themes is the need to keep France French. The party gained disturbing popularity by equating the number of unemployed in France with the number of immigrants. Leader Jean-Marie Le Pen bobbed regularly higher in the polls demanding tougher laws restricting immigration.

Chirac and his coalition of conservative parties responded by vowing to review and tighten the law governing how foreigners can become French. After winning the election, Chirac set out to keep his promise. Review of the law became a more pressing question when a wave of terrorism was connected to Middle-Easterners who were living in France. But changing the law on nationality turned out to be more controversial than Chirac may have expected.

The conservative coalition was accused of racism by immigrant-rights groups, human rights lobbies and church

Trying the British soccer fans charged for the collapse of the soccer stadium in Brussels and the deaths of 39 Italian fans is proving more difficult than previously anticipated.





groups. There were marches and hot disputes on the front pages of newspapers. Even members of Chirac's own coalition threatened to withdraw support. At issue was the principle, dating from 1851, that a person born on French soil has the right to be French. Under present law, the child of a French and a foreign parent has the automatic right to be French. The child born in France of foreign parents can become French if the parents have lived in France for five years and request citizenship on behalf of the child. Every year, 110,000 foreigners acquire French citizenship. But 7 percent of France's population of 55 million are immigrants, including many groups with a high birth rate.

Surely, argued Chirac's supporters, it is logical that children of those immigrants should have to request citizenship at age 16 rather than to be automatically accepted. No, retorted Chirac's detractors, request implies selection. What of the many immigrant children who are born here that have never known their own land, do not speak anything but French and yet could technically be refused French citizenship?

It turned into an insoluble public tussle that Chirac sought to end by locking the question away with the wise men (and two women) of the commission. But rather than removing the issue from the public—which is often the reason delicate questions are sent for study—the commission

brought it right back into the limelight by holding public sessions that were televised live. It called public figures from mayors to priests, public servants and lobbyists. The result was a 1,200-page report containing 60 recommendations that was published in a two-volume paperback version and sold in bookstores.

The commission supported the idea that citizenship should be formally requested. But rather than tightening the law, commissioners argued to make it much simpler, with virtually no preconditions except a five-year residency requirement. The prerequisites of language or studies, or even a clean criminal record that many had demanded, were brushed aside by the commission, ending in a report that all parts of the political spectrum—except for the National Front—praised.

The commission was born out of political embarrassment, but it will probably not end by causing more political division. The recommendations have been put on a shelf where they are likely to stay until long after this spring's presidential elections are over.—BRIGID JANSSEN

## COPENHAGEN

### Keeping It Danish!

**M**ergers and acquisitions dominate the business news in Denmark this spring. Most U.S. observers would say that it is surprising that it has not happened earlier, and anyone worrying about the Japanese challenge would add that the delayed action compared to the U.S. response may be costly. But the real Danish news is not so much the mergers and acquisitions themselves as the new nationalism they have aroused and the political and union initiatives that have resulted.

Official figures show that the Danes have invested far more outside Denmark over the past five years than foreigners have invested in that country. This

balance is different, however, if the focus is on the manufacturing industry, in which foreigners have bought far more than Danes. The largest Danish political party, the opposition Social Democrats, wants a more active industrial policy to give Danish corporations more protection against foreign takeovers, and also wants to make it more difficult to lay off workers after such takeovers. To the left of the Social Democrats, there are widespread demands for outright controls, although existing and proposed E.C. legislation—especially in the internal market—will make that virtually impossible.

The real counterpoise to foreign takeovers is not essentially political, but is organized by the Danish trade unions using monies available to them especially in pension and other funds. The prime mover in this respect is a highly regarded economist, Poul Nyrup Rasmussen, formerly chief economist of the Trade Union Council and, on the side, vice-chairman of the Danish Social Democratic Party. He has been extremely active in promoting private union placements in needy Danish corporations, preferably those with some kind of future. Added to the normal investment profile now is the national consideration and the wish to keep companies Danish to preserve jobs and know-how.

The history of Danish trade union ownership of industry is long and anything but illustrious, as in most other European unions. Rasmussen insists that there will be no repeat performance, that unions have recognized the need for professional management and often do not even want a controlling interest. Critics say that by introducing non-economic factors, such as nationality, and pursuing ambitions, such as the restructuring of whole industries, the union-controlled funds may sacrifice the vested interests of future pensioners. The unions, however, retort that they only employ a small part of the total pension funds in such investments. Most of

the industry welcomes the union money as a sensible recycling of employee savings, and their activities are not doing prices of Danish corporations and shares any harm in a climate that needs all the warmth it can get.—LEIF BECK FALLESEN

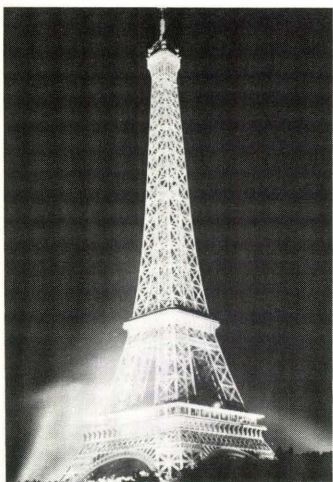
## BONN

### Coming to Terms With the Past

**I**n recent months, a sheer avalanche of books has been published dealing with the period of National Socialism in German history. While previous writers and historians concentrated in their works on individual Nazi leaders or their victims, the new generation of authors attempts to analyze the system and the supportive role of German courts, the civil service, universities and other professions. The phenomenon also is notable because of its dependence on volumes of seemingly dispassionate detail rather than scholarly thesis and opinion.

"Studying the documents," says Hans Jürgen Döscher, author of "The Foreign Office in the Third Reich—Diplomacy in the Shadow of the Final Solution," it became clear that "these people in the middle were those who made the system possible. Although many were not members of the SS elite force or even the Nazi Party, the system would not have worked without their help."

The writers of the new school view Hitler's seduction of Germany's professional classes as the result of an historical process, not a momentary aberration. Comments Döscher: "These people grew up under the Kaiser's authoritarian state, in which military discipline and obedience were the most important virtues. Anti-semitism was in the Kaiser's foreign service and in the Weimar Republic. Hitler's foreign political successes until







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According to a new generation of German historians, the Third Reich was part of an historical process, and not a momentary aberration in history, as has often been argued.

1938 filled them with admiration and pride." Until recently, the prevailing view in the Federal Republic of the Foreign Office in the Third Reich had been that of a bastion of conservative resistance to the Nazi regime, at least in the first years after 1933. This oversimplification has been considerably revised by his, for which Döscher worked mainly from microfilm copies of original files provided by the National Archives in Washington.

Another well-documented study concerns "the wretched history of the German judicial system." Ingo Müller in his book, "Dreadful Jurists," documents how German judges, public prosecutors, lawyers and professors of law had created the preconditions for Hitler's brutal state. The jurists in particular supported Hitler's ideas of racial persecution, "aryanization," repression and barbarism. Müller recalls the bloody working of the People's Court of Justice, which from

1937 to 1944 promulgated 5,191 death sentences. In total, some 40,000 to 50,000 people died at the hands of German judges. Even after the German capitulation on May 8, 1945, German judges continued to impose death penalties for desertion.

Even so, Müller's most harrowing chapter concentrates on the postwar period, in which the same jurists remained institutionalized. According to Müller, "denazification" of the German judges, prosecutors and lawyers never took place. Instead, they enjoyed careers of rising prominence in post-war Germany.

Similar in-depth and unsparring investigations also are nearing publication on physicians and anthropologists in the Third Reich. Those scholars continued to teach at post-war universities and this may help explain why this subject has not been previously studied. In their book on "The Göttingen University under Na-

tional Socialism—the Suppressed Chapter of its 250-Year History," the team of editors contrast the University's excellence in the 1920s with its academic downfall in the Third Reich.

Between 1933 and 1939, the university expelled 50 of its leading, mostly Jewish, scholars, whose names were suppressed at the University's 200th anniversary in 1937. Not only did their colleagues refrain from protesting, 42 specifically demanded their expulsion. The study reveals that long before Hitler's seizure of power in 1933, the National Socialist German Students' Association had a majority in the students' parliament, that a number of teaching staff were early Nazi members, and that anti-Semitism in Göttingen had a long tradition. In 1925, a chemistry student had even devised a system of registering all Jews in Germany and compiling a reference book.

There are two basic and opposing tendencies in German public opinion about the Nazi era. There are those who say that the Hitler regime with its fatal consequences is merely one of many epochs in history. They would like to fit it into the context of German history as a whole and normalize it. On the other hand, there are conservative and left-wing tendencies that are still not free in dealing with the problem. The conservatives say that one should not concern oneself constantly with the Nazi era, that there are other important issues also. For the Left, the Nazi era can only be discussed under moral aspects, and its singularity in German history is emphasized. To re-interpret it, to relativize it and to see it in the context of history has created a sensitivity among scholars, and was the core of the historians' debate, which erupted in 1986 and still continues, in which physicist Carl-Friedrich von Weizsäcker voiced fears that "the concentrated preoccupation with the Nazi past constitutes almost the same error as the previous suppression." — WANDA MENKE-GLÜCKERT

## ROME

### Forgiving Terrorists?

Has the time come to forgive the Italian terrorists? Or is it better to keep them safely in their prisons until they have completely served their time, which would mean letting them out after the year 2000, when they are old and innocuous?

This question is dividing the Italy of politicians and the Italy of public opinion. Recently, various organizations suggested that the slate should be wiped clean on the past and that pardons should be granted to those who are "repentant" or who have somehow admitted their political defeat. This suggestion has sparked a debate that, for the moment, has unforeseeable results.

The problem is not one of showing clemency toward a few hundred inmates (this number would probably shrink to a few dozen). Another, much larger, question looms behind it: Has Italy really won the war against terrorism? Some people agree that it has, citing incontestable facts to back up their convictions. As compared to the fiery years of terrorism, the so-called "years of lead," which gripped Italian cities in a vise of fear, political assassinations today have virtually disappeared. The voluntary curfew, which led people to prudently lock themselves in their houses as soon as the sun had set, have been lifted and streets are no longer empty in the evenings. And economic and political figures also back the "pardoners," arguing that Italy, as a solid industrial power capable of competing on equal terms with its Western allies, has finally gained the international respect that, not many years ago, not everyone was ready to bestow. One decisive factor in this development, they point out, has been its victory over terrorism.

Others view this sudden desire to pardon with grave concern. It is stressed that only

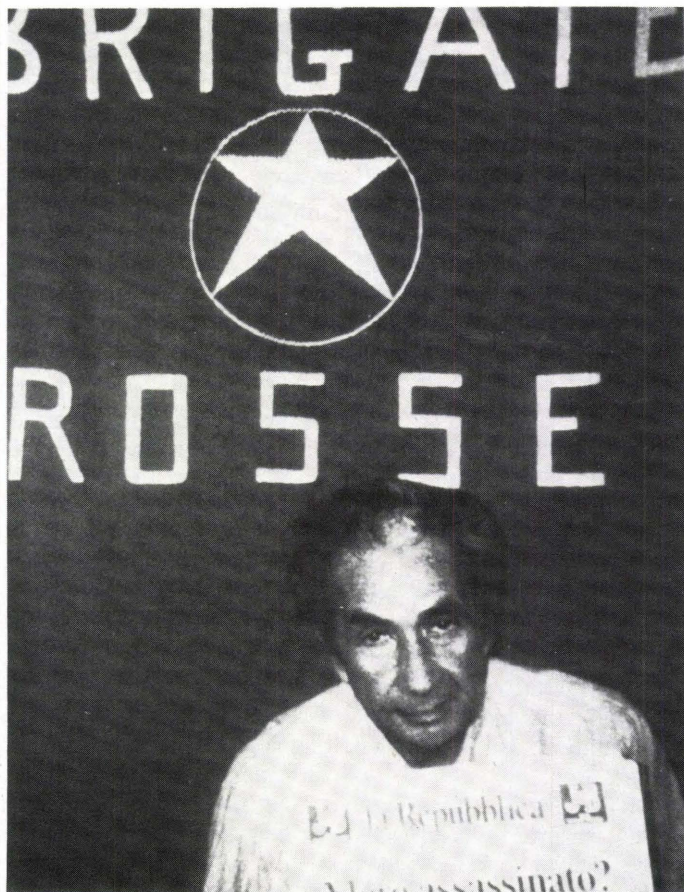


the people who were most responsible are still in prison, while all the others—the minor figures, and those who informed against their fellow terrorists in order to have their prison terms reduced—were released long ago. And while it does not matter if some of those who are still behind bars did not physically commit any crimes, their responsibility, morally, as instigators, is too great to allow them to go free. A case in point is Renato Curcio, the historical leader and founder of the Red Brigades, who has been in prison since the 1970s. It is said that he was not able to assassinate anyone because he was caught before being able to do so. But he went underground, (just like his companion and wife, Mara Cagol, who was killed in a shoot-out with the authorities), from where he plotted the violent overthrow of the State.

The real cause for worry, however, is not so much the individual inmate. The main question is whether Italy is so secure that it can allow itself to be generous. There are some alarming signs, say opponents of the pardoners, that make one fear that terrorism is not dead: Secret service reports affirm that columns of the Red Brigades are forming again, particularly in the industrial north of the country, and Christian Democrats revealed that there had been a plan to kidnap their Party secretary, Ciriaco De Mita, just as in the “years of lead,” when the Christian Democrat Aldo Moro was tragically kidnapped and killed. (Moro had been an advocate of the “historical compromise” between his party and the Communists—which was never implemented—to lead Italy out of a long period of ungovernability and debilitating political infighting.) The Socialist Party also has made it known that its leader, Bettino Craxi, was a target of the new terrorism movement.

What is striking in this debate is the way in which the political class has been divided. Whereas surveys and television programs note that public

opinion is still undecided, the political parties are tearing themselves apart. To give a revealing example, there is no unity at the head of the Christian Democratic Party, which has the relative majority. Party secretary De Mita is opposed by Flaminio Piccoli, the party's president, who, after a surprising change in opinion, has become in a sense the standard-bearer for the pardoning movement, even though during the dark years of terrorist violence he was one of the leaders of the so-called “party of firm-



Former Italian Premier Aldo Moro was one of the most prominent victims of the Red Brigade terrorists in the 1970s. Some now suggest pardons be granted to those who “repent.”

ness.” Piccoli and other political exponents of “firmness” were responsible for the point-blank refusal to deal in any way with Aldo Moro’s kidnapers, a fact that, it is believed, led to the statesman’s death sentence.

Other considerations also are involved in the debate. Just as in the rest of the world, the consequences of economic crisis also are being felt in Italy. Inflation, which was never under control, is on the rise, as is

unemployment, and the conditions for social and political instability, which were the fertile soil for terrorism, could be recreated. Recent union elections held at the Fiat automobile company in Turin, the largest industrial complex in Italy, where during the 1960s and 1970s workers and management had sharp confrontations, were the first such elections since 1979 (confirming that in the past years the three largest Italian unions, the Communist-led CGIL, the Christian Democrat-oriented CISL and the So-

## AMSTERDAM

### Foolproof Passports

**A**fter six years of trying to decide whether the Dutch Foreign Ministry or the Interior Ministry should be responsible for the issuing of passports, and what firm should produce them, the Dutch Government has finally come to a decision. It has handed responsibility to the Foreign Ministry, and the contract for production of the passports themselves to a private company rather than to the state printing office.

The decision was mainly prompted by the fact that, as of next April, Dutch citizens who need a passport, or who need to have their current one renewed, will be issued a European passport. It implies that all European passports will from now on have the same color—burgundy—the same size and the same number of pages. On the front cover, the words “European Passport” will read in the nine different languages of the Community, depending on the nationality of the holder.

The passports also are expected to be fraud proof, which current Dutch passports are not. It is estimated that some 30,000 passports belonging to Dutch citizens in the Netherlands and in the semi-autonomous Netherlands Antilles are lost or stolen each year, finding their way into the hands of criminals, terrorists and people looking for asylum in the Netherlands. According to police, only some 5 percent of subsequently falsified passports are ever discovered. As a safety feature, for example, it will no longer be possible to detach original photographs from the new passport, something that has been the case until now.

All over the world, many institutions suffer substantial damages every year as a result of the use of false passports since they can be used to open bank accounts, cash checks, hire cars, rent hotel rooms,

cialist and lay union, UIL, have suffered a long crisis). The large turnout of over 90 percent was a resounding response considering the apathy in which, up to a short while ago, the unions seemed destined to finish. But even if the most important result was the great advancement of the UIL, the majority—once again—was solidly won by the Communists of the CGIL.—NICCOLO D’AQUINO

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collect social security benefits, even marry and sign legal documents. This development, and the hope that something could be done to combat fraud using false and counterfeit passports on an international scale, gave Dutch publisher Kluwerpers B.V. the idea to put out a "passport handbook."

The handbook on passport forgeries, which took five years to prepare, was officially introduced last February. Published in two looseleaf volumes, it can be purchased for 650 guilders (about \$350), and is currently available in Dutch and English (work is progressing on French and German editions). The book describes some 240 forged passports of 146 countries, describing quality of paper and watermarks, but since that number is fast increasing, regular supplements will be added. It is estimated that in 1987 alone, 928 passport forgeries were seized at the Schiphol airport in the Netherlands, and that the annual increase of such activity stands at about 18 percent. Resulting financial damage for many parties is enormous.

R.E. Kendall, secretary-general of Interpol, who was handed one of the first handbooks at a ceremony in The Hague, said that the handbook would undoubtedly "prove of invaluable assistance to immigration and customs officers, and to border police," and that, with regard to passport control, "it will provide an important investigative basis since it gives an immediate indication as to whether a particular passport is genuine."

His definition of a forged passport was that it was "a genuine passport altered in some respect to facilitate its use for fraudulent purposes." A counterfeit passport, on the other hand, was something that "qualified as a passport, entirely fabricated from start to finish," while a fraudulent genuine passport was "a perfectly genuine passport, issued on the basis of false information to a person producing, for instance, a false birth certificate, thus resulting in the ac-

quisition of a passport with a false name."

He said the number of such cases was growing at a considerable rate of about 1,500 cases annually, of which 80 percent originated in Europe, and the rest in countries in the Middle East, North and South America, Africa and the Far East. Few cases, on the other hand, were registered from Australia and the Pacific countries. Kendall called the handbook "a vital document for the immigration, customs and police authorities in all our member countries."—NEL SLIS

## MADRID

### More Gambling?

Spaniards have gone gambling-mad and the country's Socialist Government is being blamed for aggravating things. The height of this paradox was reached this spring, when employees of one state-run lottery lodged proceedings with the country's Supreme Court in a bid to stop the Economics Minister, Carlos Solchaga, from going ahead with the launching of a rival "subscription lottery" spread over several days of the week.

Last year, Spaniards, already one of the world's keenest gamblers, broke their own record, staking an estimated 2.75 trillion pesetas (about \$24.5 billion), a sum, it has been calculated, that amounts to nearly half of what the government, or the taxpayers, spend annually on the public health service. And this record was almost twice the 1982 figure—the year when the Socialists came into power.

Since the Franco years, when most forms of gambling were frowned upon, democracy has become synonymous for millions of ordinary Spaniards with various forms of "having a flutter." This includes playing the lotteries, casino games, football pools, horse-racing, bingo and, most important of all, the one-armed bandits that have proliferated

in bars, restaurants and amusement arcades since they were first legalized 10 years ago. Last year, the total playing of fruit machines amounted to a staggering 1.5 billion pesetas.

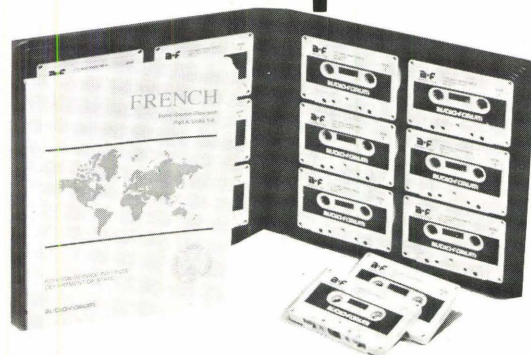
The lottery employees who went to the Supreme Court belong to the National Organization for the Blind (ONCE), the only lottery allowed by General Franco and started by his regime in 1938 as a way to finance assistance and training to those nationalists who had lost their sight fighting the Civil War, and tapping fellow Spaniards' gambling instincts. Their lottery tickets always are sold by registered blind men and women and are a familiar sight at street corners in

every Spanish town. Dynamic sales methods, such as glossy television advertising campaigns promising huge prizes, have raised receipts by four times over the past five years, and have made ONCE one of Spain's top companies overall in volume of sales.

Their quarrel now with the Economics Minister is that his promotion of rival lottery schemes is upsetting their virtual monopoly just when they have taken on an extra 7,000 blind staff as salesmen or executives.

The core of the quarrel lies in the fact that Spaniards' gambling habits are highly lucrative for the state, whose treasury coffers get 30 percent of the

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state lottery stakes. Estimated net revenues from all forms of gambling last year reached \$2.27 billion and the Socialist Government clearly wants to increase that.

The Socialists have introduced two new lotteries—the so-called *bono lotto* (subscription lottery) this spring and the *loteria primitiva* in October 1985, which actually is a revival of Spain's first state lottery, which goes back to the days of Spain's King Carlos III in the mid-18th century. The national lottery and state gambling organization, the official body answerable to the Economics Ministry, took double-page advertisements in the Spanish press to launch the *bono loto*, which for a small stake keeps the punters' gambling fevers alive for several days. And glittering prizes with the "primitive" lottery meant on one occasion this spring that for a stake as small as 300 pesetas, four winners each won more than 400 million pesetas.

With the two new lotteries the Socialists have introduced, the Spanish state has become the biggest gambling entrepreneur after two famous private magnates who built up empires in the one-armed bandit and slot-machine sphere. Both waiters when General Franco died, they now have a territorial carve-up of the whole business in Spain. And since they are taxed by the state on each machine, but not on the actual takings, their business is most lucrative.

The Economics Ministry's enthusiasm for lotteries as a source of extra revenue is, however, in direct collision with the Interior Ministry's policy restricting gambling outlets. Thus, on one occasion, while the state gambling body took prime-time on television to launch the *bono loto*, police, on instructions from the Interior Ministry, were on a typical raid of small bars in the Barcelona area, where customers were illegally playing card games for small stakes.

—RICHARD WIGG



## ATHENS New Life for A Small Island

For two weeks last winter, stormy seas prevented the small steamer that serves the small island of Castellorizo from making the journey to this remote place, and the weekly flight also was called off because of high winds. Although Castellorizo lies only one mile from the coast of Turkey, its 200-odd residents—most of them elderly—rely on supplies from the island of Rhodes, 70 miles to its north, since tensions between Greece and Turkey in recent years have prevented the islanders from crossing the strait to go shopping in the Turkish town of Kas. A narrow, rocky island only four miles long, Castellorizo is famous for the fish that come from the surrounding waters, but yields little in the way of fruit, vegetables or dairy products.

If the current thaw in Greek-Turkish relations continues, however, Castellorizo is bound to benefit. At present, the island attracts about 5,000 tourists every year, most of them passengers on yachts that cruise down from Rhodes along the spectacular Turkish Aegean coast. The islanders complain that politics prevent thousands more from coming: Castellorizo has no customs facilities to make it an official entry point to Greece from Turkey, which would open the way for tourists vacationing there to cross over from Kas. During the summer, motor-

boats ferrying tourists run daily services between half a dozen of the eastern Greek islands and the Turkish coast. But for tourists vacationing on the Greek side, there has been a deterrent: People who arrive on charter flights may have their return tickets cancelled if they make a side trip outside of Greece.

Eighty years ago, when most merchant shipping in the Aegean was still sail-powered, Castellorizo was an important staging post on the route from Alexandria in Egypt to Constantinople—as Istanbul was then known. Dozens of tall ships could anchor in its deep, sheltered harbor, and the islanders were shipowners and merchants whose homes were famous among Greeks for their rich oriental carpets and collections of delicate porcelain from Western Europe.

After World War I, however, prosperity declined and the Castellorizians started to emigrate to the United States and Australia. There are today an estimated 30,000 Castellorizians in Australia and around 9,000 in the United States, many of whom still own property on the island. In recent years, many islanders also have moved to Rhodes so that their children could attend high school, since there is none on Castellorizo.

Now that Greek Premier Andreas Papandreou and his Turkish counterpart, Turgut Ozal, have decided to improve bilateral relations on a long-term basis, the boosting of Greek-Turkish trade and tourism comes high on the agenda, partly because the political disputes over oil-drilling rights, airspace control and militarization of some islands are likely to prove much more intractable. Greek Government committees already are discussing ways of improving coastal communications and Greek businessmen are keen to develop local markets in Turkey that could be supplied from the eastern Greek islands.

Greek Governments have long feared that a trend toward depopulation in the eastern is-

lands could eventually encourage Turkey to take them over. Despite current prospects for improving relations, that anxiety is unlikely to disappear quickly. The Greek Government already has taken steps to improve life for Castellorizo through a \$7-million development program that aims at doubling its permanent population by 1995.

Furthermore, an airport was opened 18 months ago to attract shore-based tourism, and the eight-hour steamer trip from Rhodes is free of charge. The project also calls for a full-scale yacht marina, several medium-sized hotels and a duty-free department store that would encourage both Greeks and foreign visitors to fly down from Rhodes to go shopping. In an effort to encourage Castellorizians to return to their island, the government further offers to pay half the cost of restoring their abandoned homes.—KERIN HOPE €

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# E.C. APPEALS TO U.S. FOR "REALISTIC" GOALS IN TRADE TALKS

ANDRIESSEN URGES WASHINGTON TO RECOGNIZE E.C. ACHIEVEMENTS IN FARM POLICY REFORMS.

JAMES C. WEBSTER

The European Community's top agricultural official has urged a skeptical Washington to recognize the E.C.'s "real achievements" in reforming its Common Agricultural Policy and appealed to the world's farm trade negotiators to "concentrate on what is realistic" in adopting new rules for international trade. Frans Andriessen, E.C. Commission Vice-President responsible for agriculture, has carried the E.C.'s message to the United States so often that he is becoming almost as familiar to

U.S. farm leaders and journalists as some American politicians.

In his most recent foray to Washington, in March, the former Finance Minister of

Europe is the largest market for U.S. agricultural exports.

the Netherlands touched on several recurring trade disagreements between the United States and the E.C.—subsidized exports, restrictions on imports, a pro-

posed ban on hormones in meat in the Community and differences in negotiations over agricultural trade rules in the General Agreement on Tariffs and Trade (GATT). He told U.S. farm writers the E.C. is "putting its own house in order" with adoption of farm spending controls, called "stabilizers," by the European Council summit in February.

He described the "effective, automatic, quantitative stabilizers" adopted by the heads of the 12 E.C. Governments as mechanisms that will control spending on farm supports and limit agricultural production in the Community. Andriessen

The E.C. is "putting its own house in order" with adoption of farm spending controls, called "stabilizers," by the European Council summit in February. Below, the olive harvest in France.



© RASMUSSEN/SIPA-PRESS



noted that "substantial progress has been made, which enables the Community to take its place at the negotiating table," especially in grain and oilseeds (the E.C. effectively began reducing milk production two years earlier),

Although critics of the E.C.'s agricultural policies here and in Europe consider the "stabilizers" to be less than fully effective, Andriessen predicted that they would put a limit on E.C. spending on farm supports and, over the long term, control the production that many in the United States and the E.C. consider excessive. The new mechanisms establish production "thresholds" for both grain (notably wheat) and oilseeds (especially rapeseed). If total production in the E.C. exceeds the threshold, the Community automatically will reduce the price it guarantees its farmers in the following year.

"It has not been easy to obtain what we have obtained" in a Community of 12 member states with diverse agricultural structures and widely varying philosophies of agriculture, Andriessen said. The average size of farms in the Community ranges from about 25 acres in Portugal to about 250 acres in the United Kingdom, he noted. (By contrast, U.S. farms average about 450 acres in size.)



**E.C. Commission Vice-President Frans Andriessen, who is responsible for agriculture.**

Andriessen said Europeans cannot accept a U.S. proposal for a complete phasing out of agricultural supports by the end of the 20th century, adding that negotiators "should concentrate on what is realistic." He noted that the E.C. has put its own proposal on the table at the GATT negotiations, seeking immediate, short-

term steps to rationalize world agricultural trade and very soon would present a proposal for food and animal health and safety rules. "We have some differences [with the United States] but substantially the same philosophy" on veterinary and sanitary standards, he said.

Andriessen did note, however, that there was no likelihood of change in the Community's ban on artificial hormones for meat animals. "That is a political issue of the first order," Andriessen stated. "It is politically impossible to change the content of the [E.C.] directives. We have to start from the hypothesis that the ban will have to be applied." He noted, however, that the ban will apply equally to meat produced in Europe as well as to that imported from countries such as the United States, which has been highly critical of the regulation.

Since Europe is the largest market for U.S. agricultural exports and the United States is the biggest source of agricultural imports by the E.C., Andriessen alluded to the recurring disagreements by asking almost wistfully why each seemed to be quarreling so frequently with its best trading partner. It was, however, a question he didn't try to answer.

James C. Webster is editor of *The Food and Fiber Letter*.



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# U.S., EUROPEAN FIRMS PREPARE FOR 1992 MARKET DEADLINE

MANY EUROPEAN COMPANIES ALREADY  
HAVE STARTED QUIET INTERNAL  
RESTRUCTURING.

PHILIP REVZIN

**T**wo recent events illustrate that building a better Europe can be painful. But it is happening:

- Since January 19, Italian financier Carlo De Benedetti has been fighting for control of the Société Générale de Belgique, a Belgian holding company that he wants to use as the nucleus of the first true pan-European holding company, with an eye toward the abolition of internal European trade barriers by 1992. As if to underline

## EUROPEAN CENTRAL BANK, GREATER E.C.U. USE URGED

GISCARD, SCHMIDT PUSH  
SECOND STAGE OF  
EUROPEAN MONETARY  
SYSTEM.

**V**aléry Giscard d'Estaing and Helmut Schmidt, the joint fathers of the nearly 10-year-old European Monetary System (EMS), think it's that their child was allowed to grow up. The former French President and former West German Chancellor are pushing hard for the never-enacted second stage of their plan, the economic and monetary union of Europe through a European central bank and free use of the European Currency Unit (ECU) by companies, banks and consumers in all 12 E.C. member states.

"The single European market of 1992 requires decisive progress toward monetary union," as well, Giscard d'Estaing said at a recent joint press conference in Paris with Schmidt. The French Government, the former President added, "is ready" to embark on negotiations leading to a treaty creating the central bank by 1992. Schmidt said he was "convinced" that the Government of the Federal Republic of Germany would eventually go along as well, despite sharp criticism of the plan by the Bundesbank, the country's central bank. Both men also said they thought British objections—Britain never joined the exchange-rate mechanism of the European Monetary System—could be overcome.

## EUROPE WITHOUT FRONTIERS

much hope. The squabbling leaders eventually did agree, and De Benedetti may well succeed in buying a company that accounts for nearly a fifth of Belgium's economy. Even if he fails, he probably has destroyed forever the taboo against hostile takeovers between European companies. The lesson: Europe is inexorably getting together, with major consequences for European and American companies.

European business seems to have learned this lesson even before its political leaders did. As the E.C. enacts some 300 new rules aimed at dismantling virtually all inter-European trade barriers by the end of 1992, or thereabouts, nearly every major European company is rushing to adjust to a future market of 320 million consumers. Although no one can predict all the winners and losers, it is clear that bigger, more powerful, companies will arise in Europe.

Given the history of internal squabbling, the continuing political attractiveness of economic nationalism, there could be some slippage of the 1992 date in adopting all of the 300 "directives." Only about 80 have been passed so far. But the recent budget agreement was expected to speed up the process. And when the new rules are finally adopted, European countries will no longer be able to keep out, for protectionist reasons, people and products from their neighbors. Anything or anybody meeting standards of one member country must be accepted in all. A Belgian dentist will be able to drill Danish teeth. A Danish bank will be able to take the savings of a German *hausfrau*. German appliance makers will be able to sell the same telephone-answering machines in Milan as in Munich. A truck carrying Dutch tulips will be able to drive all the way to Greece unhampered by long border delays.

To get ready, many European companies have already started quiet internal revolutions. Jean-François Dehecq, chairman of Sanofi S.A., has been thinking nonstop for a year and a half about 1992. The pharmaceuticals maker has been re-drafting budgets, reorganizing its sales force, rethinking its product mix. Paradoxically, one of the things Dehecq did to prepare for 1992 was to try to buy the A.H. Robins company of the United

Philip Revzin is the Paris bureau chief of *The Wall Street Journal*.



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**Will Société Générale de Belgique become the nucleus for the first true pan-European holding company?**

his aim, at a recent stage in the battle, De Benedetti formed an alliance with some Belgian partners under the name "Europe '92." The battle has widened to involve French-speaking Belgians, Dutch-speaking Belgians, two rival French merchant banks and, to hear the Belgians tell it, their nation's very soul.

- At 2 A.M. on February 13, leaders of the European Community's 12 member countries struggled out of a marathon negotiating session in Brussels after finally compromising on farm subsidies. During the meeting, British Prime Minister Margaret Thatcher called the French "crazy." French Prime Minister Jacques Chirac called Thatcher a vulgar name that British diplomats could not even find in their French-English dictionaries.

But behind the public disarray lies



States and, even though Sanofi lost Robins to a higher bid from American Home Products, Dehecq says the United States remains vital to his plans to conquer the European market.

"We absolutely must be in the U.S. market by 1992," he says, "to sell the new drugs our research labs will be producing." A strong U.S. presence also would help teach Sanofi salesmen how to tailor their pitches according to regional needs. "In the United States, they know that customers are different in New York, Los Angeles and Chicago. Here, a consumer in Paris has more in common with one in Brussels than with one in Marseilles. But we are organized nationally, not regionally."

For U.S. multinationals, competition



Christie's is eyeing the Continent's lucrative auction markets, which it will be free to enter after 1992.

may become tougher, but they will also benefit from the freer movement of goods and people within Europe. Small to medium-sized U.S. companies could find it easier to enter a European market they have previously largely ignored from one base in any of the 12 countries. Big U.S. companies, such as International Business Machines Corporation (IBM) and Ford Motor Company have in effect already built Europe. They have for decades successfully treated Europe as a single market, coordinating manufacturing and distribution from many factories through a single headquarters. They are not afraid. "We see 1992 as an opportunity for strengthening Europe's competitiveness," says C. Michael Armstrong, the chief executive of Paris-based IBM/Europe.

IBM makes one product at each of its 15 European plants. Personal computers in Greenock, Scotland, and mainframes in Montpellier, France, for example—and ships them around the Continent. After barriers at the borders are lowered, widely differing sales-tax rates harmonized and technical standards better coordinated, IBM should save money. Many

The plan—also recently outlined by French Finance Minister Edouard Balladur—would involve setting up a system along the lines of the U.S. Federal Reserve system. The common central bank would be run by a board of independent members, but would make market intervention and system financing decisions jointly with representatives of the 12 national central banks, which would become the equivalent of the U.S. regional reserve banks.

The 12 nations also would agree to accept as legal tender in addition to their own national currencies the ECU, currently a theoretical basket of currencies that is used increasingly to denominate loans, but that does not exist as notes or coins. Giscard d'Estaing said he hopes that as part of the plan the ECU would "take on its own personality" and cease to be a basket of currencies, but he did not elaborate.

He added that the new system "should be based on rigorous anti-inflation policies and oriented toward stable currencies. It also would be based on the complete freedom of movement of capital within the Community." If established, he said, it would allow Europe to "open a dialogue" with the United States and Japan toward a more stable world economic system.

The two former national leaders—both of whom are occasionally mentioned as possible presidents of Europe if that post is ever created—said they would ask current German Chancellor Helmut Kohl to put the issue of starting negotiations on the central bank on the agenda of next June's E.C. summit in Hanover. The Federal Republic, as the current E.C. Council of Ministers President, controls the summit agenda. Giscard d'Estaing said that if the issue is discussed at Hanover, a treaty could emerge 18 months later, to be ratified during the course of 1990 and applied by 1991 or 1992.

The idea recently got a boost from the endorsement of West German Foreign Minister Hans-Dietrich Genscher. But

European companies are copying IBM's strategy.

The danger of a more unified Europe, particularly for the U.S. companies, is that the newly powerful trade bloc might be better able to keep out everyone else through protectionist measures. "Not all the advantages Europe accords itself will automatically be available to outsiders," warns Régis Astier of the French employers' association. "If Europe can't get at, say, the U.S. public-procurement market, they won't get at ours."

Good or bad, the movement toward a unified market appears unstoppable. In part, the increase in activity by European companies emulating IBM and other multinationals reflects how much ground Europe needs to make up. Last year, the E.C. countries ran a high-technology deficit estimated at \$10 billion, compared with surpluses in such products of \$1.3 billion in the United States and \$8.6 billion in Japan.

"Europe has no choice but to become a third pole of equivalent weight," says Alain Madelin, France's Minister of Industry. "Or else, poor in raw materials, politically divided, technologically dependent, it will fast become nothing more than a subcontractor for the other two."

A unified Europe could capitalize during the 1990s on potential weaknesses in the United States and Japan, the French Bureau of Economic Forecasting and Information believes. The United States, the group says in a report, has let its manufacturing base deteriorate too much, and Japan could suffer because of an overvalued currency and U.S. and European protectionism. "Europe will see big gains in productivity, economies of scale and much faster new-product development because of the vast restructuring now taking place," the group adds.

Changes have started all over. Christie's International PLC, the London auction house, recently hired as its chairman Lord Carrington, who is retiring as secretary-general of the North Atlantic Treaty Organization. Christie's is eyeing the Continent's lucrative auction markets that it will be free to enter after 1992, and Lord Carrington, it figures, knows just about everybody everywhere. Italian broadcaster Silvio Berlusconi has spread his empire to France and is looking at Spain. British publisher Robert Maxwell owns a small French news agency and wants to buy or start a French daily newspaper. France's Compagnie Générale d'Électricité last year bought ITT Corporation's European telephone operations and formed Alcatel N.V., a French-run company registered in the Netherlands and with headquarters in



Belgium.

While there is much talk of 1992 in Italy and Spain, and some grumbling in Great Britain that not enough is being done there about it, perhaps nowhere has the realization of Europe's problems and potential hit home harder than in France. A survey by the CFTD, a major labor union, found that 79 percent of French managers questioned knew and cared about the 1992 changes, compared with only 18 percent in the Federal Republic of Germany and a scant 5 percent in Britain. According to another poll for the Patronat, the French employers' federation, 71 percent of French businessmen see 1992 as a good opportunity rather than a handicap. Seventy-three percent intend to restructure their companies be-



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Recent moves by the French firm Matra could increase European cooperation in weapons development.

cause of the removal of trade barriers, and 62 percent think that the Federal Republic will be helped most (only 22 percent say France will be).

France seems transfixed by 1992, in fact. Three small French mushroom producers cite the date as they band together to resist an expected influx of mushrooms from the Netherlands, Spain and Ireland, and to sell to Europe's mushroom-gobbling champion, West Germany. A recent convention of songwriters, music publishers and recording companies in Cannes was dominated by copyright questions in the Europe of 1992. The French Government establishes a "Commission of Economic Reflection" to reflect on 1992. All three major presidential candidates harp on it.

"France fears 1992 more than any-

body else," says Bruno Husson, a professor of finance at HEC, a French business school. "Our companies are less competitive, and their foreign distribution networks are not as good as those of German companies, for example." As a result, he explains, many French companies want to see from the inside how Continent-wide distribution works in the United States.

major problems remain, especially the objections of the Bundesbank and the lukewarm reception the idea has received in the United Kingdom. The Bundesbank fears that it would lose autonomy and influence in the new system, and that differences in inflation rates and differences in national growth policies would soon either tear the system apart or require the Federal Republic of Germany to take measures it did not like, such as stimulating its economy.

Despite the initial negative reaction from the Bundesbank, Schmidt said he thinks the West German Government and Parliament eventually will approve the plan as a logical necessity in a United Europe. "All the talk about European Union will remain rubbish if we don't do anything," Schmidt said. "We must create a European central bank because we must have a currency with which one could as easily buy a dress or a train ticket in Paris or Madrid." He said that if one started today with a note of 550 French francs, and changed it on a tour of the 11 other member countries, one would lose half the money's value in exchange commissions "before one had actually spent a *centime*."

He added: "The October stock market crash showed there is no such thing anymore as a national stock market. The same is true of the money market. Nobody is in charge, and this is very dangerous. We must establish three centers of economic management: The U.S. Federal Reserve, the Bank of Japan and the European central bank."

Giscard d'Estaing said that now was a good time to create the joint central bank and widen the use of the ECU, because differences among inflation rates in Europe are the lowest they have been since 1972. But he emphasized that the ECU will never replace the dollar or the yen as a reserve currency. "We do not want the ECU to become the world's reserve currency," he said. "But Europe must be able to make its voice heard with one, not 11, currencies."—PHILIP REVZIN €

Air Liquide, a maker of industrial gases, has been increasing its U.S. presence for more than a decade, most recently by buying Big Three Industries of Houston. The United States is "the perfect marketing observatory," an Air Liquide spokesman says. He adds that new uses for the company's eight gases have been found by U.S. electronics companies and papermakers and Air Liquide has brought back the ideas to sell European customers.

European companies also are refining their strategies at home. France's St. Gobain S.A. recently bought all or part of two glassmakers in Portugal, the last European market where it had not yet been represented. Jacques-Henri David, the company's director-general, says it wants factories or subsidiaries making most of its products in all the E.C. countries, in order to meet local specifications. "As 1992 approaches, we want to specialize more and more," David says. He adds that it is cheaper for his company to have many specialized factories, coordinated from Paris, than to retool giant assembly lines for small orders and ship the products around Europe.

Other French companies are seeking partners. Havas S.A., a recently privatized communications company, wants to find partners in Spain, Belgium, the Federal Republic of Germany, Britain, Italy and non-E.C. member Switzerland. Pierre Dautier, Havas' chairman, says he soon will sign an agreement with a Spanish partner to bring Canal Plus, a successful pay-television channel 24-percent owned by Havas, to Spain by early next year. Belgium, Switzerland and the Federal Republic should follow. Dautier has four other target areas: technical journals, free newspapers, billboards and Yellow Pages telephone directories. "Making alliances in these five areas is our job for the next two years," he says.

Matra S.A., a French defense and electronics group privatized in January, sold small stakes to a government-mandated "core group" of shareholders including General Electric Company of Britain (which is not related to the U.S. company), Daimler-Benz of Germany and the Wallenberg Group of Sweden. All these companies say they see their Matra stakes, which they cannot sell for two years, increasing European cooperation in weapons development.

"The only way to compete in the Europe of 1992 will be through durable corporate alliances," says Jean-Louis Gergorin, Matra's director of strategy. "And the only way to compete in the world will be through the unified Europe of 1992." €



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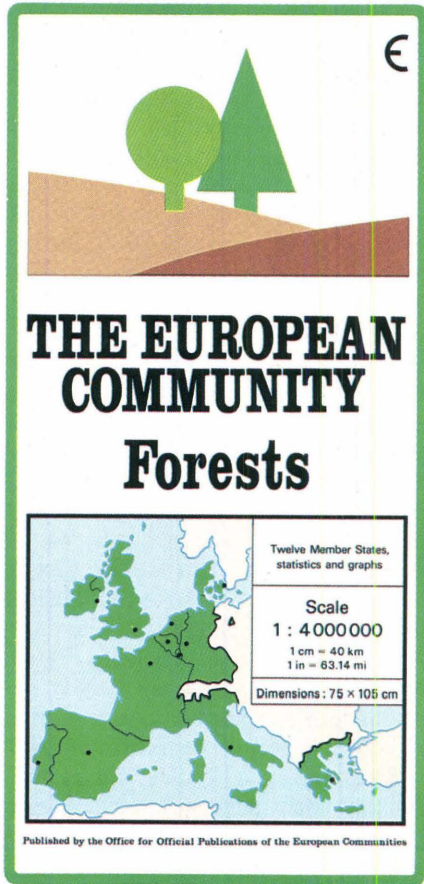


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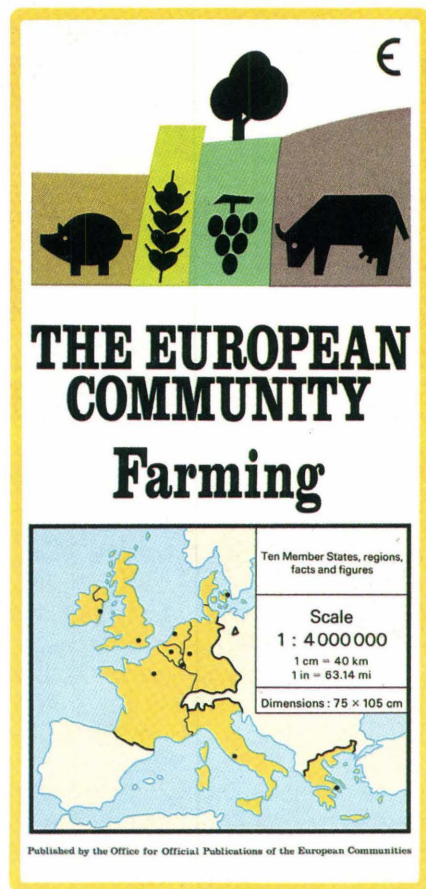
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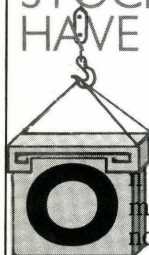
consumption and Community aid for forestry are given in an inset.

The farming map gives a vivid picture of Europe's varied agricultural sector. It shows four basic types of farm land and the most representative crops in each region. Seventy block diagrams give basic statistics on European farming, by country, with comparisons of agriculture in the E.C., the United States and the Soviet Union.



# E.C. FORECASTS MODERATE GROWTH DURING 1988

## STOCK MARKET CRISIS EXPECTED TO HAVE LIMITED DIRECT EFFECTS.



February 17, the E.C. Commission released its latest economic forecast for 1988. By comparison with its previous forecasts, finalized before the stock market breaks of October 1987, the Community growth perspective is revised downward by half a percentage point to +1.9 percent. The latest information shows a slightly better performance of the European economy in 1987, as compared with last September's estimates, the average growth for last year being revised upward by a few decimal points to +2.4 percent.

The stock market crisis of last fall should continue to have only limited direct effects, provided that no further disturbances occur. Growth will continue, albeit somewhat more moderately than last year, and the Commission sees no sign of recession. The most recent forecasts produced by Commission services are based on the technical assumption that the dollar's exchange rate stabilizes at a level close to that of end-December 1987.

### The World Economy

Since the beginning of the year, there have been some positive developments. The dollar's exchange rate has recovered from its end-year trough and subsequently has stabilized. The reduction in financial wealth resulting from the stock market crisis has reduced inflationary pressure in the United States and, desirably, its internal demand growth. Growth of activity in the United States during the last quarter of 1987 was driven mostly by real net exports. Even nominal trade figures have been showing some improvements.

Among industrialized countries, the adjustment process is clearly under way. Massive shifts in the volume of goods and services traded are helping to reduce the imbalances. U.S. real exports of goods and services increased by 12.75 percent in 1987, imports by only 7 percent. The

U.S. trade balance improved in real terms in 1987 by one-quarter of a percentage point of gross national product (GNP), while those of the Community and Japan deteriorated (by one percentage point of gross domestic product (GDP) and three-quarters of a percentage point of GNP respectively). In 1988 and 1989, further significant shifts in the volume of goods traded will contribute to restore balance of payment equilibria.

However, balances in value terms are slow to adjust because of variations in the terms of trade caused by changes in exchange rates. In 1988, the United States' current external deficit (some \$140 billion) is expected to remain slightly above 3 percent of GNP for the fourth year in succession. According to the forecast, it should still stand at close to \$130 billion (2.75 percent of GNP) in 1989. The problem of the build-up of the United States' net external debt will thus worsen. Japan's current surplus as a percentage of GNP could fall (from 3.4 percent in 1987 to 2.8 percent in 1988), but will remain roughly constant in dollar terms, close to \$80 billion. The current balance of the Community should not amount to much more than about \$30 billion (0.5 percent of GDP), as against about \$40 billion (1 percent of GDP) in 1987, with significant differences between the countries.

The Community's export markets are expected to expand only moderately, but still somewhat less rapidly than in 1987. Growth of imports of the Community's industrialized partners will slow down. This may be offset by imports of OPEC countries stabilizing in real terms in 1988, following the massive earlier downward adjustments. Imports of other developing countries should grow at a fairly buoyant rate (around 5.5 percent). This average masks a significant divergence between the newly industrialized countries (NIC) on the one hand (+8 percent) and other developing countries (+2.75 percent).

In order to turn real trade adjustment into smaller payments imbalances, the Commission is of the opinion that the dollar's exchange rate has to stabilize. A further dollar depreciation, even if it sustained growth in the United States, would be harmful to the United States' trade partners, and to the United States itself.

It is important to achieve a worldwide policy mix that provides for a more efficient adjustment process at a higher growth level. Therefore, it is desirable that:

- the United States pursues with determination policies that increase net national saving, so as to finance domestically continuing public sector dissaving;
- Japan continues to sustain domestic demand and to open up its markets;
- the NICs create favorable conditions for reducing their surpluses, notably through exchange-rate adjustment;
- Community raises internal growth.

### The Outlook for the E.C.

In 1988 (as in 1986 and 1987), net exports will drain the Community of almost one percentage point of real growth. Imports from outside the Community will increase (by around 7 percent), while exports should remain flat.

The growth of domestic demand will decline compared with 1987 (by about three-quarters of a point). Private consumption will be affected by a deterioration in the climate of consumer confidence (confirmed by recent E.C. surveys) and by slower growth of personal incomes. Investment will expand sluggishly, because of weak export demand and increased uncertainty.

The Community's balance on current transactions will again diminish slightly—from 35 billion European Currency Units in 1987 (1 ECU currently equals about \$1.20) to 24 billion ECU in 1988, i.e., a fall of some one-quarter to one-half percentage point of GDP). However, the positions of member countries still will differ widely. In 1988, the surplus of the Federal Republic of Germany should still be over 34 billion ECU and that of the Benelux countries and Ireland taken together 8 billion ECU. (The combined deficit of other countries should total 18 billion ECU.) Continuing persistent divergence in intra-Community payments balances risks making more difficult exchange rate management within the European Monetary System.

Achievements in terms of price stability and convergence of inflation rates will be preserved in 1988. The average inflation rate in the Community should remain



## European Community (EC-12) Main Macroeconomic Aggregates

Volume Growth—Annual Percent Changes

	1986	1987	1988*
Private Consumption	4.0	3.5	2.7
Public Consumption	2.2	1.8	2.1
Gross Fixed Capital Formation	3.2	3.7	3.2
Change in Stocks (% of GDP)	0.9	1.2	1.3
Domestic Demand	3.8	3.6	2.8
Exports of Goods and Services	1.6	3.1	2.6
Imports of Goods and Services	5.9	6.9	5.3
Gross Domestic Product	2.6	2.4	1.9

## Contributions to GDP Volume Growth Member Countries and EC-12

(Changes as Percentage of GDP of Preceding Period)

	Domestic Demand			Foreign Balance			GDP		
	1986	1987	1988*	1986	1987	1988*	1986	1987	1988*
Belgium	3.2	2.2	1.6	-0.8	-0.5	-0.2	2.4	1.7	1.4
Denmark	5.6	-3.0	-1.4	-2.2	1.7	1.0	3.4	-1.3	-0.4
Germany	3.5	2.8	2.1	-1.0	-1.2	-0.7	2.6	1.6	1.4
Greece	-0.3	-0.1	3.2	1.6	-0.3	-1.5	1.3	-0.4	1.8
Spain	6.1	7.2	5.7	-3.0	-2.9	-2.4	3.2	4.4	3.3
France	3.5	3.1	1.8	-1.5	-1.3	-0.4	2.0	1.8	1.4
Ireland	0.7	-0.8	-0.7	-1.1	4.7	1.7	-0.3	3.9	1.0
Italy	3.3	4.2	3.4	-0.5	-1.3	-1.2	2.7	2.8	2.2
Luxembourg	2.5	3.2	2.0	0.4	-1.5	-0.5	2.9	1.7	1.5
Netherlands	3.7	2.0	0.9	-1.4	-0.2	0.0	2.4	1.8	0.9
Portugal	8.1	9.9	6.0	-4.7	-6.8	-3.4	3.4	3.0	2.6
United Kingdom	3.8	3.9	3.6	-0.8	-0.3	-0.8	3.0	3.6	2.8
EC-12	3.8	3.6	2.8	-1.2	-1.1	-0.9	2.6	2.4	1.9



close to 3 percent and under 5 percent in almost all member states.

Among E.C. member states, some countries recorded quite satisfactory growth performances last year: Italy grew by 2.8 percent, Portugal by 3 percent, the United Kingdom by 3.6 percent, Ireland by 3.9 percent and Spain by 4.4 percent. Two member states, Denmark and Greece, registered negative growth in the wake of adjustment policies, whereas the Benelux countries, France and Germany performed quite closely with growth rates between 1.5 and 2 percent. This year, a limited moderation of growth performance is expected from the group of better performing member countries, while expansion should proceed roughly at the same pace in the

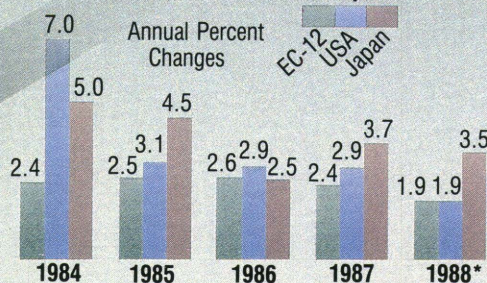
other members.

No turnaround in the unemployment situation is to be expected in 1988. The average unemployment rate should stay very close to its 1987 level, which was 11.6 percent. Employment policies remain all the more necessary, especially when directed toward categories most affected by long-term unemployment, e.g., young people or older workers. At the same time, policies aiming at greater flexibility and adaptability of labor markets need to be pursued and reinforced.

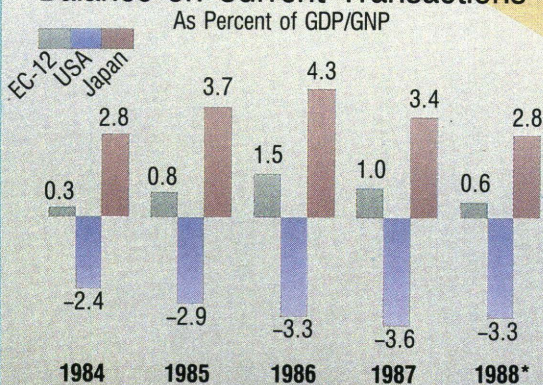
The E.C. Commission is promoting a cooperative growth strategy that calls for a strengthened cooperation of member states' macro-economic policies, as well as for enhanced structural policies both at national country and Community levels.

The European institutions also are engaged in the major task of completing the E.C. internal market by 1992 by removing the remaining non-tariff barriers between member states. The European Council, which met in Brussels on February 11-13, decided important E.C. budget-reform measures, including strict controls on agricultural spending and the doubling of structural funds attributed to less advanced regions. This agreement provides the Community with the budgetary means necessary to help European economies prepare for the suppression of remaining trade barriers, which will without any doubt lead to a noticeable increase of the Community's growth potential in the years to come. €

### GDP/GNP Volume Growth EUR 12, USA, Japan



### Balance on Current Transactions As Percent of GDP/GNP





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# THE CHANGING FAC

CABLE, SATELLITES, PRIVATIZATION AND CO-PRODUCTIONS ARE REVOLUTIONIZING THE BUSINESS.

## RAYMOND SNOODY

In November, a most unusual new cop series will be shown on the television screens of six European countries that will have little resemblance to "Cagney and Lacey." "Eurocops" is a six-part series in which broadcasters from six different countries have each produced a detective drama with their own cops, in their own style and with their own preoccupations. The episode made by the Austrian Broadcasting Cooperation features spies in Vienna, the story from the Italian broadcasting organization, RAI, is

Raymond Snoddy is the media correspondent for the *Financial Times*.

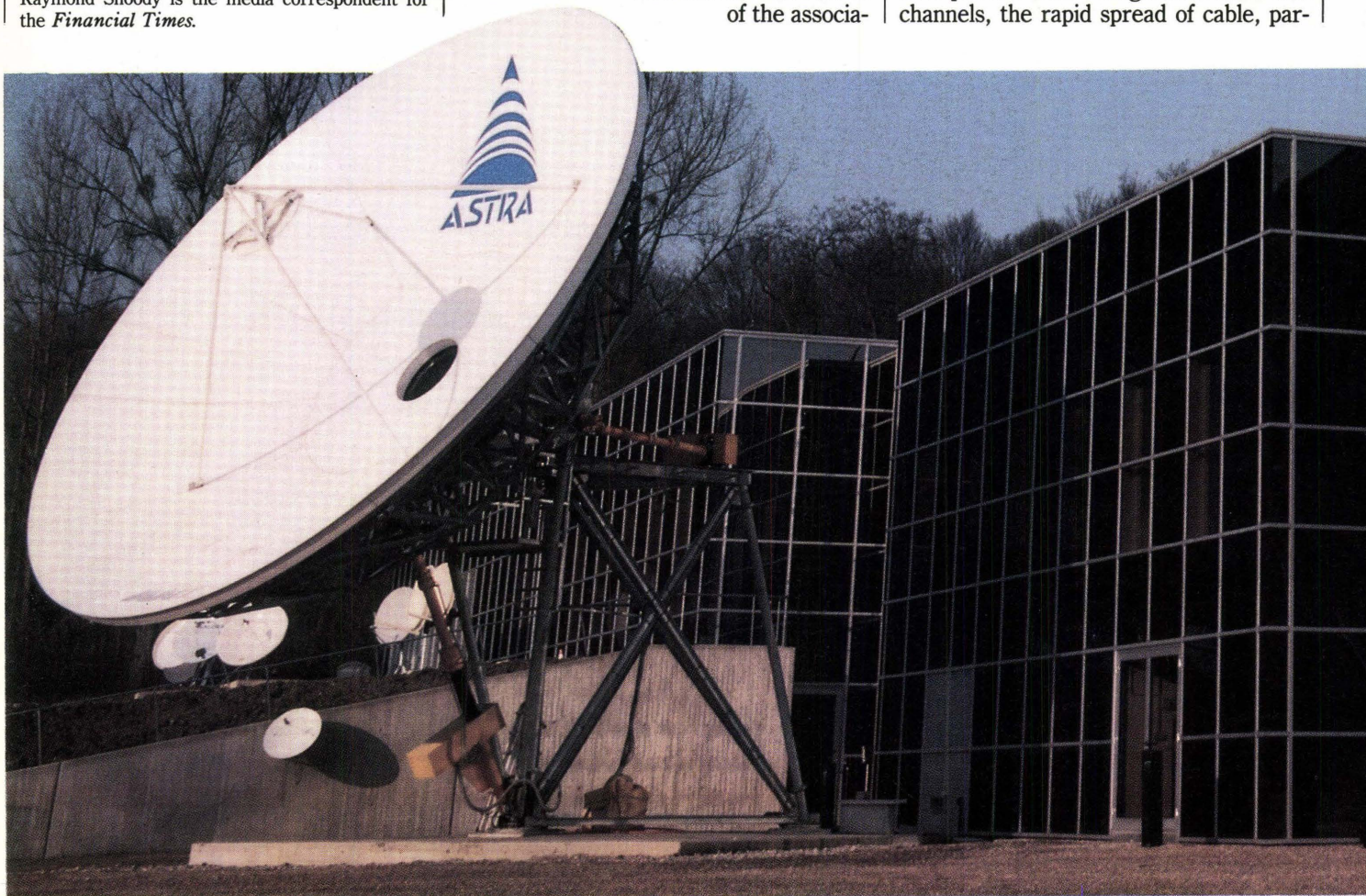
based on the life of street pickpockets in Rome, and Channel 4 of the United Kingdom has produced a very realistic story about a cop with marital problems on the trail of a child murderer. There are very few screaming car tires or smoking guns.

The six episodes, with a further six already commissioned, are the first fruits of the European Co-Production Association, which was set up to try to insulate Europe's public-service broadcasters from the high cost of original production, the threat of growing American "media imperialism" and increasing competition from the new media of cable and satellite.

To the finance directors of the associa-

tion members, the concept behind "Eurocops" is little short of magic—as long as the potential European television audience of 250 million people approves. Each episode costs about £500,000 an hour to make, but for that investment each of the broadcasters gets five other episodes dubbed into their own language—bringing down the cost to little more than £80,000 an hour for high-quality drama.

The Co-Production fund is just one small example of how the European television industry is beginning to respond to an era of dramatic change that includes new private advertising-based television channels, the rapid spread of cable, par-





# E OF EUROPEAN T.V.

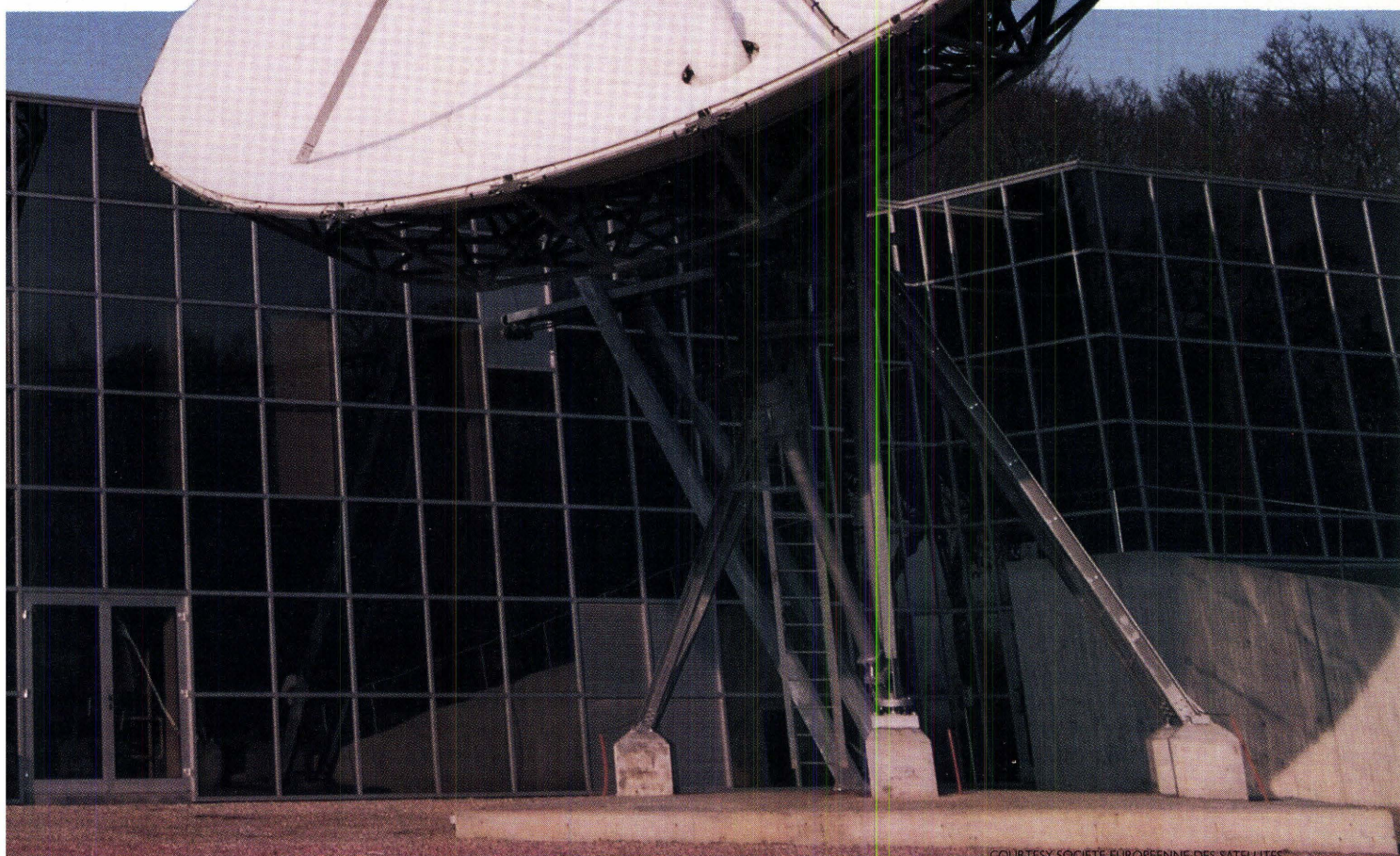
particularly in the Federal Republic of Germany, and the prospects of dedicated television satellites with footprints covering every place from Madrid to Warsaw.

Europe's public-service broadcasting organizations financed by compulsory license fees may not be about to go the way of the dinosaur, but their undisputed supremacy will increasingly be challenged rather like cable television is increasingly making life difficult for the networks in the United States. The rapid change has been stimulated by the combination of technical

change and the election of right-of-center governments dedicated to increased competition in Europe's three most important

markets: the Federal Republic of Germany, France and the United Kingdom. One of the most dramatic manifestations

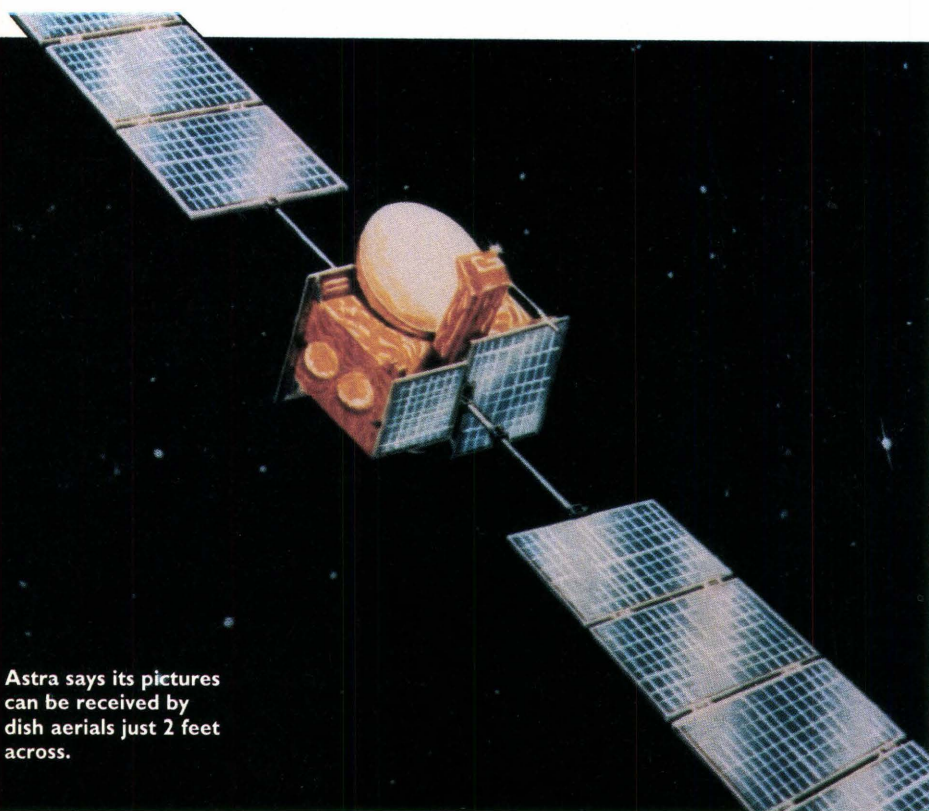
**The Société Européenne des Satellites will launch a 16-channel television satellite, Astra, in November.**



COURTESY SOCIÉTÉ EUROPÉENNE DES SATELLITES



In the six-part "Eurocops" series, broadcasters from six different countries have each produced a detective drama with their own cops, in their own style and with their own preoccupations.



Astra says its pictures can be received by dish aerials just 2 feet across.

so far has been the decision by the French Government to add TF-1, the French first channel, to the list of privatizations of state-owned interests.

Control of the channel, which had 40 percent of the French television audience, went in the end to a consortium led by François Bouygues, the French cement and construction magnate. The consortium included Robert Maxwell, the British newspaper publisher who has been building up extensive interests in the electronic media over the past few years. In the months since privatization, the changes have been dramatic. TF-1 has greatly increased its share of the French audience, but critics complain this has been achieved by importing American game-show concepts such as "The Wheel of Fortune" and "The Price is Right." France also has been responsible for trailblazing with Canal Plus, the first terres-

trial subscription television channel. During the day, the channel puts out normal television programs, but in the evening, when films and major sports events are shown, the picture is "scrambled" so that only those who have the electronic descrambling box and have paid their monthly subscriptions, can see or hear. The channel, launched in November 1984, now has more than three million subscribers and already is profitable.

In Britain, Prime Minister Margaret Thatcher is planning to go one better. For more than a year, Thatcher has been chairing a Cabinet committee on the future of British broadcasting. The committee decided not to force the British Broadcasting Corporation (BBC) to take advertising against its wish. Instead, it decided to apply a gradual financial squeeze by linking the future level of the license fee, which everyone with a televi-

sion must pay under pain of prosecution, to general price rises in the economy.

The license fee of £58, which produces around £1 billion a year to finance all BBC services, will now rise slower than costs in broadcasting, which have been outstripping general inflation by 2 percent a year because of the labor-intensive nature of the industry.

The Cabinet committee has now moved on to commercial television and is becoming markedly more radical. Although all the pieces in the jigsaw have not yet been put into place, the British Government has decided to auction 15 regional commercial television franchises to the highest bidder when they run out at the end of 1992.

In the past, the Independent Broadcasting Authority has chosen companies for franchises mainly on the merit of their program plans. Before bidding begins under the new scheme, there is likely to be a stiff qualifying round that will include obligations on programs. It is unlikely that non-European Community companies will be able to control the new franchises and bidding is more likely to be in the form of percentages of advertising revenue rather than piles of cash. The independent television companies, which this year will take around £1.4 billion in advertising revenue, are horrified but instantly moving to try to cut costs to build up their war chests. On top of auctioning franchises, the Government also is considering a fifth national television channel financed by advertising, and possibly a sixth, which would be a scrambled film subscription service.

Thatcher, who has declared she regards television in Britain "as one of the last bastions of restrictive practices," is determined to introduce both more competition and more consumer choice. Critics say that far from increasing choice, her plans will endanger a broadcasting system admired around the world for its

Continued on page 46.





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# EUROPE TOUGHENS 3-YEAR CAMPAIGN AGAINST CANCER

E.C. ESTIMATES ONE IN FOUR EUROPEANS HAS HAD OR WILL HAVE THE DISEASE.

ANNE BRIDGMAN

At the start of this year, the E.C. Commission adopted proposals to standardize among the 12 member states legislative, administrative and regulatory measures limiting tar in cigarettes and labeling tobacco products. Passage of the measures, to be put into effect by the end of 1992, signals the first tangible success of the E.C.'s "Europe Against Cancer" campaign, a three-year project to reduce cancer in Europe by 15 percent by the year 2000. The project's proposed 1987-88 budget was 11 million European Currency Units (ECU), currently about \$13.2 million.

One in four Europeans today has, had, or will have cancer, according to estimates from the Community. Furthermore, if increases recorded in recent years continue, one European in three will be stricken by the disease by the year 2000. Despite these statistics, cancer experts concur that some forms of the disease can be avoided altogether if certain precautions are taken, and the severity of others can be reduced by early detection and diagnosis. Indeed, survival rates today are higher than they were in 1950, when only 25 percent of patients were cured; today's rate is closer to half.

"Through better prevention and through more effective treatment, improved by research, Europeans can in future hope to achieve a further big reduction in the death rate due to cancer and the number of persons afflicted," campaign literature proposes. A "fundamental duty of the public authorities at all levels," according to the Community, is to communicate to the general public, teachers and doctors the ways to achieve this reduction.

It was this belief that paved the way for the "Europe Against Cancer" campaign. An ambitious program begun in 1987 and slated to last through 1990, it attempts to bring together hundreds of European

groups in the fight against cancer, intensify the exchange of ideas among countries, pool European resources and reduce costly duplicative efforts.

Cancer researchers have found links between lifestyles, working conditions and the environment on the one hand, and the incidence of cancer on the other. Excessive use of alcohol, smoking and an improper diet cause more than two-thirds of deaths from cancer; the remaining third results from environmental factors such as radioactivity, ultraviolet radiation, viral infections and chemical substances. "Europe Against Cancer" therefore targeted the fight against tobacco and efforts to improve nutrition and protection against carcinogenic agents as its prime objectives.

Tobacco is the main cause in Europe of death from cancer, and, in 1987, anti-smoking efforts topped the agenda. "It is one of the main priorities of the program," says Michel Richonnier, the E.C. official in charge of the campaign, pointing to the two proposals adopted by the Commission in January.

The first proposal requests that every tobacco product be labeled with the words, "Tobacco seriously damages your health," in addition to a specific message used in rotation, such as "Smoking causes cancer," or "Smoking causes heart disease." The second measure, based on the recognition that an individual's risks of lung cancer are higher when he or she smokes high-tar cigarettes, requests the establishment of a uniform limit value of 15 milligrams of tar per cigarette with a further reduction to 12 milligrams by the end of 1995.

"There is no longer any doubt that smoking is by far the most widespread carcinogenic agent in our environment," a committee of cancer experts convened for the campaign notes. "Therefore... nothing would more effectively reduce cancer deaths in Europe than cutting tobacco consumption." Such action

also would contribute to a reduction in the incidence of cardiovascular diseases.

Future campaign efforts take advantage of what the E.C. terms its "trump cards"—judicious use of specific powers related to the internal market, the Common Agricultural Policy and consumer protection. Among them, the upward alignment of taxes on tobacco manufactured in member states (the money from which would finance programs to improve direction and early diagnosis of certain cancers), prohibition of tax-free sales of tobacco and sales to children, and plans to control smoking in public places.

The campaign also will focus on efforts to re-orient tobacco production toward less toxic varieties, study reconversion possibilities and work to limit tobacco publicity.

Second to the campaign's focus on smoking are its efforts to raise awareness about nutrition, based on how diet affects cancer rates, especially cancers of the digestive tract and breast. Efforts here will focus on reducing excessive intake of alcohol, thought to be the second most important cancer risk factor after tobacco; developing nutritional recommendation; and standardizing nutritional labeling among member states.

A third part of the campaign's cancer-prevention phase focuses on protection from carcinogenic agents, and a fourth part on informing the public of the important role systematic screening plays in early evaluation and treatment of some forms of cancer, and encouraging exchanges of information among countries as to specific methods.

To draw together these areas, the campaign has developed a "European Code Against Cancer." A list of 10 simple rules, the code has been translated into the E.C.'s nine official languages for distribution and use by the media. It covers such factors as smoking, drinking, sun exposure and medical check-ups.

Besides its cancer-prevention efforts, the "Europe Against Cancer" campaign includes public-information projects to reinforce the aforementioned points (including a "European Cancer Prevention Week" in May 1988 and designation of 1989 as "European Information on Cancer Year"), plans to train health-care workers and efforts to boost cancer research (financial support, grants to encourage technology transfer among researchers, and improvements in research on prevention, screening and detection, and on therapy).

Completion of the campaign in 1990 will be marked by an evaluation of the



# Taking Aim Against Cancer

Causes and Risk Factors Considered To Be Most Important

	Smoking	Radioactivity	Pollution
Whole of EC	72%	54%	44%
Belgium	72	58	42
Denmark	67	42	43
Germany	65	56	53
Greece	70	67	44
Spain	67	39	23
France	83	51	39
Ireland	75	63	32
Italy	74	66	63
Luxembourg	73	69	47
Netherlands	67	64	50
Portugal	75	29	40
United Kingdom	73	53	33

	Certain Types of Work	Alcohol	Exposure
Whole of EC	34%	30%	27%
Belgium	38	33	38
Denmark	48	13	15
Germany	44	21	30
Greece	18	21	19
Spain	23	28	14
France	26	63	33
Ireland	26	20	34
Italy	30	33	15
Luxembourg	43	45	42
Netherlands	34	16	39
Portugal	16	42	17
United Kingdom	46	11	35

	Heredity	Stress	Infection
Whole of EC	24%	17%	14%
Belgium	27	21	18
Denmark	14	16	4
Germany	33	25	14
Greece	28	44	8
Spain	22	8	15
France	21	18	16
Ireland	25	16	7
Italy	21	8	18
Luxembourg	18	25	15
Netherlands	25	16	7
Portugal	12	11	16
United Kingdom	23	17	9

	Too Much Fat	Not Enough Fruit and Vegetables	Don't Know
Whole of EC	13%	8%	7%
Belgium	19	12	5
Denmark	22	21	8
Germany	18	15	7
Greece	16	15	5
Spain	6	5	14
France	11	4	3
Ireland	10	10	7
Italy	10	4	4
Luxembourg	15	11	2
Netherlands	19	9	5
Portugal	12	5	15
United Kingdom	13	9	7

program and, according to Richonnier, likely continuation of the campaign's efforts. "The problems [of cancer] will be with us for at least one [more] generation," Richonnier notes. "Things are moving very slowly," he says, pointing out that attitudes and habits take a long time to change. "We will have to continue beyond 1990."

Key to the campaign's work is the cooperation of national cancer organizations, some public, most private, that have been hard at work in member states in the battle against the disease for some time. Says Richonnier: "We are not competitors with national or private organizations. We are bringing our power to improve health."

But some see difficulties in coordinating the efforts of organizations and people in 12 separate countries. "It's a good idea," says Didier Van der Steichel of the Belgian Cancer Foundation, of the E.C.

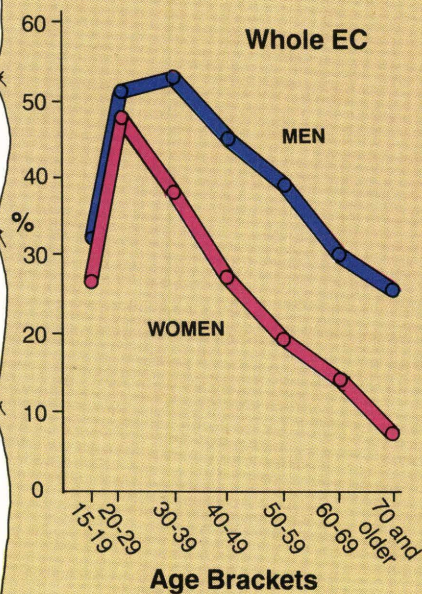
campaign. "But I am afraid that it is still difficult to act together in Europe. There is already a lot going on at the national levels and it is hard to coordinate 12 countries' national efforts... Different countries have different priorities."

Nonetheless, Van der Steichel and others in the field agree, there is so much work to be done in the battle against cancer that all initiatives help. And from now until the end of 1990, and, as Richonnier expects, beyond then, the "Europe Against Cancer" campaign will be part of those efforts, working to realize the hope "that 12 countries, nine languages and at least as many different cultures can combine to form a living community, close to the concerns of each of its members" in the fight against cancer in Europe. €

Anne Bridgman is a free-lance writer based in Brussels.

## Proportion of Cigarette Smokers in the Population

(According to sex and age)





# SUMMIT OUTCOME CONFIRMS NEW DYNAMISM IN THE E.C.

## COMPLETION OF INTERNAL MARKET IS ONLY PART OF A WIDER DEVELOPMENT.

JACQUES DELORS

**T**he successful outcome of the special European Council held in Brussels in mid-February confirms the renewed dynamism in the European Community. The decisions taken there at the highest political level will provide a framework within which the 12 member states will operate over the coming years. The most immediate task is to complete the internal market by eliminating all the remaining physical, fiscal and technical barriers by 1992. This task is already well under way and 1988 will be a critical year in which the process will be made not only irreversible but also self-reinforcing.

As important as it is, the completion of the internal market is only part of a wider development. The "marriage contract" that will allow the 12 members of the European Community to live and prosper together must also promise: economic and social cohesion; the further strengthening of their zone of monetary stability; scientific and technological cooperation; as well as the development of a European social dimension and coordinated action to protect the environment. The ultimate goal is not simply to achieve a free-trade zone; it is to build a single economic area with a clearly defined European personality. The inevitable counterpart is a common, strong and coherent external policy.

### The Road to Brussels

The decisions taken at the special European Council are the third part of a three-stage program, implemented by this Commission since 1985.

*Stage one* was to set out the objective. This was done by laying out in the White Paper published in June 1985 the detailed measures necessary for the removal of all the remaining barriers within Europe, which prevent the free movement of goods, services, people and capital. It was

Jacques Delors is the President of the E.C. Commission.

ans can be channeled.

*Stage two* was the inelegantly named Single European Act (SEA), which is the first significant amendment to our "constitution," the Treaty of Rome, in 30 years. Following its ratification, which was delayed until July 1987, but which is now firmly in place, many of the decisions necessary for completing the internal market can be taken by qualified majority rather than by unanimity. This together with new procedures, based on common agreement on adequate standards and mutual recognition instead of full harmonization, will greatly accelerate the pas-



Jacques Delors, President of the E.C. Commission, standing in front of the European flag.

"The decisions taken at the Brussels summit . . . have created the conditions necessary for the Community to fully assume the position on the world scene demanded by its economic weight and historical and cultural significance."

also important to give a time-table. The measures are to be completed by 1992. Jean Monnet, the 100th anniversary of whose birth is being celebrated this year, advocated this strategy. He maintained that the more complex the decision to be made, the more necessary it is to provide a clear common goal to which all can channel their efforts and a set time-frame that is mutually acceptable. Europe with 12 member states is even more complex than the Europe of Monnet's time, but 1992 has provided a new frontier toward which the pioneering energies of Europe-

sage of the legislative program. The SEA also creates a better balance between the Community institutions and strengthens democratic legitimacy by enhancing the role of the European Parliament. All this was necessary to render possible the completion of the legislative program within the set time-scale; but also that goal was a necessary ingredient for the adoption of the modifications to the Treaty.

*Stage three* is the package adopted at the Brussels Council. The decisions taken there provide the architecture within



which the Twelve can live and prosper together through creating a common economic area. The basic framework was laid out by the Commission before the European Parliament in February 1987, almost exactly a year before it was adopted at the Brussels Council.

### The Brussels Package

The package is based on a fundamental triangle, the points of which are: (1) the Common Agricultural Policy, or CAP; (2) other Community policies; and (3) the budget. Changes were necessary to each if any was to be changed.

- Reforms already under way within the CAP since 1984 have been significantly reinforced by the introduction of mechanisms known as "stabilizers." These will ensure a better balance between supply and demand and will continue the adaptation of the policy to the world context. The changes will be achieved while at the same time respecting and enhancing the European rural community. The difficulty in arriving at the decisions is a measure of the sacrifices that have been made. Durability will require similar sacrifices from other world producers.

- The transformation of the existing 12 segmented markets into a single economic area necessarily implies that the E.C. also conducts other complementary policies with a real impact aimed at promoting economic and social cohesion and also pursuing goals of major common interest, like ensuring competitiveness through technological development, protecting the environment, providing an adequate communications infrastructure, and tackling unemployment especially among the young. Of course these issues cannot be dealt with exclusively at the Community level, but the Community cannot be absent, either. To this end, the resources available to the structural funds will be very substantially increased. The amount available for helping the backward regions will be doubled in real terms by 1993, and overall the sums available will be comparable to the flows through the Marshall Fund, which helped to ignite a period of spectacular growth in Europe after World War II.

- The budget system has been altered so as to give the Community sufficient, stable and guaranteed resources. The budgetary decisions also require increased discipline over expenditure and a more equitable distribution of the burden between member states.

### New Momentum

The three-stage approach has provided new momentum to European integration. The goal of 1992 has provided a new

frontier, the SEA ensures that the legislative program can be enacted within the time-frame and the Brussels package gives the framework within which the driving forces toward integration can operate.

- Individual economic agents are becoming the militants of Europe. Businesses and consumers see their interest in the completion of the internal market in terms of increased opportunities and choice. They have the power to make their governments act; and increasingly they are using that power.

- Each measure that has to be taken, small as it may be in itself, poses the fundamental issues. Each one obliges some compromise, implies cooperation, and presupposes mutual confidence. A quiet revolution is under way.

- The process is self-reinforcing by creating a dynamic disequilibrium. Take for example the full liberalization of capital movements, which has just been proposed and which will probably be adopted next year. It has been made possible by the improvements that have already been made to the European Monetary System, but it will require further strengthening of that System, especially a closer coordination of monetary policies. It will also require measures in the fields of prudential supervision and of the taxation of investment income. A unified capital market will in turn provide a powerful stimulus to the further use of the European Currency Unit and to the creation of a single market in financial services.

### The External Dimension

A completed internal market with a clear European identity necessarily implies a coherent external policy. Each set of internal market measures has an external dimension. Take the examples of air transport and banking. In air transport, the recent agreement on capacity-sharing limits the benefits to companies based in the European Community. In banking, the measures proposed will create a market that is larger and more free of restrictions than any in the world. This market will be as open to any financial institution from a non-Community country once it has established itself in any member state as to Community financial institutions. It is normal that similar privileges should be available to Community institutions setting up elsewhere.

Completing the internal market will allow the Community to play a firmer and broader role in the resistance of protectionist pressures. A strong and unified Community clearly speaking with one voice will be a more coherent player in international negotiations and will be bet-

ter able to resist protectionist pressures elsewhere. Faster growth and a more dynamic economy, are the certain by-products of the internal market. They will ensure both that protectionist pressures do not build in Europe, and will contribute to a steady diminution of the existing current-account imbalances and international monetary instability.

The decisions taken at the Brussels summit have therefore confirmed a new dynamism in Europe and have created the conditions necessary for the Community to fully assume the position on the world scene demanded by its economic weight and historical and cultural significance. €

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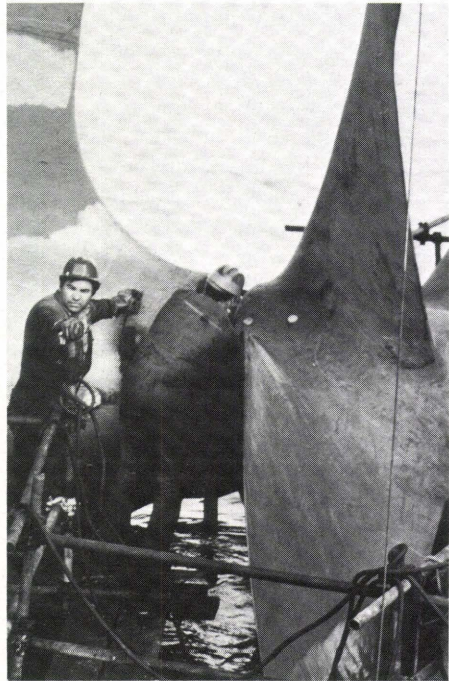
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# PORTUGAL

MEMBERSHIP IN THE EUROPEAN COMMUNITY IS ALTERING THE TEXTURE OF THE ECONOMY AND THE FLAVOR OF DAILY LIFE.



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DIANA SMITH

**P**ortuguese membership in the European Community has been a blessing, ensuring support from the E.C. European Regional Development Fund (FEDER) for elementary infrastructures. Portugal joined the E.C. in need of: water mains, sewage and drains; electricity in small hamlets; back roads over which something less hardy than a Jeep could ride; freeways to move goods and passenger traffic at higher, safer speed from north to south and from west to east linking up with Spain's rapid highways; new railroads; safe bridges; fishing and cargo port works; urban renewal; preservation of decaying architectural heritage . . . Name it and Europe's poorest new partner needed it.

Chronic want—compounded by a colonial war that devoured half the budget every year until the 1974 coup ended the conflict and the regime that wanted it—left Portugal in a time-warp, while next-

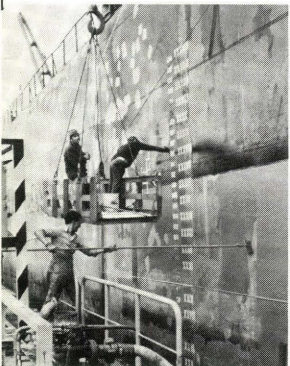
door Spain in the 1960s began to shed similar backwardness and pump resources into farming, industry and infrastructures. Single-mindedly tilting at the winds of change, the 48-year-long dictatorship held Portugal—a land that in 1988 celebrates its golden era, the feats and discoveries of its hardy navigators 500 years ago—in suspended animation.

The 1974 coup promised speedy progress and, instead, brought political chaos and mushroom growth of a bureaucracy entrenched by half a millennium of paternalistic governments. In the wake of the coup came brief Communist centralized planning and wildcat nationalizations. Subsequent democratic Governments each hired more bureaucrats without removing the previous batch. The population of state employees grew to 650,000; piles of legislation grew in proportion to the resolve of red-tape artists to permit modernization only in their (dilatatory) terms.

Most citizens in the old, pinched environment scaled down their aspirations; prospects were for the few, born to means, or the strongly-motivated like current Prime Minister Aníbal Cavaco Silva, a laborer's son who studied his way into a senior job at the Bank of Portugal, thence on to politics, or consciously-upward movers who found jobs with private industrial and banking groups.

Discreetly burgeoning in the 1960s and expanding in the early 1970s, these groups were the core of business in the old days. Nationalized overnight in 1975 and thereafter overmanned and undermanaged, they became a debt-bloated public sector that drained resources as voraciously as the colonial war had and generated an accumulated public debt equivalent to more than 60 percent of Portugal's gross domestic product. In sum, Portugal before 1986 needed a tonic.

Diana Smith is the Lisbon correspondent for the *Financial Times*.



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The largest dry dock in the world, above, is at the Lisnave shipyard in Lisbon. Opposite page: courtyard of the Jeronimos monastery.







Once, the average Portuguese, innocent of events outside his isolated land, had no idea what the E.C. was. Europe was somewhere relatives went and returned richer, to build flashy "mansion-style houses," as locals call them, visible proof that João or José had made it in that remote place where construction workers earned more in a year than a manager at home earned in half a decade.

Now it is 1988. Europe is no longer a dimly perceived El Dorado. It is altering the texture of the economy and flavor of daily life. Local governments, even Communist town halls in the Alentejo farmlands that once decried the E.C., rushed to tap FEDER funds for direly-needed water, sanitation and roads.

Two years into accession, the results are visible. Trenches are dug, pipes are laid, and pumping equipment is in place. Steamrollers chug over newly asphalted roads. Residents of newly electrified hamlets watch their local tavern's new television set. The television now tells them how farmers can get E.C. funds to grow better crops, breed better livestock or cease to grow the wrong crops. They learn that the FEDER is paying for the latest stretch of freeway, new road/rail bridges and highways bringing once-cut-off villages into the mainstream; they hear about new railroads, fishing ports and cargo terminals.

Some E.C. funds are financing the rebirth of Portugal's antiquated fishing fleet, while others pay for mini-dams, major hydroelectric schemes and locks on the River Douro that make it navigable to barge traffic. Small and medium-size businesses are changing with E.C. grants and European Investment Bank long-term financing channelled through Portuguese banks. The Agricultural Orientation and Guarantee Fund (FEOGA) and a special \$700-million, 10-year farm modernization program are changing the lives of small, medium and large farmers, helping them to direct improved produce to new, better regulated markets. The European Social Fund (FSE) is applied (with some hefty detours or attempted detours in the range of \$100 million by sharp operators now awaiting trial) to job creation and major vocational training programs that increase skills and earning capacity.

Moreover, the curtain has rolled back from the Portuguese people's perception of their neighbor Spain, richer and more aggressively competitive but not what they feared: a behemoth out to crush them as soon as tariff barriers were lifted. Instead, they are discovering a sophisticated, stimulating market now open to Portuguese exports. Portuguese consumers' income has grown after the 1983-85

depression thanks to sustained economic growth and job creation. They are flocking to new supermarkets and vast "hypermarkets" in their new cars to snap up an ever widening range of European as well as Portuguese goods, now better packaged and quality-controlled.

New industrial energy confirms that the Portuguese could rise to, not be flattened by, competition. E.C. imports may be soaring and hammering at a trade balance that went \$4.6 billion into the red at the end of 1987, but exports to the E.C. have grown unflinching. Many manufacturers have learned fast how to improve their product and go out and sell it, not just wait for a buyer to show up.



**Prime Minister Cavaco Silva has promised modernization and growth in the new European context.**

Adding to the feeling of national confidence was the advent in July 1987 of Portugal's first democratically elected majority rule after a half century of dictatorship and 16 governments between 1974 and last year. Cavaco Silva has fired the imagination of the people with resonant promises of modernization and dynamic economic growth in the new European context, fueled by E.C. funds and stronger domestic investment. Foreign money poured in during 1987: \$430 million in productive investment, 152 percent more than 1986; \$700 million in portfolio investment in a booming stock market (that crashed along with all the others last October, but is now recovering); over \$3 billion in emigrants' remittances; and over \$1.5 billion in tourist revenues. This offset the trade deficit and kept the balance of payments about \$700 million in the black.

The degree to which the people now want to correct old shortcomings, now that they have funds for that, is more impressive perhaps than the speed at which the Cavaco Silva Government has compelled the bureaucracy to shred paternalistic legislation. As winter turned to

spring in 1988, there were tense stand-offs between unions and the Government, which had started off seeking management-labor consensus and a few months into office, perhaps over-confident of its powers in its unprecedented majority status, had taken to issuing instructions and no longer seeking joint solutions.

Spain has invented a *ventana unica*—a single counter where simpler bureaucratic needs can be processed quickly; the Portuguese still wait months for certificates or licenses and grapple with hair-splitting legislation. With increased economic activity, the people, who no longer fear the civil servants, now feel it is time for them and the elected politicians to simplify the statute books.

Red tape aside, today's Portugal is more of an inducement for today's João or José to stay home rather than emigrate. But he still needs better school and health care, better housing, better public transportation, better retirement benefits, sickness or disability pensions.

A Portuguese fixed-income pensioner now gets the equivalent of about \$84 per month, and unemployment benefits are just being consolidated. Only this year have private company pension schemes been introduced. While wages have risen, they still lag well behind Spanish earnings, let alone those in other E.C. member states. The national monthly minimum is now 27,200 escudos in industry (about \$170)—better than the first post-dictatorship minimum of 4,000 escudos (about \$30), but there still is little room for big spending at the low end of the pay spectrum.

Meanwhile, salaries for skilled technicians, computer programmers, multi-lingual staff (more in demand since E.C. accession) and experienced managers are creeping toward E.C. standards, fleshed out with fringe benefits like profit-sharing, cheap housing loans, company cars or stock-owning schemes that are now standard practice in new financial-sector firms.

A Portuguese worker will feel finally at ease in a Community wealthier than anything the old imperial Portugal knew at its 18th-century height when he can look at a Dutchman or Belgian in the eye and say, "I'm no worse off than you." Automatic access to long-denied good education will speed this goal.

A brand new start has been made. Because too little was done for so long, *miserabilismo português*, a blend of self-deprecating parochialism and passivity, took hold. Now the Portuguese are trying to get rid of *miserabilismo* and learn how not just to stay passively afloat but swim actively in the E.C. pond. €



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# EUROPEAN YOUTH ORCHESTRA TOURS THE UNITED STATES

E.C.-SPONSORED GROUP WILL VISIT FIVE AMERICAN CITIES IN APRIL.



The orchestra rehearses in Madrid during its 1986 European tour.

## LEONARD PEARCEY

**T**he European Community Youth Orchestra (ECYO) makes its inaugural tour of the United States this April under the baton of Erich Leinsdorf. Traveling to five cities along the East Coast, the ECYO will play a selection of Berlioz, Ruggles, Brahms and Wagner. It will visit Palm Beach, Clearwater, New York, Boston and Washington, D.C.

The ECYO was founded by the International Youth Foundation of Great Britain, which put forward the proposal for its creation to the European Parliament in 1974, and the resolution was passed with

overwhelming support in 1976. The main purpose of establishing this orchestra was to demonstrate through music the cooperation of European youth, thereby setting an example as a symbol of the European ideal—a united community of nations cooperating and working for peace, harmony, social justice and human dignity.

Comprising 140 of the finest young musicians, aged between 14 and 23, of the 12 European Community countries, the ECYO in 10 years under its music director and principal conductor, Claudio

Leonard Pearcey is a London-based writer and broadcaster.



Abbado, established itself as the finest youth orchestra in the world, comparable to the leading professional orchestras.

The EGYO has appeared in all the major capital cities and at the leading festivals of both Western and Eastern Europe. It appears annually on all European television networks through "Eurovision". The orchestra has been conducted by Claudio Abbado, Vladimir Ashkenazy, Daniel Barenboim, Leonard Bernstein, Antal Dorati, Herbert von Karajan and Sir Georg Solti, and has played with soloists of equal repute. In 1986, the EGYO was awarded the Olympia Prize by the Onassis Foundation.

In addition to annual European appearances, the EGYO toured Mexico in 1982, China in 1984 and Japan in 1985. In 1989 it plans to tour India with Zubin Mehta. EGYO musicians are chosen from over 4,000 candidates at auditions held each year in all E.C. countries. The orchestra is brought together twice a year for rehearsal periods with eminent music professors, followed by concert tours. The EGYO is partially financed by the E.C. Commission, the European Parliament and the 12 E.C. member governments. The rest of the budget is made up through private donations and sponsorships.

Joy Bryer, the orchestra's secretary-general, notes: "It is important and timely that this tour should take place. We are 12 countries representing the Common Market, and we are coming to the United States to show how these 12 countries cooperate culturally. For most people, the words 'Common Market' conjure up nothing more than agriculture, trade wars, [disputes over] Airbus—we want to show the human face of the Community. We—the Commission, the European Parliament, the 12 member governments and our sponsors Olivetti—felt it very important that we not do just a concert tour of the United States as everyone else does, but that we should

leave a memento of the fact that young people from the 12 countries had visited the very exciting United States."

"We therefore decided that we should leave money behind, and I think it is probably very amusing to the Americans that, while most people go to America to ask for money, this should be the first time in history that a group of people have come to the United States to give money to worthwhile causes. So the youth of Europe are paying tribute to Nancy Reagan's outstanding work in combatting drug abuse by donating all the proceeds of the EGYO's Washington gala concert to the Nancy Reagan Drug Abuse Fund. I also have found that young musicians care passionately about what happens to other young people in the world, and this has been proved by the orchestra's record in raising funds: for young Italian earthquake victims, for cancer research and for individual musical scholarships. So we felt very strongly that we

**"The European Community Youth Orchestra is coming to the United States to show Americans how the 12 E.C. member countries cooperate culturally."**

would like to give the money from our Boston and New York concerts to the Very Special Arts Program for the disabled, highlighting the Itzhak Perlman Award."

Bryer is very pleased that the EGYO will be performing with the Harvard Glee Club: "For young Europeans and young Americans to work together... well, there can be nothing that will bring them closer. To give the young people the chance to play at New York's Lincoln Center, at Washington, D.C.'s Kennedy Center, at Boston's Symphony Hall is a fantastic milestone in the life of this unique orchestra."

Last year, the orchestra celebrated its

10th anniversary. "We were invited by the city of Frankfurt to come and celebrate with a musical explosion of young people," says Bryer. "We didn't just give concerts, we commissioned leading young composers from each of the 12 countries, and we commissioned paintings from artists who came to our rehearsals of Stravinsky and Mahler. We gave outdoor performances and were in stores and art galleries, so no matter where one looked, one could see young people from the EGYO.

"We also invited groups that have grown out of the EGYO: It started as a small seedling, and it is now a great tree with branches like the Chamber Orchestra of Europe, a marvellous Dutch Orchestra Per Musica, the first Italian National Youth Orchestra—Nuova Orchestra Italiana, the Aurnyn Quartet, the Brodsky String Quartet, and last year, the Gustav-Mahler-Jugendorchester formed of young musicians from Austria, Hun-

gary and Czechoslovakia. So that was our past and our present and our future, culminating in a very exciting tour with Ashkenazy, sponsored by Digital Corporation. After these 10 years, there must be members of the EGYO in every leading orchestra of the world." €

### **TICKET SALES**

Please call the following telephone numbers for information about individual concerts: Palm Beach, April 10, (305) 659-4660; Clearwater, April 11, (813) 791-7060; New York, April 13, (212) 874-2424; Boston, April 15, (617) 350-7713; Washington, D.C., April 17 (202) 338 8993.



# NEWS OF THE E.C.

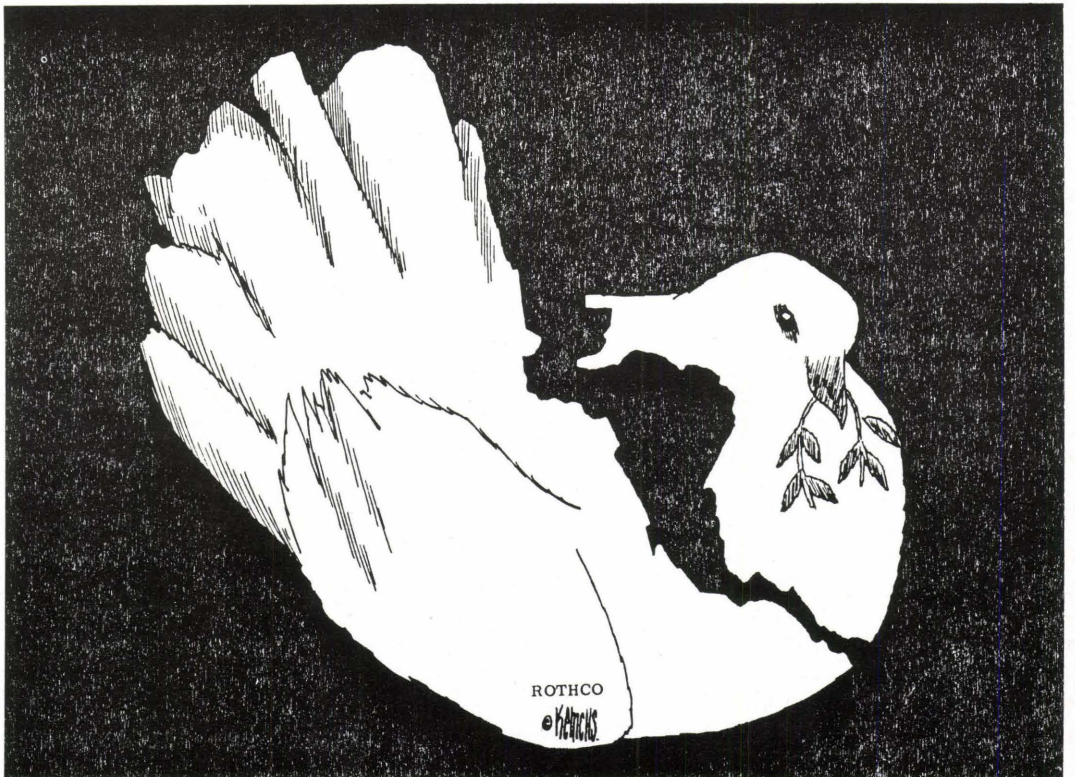
## FOREIGN AFFAIRS

### E.C. BACKS LATIN PEACE PLAN

The European Community reaffirmed its support for the Central American Peace Plan at a two-day conference in Hamburg in late February, saying that outside interference must cease in order to end the region's wars.

At the meeting between the E.C. and the Central American countries Honduras, Guatemala, Nicaragua, El Salvador and Costa Rica, German Foreign Minister Hans-Dietrich Genscher urged governments and rebels in the region to lay down their arms. Genscher said the Community fully endorsed a peace plan initiated last year by President Oscar Arias Sanchez of Costa Rica, and pledged continued economic aid from the Community. Freedom of the press and of political parties were the sole guarantee of lasting peace, he added, urging an end to foreign meddling in Central America.

Honduran Foreign Minister Carlos Lopez Cabrera spoke of a new "spirit of understanding" in the region, while his Nicaraguan counterpart Miguel d'Escoto called the E.C.-Central American dialogue a "fundamental achievement."



The Community wants to use its influence to stop the troubled region from turning into an East-West battleground. "Since 1984," said Cheysson, "the Community has made a substantial contribution to the dialogue among the five Central American countries themselves. Its policy is to get countries talking in regional fora and this should be a factor for international stability in future years."

In the past few years the Community has intensified relations with Central America, to which it is now linked by an innovative cooperation agreement covering both economic and political ties. Community aid for the region in 1987 was 82 million ECU (about \$98 million), twice the level of 1984, while aid from the Community and its member states together reached a total of \$180 million.

According to the cooperation agreement signed in 1985, both sides undertake to promote business contacts, encourage European investment in Central America, develop specific cooperation activities in a large number of economic fields, and develop trade ties "by all available means." — *Reuters*

### COMMISSION STRESSES CHINA TIES

Speaking before the third E.C.-China Business Week in Brussels early in March, E.C. Commissioner for external relations Willy De Clercq affirmed his confidence in the future of relations between the Community and China. "Cooperation between the E.C. and China is now very firmly grounded," he told the group of 300 trade and business representatives. "China has stepped up the restructuring of its economic system, which has been underway for a number of years now. I am pleased to see that openness to the outside world continues to be an inseparable component of this policy and that the Chinese authorities are determined to push ahead even further in this direction."

De Clercq noted that while European businessmen are welcome in China, difficulties in penetrating the Chinese market still remain. He noted that a list of problems encountered by European companies trying to export to China had been drawn up late last year, and that Beijing had yet to respond. The Chinese government, De

Clercq said, "should look at ways of making European investment and economic relations in general more attractive."

The Commission expects China's economic plan for 1986-1990, which calls for growth of 40 percent in external trade, to provide real opportunities for European companies. Trade with China has more than quadrupled since 1978, although its imports from the E.C. have been dropping for three years. Cooperation would be mutually beneficial in priority areas like energy, transport and communications, De Clercq stressed, and the planned modernization of several hundred thousand Chinese businesses could certainly be helped by European companies.

Developing and diversifying cooperation would help to consolidate the growing links between, as De Clercq put it, "a China which has embarked upon modernization and was once more to be counted among the world's leading nations, and a Community which—as well as being the world's leading trading power—is now achieving the economic integration that enables it to speak with a single voice on the international stage."



## E.C. NOTES CONCERN ON ISRAELI POLICIES

Meeting in Bonn on February 8 to discuss Middle Eastern issues, E.C. Foreign Ministers issued a statement condemning recent Israeli actions in the Occupied Territories of the West Bank and Gaza. The Foreign Ministers expressed their "profound concern" at the deteriorating conditions in the Occupied Territories, stressing their belief that the situation there cannot be sustained and must be resolved through a "comprehensive, just and lasting political settlement" to the Arab-Israeli conflict.

"The Twelve reaffirm their strong support for an International Peace Conference, under the auspices of the United Nations... as the suitable framework for the necessary negotiations between the parties directly concerned," ran the statement. "Without prejudging future political solutions, the Twelve remain determined to work toward improving the living conditions of the inhabitants of the Occupied Territories. The Community is pursuing its own development program for these Territories, has granted additional humanitarian aid to their Palestinian population and is determined to promote direct exports of agricultural and industrial products from the Territories to the

Community market.

"The Twelve deplore the Israeli settlement policy in the Occupied Territories, and the diversion of resources to these illegal settlements. They acknowledge the valuable work by UNRWA and ICRC in favor of the Palestinian population in the Territories and expect Israel to facilitate the task of those bodies.

"The Twelve urge Israel fully to comply with U.N. Security Council Resolutions 605 (1987), 607 (1988) and 608 (1988) and with the Geneva Convention relative to the protection of civilian persons in time of war of 12 August 1949. They deeply deplore the repressive measures taken by Israel, which are in violation of international law and human rights. These measures must stop. They strongly appeal to all parties to exercise maximum restraint in order to reduce the dangerous level of tension in all the Occupied Territories."

The United States vetoed a resolution on February 1 in the U.N. Security Council condemning Israel for violations of human rights in the occupied territories.

## E.C. CALLS FOR "DIALOGUE" IN SOUTH AFRICA

Meeting on February 8 in Bonn, E.C. Foreign Ministers adopted the seventh in a series of reports on the application of the Community's Code of Conduct for European companies doing business in South Africa.

The report, which covers the period from July 1985 to July 1986, notes that European companies became more involved with black trade unions and applied common pay scales for all employees, regardless of race, and that many had begun training and promotional programs for black em-

ployees. The report also noted that over 95 percent of black employees are receiving wages at or above the level advocated by the Code.

The Foreign Ministers stressed their belief that the Code is an important tool for "the total abolition of discriminatory practices and the system of apartheid," and urged the Government of South Africa to take specific steps "to allow full desegregation of places of work, to remove all discriminatory legislation and to release all those detained without charge, including trade unionists."

At another meeting on February 25, the Foreign Ministers "vigorously condemned" Pretoria for effectively banning the activities of anti-apartheid groups and called on the government to lift the ban. In a statement released after the meeting, the Community said that the restrictions, which South Africa imposed on February 24, "will considerably exacerbate the tension within South Africa, leading to further confrontation and domestic polarization."

The statement said the E.C. member states "urge the South African Government most strongly to repeal the imposed measures without delay. They are convinced that a constructive national dialogue with all political groups, across the lines of color, politics and religion, is essential" to bringing about social peace in the country.

## ENVIRONMENT

### E.C. MOVES TO CUT OZONE DAMAGE

In an effort to slow the gradual destruction of the atmosphere's ozone layer, the European Commission recently proposed detailed measures to limit production of two dangerous chemical groups—chlorofluorocarbons (CFC) and halons—which are known to be depleting the protective layer of ozone in the upper atmosphere, which filters

ultraviolet radiation from the sun.

The Commission is encouraging E.C. member states that have not signed and ratified the 1985 Vienna Convention for the Protection of the Ozone Layer and the 1987 Montreal Protocol to do so by September 15, 1988. Under the Montreal agreement, which was signed by over 40 CFC-producing countries last September, both production and consumption would be frozen at 1986 levels, then cut 20 percent in 1992 and a further 30 percent in 1998. If 20 countries have ratified the Vienna Convention by October 1, 1988, the measures will enter into effect at the beginning of next year. Most of the E.C. member states have signed, with the exception of Ireland, Spain and Portugal.

The Commission is also proposing to regulate imports from outside the Community, and to control the amounts produced within Europe itself. By limiting supply in this way, the Commission argues, prices will rise, encouraging users to find less damaging substitutes. Any exports to countries that had not signed the Montreal Protocol would be included in the Community's basic production figure.

Last November, two of the most important environmental and consumer groups in the E.C.—the Bureau of European Consumer Unions (BEUC) and the European Environmental Bureau (EEB)—called on the Commission to produce an "action plan" to protect the ozone layer, calling for an 85-percent cut in the amount of CFCs released into the atmosphere over the next five years, and for a complete ban on their use in aerosols. The groups argue that much of the CFC already produced has yet to rise to the upper layers of the atmosphere, and that the problem will therefore get worse in future years even with a total ban.

In January, the companies Retroform, Inc. and American Telephone and Telegraph announced that they had developed an environmentally safe



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chemical substitute for CFC-113, which is commonly used to clean electronic equipment and which makes up about 17 percent of all CFCs produced worldwide. Most other CFCs are used in packaging, insulation, refrigeration and air conditioning.

## SCIENCE AND TECHNOLOGY

### JOINT FUSION RESEARCH TO BEGIN

The E.C. agreed on February 8 to endorse a four-country cooperation project aimed at developing an International Thermonuclear Experimental Reactor (ITER) by the end of 1990. The project will bring together scientists from the European Community, the United States, the Soviet Union and Japan under the auspices of the International Atomic Energy Agency (IAEA) in Vienna, Austria.

Design work is scheduled to begin in April at the Plasma Physics Institute in Garching, West Germany. Each of the four partners will send a team of 10 scientists to work on the ITER project, which is intended to demonstrate the technological feasibility of thermonuclear fusion.

By the second quarter of the 21st century, thermonuclear fusion is expected to result in the commercial exploitation of a revolutionary source of energy that causes little pollution, is almost inexhaustible and is capable of harnessing temperatures comparable to those of the sun.

All that will be needed to run a future fusion station producing one million kilowatt hours of electricity will be 35 grams of lithium (converted into tritium) and 10 grams of deuterium. A conventional power station would need 240 tons of oil or 360 tons of coal to produce a similar amount of energy. And while it is impossible to predict with any certainty whether fusion will be an economically

competitive source of energy, studies indicate that the cost of producing electricity will be roughly the same as with existing energy technologies.

Fusion has the advantage of being environmentally safe. The reaction product of deuterium-tritium fusion is helium, a noble gas which is chemically inert. None of the known or envisaged procedures for the fusion fuel cycle involves the emission of chemicals which are toxic or cause pollution—more specifically, it produces neither carbon dioxide, nitrogen oxide or sulphur. The safety characteristics of magnetic fusion are such that, whatever the fault of an incident in the fusion reactor, it could not under any circumstances lead to a runaway nuclear reaction.

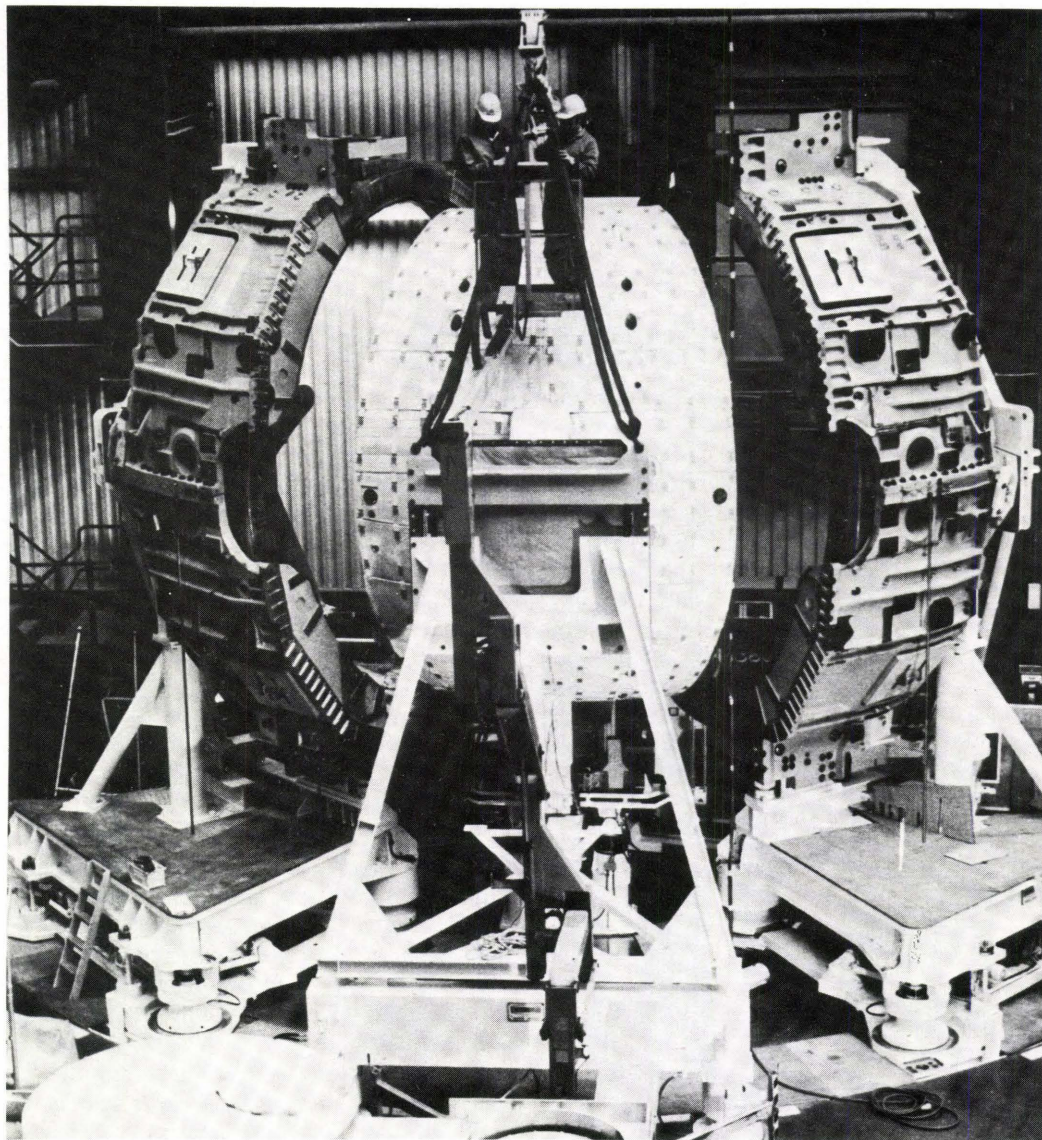
Europe has had an ambitious and successful fusion research program underway for several decades, which has been focused primarily on the Joint European Torus (JET) at Culham in England—the largest “tokomak” ever built. A tokomak is a ring-shaped device—a torus—invented by Russian scientists in the 1960s which uses powerful magnets to confine plasma heated to temperatures over 100 million degrees C.

Thermonuclear fusion was agreed as a priority area for Western international cooperation at the Versailles economic summit in 1982, due to the breadth of knowledge required, the technical difficulties to be overcome and the high cost of research. A new stage was

reached in 1985 when Soviet leader Mikhail Gorbachev announced that the Soviet Union would be interested in international cooperation on fusion, and in October 1986 the United States launched the idea of four-way cooperation.

The first exploratory meeting was held in Vienna in March 1987 under the auspices of the IAEA, and led to the establishment of a technical working party chaired by Japan which is now drafting specific proposals on the detailed objectives of the ITER and the organizational arrangements that could lead to its conceptual design by the end of 1990. (The meeting was also a “first” in that the Soviet Union for the first time recognized the European Community—in this case the European

A section of the Inconel vacuum vessel being loaded into position during construction of the Joint European Torus in 1982.



COURTESY JET JOINT UNDERTAKING



Atomic Energy Community, or Euratom—as a full partner, and even agreed to a Community representative acting as chairman).

The four partners agreed on the terms and conditions of the cooperation in October 1987, and at the U.S.-Soviet summit meeting in Washington last December, both sides confirmed their support for the ITER project.

## BUSINESS & ECONOMICS

### AIR EUROPE DECLARES WAR IN EUROPEAN SKIES

The chairman of a private British airline, defying Europe's biggest airlines, pledged in early February to step up his battle for cut-price air fares on flights to major European cities.

The airline, Air Europe, is already undercutting its rivals on the London-Paris route by charging passengers standard fares and then giving them a refund once they are on the plane. But at a news conference

at the European Parliament, Air Europe chairman Harry Goodman said he would use a new European Community air fares policy to try to establish cheap fares from London to seven other European cities.

E.C. Ministers agreed in December on a very limited liberalization of air fares which until now have been dominated by the main national airlines. Goodman said that if he did not receive approval for cut-price fares on other routes, he would use a new and so far untested E.C. arbitration procedure under which airlines can operated

cut-price fares if they are profitable.

Under the new E.C. airfares policy, airlines have to get permission from the two member states involved on a particular route to introduce cheaper flights. If only one of those member states refuses permission, the airline can appeal to a panel of three arbitrators—two nominated by the member states concerned and a third who is mutually agreed.

Goodman said he was also appealing to the European Parliament to increase pressure for liberalization of Europe's airfares. "If Europe really means what it says about liberalization, then Europe has really got to insist that it happens," he said.—Reuters

### COMMISSION PROPOSES ECONOMISTS WORK TOGETHER ON EUROPEAN PROBLEMS

In an effort to focus more European economic research on problems specific to "constructing Europe," the Commission proposed in March a Stimulation Plan for Economic Sciences (SPES) designed to encourage cooperation among European economists on research in areas of Community concern.

The Commission believes that creating cooperation networks linking research institutes should make it possible to get the benefit of the huge potential for economics research which exists in Europe. Apart from setting up networks among European research institutes the plan is aimed at making professors and researchers more mobile, thus encouraging them to work in other European institutes on a temporary basis.

Financial support for the plan, which will amount to 6 million ECU (about \$7.2 million) for the first phase from 1989 to 1992, will take the form of study and mobility grants, subsidies for setting up seminars or workshops and financial assis-

### EUROPA NOSTRA PRESENTS

## CONSERVATION AWARDS

European Year of the Environment Awards were presented in Brussels on March 17 to representatives from 35 towns and villages across Europe. Run in cooperation with the Council of Europe, which has designated 1987-88 as European Campaign for the Countryside Year, the awards were financed by the E.C. Commission with support from American Express, and organized by the conservation group Europa Nostra, a federation of conservation societies in 22 European countries which has made its own annual conservation awards since 1978.

The awards went to architectural conservation projects completed since 1975 which affected whole cities, towns or villages, and were all funded at

least in part by public or local authorities. Top awards went to the city of Bursa in Turkey for rescuing a run-down district of the city, recreating parks, landscapes and restoring historic buildings; the Dutch town of Nijmegen for rehabilitating the Lower Town and creating harbor and recreational facilities in the area along the River Waal; and the municipality of Pohja in Finland for preserving the 19th-century iron-working communities of Fiskars and Billnäs.

Awards went to 14 countries: Austria (3), Denmark (3), Finland (1), France (3), Germany (5), Greece (1), Ireland (1), Luxembourg (1), the Netherlands (2), Spain (1), Sweden (2), Switzerland (1), Turkey (1) and the United Kingdom (10).



tance for research on themes of Community interest.

Topics the Commission believes deserve wider research into include:

- Industrial organization and the economics of regulatory standards;
- The determinants of growth in Western Europe, including dynamics such as advanced technology and innovation, and constraints, such as environmental concerns;
- "Systemic" issues in the monetary areas and macroeconomic and fiscal policy coordination at an intra-European level;
- Problems of trade policy and the role of Western Europe in the international division of labor;
- Employment and social policy issues;
- Methodological and modelling problems.

## AGRICULTURE

### CONSUMER FOOD COSTS NOT SO HIGH, SAYS COMMISSION

Despite widespread perceptions that E.C. agriculture policies keep food prices inordinately high for European

consumers, a recent report by the Commission suggests that increases in food costs have been reasonable, and that prices are generally lower than in most of the world's other industrialized countries.

In 1986 (the latest year for which detailed statistics are available) consumer prices for food rose by 3.4 percent, only slightly higher than the 2.9 percent rise in the consumer price index. In 1985, food prices rose more slowly than prices in general, and between 1980 and 1986 food prices rose by 54.6 percent while general prices rose by 53.4 percent.

The Commission admits in its study (*The Agricultural Situation in the Community, 1987*) that there is a tendency for food prices to rise, given the obligation to ensure farmers a reasonable income as required by the E.C.'s founding charter. Since the Community began taking restrictive measures in 1984, however, prices guaranteed to farmers have been rising much more slowly than production prices as a whole. The report also notes that food prices can rise for reasons which have nothing to do with the system of guaranteed prices, including market situations and inefficient distribution

channels.

Moreover, European consumers appear to be better off than many of their counterparts in the rest of the developed world. Compared with the Community average, 1985 food prices (in terms of purchasing power parities) were higher in Austria by 11.8 percent, in Canada by 15.5 percent, in Japan by 55.6 percent and in the United States by 24 percent. Of the countries examined, only Australians enjoyed lower prices than Europeans, the study notes.

## SOCIAL ISSUES

### POLL SHOWS EURO-OPTIMISM

The most recent "Eurobarometer" public opinion survey, conducted in late 1987, found that Europeans generally are in favor of the creation of a European government that would be responsible to the European Parliament and would take charge of areas as varied as defense, environmental policy and scientific research.

The survey (which involved interviews with 11,540 adult Europeans in all 12 E.C. member states), measured reactions

to questions on the E.C. today, relations with the United States, the future of the Community and the European Parliament, and European social and policy issues. One European in two sees Europe's progress as slow, and three out of four would prefer European unification to speed up. Support for "efforts to unify Western Europe" remains stable at 77 percent of all interviewed when compared to the spring 1987 survey.

According to a Gallup poll conducted in the United States earlier this year, 29 percent of U.S. citizens know about the European Community, and 90 percent of those have a favorable opinion of it. The Eurobarometer poll indicates that half of all European citizens have a favorable opinion of the United States, and 20 percent an unfavorable opinion. Positive attitudes toward the U.S. are highest in Ireland (73 percent), Luxembourg (68 percent), the United Kingdom (63 percent) and Italy (60 percent). Negative attitudes are highest in Greece (29 percent), the Netherlands (27 percent), the United Kingdom (26 percent) and Denmark (26 percent).

Sixty percent of Europeans consider that the Community's ties with the United States matter a great deal, while 86 percent of Americans think their country's ties with Western Europe are very important; only 10 percent think the contrary. Half of Europe's citizens and two-thirds of the Americans polled believe the U.S. supports European unification.

More than 90 percent of those in Europe who think that completing Europe's internal market by 1992 would make a difference see it as a good thing. One out of four, however, sees the 1992 market as "neither good nor bad." Asked if they were in favor of going even further than the single European market, 60 percent said "yes."

Forty-nine percent of all Europeans polled said they were in favor of the formation of a European government that would

According to the Commission's report on E.C. agriculture in 1987, European consumers enjoyed lower average food prices than consumers in Japan, the United States, Canada and several other industrialized countries.





be responsible to the European Parliament, while only 24 percent were opposed. Sixty-one percent thought such a government should be responsible for environmental issues, 60 percent for science and technology research, 60 percent for security and defense, 44 percent for external relations, 43 percent for currency, and 42 percent for cooperation with the third world. Support for a European government was strongest in Italy, where 70 percent thought it was a good idea, and weakest in Denmark, where only 13 percent supported it and fully 64 percent were opposed.

Asked if they were for or against the European Parliament having the power to pass laws that would apply directly in all the member states of the Community, 49 percent answered affirmatively, and 58 percent said that "the Parliament elected in 1989 should have the job of drafting a constitution for the European Union."

In a poll of those under 24 on problems facing young Europeans, 85 percent identified unemployment as the major problem, followed by school and training (52 percent), AIDS (38 percent), lack of housing (29 percent), discrimination and racism (27 percent) and authorities (20 percent).

## ENERGY

### EUROPEAN ENERGY DEMAND SLOWING, COMMISSION SAYS

Energy consumption in the European Community grew by 0.6 percent last year and is expected to continue this slow rate through 1988, the Commission said recently. Due to fragile growth in the world economy and possible further downward pressure on oil prices, however, this forecast remains uncertain.

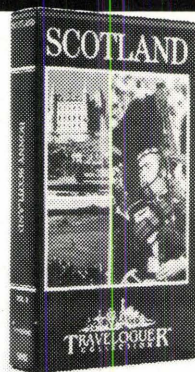
The slow growth rate conceals a significant redistribution of energy use: Consumption of gas, for example, increased 6 percent from 1986 to 1987, while demand for coal and solid fuels remained stable. Oil consumption fell by just under 2 percent, while energy from nuclear generators grew by about the same amount.

Given normal weather conditions over the course of the year, the Commission expects overall energy demand to be only slightly higher this year than last, rising from 1050 million tons oil equivalent (Mtoe) to 1053 Mtoe. If oil prices remain the same, oil will continue

to lose ground, mainly to gas and nuclear energy. Consumption of solid fuels is expected to remain level or decline, gas consumption should grow by about 2 percent and nuclear energy may expand by as much as 4 percent.

Stronger than expected economic growth could result in an increase in primary energy consumption of as much as 15 Mtoe (from which oil would primarily benefit), although that would still represent growth in demand of less than 2 percent.

# EUROPE



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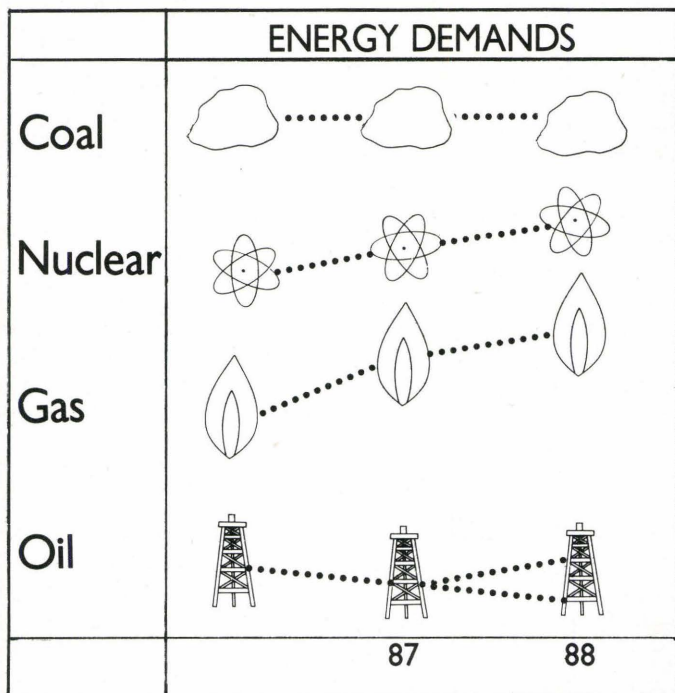
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## TELEVISION

Continued from page 28.

high-quality programming.

Britain is far from the only country where new channels are planned on old-style terrestrial transmitters. Spain is planning no less than three new national channels and even Denmark is introducing its first channel financed by advertising. In the Federal Republic, where broadcasting has been dominated by the ARD and ZDF channels, the public-service broadcasters, dramatic changes to the broadcasting ecology are under way.

New channels created for the cable television networks, such as SAT-1, a private channel owned by a consortium of German publishers, have been allowed access to spare frequencies using normal transmitters. The result, Dieter Stolte, director-general of ZDF, warned recently, would upset the hegemony of the public institutions. By 1990, he said, it was possible that the West German market could be split three-ways, with one-third each for ARD, ZDF and SAT-1. SAT-1 managing director Jürgen Dotz said recently that by the end of this year, the channel would have "more than 20 million potential viewers and would have taken a big step toward break-even, which could be reached by 1990, if things continue to develop as well as they are now."

Even more dramatic changes are coming from the geo-stationary orbit high above the Equator. Two low-power telecommunications satellites already deliver around 20 television channels, such as Rupert Murdoch's Sky Channel, to cable networks around Europe. On top of that, there are perhaps 30,000 people to 40,000 people getting service directly into the home with their own receiving dishes more than one meter in diameter.

All that may be about to change. In November, a privately financed 16-channel television satellite, Astra, is due to be launched by the European Space Agency's Ariane rocket. The Luxembourg-based Astra, financed principally by banks in Luxembourg, France and the Federal Republic, claims that its pictures will be able to be received on dish aerials of around 2 feet at a fraction of the cost of existing equipment. None of the existing channels, however, have yet signed up with the satellite company because they believe the price of nearly £5 million a year per channel is too high. Astra's main competitors are the nationally-based high-power, and usually high-cost, direct broadcasting by satellite (DBS) projects in the Federal Republic, France, the United Kingdom and Scandinavia.

Unlike the United States, where DBS

has never got off the launching pad partly because of the maturity of the cable television market and the rapid advance of the video recorder, enormous DBS ventures are underway. Unfortunately, the first of them, the West German TV-SAT, was a disaster. The satellite, which was going to broadcast four new television channels for the Federal Republic, was successfully launched. One of the solar panels powering the satellite failed to open reducing the satellite's power output by half. Much more seriously, the panel obscured the receiving aerial from Earth so that the satellite could not receive any pictures to re-transmit.

After months of trying to repair the fault, the German Post Office, which owned the satellite, gave up last March and declared the "bird" a write-off. The disaster is now delaying the launch of its twin, the French TDF-1 satellite, until thorough checks are carried out to try to avoid any chance of a repetition.

Coming up fast on the rails after a slow start is the £265-million British DBS project. British Satellite Broadcasting (BSB), a private-sector consortium grouping such companies as Granada Television, Pearson's publishing group and Richard Branson's Virgin Group, plans to launch its Hughes satellite on a McDonnell Douglas rocket on August 15 next year. The satellite service, to be financed by a mixture of advertising and subscription revenue, will offer three new national channels in the United Kingdom.

Receiving equipment will be around 30 centimeters, the size of a large dinner plate, and BSB hopes the cost of the equipment can be kept close to £200. Across Europe, the advance of modern cable systems has been slow, although countries like Belgium and the Netherlands have had extensive cable networks for many years to provide better picture quality for existing television services and pull in services from surrounding countries.

The French Government, however, is committed to an extensive cable program as part of a strategy to improve the country's telecommunications infrastructure. The cabling of the entire city of Paris began recently. In the Federal Republic, where cabling has been the responsibility of the German Post Office, cable is now available to 8.8 million homes, 34 percent of the total, with 3 million homes subscribing to satellite television channels through the cable networks.

In Britain, where cabling of the country has been left entirely to the free market, progress has been very slow. Five years after enthusiastic statements about cre-

ating the "wired city" of the future, the number of cable subscribers totals only 250,000 and only 40,000 of those are on modern broadband systems as opposed to upgraded old television relay systems.

Important signs of life have, however, been recently noticed. A number of American cable operators and financial institutions seem eager to break into the British market. Prudential-Bache, the U.S. financial group, has teamed up with British cable entrepreneur Brian Deutsch to form a new company, City Center Cable. It already has been awarded one franchise, Kensington and Chelsea, in London. The company plans to apply for a series of cable franchises in the central London area and Prudential-Bache has committed around \$100 million to the venture. Another American group, Paine Webber, is interested in raising money for the cabling of the city of Birmingham.

The American influence is, however, even stronger than that. United Cable, one of the largest of the U.S. operators, plans to combine with British investors to apply for four franchises covering more than 1 million homes in areas ranging from the West Midlands to the Thames Valley and the cities of Bristol and Bath in the west of England.

The Cable Authority, the body that regulates the cable television industry in the United Kingdom, is now so confident about the future of cable that it is on the verge of advertising 10 new franchises in a single round. The areas involved will cover more than 2 million homes and total construction costs will be in excess of £500 million.

The increasing internationalism of the media is throwing up new media barons who hope to use the power of satellites to cross national boundaries to create vast empires. The leader of the pack is probably Rupert Murdoch who owns the leading general entertainment satellite channel in Europe as well as 20th Century Fox Studios and the Fox television network in the United States. Murdoch has plans for both sports and news satellite channels in Europe. Robert Maxwell, his great rival in newspapers, also is trying to build a European multi-media empire and already has interests in several channels.

Italian television entrepreneur Silvio Berlusconi has interests in both France and Spain and might yet bid for commercial television franchises in the United Kingdom. As cable and satellite increasingly do battle across Europe with both established television channels, new terrestrial channels and the power of the video recorder, the only certain thing is that the European media will never be the same again. €



## 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.

**Cities of the World.** Edited by Margaret Walsh Young and Susan L. Stetler. Gale Research Company, Detroit, MI, 1987. 843 pp.

The four volumes of this series include sections on Africa, Europe and the Mediterranean, the Middle East and Asia, the Pacific and the Asiatic Middle East. Each volume is available separately and as a set. Each country is divided into two chapters, one for the major cities and one for the country profile. The contents of *Cities of the World* includes edited materials from the "Post Reports" issued by the U.S. Department of State for its diplomatic personnel, plus supplementary material added to make the contents more relevant to the needs of students, travelers and business persons.

**The European Monetary System: Origins, Operation and Outlook.** By Jacques Van Ypersele and Jean-Claude Koeune. St. James Press, Chicago, 1985. 139 pp.

The primary purpose of this book is to outline the economic framework in which the creation of the EMS (European Monetary System) took place and to give the reasons for it. This initiative unfolded in a succession of efforts towards European monetary integration, the history of which is briefly told. Next, the text examines EMS and describes the technical aspects of its mechanisms. Lastly the book gives an account of some reforms and improvements that have been recently considered. This will help the reader to have a better understanding of the role which the EMS can play in Europe's economic progress and of the manner in which it has until now fulfilled this task.

**Europe in NATO: Deterrence, Defense, and Arms Control.** Edited by Carol Edler Baumann. Praeger Publishers, New York, NY, 1987. 392 pp. \$39.95.

Based on the annual meeting of the Committee on Atlantic Studies, this important new work addresses the complexities of European defense questions. It offers perspectives from both sides of the Atlantic - Americans, Canadians, and Europeans - so that the reader can get a complete view of the differences in strategic thinking. Beyond this, it focuses on five major themes: (1) the challenges facing Western Europe; (2) current strategies; (3) arms control issues; (4) public opinion on arms control; (5) European defense cooperation. *Europe in Nato* will interest anyone involved with trans-Atlantic relations, comparative politics, U.S. foreign policy, policy-making, arms control, or Alliance strategies.

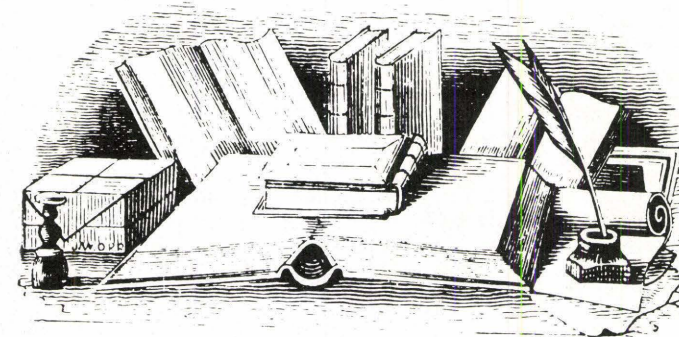
**International Law of Take-Overs and Mergers: The EEC, Northern Europe, and Scandinavia.** By H. Leigh Ffrench. Quorum Books, Westport, CT, 1986. 387 pp.

This volume is the third of a four-volume set that discusses the regulation of mergers and take-overs in nearly every country in which some control of such legal actions exist. This text begins with a small introduction of the EEC and it goes on to cover Scandinavia as well.

This work for the most part is a detailed description of regulations in each country where most of the changes in the law up to May 1985 have been implemented.

**Free Trade in the World Economy: Towards an Opening of Markets.** Edited by Herbert Giersch. Tübingen, 1987. 624 pp. \$65.00.

This volume comprises the conference papers of the 1986 Kiel Conference devoted to Free Trade in World Economy together with written comments. The main themes of the papers are the nature and causes of restrictive trade policies, and the consequences of those policies. In addition, alternative international institutional arrangements which could promote freer trade are assessed.



**L'autre Europe "verte": la politique communautaire de l'environnement.** By Stanley Johnson and Guy Corcelle. Brussels, 1987. 431 pp.

This book is conceived as a reference book, giving explanations and evaluations of the environment policy of the EC. The first part of the book tackles the "classical" fields of environment protection policy, such as water and air pollution, control of chemical products and noise protection. The second part is occupied with environment policies that are more directly related to activities specific to the EC, such as environment and research, environment and EC law, environment and its economic implications on the functioning of the Common Market.

**Policy Options Facing EFTA.** By Per Magnus Wijkman. Occasional Paper No. 22. Geneva, 1988. 50 pp. Free.

This paper describes some of the potentials and limitations of increased use of preferential measures by the EFTA countries. Part I focuses on the fundamental facts of economic dependency and political autonomy that determine EFTA's objectives and its form. Part II describes tendencies in world trade and trade policy that are likely to form EFTA's external environment for the rest of the century. Against this background of self-imposed and externally imposed constraints, Part III presents some preferential options for the EFTA countries that merit consider-

ation.

**Law and institutions of the European Communities.** By D. Lasok and J.W. Bridge. Butterworths, London, 1987. 513 pp.

This revised and enlarged edition marks the thirtieth anniversary of the signing of the Treaties of Rome and coincide with the adoption of the Single European Act. The text tries to reflect the progress of the legal and institutional integration of the European Communities during the three decades of their existence. The present volume is devoted to the structure of the institutions and the principles of Community law, with the necessary emphasis on the constitutional aspects and the relationship between the Community, international law and the national laws of the member states. This edition claims to project E.C. law as a complete system, and furthermore has a great emphasis on the principles of Constitutional Law. It is hoped that this new volume will serve not only

sis in Atlantic Relations. By John Palmer. Oxford University Press, 1987. 217 pp. \$22.50.

The author, an internationally known journalist and commentator on European affairs, examines the historical background to the current crisis in the Atlantic Alliance, and argues that it is not just a passing phase but rather a central feature of the crumbling economic and political order of the West. According to the author, the post-war world of the Atlantic Alliance is breaking up and relations between the United States and its European allies are approaching a point of crisis. There is widespread European distrust of the current foreign and defense policies followed by the U.S., and the disagreements with NATO about future security policy are getting deeper all the time. In this thought-provoking analysis, the author focuses on the options available, and challenges Europe to rethink its position in the many policy areas that affect both Atlantic partners.

**What Model for Europe?** By Michael Emerson. MIT Press, Cambridge, MA, 1988. 151 pp. \$9.95 (paper) or \$22.50 (cloth).

In recent years an unemployment rate of 11 percent has plagued Western Europe and a solution to the problem has evaded even the best economists. In this book the author evaluates whether or to what degree Europe's extensive social welfare programs and strict unemployment laws stand in the way of a major improvement in the employment situation. He outlines a viable model for Europe that differs in important and desirable respects from the American model, containing carefully crafted reforms designed to preserve the fundamentals of the social security system that ensures basic health, education, retirement and income-maintenance benefits.

**Regionalism and Regional Devolution in Comparative Perspective.** By Mark O. Rousseau and Raphael Zarinsky. Praeger Publishers, New York, 1987. 312 pp. \$45.95.

In political science and sociology, great controversies exist between national and local power, the relevant factors in regional decision making, and the social consequences of centralization and decentralization. This book explores these controversies and the elements which give rise to them. The authors describe and evaluate the new devolutionary structures which appear in such states as Italy, Spain and France. This book describes how such changes both adversely and favorably affect various groups in the respective populations. The analysis also addresses social and political forces that promote centralization and decentralization.

## PUBLISHED FOR THE COMMISSION

**Summer Mastitis.** Edited by G. Thomas and H.J. Over. *EUR 10819*. Dordrecht, The Netherlands, Martinus Nijhoff Publishers, 1987. 224 pp. \$56.50.

A workshop in the Community Programme for the Coordination of Agricultural Research, held at the Central Veterinary Institute, Lelystad, the Netherlands, 23-24 October 1986.

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**The European Community in the United States.** *Office of Press and Public Affairs, Commission, Washington, D.C., 1988, leaflet.* Flyer on the programs and services of Commission's Washington, D.C. office. **Free**

**Generalized Preferences for the Third World.** *European File No. 16/87, Commission, Brussels, October 1987, 11 pages.* **Free**

**The European Community and the Third World.** *European File No. 15/87, Commission, Brussels, October 1987, 12 pages.* **Free**

**Europe Without Frontiers: Towards a Large Internal Market.** *European File No. 17/87, Commission, Brussels, November 1987, 10 pages.* **Free**

**Nuclear Energy in the European Community.** *European File No. 18/87, Commission, Brussels, November 1987, 11 pages.* **Free**

**1988 List of U.S. Trade Barriers Published by European Community.** *European Community News, No. 32/87, Office of Press and Public Affairs, Commission, Washington, D.C., December 18, 1987, 28 pages.* **Free**

**E.C.-U.S. Economic and Trade Relations: 1987 Review and Current Issues.** *European Community News No. 1/88, Office of Press and Public Affairs, Commission, Washington, D.C., January 26, 1988, 13 pages.* **Free**

**Public Opinion in the European Community.** *Eurobarometer No. 27, Commission, Brussels, June 1987, 193 pages.* Results of the opinion survey conducted in the spring of 1987. **Free**

**The Interplay of EIB Decisions.** *EIB Information No. 54, European Investment Bank, Luxembourg, November 1987, 8 pages.* Article on the decision-making procedure of the Bank. Also contains an article on EIB lending in Spain. **Free**

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**Chemical Risk Control in the European Community.** *Commission, Brussels, 1987, 32 pages.* **Free**

**Transport and European Integration.** *European Perspectives, Commission, Brussels, 1987, 229 pages.* Study by Carlo degli Abbatì of the objectives and achievements of E.C. transport policy from 1958-1985. Covers measures on transport rates, monitoring of supply, conditions of competition, infrastructure problems, combined transport, sea and air transport, port policy and pipeline transmission. **\$14.00**

**Community Rail Policy.** *Economic and Social Committee, Brussels, 1987, 45 pages.* Report and opinion on the development of a E.C. policy for railroads. **\$4.00**

**EEC Maritime Transport Policy.** *Economic and Social Committee, Brussels, 1986, 88 pages.* Report on the shipping and shipbuilding sectors. **4.00**

**The Regions of the Enlarged Community: Third Periodic Report on the Social and Economic Situation and Development of the Regions of the Community.** *Commission, Brussels, 1987, 300 pages.* **\$26.50**

**The EEC Telecommunications Industry: Competition, Concertation and Competitiveness—The Adhesion of Portugal and Spain.** *Commission, Brussels, 1987, 272 pages.* Survey of the telecommunications equipment industry and market in the enlarged Community, with some comparisons with the United States and Japan. **\$24.50**

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**Regulations on the Generalized System of Preferences 1988.** *Official Journal of the European Communities, Vol. 30, L 350/87, Office of Official Publications, Luxembourg, December 12, 1987, 171 pages.* Rules for the operation of the GSP in 1988 for industrial, agricultural and steel products. **\$12.00**

**Regions—Statistical Yearbook 1987.** *Statistical Office, Luxembourg, 1987, 256 pages.* Data on economic and social characteristics of the member states' regions. **\$25.00**

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**gregates 1970-1986.** *Statistical Office, Luxembourg, 1987, 133 pages.* Principal aggregates of the national accounts with comparison between the E.C., the member states, the United States and Japan. **\$13.00**

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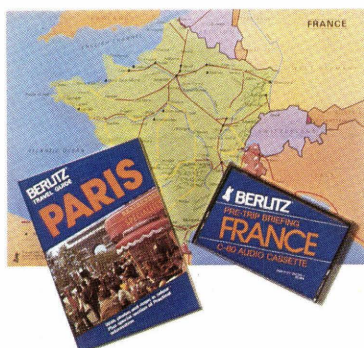
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